



FAMILIA  
**TORRES**  
*Desde*  *1870*

Corporate Social  
Responsibility  
Report

**2018**

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## President's Letter

Led by the fifth generation, our company continues to pursue the objectives we have set out for ourselves for another year, developing high-end wines and brandies.

I would like to point out that, for more than 20 years, Management has always kept our family's DNA in mind; that is, those elements that set us apart from all other wineries.

First of all, the people: those 1,350 people we employ all over the world and who we hope arrive at work every day feeling excited, adding value with their performance and getting satisfaction out of working with us.

Secondly, ecology, something so important for us as people who live off the earth. Hence our growing concern over the last 10 years for climate change, an issue that is seriously affecting our vineyards and, of course, the Earth as a whole. We are investing in lands at higher altitudes in order to adapt to very difficult climatic circumstances. We have also allocated resources to solar panels, biomass, research, electric vehicles, etc. With all of these efforts, we have managed to reduce emissions

by 27.6% with respect to 2008 in all areas, from the vineyard to the transportation of the finished product.

Now we are working to recover the CO<sub>2</sub> from fermentation with very sophisticated equipment, which will be installed as of next year. We have acquired 5,615 new hectares of land in the Patagonia, where in the next few years we will be planting trees in order to lower our own carbon footprint and do our part in reducing the greenhouse gases that are the cause of global warming.

A third important point for us is Fair Trade, that is, paying farmers a fair price for their grapes. We want them to have a fair standard of living and, in this way, produce quality harvests.

Fourth, we strongly believe that our company has always shown that, when it comes to taxation, we pay taxes at our headquarters in Spain and in all other countries where we are present. In addition, our Foundation helps orphaned children from different countries every year, collaborating in the construction of schools, foster homes, etc.

We also set aside approximately one million euros per year to R&D, an investment that we consider essential for improving the sustainability and quality of our wines.

Finally, our executives and the family maintain a close relationship with our customers as well as with the final consumer. This proximity provides us with very important information that helps us when making decisions.

By way of conclusion, I would like to thank all of the company's employees for their hard work and collaboration, who have contributed so much to our family's success.

**Miguel A. Torres**

# 1.

## Introduction

“Every day in the morning, passing through the vineyards, I think about this land, which we have been part of for more than 300 years, when we started out as wine growers in Penedès.”

**Miguel A. Torres**



Familia Torres is a family-owned winery in Penedès that, in the last 149 years, has managed to become a company with an international presence, committed to **generating a positive socio-economic and environmental impact** in all of the business and geographical areas in which it operates.

Ever since it got its start in 1870, Familia Torres has combined tradition and innovation to become a leading winery in the high-quality wine and brandy sector. As a result, its products are present in more than 150 countries.

Another of the company's constants has been to create and maintain the image of **high-quality wine-makers** that the Familia Torres name is identified with today around the world. The value drivers that ensure the production of high-quality wines are: the people, viticulture, oenology and innovation.

Familia Torres has an excellent human team that ensures the highest quality in each and every one of the winemaking stages. It does this by investing in professionals who have been trained in winemaking and oenology studies at the best centres and universities, especially in the areas of research and control.

Quality begins in the vineyard; therefore, more than 20% of the grapes are grown by Familia Torres. Its properties include a strategic variety of climates and different types of land that make it possible to choose the best location for each type of wine. The other 80% belongs to wine growers with whom it maintains a close relationship.

Familia Torres is a leading company when it comes to innovation and research. After conducting rigorous research and many tests, it incorporates these innovations into every vintage that then help enhance the quality of the wines. However, it should be noted that innovation is promoted throughout the entire value chain, investing one million euros per year in R&D.

In addition to being present throughout its distribution network in more than 150 countries, Familia Torres produces wine in two different countries, from both hemispheres: Spain and Chile. This provides the opportunity to take advantage of two harvests per year and also obtain different perspectives on the wine growing process, the climate, the land and its interaction with the different grape varieties.

Its family tradition based on the search for excellence and taking care of the land is something that has been passed on from generation to generation and has been replicated in the current Familia Torres work team. As a result of all these efforts, it has received numerous awards and recognitions over the years, both for the responsible management of its organisation as well as for the quality of its wines. Familia Torres was named *The World's Most Admired Wine Brand* in 2018 by professionals in the sector, according to the magazine *Drinks International*, a position that it had already occupied on three previous occasions (2014, 2015 and 2017). In addition, it has led the European ranking in all of the eight years this survey has been conducted, between 2011 and 2018.

**“Our vision is a world in which we celebrate life, we take care of the earth and we pass on our legacy.”**

## 1.1 DNA, Mission, Vision and Values

Honouring the hard work and passion of five generations devoted to wine, Familia Torres operates in way that is consistent with its mission, vision and values, which represent the foundations of its DNA.

**The people.** The main asset: 1,350 collaborators.

**Fair trade.** We guarantee a fair price for the grapes we buy from winemakers so that they can have an adequate standard of living.

**R&D** Familia Torres continuously dedicates resources to research, seeking to create differential products of superior quality, always with the same incredibly high standards.

**Close to the consumer.** Familia Torres reaches consumers worldwide through its presence in wine shops, visitor centres and on social networks.



**Ecology.** Our commitment to the Earth for 2020: reduce CO<sub>2</sub> emissions by 30% per bottle compared to 2008.

**Giving back to society.** The registered offices for tax purposes are in Spain. However, the social impact of our activity extends to various countries thanks to the work of the Foundation, which works every year to help orphaned children around the world.

**Customers.** Closer to customers in more than 150 countries: this is how we are able to better understand their needs and they can understand Familia Torres's potential to compete with the most prestigious wines around.

**A unique family.** "The more we take care of the land, the better the wine we produce."

## The Mission

“We are a team of people committed to a common goal: from the land to the table, we want to create extraordinary wines and spirits, with the desire to promote memorable experiences in all corners of the world.

As a family business, we pass on the values of excellence from generation to generation, and we firmly believe in social, environmental and financial sustainability, combining the tradition we have inherited with constant innovation to lead the future.”

## The Vision

“Our vision is a world in which we celebrate life, we take care of the earth and we pass on our legacy.”

## The Values

**Respect:** act and make decisions with respect for people, for a job well done, for tradition, the environment, company resources and society.

**Cooperation:** success depends on everyone's work, cooperating to realise the mission and vision.

**Excellence:** act with excellence, committed to good work, rigour and quality.

**Vitality:** celebrate life on a daily basis, with vitality in the behaviours and relationships developed by the organisation.

**Curiosity:** continuously connected to the environment (consumers, employees, customers, market, society) in order to identify needs, opportunities and trends.

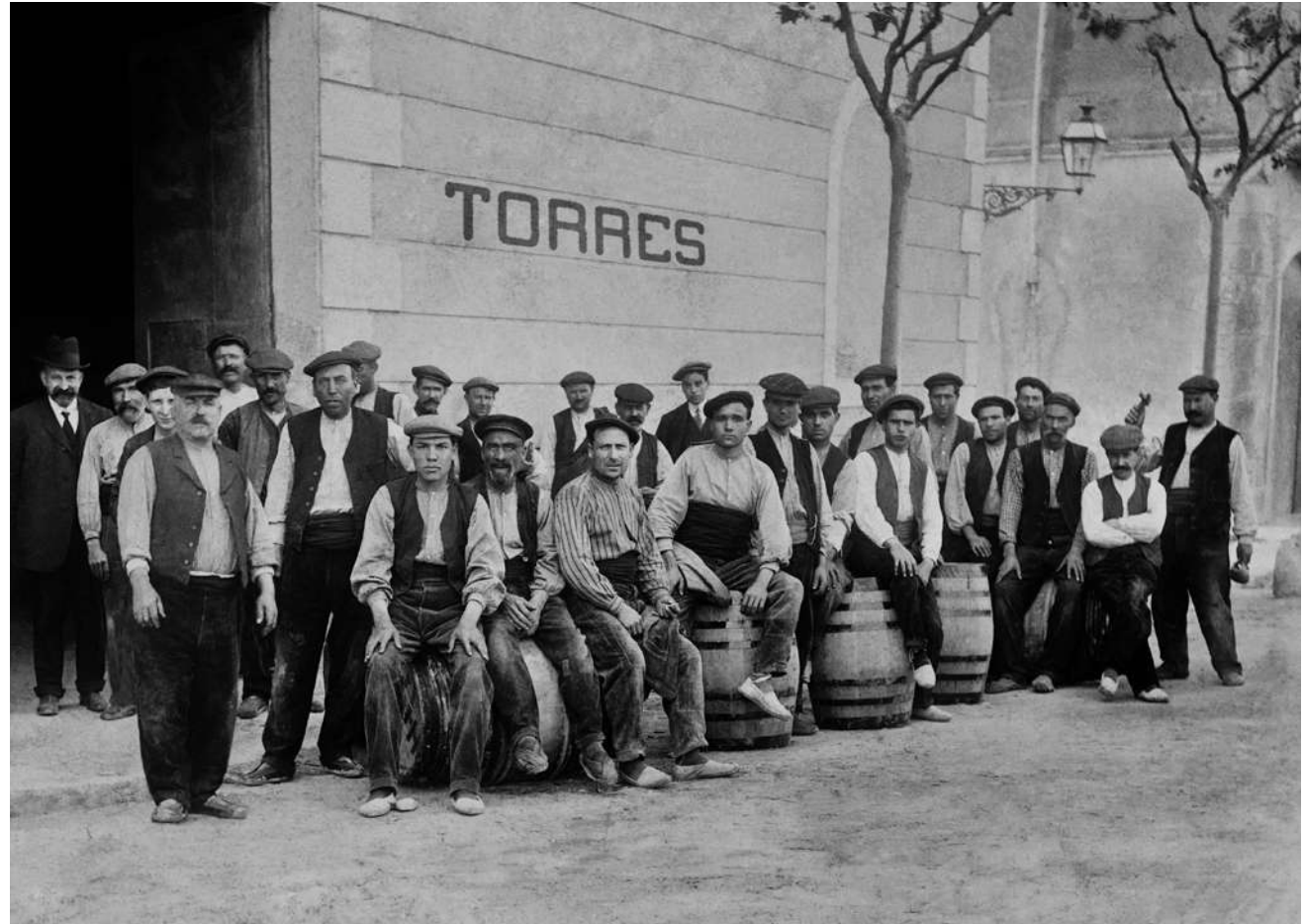


## 1.2 History

The origins of the Torres family in the Penedès region date back to the 17th century. There is evidence that the family's ancestors were already growing grape vines at that time.

Founded in 1870, tradition and family ties have been respected up until the current day, and the company has been passed down from generation to generation, through a gradual transition. Today, with the family being in its fifth generation, it continues to move forward in its process of transformation and internationalisation, keeping the essence of the Torres family in mind at each stage.

**“The hard work and  
passion of five generations  
devoted to wine.”**





First documents on the Torres family as wine growers.



1678

First distillation of *brandy* done by Juan Torres (second generation).



1928

Opening of the first winery abroad (Chile).



1979

Miguel A. Torres (fourth generation) takes over for Miguel Torres i Carbó.



1991

Inauguration of the Waltraud winery.



2008

Miquel Torres Maczassek (fifth generation) takes over the General Management of Familia Torres.



2012

Ancestors

1st generation

2nd generation

3rd generation

4th generation

5th generation

1870



Jaime and Miguel Torres (first generation) found the company.

1939-40



Miguel Torres i Carbó (third generation) rebuilds the winery that was destroyed after the Spanish Civil War and bottles the first wine.

1982



Marimar Torres (fourth generation) starts his project in California with the purchase of land in Sonoma County.

2005



Launch of Celeste, the first wine by Familia Torres in Ribera del Duero.

2010



Mireia Torres Maczassek (fifth generation) takes over the management of the Jean Leon winery.

2018



Inauguration of the Purgatori winery.

## 1.3 Main Activities

Familia Torres, as a family business, has known how to pass on the value of excellence over the generations. Today, with the fifth generation in charge of its management, it remains focused on the production and distribution of quality wines and spirits, which constitutes the main part of its business model. The numerous awards and recognitions it has received are proof that these products are leaders both in Europe and worldwide, with Familia Torres being one of the most highly admired brands by professionals in the sector.

The main activities of the Familia Torres business are the following:



### Production:

- Wines
- Spirits
- Food



### Wine Tourism:

- Wine tourism experiences



### Distribution:

- Europe
- Asia
- South America
- International customer network



### Restaurants:

- La Vinoteca (Barcelona, Spain)
- Mas Rabell (Sant Martí Sarroca, Spain)
- Restaurante de Vinos Miguel Torres (Curicó, Chile)
- La Bodeguita (Santiago de Chile, Chile)

## Production

### Wines

Familia Torres produces wines in two countries:

- **Spain:** in DO Penedès, DOQ Priorat, DO Conca de Barberà, DO Costers del Segre, DO Catalunya, DO Ribera del Duero, DOC Rioja, DO Rueda and DO Rías Baixas.
- **Chile,** in different areas of the central region.

This allows different wines to be obtained depending on the hemisphere of origin and to have a careful selection of products, designed to align with customer needs.



**Wines: Familia Torres in Catalonia**

**Wines: Jean Leon**



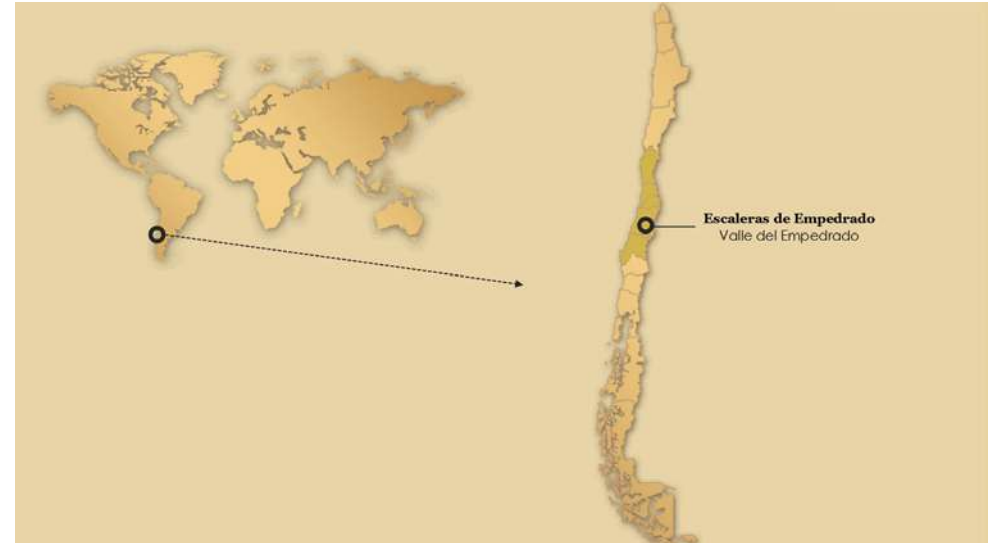
**Main wines**



**Wines: Familia Torres in Spain (excluding Catalonia)**



**Wines: Miguel Torres Chile**



**Main wines**



## Spirits

Spirits represent 24.3% of Familia Torres's sales volume. Juan Torres Master Distillers is the division responsible for producing the distillates. Its origins date back to 1928, when Juan Torres Casals (second generation) began to make brandy aged in oak from a selection of the best white wines in Penedès, thus establishing the distillation tradition in the family with Torres Brandy.

It should be noted that Torres Brandy is the leading product in value and volume of sales in the Spanish brandy market. The global market share of Torres *brandy* over the total of Spanish *brandy* was 38.7% in 2018.

The most renowned brandies by Torres Brandy are Jaime I, Torres 15 and Torres 10. This division also produces other distillates, such as Orange Liqueur Magdala, Tequila Rocado and Pisco El Gobernador.



Distillery



In 2018, Torres Brandy was selected among the Top 10 brandy and cognac brands preferred by *The World's 50 Best Bars*, according to the Annual Brands Report 2018 by the magazine *Drinks International*.

## Food

Familia Torres dedicates a small part of its business to the **gourmet production of oil and vinegar**. On its Finca Purgatori property, in the heart of Les Garrigues (Lleida), it produces the Eterno oil, which is made from centuries-old olive trees, mostly of the Arbequina variety, which Familia Torres decided to preserve when it acquired the property in 1999. Today, the property has 200 hectares of vineyards and about 100 hectares of olive trees.

Likewise, Familia Torres imports and distributes **delicatessen products by first class European brands**, helping to strengthen the connection between wine and cooking.

## Oils and vinegars



## Delicatessen products

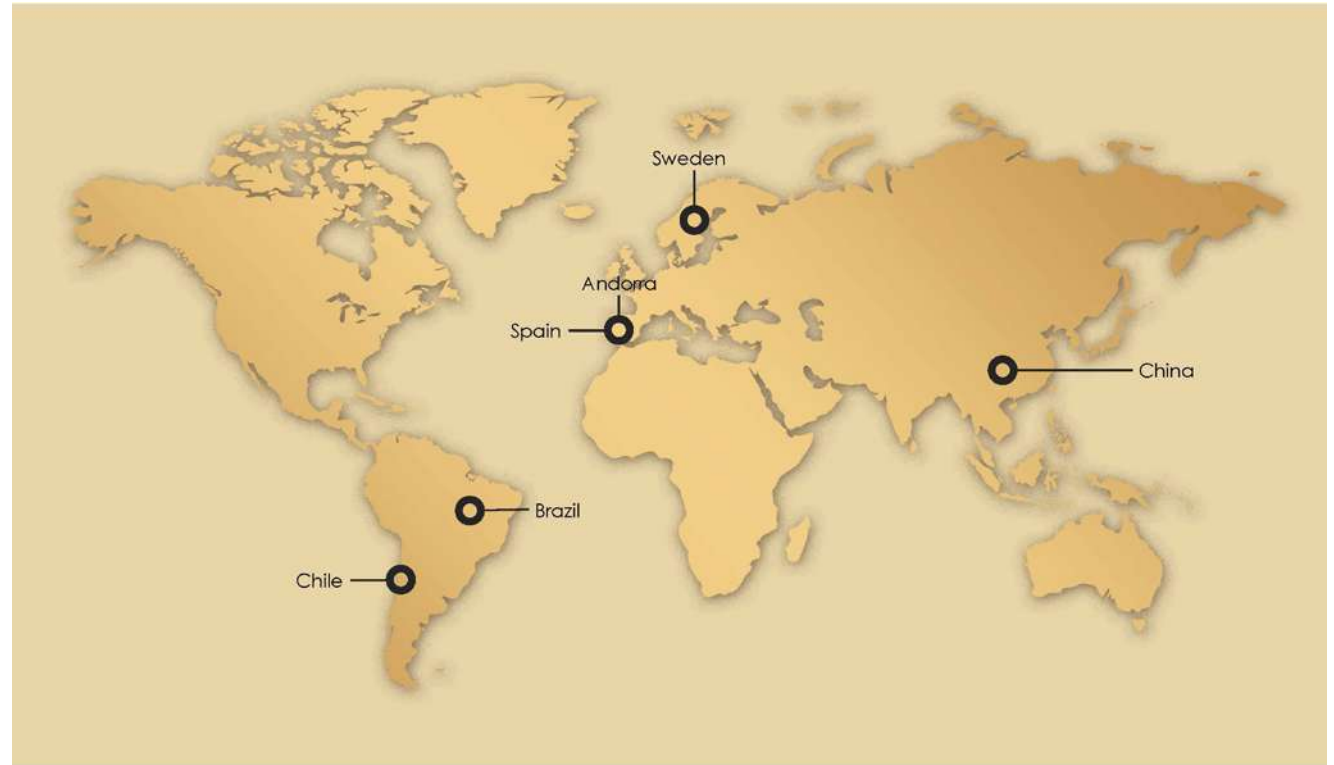


## Distribution

In the Familia Torres business model, distributors play an essential role. It has its own distribution companies in six countries in the following geographical areas:

- **Europe:** Excelsia Vinos y Destilados, Excelsia Canarias Vinos y Destilados, The Wine & Spirits Collective Sweden, Sispony Distribució and Vinissim.
- **Asia:** Shanghai Torres Wine Trading.
- **South America:** Sociedad Vinícola Miguel Torres, Distribuidora Brasileira de Vinhos, and Icon Wines & Spirits Distribuidora de Bebidas.

In addition, it has a network of international customers with whom it has established distribution contracts for its products and fosters close working relationships. In 2018, Familia Torres sold to distributors from 112 countries.





## Restaurants

Motivated by the ambition to promote memorable experiences from the land to the table, Familia Torres sees restaurants as an opportunity to promote wine culture through gastronomy, in the pursuit of pleasure. The GastroWine Concepts division is committed to associating wine with gastronomy through unique and memorable experiences, with the goal of bringing attention to a culinary proposal based on the values of excellence and quality.

Familia Torres currently has four restaurants.



**La Vinoteca Torres**  
(Barcelona, Spain)

Wine restaurant on the famous Paseo de Gracia street in Barcelona, with more than a hundred different wines available by the glass.



**Mas Rabell**  
(Sant Martí Sarroca, Spain)

Farmhouse from the 14th century, restored and surrounded by vineyards, in the heart of Penedès.



**Restaurante de Vinos Miguel Torres**  
(Curicó, Chile)

Restaurant that adheres to the 100K programme that promotes local raw materials.



**La Bodeguita**  
(Santiago de Chile, Chile)

Opened at the end of 2018, with the aim of recovering and revaluing traditional Chilean food, it seeks to achieve harmony between wine and gastronomy.

## Wine Tourism

Wine tourism is another of the pillars for spreading the culture of wine and gastronomy, in addition to passing down the family legacy. In this regard, Familia Torres promotes tourist visits to its wineries through a wide range of experiences, which it has been expanding and adding value to since 2014. In 2018, the Pacs del Penedès winery recorded a 7% increase in turnover in the wine tourism division compared to 2017. Throughout this year, 53,692 people have visited this winery and enjoyed wine tourism experiences, discovering the world of wine while surrounded by incredibly beautiful natural landscapes.

The quality and excellence of the wine tourism experiences have received various awards in 2018, confirming the recognition received from experts:



Visitor Centre at the Pacs del Penedès winery



### Service Excellence

Award for the "Signature Wine Experience" initiative, which offers luxury wine tourism experiences, aimed at wine lovers.



### Brand Excellence Award

Award received in recognition of the excellence of the wine tourism activities organised by Familia Torres.



### Best Wine Experience

Award that recognises the originality and quality of the "De la Cepa a la Copa" (From the Vine to the Glass) activity.

## 1.4 Value Chain

Familia Torres pursues a production and marketing system that has a minimal environmental impact and the greatest possible social impact. In this regard, it is committed to generating value and developing technologies and actions inspired by its desire to take care of the land and allow for natural regeneration. This means not only offsetting or neutralising the effects of its production and distribution chain, but also adding value to the entire chain through the products and marketing channels.

**Commitment to generate value and develop new technologies and actions that take care of the land and regenerate nature.**



Supply of raw materials (sourcing)

- Own sourcing: health and safety
- Supplier sourcing
- Food safety
- Local community



Wine production

- Water and energy
- Waste
- Revaluation of by-products
- Health and safety
- Food safety



Distribution

- Fuels
- Health and safety
- Food safety and traceability



Marketing and sales

- Traceability and labelling
- Responsible consumption
- Advertising



Post consumption

- Packaging
- Circular economy

## 1.5 Dialogue with Stakeholders

Caring for our stakeholders not only reflects the commitment of Familia Torres to ethics and sustainability, but also reinforces its social legitimacy to operate. Depending on the nature of their activity and their strategic priorities, the following stakeholders have been identified in the graph below.

With the aim of maintaining a smooth and transparent relationship with them, different communication mechanisms have been put together to listen to suggestions and respond to their expectations. Through these channels, Familia Torres has mapped out the expectations of each of the stakeholders to adapt its business strategy.



Stakeholders

Expectations



Employees

- Personal and professional development in the company
- Safety at work
- Contribution to society

- Nondiscrimination
- Fair working conditions
- Environmental certifications and awards obtained by the organisation



Owners  
and shareholders

- Business sustainability
- Quality product and recognition
- Improved reputation in society
- Good environmental image of the company
- Risk and opportunity management

- Legal compliance
- Transparency
- Efficient use of resources and reduction of the activity's impact on the environment



Suppliers

- Payment security
- Transparent certification process
- Compliance with regulations applicable to the customer's activity and the agreed-on contractual terms

- Fair treatment and agility in communicating with the buyer
- Sustainable business for both parties (win-win)



Certification entities

- Transparency
- Compliance with regulatory requirements

- Environmental quality and management system
- Food safety controls



Society  
Local community

- Compliance with legislation
- Employment generation
- Handling of inquiries, complaints and suggestions
- Safe products for the consumer

- Environmental initiatives not required by law
- Prevention of environmental risks
- Environmental safeguards
- Environmental impact of the activity and products
- Sponsorships and social action

Stakeholders

Expectations



Distributors

- Compliance with regulatory requirements
- Positioning in new consumer trends (conscious consumers)

- Transparency
- Sustainability of the business relationship



Final  
consumer

- Quality product and fulfilment of requirements
- Personalised service (appropriate contact person according to needs)

- Reduced response time for complaints
- Positioning in new consumer trends (conscious consumers)



Administration  
Regulatory bodies

- Transparency
- Compliance with regulatory requirements

- Active participation in sector organisations
- Cooperation

Communication with stakeholders (community, distributors, consumers, certification entities, suppliers and administrations) is done through the usual communication channels (email, regular mail, telephone, face-to-face meetings, conferences, etc.).

In the specific case of consumers, in addition to traditional channels, communication is carried out through customer service, surveys and online channels, such as social networks, Familia Torres websites and the online store. Regarding Miguel

Torres distributors, communication is also carried out through a specific digital portal and the Marketing Guidelines.

Maintaining good relationships with stakeholders and meeting their expectations is a key element for Familia Torres and has played a fundamental role in its business success.

## 1.6 Governance Model

Ever since its origins, the factor that has set Familia Torres apart is the fact that it is guided by visionary people, whose priority has always been to promote ethical and transparent management. Over the years, the President, together with the Managing Director and the management team, have carried out a process of management professionalisation, which has laid the foundations for the sustained growth and success of Familia Torres.

Today, maintaining best practices in corporate governance remains a priority, therefore Familia Torres has a series of corporate policies, procedures and internal processes to comply with applicable regulations, both in Spain and internationally.

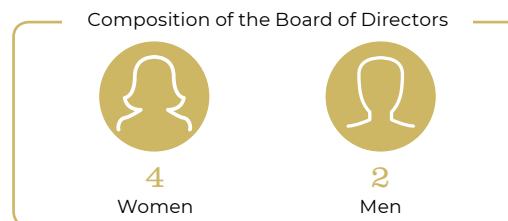
In order to ensure the correct implementation of its corporate governance system, it has the following governing bodies:

### Board of Directors

Highest governing body, responsible for the management, direction, administration and representation of the interests of Familia Torres. It meets once every quarter to exercise the functions assigned to it according to the bylaws and its own internal regulations (formulation of accounts, appointments, approval of the expense budget and investments, among others), as well as the monitoring of the strategic objectives.

The body looks to perform its functions independently of criteria and bases its actions on the social interests of Familia Torres, reconciling, to the greatest extent possible, the interests of stakeholders that may be affected by its decisions.

The Board of Directors consists of six directors, four of whom are women.



### Advisory Council

Made up of 14 members (eight advisors who are members of the family and six external advisors), of which six are women. The advisors meet quarterly, on the same day that the Board of Directors is held, to discuss the most relevant issues at a strategic level in different areas, such as the financial, operational or commercial fields.

### Management Committee

The Management Committee is composed of the nine directors of the functional areas (three of which are women) who, together with the Managing Director, meet once a month to discuss operational issues and guarantee the application or implementation of the corporate strategy in day-to-day operations.

### Monitoring Commission

This commission is responsible for deciding which issues are to be submitted to the Board of Directors, to the Advisory Board and to the Management Committee.

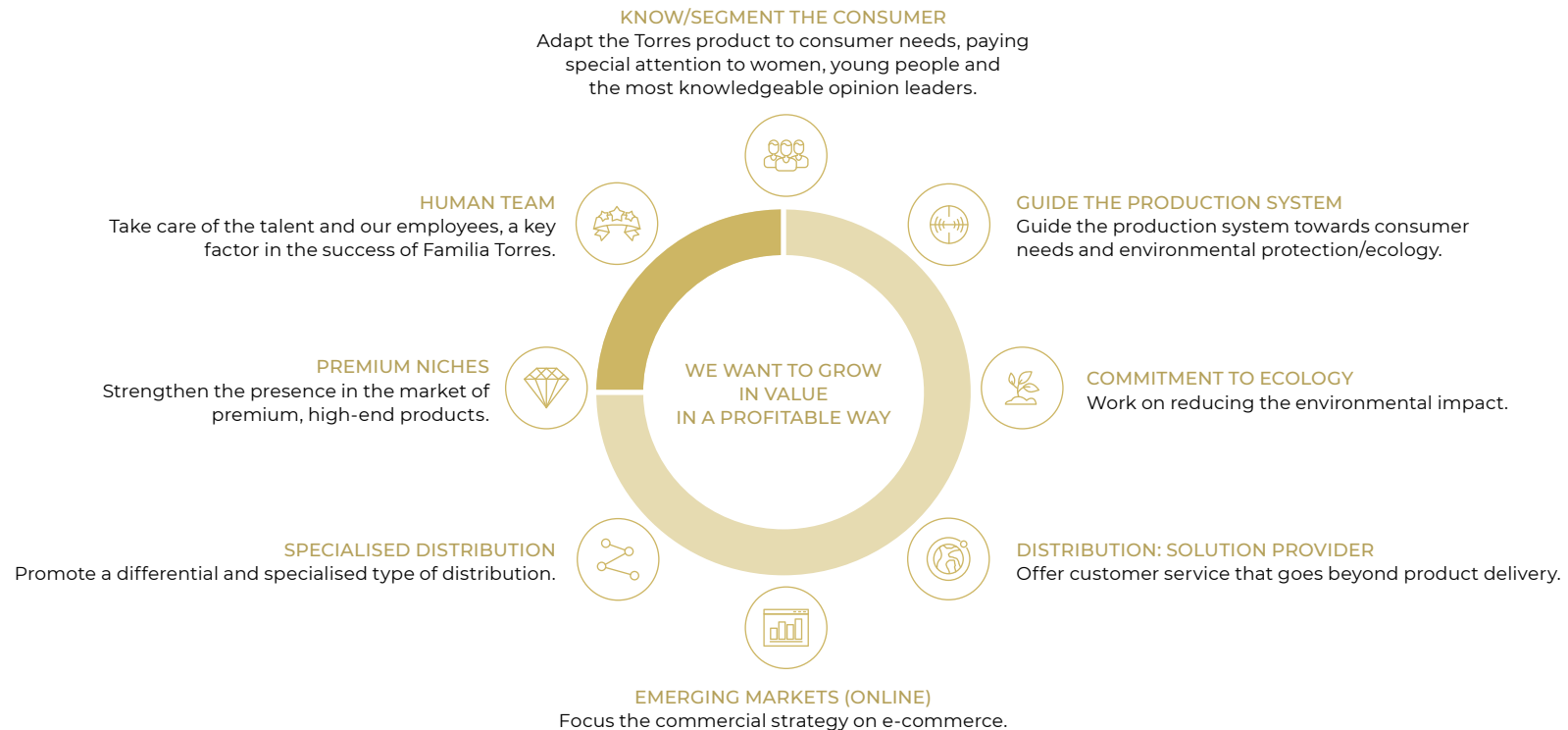
## 1.7 Manifesto

### 1.7.1 Strategic pillars

The year 2018 marked a milestone in Familia Torres's strategy, since the halfway point of the 2015-2020 Strategic Plan was passed. In order to continue

making progress with the strategic challenges and adapt to the economic and competitive environment, Management has initiated a process to review the corporate strategy. In this process, an analysis is being conducted of all those external and

internal aspects that may threaten or strengthen the ongoing efforts aimed at achieving excellence and taking care of customers and the land, the *raison d'être* of Familia Torres.





### 1.7.2 Sustainable Development Goals

On September 25, 2015, the United Nations (UN) adopted the 2030 Agenda, a strategy put into place to direct the actions of the business and government world towards the achievement of 17 objectives, known as the Sustainable Development Goals (SDGs), and 169 goals for a world that does not leave any of its inhabitants behind.

The business world plays a fundamental role in achieving the objectives of the 2030 Agenda: the protection of people, the planet and prosperity. For this reason, it is one of Familia Torres's priorities to contribute to sustainable development through the fight against climate change (SDG 13); the preservation of terrestrial ecosystems and their resources (SDG 15 and 6); responsible production and consumption (SDG 12); and the promotion of quality employment and the commitment to innovation (SDG 8 and 9).

The DNA, the 2020 strategic manifesto and the corporate policies help Familia Torres to move towards these goals, reflecting the family's social awareness and concern for a fairer world.



### 1.7.3 Risk and opportunity management

Management understands that the sustainability of the business requires the adequate management of the risks and opportunities that may materialise in the development of its activity.

Each of the components of the value chain can lead to a series of risks and opportunities that must be managed to ensure sustainable and continued growth over time.

Therefore, Familia Torres is working on the implementation of a comprehensive risk management and control system, based on the "Three Lines of Defence" model (internal control, compliance and internal audit system). In said model, the key roles and responsibilities will be assigned, in each of the three lines. The first line of defence, made up of management, will be responsible for maintaining an adequate internal control system in daily operations. The second line will be responsible for supervising and monitoring compliance with risk management policies and practices. Finally, the third line will promote compliance with international internal audit standards.



The main risks that Familia Torres faces are currently grouped into the following categories:

Risk Category	Main Risks		DNA	
<p><b>Corporate risks</b> <i>They have to do with the organisational structure of Familia Torres, its corporate governance, the delegation of authority model of its governing bodies, and its corporate policies and protocols.</i></p>	<ul style="list-style-type: none"> <li>• Corporate governance risks</li> <li>• Risks associated with the relationship with the local community</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational risks</li> <li>• Risks related to the succession of key positions in the governing body</li> </ul>	<ul style="list-style-type: none"> <li>• Familia Torres employees</li> <li>• Ecology</li> <li>• Fair trade</li> </ul>	<ul style="list-style-type: none"> <li>• Giving back to society</li> <li>• Our customers</li> <li>• A unique family</li> </ul>
<p><b>Strategic risks</b> <i>Related to the sector and the environment in which Familia Torres operates and its business strategy.</i></p>	<ul style="list-style-type: none"> <li>• Risks associated with the sector's situation</li> <li>• Risks associated with a competitive sector</li> <li>• Geopolitical risks</li> </ul>	<ul style="list-style-type: none"> <li>• Risks related to climate change</li> <li>• Risks associated with the "premiumisation" strategy</li> <li>• Anticipation of new winemaking trends</li> </ul>	<ul style="list-style-type: none"> <li>• Familia Torres employees</li> <li>• Ecology</li> <li>• Our customers</li> </ul>	<ul style="list-style-type: none"> <li>• R&amp;D</li> <li>• Close proximity to the consumer</li> <li>• A unique family</li> </ul>
<p><b>Operational risks</b> <i>They affect the management of operations, in which losses may occur for the company.</i></p>	<ul style="list-style-type: none"> <li>• Financial risks</li> <li>• Geopolitical risks</li> <li>• Risk of damage and impairment of assets</li> </ul>	<ul style="list-style-type: none"> <li>• Security risks for information systems</li> <li>• Food quality and safety risks</li> <li>• Risks due to legislative changes</li> </ul>	<ul style="list-style-type: none"> <li>• Familia Torres employees</li> <li>• Ecology</li> </ul>	<ul style="list-style-type: none"> <li>• Fair trade</li> <li>• Our customers</li> <li>• A unique family</li> </ul>
<p><b>Compliance risks</b> <i>They result from breaches of obligations contained in applicable legislation and existing contracts, as well as internal corporate regulations.</i></p>	<ul style="list-style-type: none"> <li>• Money laundering</li> <li>• Corruption, bribery and influence peddling</li> <li>• Human Rights</li> <li>• Tax risks</li> </ul>	<ul style="list-style-type: none"> <li>• Risks associated with product labelling</li> <li>• Risks of non-compliance with environmental and food safety regulations</li> <li>• Risks due to legislative changes</li> </ul>	<ul style="list-style-type: none"> <li>• Familia Torres employees</li> <li>• Ecology</li> <li>• Fair trade</li> </ul>	<ul style="list-style-type: none"> <li>• Giving back to society</li> <li>• Our customers</li> <li>• R&amp;D</li> <li>• A unique family</li> </ul>
<p><b>Reporting risks</b> <i>Referring to the risks associated with errors or non-compliance of public information issued by Familia Torres.</i></p>	<ul style="list-style-type: none"> <li>• In order to cover this type of risk and guarantee the reliability of said public information, Familia Torres has several action plans to develop and implement its own Internal Control over Financial Reporting System (SCIIF by its acronym in Spanish).</li> </ul>		<ul style="list-style-type: none"> <li>• Familia Torres employees</li> <li>• Fair trade</li> <li>• Giving back to society</li> </ul>	<ul style="list-style-type: none"> <li>• Our customers</li> <li>• Close proximity to the consumer</li> <li>• A unique family</li> </ul>

### 1.7.4 Commitment to ethics and compliance

The success of Familia Torres is closely related to its excellent reputation and the trust generated among its stakeholders. Its daily activity is based on the promotion of a culture of integrity and ethical conduct through its Corporate Ethics and Responsibility Model, composed of the following corporate documents:

- **Code of Business Conduct and Ethics.**

This document is intended to guide the personal and professional behaviour of employees, promote ethical behaviour based on corporate values, reduce the subjectivity of personal interpretations of moral and ethical principles, and consolidate the image and reputation of Familia Torres. Its implementation corresponds to the Internal Audit, Ethics and Corporate Responsibility department.

- **Anti-Bribery and Anti-Corruption Policy.**

In addition to the Code of Business Conduct and Ethics, Familia Torres has an Anti-Bribery and Anti-Corruption Policy to ensure that its business and commercial dealings with third parties are conducted in an honest and ethical manner without exception.

**Zero tolerance for corruption and bribery:**

- Subornation of public officials (bribery)
- Bribery of private third parties or through related third parties
- Use of accounts that are not recorded in the accounting ledgers
- Fake invoices or unusual expenses

**Ethical principles:**

1. Integrity in the company
2. Data protection
3. Respect for privacy
4. Prevent conflicts of interest
5. Integrity in external relations
6. Environmental protection
7. Respect for intellectual and industrial property
8. Food quality and safety

Regardless of local laws or customs on the matter (unless they are more restrictive), breach of the Anti-Bribery and Anti-Corruption Policy is considered a serious offense, reason for disciplinary sanctions and even the termination of the employment relationship. This once again reaffirms the commitment of Familia Torres to a framework of action that goes beyond legal requirements and that involves enforcing the most rigorous standards at all times.

- **Ethics and Corporate Responsibility Policy.**

The Board of Directors approved an Ethics and Corporate Responsibility Policy to guide employees on issues related to risks arising from criminal offenses, ethical behaviour and corporate responsibility.

It includes the principles and legal norms to which Familia Torres and its employees can be exposed when they carry out operations worldwide.

**Principles of the Ethics and Corporate Responsibility Policy:**

1. Respect free competition
2. Maintain business integrity
3. Protect the environment
4. Take full responsibility for products
5. Occupational Health & Safety
6. Comply with foreign trade laws
7. Protect information and equal opportunities in transactions in the stock market
8. Keep the correct accounting records and issue transparent financial reports
9. Guarantee fair working conditions based on respect
10. Protect and respect industrial and intellectual property
11. Separate personal and corporate interests
12. Cooperate with the authorities
13. Responsibility with the environment

● **Crime Prevention Model.**

One of the main pillars of the Familia Torres compliance model is the Criminal Risk Prevention System, which meets the requirements established by the Spanish Criminal Code regarding corporate responsibility. This model includes:

- Identification and regular updating of the applicable criminal risks, according to their activity and sector.
- Identification and regular updating of the existing controls assigned to the different departments/areas.

For the next few years, Familia Torres has committed to continue making progress in the implementation of the crime prevention system through training in the field, adapted to the risks of each position.

Finally, it should be noted that Familia Torres plans on deploying the Crime Prevention Model to foreign subsidiaries in the medium term, which requires an in-depth analysis of the legal implications and the penal code in each country.

These documents also detail the mechanisms for seeking advice on ethical issues (human rights, discrimination, corruption, environmental violations and all offenses covered by the Criminal Code). Should any complaint be received about issues related to the topics described above, the **Familia**

**Torres Ethics Committee** is responsible for investigating the matter and taking the corresponding corrective measures, always following the principles of confidentiality and non-retaliation. In 2018, no complaint related to the Code of Business Conduct and Ethics or the other policies mentioned in this chapter was received.

Additionally, to facilitate the communication and monitoring of possible breaches by the Ethics Committee, in the first months of 2019, the **whistleblower channel** has been outsourced, which Familia Torres employees in Spain and suppliers will have access to. In a second phase, the channel will be enabled for customers.

All people who are hired by the companies in Spain receive training on Familia Torres's ethics and corporate responsibility model. A second online training course is planned for 2019, through which employees will adhere to the ethical principles and ethics and corporate responsibility model of Familia Torres.

Since 2016, the year in which the model was implemented, 797 employees have received training in Spain on matters of ethics and corporate responsibility, a figure that represents 92% of the total active workforce. When calculating this percentage, it did not take into account employees who have not been able to complete the training due to reasons such as long-term leave, partial retirement or the special status of seasonal workers during the harvest period. Currently, work is being done to implement the "Ethics and Corporate Responsibility Model" in the other companies.

● **Measures for Preventing Money Laundering.**

Familia Torres has the following measures regarding the prevention of money laundering:

- Request for certificates of ownership of bank accounts during the certification process for suppliers and customer registrations, checking that they are not domiciled in a tax haven.
- Annual declaration of all payments received in cash that have exceeded the figure of 6,000 euros, using the Spanish tax form no. 347.

- Request made to partners for money laundering prevention policies during the due diligence process when opening new markets.
- Research conducted in regards to compliance prior to working with partners (suppliers and distributors).
- Availability of a crime prevention model, which includes the crime of money laundering with defined controls. It affects the Finance, Accounting, Suppliers and Taxation departments, among others.

**1.7.5 Commitment to human rights**

Familia Torres believes that respect for the fundamental rights of all people is an essential principle: employees, customers and suppliers. It also recognises the importance of respecting the rights of local communities and the integrity of the natural resources that are heritage shared by all people.

As a result, it is committed to complying with local regulations for the protection of human rights

in the countries where it operates, in addition to respecting internationally recognised standards on fundamental rights.

The Code of Business Conduct and Ethics states that international law (including, therefore, human rights standards) shall prevail in case of conflict.

**“Familia Torres’s operations and staff are subject to the laws of different countries and other jurisdictions around the world. If any conduct included in the Code contradicts the international laws where we operate, these laws shall always prevail over the Code.”**

**Familia Torres Code of Conduct and Business Ethics**

The main international human rights standards are:

- The “International Bill of Human Rights”, which includes the “Universal Declaration of Human Rights”, the “International Covenant on Civil and Political Rights” and the “International Covenant on Economic, Social and Cultural Rights.”
- The eight fundamental Conventions of the International Labour Organisation (ILO).

The ILO documents include, among others:

- Right to a safe working environment
- Right to work in fair working conditions
- Rights to privacy and intimacy
- Right to live in a healthy environment
- Right to health
- Freedom of association and collective bargaining
- Right to equality and non-discrimination

Currently, Familia Torres prevents and mitigates possible violations of the fundamental rights of its stakeholders through the following documents that are communicated and are applicable to employees in the following countries:

**Spain:**

- Code of Business Conduct and Ethics
- Ethics and Corporate Responsibility Policy
- Anti-Bribery and Anti-Corruption Policy
- Occupational Health & Safety Policy and Occupational Risk Prevention Plans
- Quality, Environment, Food Safety and Health & Safety Policy

**Chile:**

- Code of Conduct and Ethics Policy
- Sustainability and Fair Trade Policy
- Health and Safety Policy

In addition, collective agreements cover 100% of employees in Spain and Chile.

Additionally, Familia Torres ensures that internal and external security personnel in Spain and Chile are trained in human rights issues, paying special atten-

tion to the right to life, integrity and freedom of the person. In Spain, the following best practices are also carried out:

- Monthly meeting with all security personnel, sometimes addressing human rights issues.
- Accreditation requirement from the Spanish Ministry of the Interior for private security (PIC, Professional Identification Card) with issues related to people's rights.

In Chile, security professionals are certified in OS10<sup>1</sup>, having been trained in human rights, among other aspects.

Finally, Familia Torres is working on the drafting of a Human Rights Policy, which will be one of the pillars of the 2019 ethics and corporate responsibility model. With the **Human Rights Policy** and the outsourcing of the ethical channel, in 2019 it intends to take a step forward in adhering to the **United Nations Guiding Principles on Business and Human Rights (UNGPR)**.

<sup>1</sup>Accreditation granted by the Carabiniers of Chile to public and private security guards, after completing the course and passing the final exam.

# 2.

## Taking Care of Employees

“With almost 150 years of experience in viticulture, we have learned that people, the land and the climate are the keys to success when it comes to producing quality wines.”

**Miguel A. Torres**





## 2.1 Employment and Organisation

Human capital represents the **first pillar of the Familia Torres DNA**: ever since it was founded, people have been a key element in consolidating sustained and lasting growth over time, focused on excellence and humanity. These two aspects go hand-in-hand with economic performance and value creation. Therefore, Familia Torres is committed to caring for its employees, ensuring a pleasant work environment and fostering a culture of transparency and integrity throughout the workforce.

Familia Torres currently relies on the skills of 1,350 professionals, located in Spain, Chile, China, Brazil, Andorra, Sweden and the USA.

Workers by countries

Spain	913
Chile	216
China	184
Brazil	18
Andorra	7
Sweden	7
USA	5
<b>Total</b>	<b>1,350</b>



**1,350**  
workers

People are a key element when it comes to consolidating sustained and lasting growth, focused on excellence and humanity.

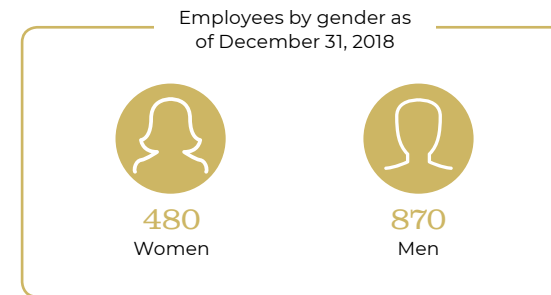
In the wine sector, there are some jobs that were traditionally occupied by men; especially those that are physically demanding (in the cellars, on the farms, etc.). In recent years, this trend has been changing and women have been incorporated into these job positions. Another area in which Familia Torres would like to improve the presence of women is in positions of greater responsibility (executives, directors and managers).

Familia Torres is committed to parity, therefore its priority is to increase the number of women in these areas and thus achieve a more equitable workforce.

This table shows the distribution of the workforce by age, gender and professional category on December 31<sup>1</sup>. The majority of employees are between the ages of 35 and 50.

<sup>1</sup> The deviation between the average workforce reported in the annual reports (1,372) and the employees as of 31/12/2018 (1,350) is 2%. Therefore, reporting the breakdown by gender, age and professional category as an annual average in addition to as of 31/12/18 is not considered relevant.

Gender / Age Groups	Senior Management	Executives	Directors and Managers	Administrative Staff and Upper Secondary School Graduates	Salespeople	Assistants and Junior Staff	Total
Men <30	0	0	4	30	8	58	100
Women <30	0	0	2	32	11	38	83
Men 30-50	1	16	111	124	77	177	506
Women 30-50	0	4	44	167	37	70	322
Men >50	1	9	64	48	18	124	264
Women >50	0	2	7	40	6	20	75
<b>Total</b>	<b>2</b>	<b>31</b>	<b>232</b>	<b>441</b>	<b>157</b>	<b>487</b>	<b>1,350</b>



Familia Torres is committed to the creation of stable employment. Therefore, almost all contracts are permanent.



**97%**  
Permanent  
contracts

Gender	Women	Men	Total
Employees with a permanent contract	466	850	1,316
Employees with a temporary contract	14	20	34
<b>Total</b>	<b>480</b>	<b>870</b>	<b>1,350</b>

Age	<30	30-50	>50	Total
Employees with a permanent contract	163	818	335	1,316
Employees with a temporary contract	20	10	4	34
<b>Total</b>	<b>183</b>	<b>828</b>	<b>339</b>	<b>1,350</b>

Professional Category	Senior Management	Executives	Directors and Managers	Administrative Staff and Upper Secondary School Graduates	Salespeople	Assistants and Junior Staff	Total
Employees with a permanent contract	2	31	232	430	157	464	1,316
Employees with a temporary contract	0	0	0	11	0	23	34
<b>Total</b>	<b>2</b>	<b>31</b>	<b>232</b>	<b>441</b>	<b>157</b>	<b>487</b>	<b>1,350</b>

96% of Familia Torres's contracts are full-time.



**96%**  
Full-time  
contracts

Gender	Women	Men	Total
Full-time employees	453	840	1,293
Part-time employees	27	30	57
<b>Total</b>	<b>480</b>	<b>870</b>	<b>1,350</b>

Age	<30	30-50	>50	Total
Full-time employees	177	817	299	1,293
Part-time employees	6	11	40	57
<b>Total</b>	<b>183</b>	<b>828</b>	<b>339</b>	<b>1,350</b>

Professional Category	Senior Management	Executives	Directors and Managers	Administrative Staff and Upper Secondary School Graduates	Salespeople	Assistants and Junior Staff	Total
Employees with a permanent contract	2	31	225	418	156	461	1,293
Employees with a temporary contract	0	0	7	23	1	26	57
<b>Total</b>	<b>2</b>	<b>31</b>	<b>232</b>	<b>441</b>	<b>157</b>	<b>487</b>	<b>1,350</b>

Thanks to the way we care for our people (a value that is part of the Familia Torres philosophy), and the commitment of our employees, our absenteeism rate remains relatively low.



**3.34%**  
Absenteeism  
rate

As for the average of contracts, only the data referring to the companies present in Spain and Chile has been reported, because of how important they are in the activities related to the harvest and the size of their respective workforces, which represent more than 80% of the total Familia Torres workforce. The monthly average of new hires at Familia Torres has been 19 people in Spain and 10 people in Chile.



During the harvest season, the number of new hires increases due to increased activity in tasks such as grape harvesting, reception and the first production stages, monitoring of vineyards and grape ripeness, and laboratory work. This seasonality means that during the harvest periods, the workforce increases by an average of approximately 90 employees in Spain and 45 in Chile.

In 2018, the number of employees who voluntarily left the company was 249. This terminology includes contract terminations, retirements, voluntary leave and death. The number of employees who leave voluntarily is directly affected by the marked seasonal nature of the sector during the harvest period. In 2018, during these months, Familia Torres hired a total of 147 people for work and service, which subsequently increases the number of employees who leave voluntarily due to the termination of their contract. Additionally, in 2018, there were 18 employees in Spain who retired.

The number of layoffs amounted to a total of 102. 34% of layoffs correspond to the China subsidiary, which had to be restructured due to the loss of the distribution contract for two brands, which represented 38% of sales in 2017. As a result of this huge impact on business, the subsidiary was forced to carry out an emergency plan that directly affected the organisational structure, which resulted in 35 employees being removed from the workforce. On the other hand, in Chile's subsidiary, there were 33 layoffs, 20 of them due to failure to appear at work without justification.

According to data on layoffs and voluntary leave, Familia Torres has a global turnover rate of 26%, which includes the seasonality and exceptions discussed above.

**The turnover rate of Familia Torres, excluding seasonality and the discussed exceptions (restructuring of China's subsidiary, layoffs for non-attendance in Chile) is 9.7%.**

Gender	Women	Men	Total
Layoffs	43	59	102
Voluntary leave, contract termination, etc.	94	155	249
<b>Turnover rate (401-1)</b>	<b>28.54%</b>	<b>24.60%</b>	<b>26%</b>

Age	<30	30-50	>50	Total
Layoffs	40	53	9	102
Voluntary leave, contract termination, etc.	102	108	39	249
<b>Turnover rate (401-1)</b>	<b>77.60%</b>	<b>19.44%</b>	<b>14.16%</b>	<b>26%</b>

Professional Category	Senior management	Executives	Directors and Managers	Administrative Staff and Upper Secondary School Graduates	Salespeople	Assistants and Junior Staff	Total
Layoffs	0	0	6	12	14	70	102
Voluntary leave, contract termination, etc.	0	0	9	95	13	132	249
<b>Turnover rate (401-1)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>6.47%</b>	<b>24.26%</b>	<b>17.20%</b>	<b>41.48%</b>	<b>26%</b>

The structures established to guarantee social relations in Familia Torres are a key part of management, since they ensure the receipt and management of all incidents that employees may have. 84% of jobs are covered by collective agreements (Spain and Chile). These agreements define a series of measures regarding the right to disconnect from work and have a work/life balance, establishing guidelines to take advantage of parental leave and promoting the joint responsibility of both parents.

In 2018, a total of 40 employees (23 men and 17 women) took parental leave. Their return to work rate has been 100% (among those who had to return in 2018). As for the retention rate, only two employees out of a total of 25 decided not to continue with Familia Torres in the 12 months following the date of reincorporation.

The table shows parental leave data, broken down by gender.

Parental leave by gender	Women	Men
Employees entitled to parental leave	17	30
Employees who have taken parental leave	17	23
Employees who should have returned to work in the period covered by the report after their parental leave finished	9	20
Employees who have returned to work in the period covered by the report after their parental leave finished	9	20
<b>Rate of return to work</b>	<b>100%</b>	<b>100%</b>
Employees who have returned to work in the period prior to the period covered by the report after their parental leave finished	12	13
Employees who should have returned to work after their parental leave finished and who continued to be employed 12 months after returning to work.	12	13
Collaborators who have returned to work after their parental leave finished and who were still employed 12 months after returning to work.	10	13
<b>Retention rate</b>	<b>83%</b>	<b>100%</b>

On the other hand, in order to ensure adequate internal communication, Familia Torres provides its employees in Spain with access to the following procedures and communication bodies:

- **Workers Committee**, composed of management representatives and staff delegates. In 2018, four meetings were held in which topics such as the internal economic situation and other work-related issues that are relevant to Familia Torres and its employees were discussed.
- **Union representatives**, with whom Familia Torres meets annually, maintaining a cordial and collaborative relationship.
- **Health and Safety Committee**.
- **Workplace climate survey**.
- **Lunch with the General Director ("Dinar de cigrons")**: bimonthly meeting with the General Director and a group of employees from different departments with different levels of responsibility, to listen to their concerns first

hand. This activity is also carried out in Miguel Torres Chile with the "Almuerzo cazuela" lunch.

- **Daily news**: every day, through the corporate intranet and an application for mobile devices, all departments can communicate relevant news that is accessible to all employees.
- **Information screens**: there are televisions in the offices and break rooms in most of the workplaces, in which relevant messages are conveyed regarding occupational health and safety, the environment and other news of interest. These screens are found in some of Miguel Torres's facilities.
- **Meet&Greet Lunch**: monthly meeting with 8-10 employees from different departments to learn about the activities of each area and thus generate synergies. This activity takes place at Familia Torres in Penedès.

In 2018, no collective labour dispute was recorded.





## 2.2 Training and Development: a Land of Opportunities

The annual investment in human capital provides employees with all the necessary tools to evolve professionally and support the ambition and challenges of Familia Torres.

The **Training and Development Policy** at Familia Torres constitutes the framework for action to manage and improve these processes, ensuring their alignment with the strategic objectives and corporate values.

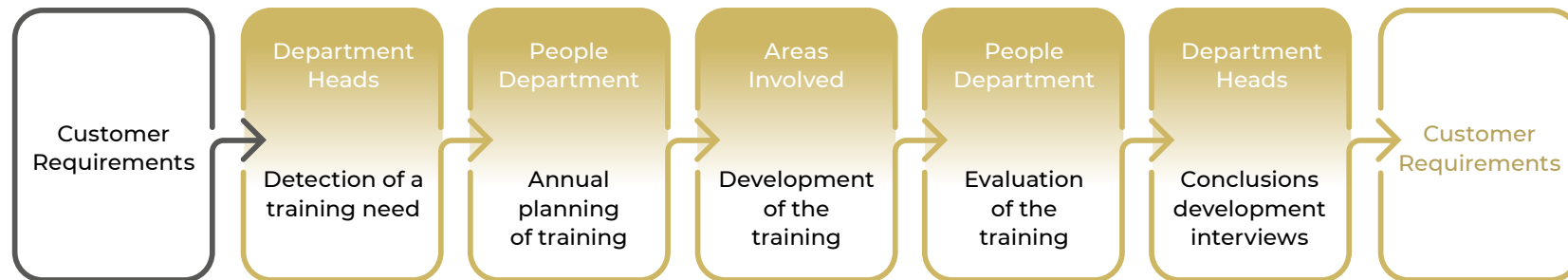
The policy is aimed at planning the training actions set out in the Annual Training Plan and includes:

- **Training:** improve the knowledge, skills and competencies required to perform a job's tasks.
- **Development:** preparation for future responsibilities, while increasing the individual's performance in their current job.

The Training and Development Policy applies to all Familia Torres employees in Spain.

In addition to the policy, a training and development management procedure has been defined, which gathers the main guidelines for complying with the commitments established in the corporate policy. Coordinated by the People & Development Department, together with the directors of the different areas and the department heads, this procedure defines the internal processes for detecting and planning the training activities of Familia Torres in Spain, based on the professional development needs required by each professional category.

### Training and development management procedure





**15,458**

Hours of training  
given in 2018



**€235**

Average investment in training  
per employee in 2018

The following table shows the total hours and the average hours of training by professional category that were completed by employees in 2018.

Professional Category	Senior managem.	Executives	Directors and Managers	Administrative Staff and Upper Secondary School Graduates	Salespeople	Assistants and Junior Staff
Hours of training by category	0	635	4,954	7,072	1,342	1,456
Average hours of training per employee	0	20.48	21.35	16.04	8.55	2.99

## 2.3 Work Organisation and Measures for a Work/Life Balance and the Right to Disconnect

Regarding working hours and work organisation, Familia Torres complies with the current regulations in each country and with the provisions of the applicable collective agreements, which establish the schedules, shifts, breaks, holidays and paid leave, among other topics.

Due to the nature of its activity and the seasonality of the wine sector, the work organisation in some professional categories is characterised by a system of shifts adapted to the needs of the harvest season.

On the other hand, office employees benefit from flexitime measures tailored to the needs of their duties and department, with flexible entry and exit times and reduced working hours on Fridays (only applies to Familia Torres in Spain).

Additionally, the office employees in Vilafranca del Penedès take advantage of shorter, uninterrupted workdays in summer, from June 1 to September 15, in addition to other flexitime measures such as the 6-hour work day on December 24 and 31.

All of these measures confirm once again Familia Torres's commitment to the well-being of its employees and its advocacy for a balance between work and personal/family life. The preparation of a work/life balance, teleworking and digital disconnection policy is currently underway.



Purgatori winery

## 2.4 Equality and Accessibility

Familia Torres is committed to promoting equal opportunities, diversity and non-discrimination based on race, gender, ethnicity, skin colour, nationality, religious belief, ideology, age, physical constitution, appearance or sexual orientation. Its objective is to create a positive work environment that promotes the well-being of its employees, where everyone feels valued and recognised. Only in these conditions can it ensure a smooth operation on a daily basis.

### 1. Gender equality

To promote equal treatment and opportunities for men and women, Familia Torres has several corporate procedures and documents in Spain:

- Equality Plan
- Equality Committee
- Sexual Harassment and Discrimination Protocol
- Recruitment and Selection Policy
- Compensation Policy

It is worth highlighting Familia Torres's commitment to ensuring compliance with these principles in all business units.

### 2. Promoting diversity

Consolidating its commitment to strengthening the diversity of its workforce, Familia Torres has 22 disabled employees, 19 of which are located in Miguel Torres Spain, and the rest are in Miguel Torres Chile.

Additionally, Familia Torres collaborates with the Mas Albornà Foundation, which works for the social and labour market integration of people with disabilities, which once again shows its commitment to the diversity and social integration of people at risk of social exclusion.



**Familia Torres promotes a positive work environment that fosters the well-being of employees and in which everyone feels valued and acknowledged.**

## 2.5 Occupational Risk Prevention

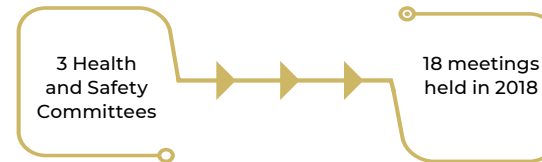
Ensuring the health and safety of employees is a priority for Familia Torres. Therefore, it has a **Occupational Health & Safety Policy**, which is mandatory for all companies. The policy establishes its commitment to accident prevention and compliance with current regulations in this area, with the ultimate goal of reaching the **objective of "zero accidents"**.

This policy reaffirms the need to periodically review the occupational risks associated with all of Familia Torres's processes and activities, and to maintain an open and objective dialogue with employees to improve the prevention of occupational hazards. The pillars of this dialogue are:

**1. Miguel Torres Health and Safety Committee:** composed of eight members, who meet quarterly. In 2018, they held three meetings, in which they discussed topics such as the review of facilities and work equipment; truck safety; training in occupational hazards and the lighting of facilities.

Familia Torres in Chile has two Health and Safety Committees, with a total of 36 members. In 2018,

15 meetings were held to discuss safety and hygiene issues and to conduct an investigation of the accidents that had occurred.



The Committees are responsible for ensuring the correct implementation of protocols and measures for the prevention of occupational risks, in addition to ensuring a healthy work environment. In the rest of the Familia Torres companies, it is not necessary to have a Health and Safety Committee, according to current legislation.

**2.** In addition to the Health and Safety Committees, in Spain, a **communication procedure has been launched regarding the prevention of occupational risks**, whereby each worker is responsible for informing those in charge of safety in the different areas of any current or

potential risk that has arisen in normal operating situations of in the case of incidents that have occurred. These incidents are reviewed and analysed to propose corrective or preventive actions, such as intensifying training in occupational hazards or applying sanctions to people who have failed to comply with occupational health and safety instructions, among others.

Additionally, in Spain and Chile, Familia Torres has an **Occupational Risk Prevention Plan** to ensure the effective integration of the Occupational Health and Safety Policy in the operations of each company. The prevention plans define objectives, establish responsibilities and develop action procedures that include fundamental methodologies for risk assessment, preventive action planning, training, communication and prevention effectiveness control (accident rate indicators), among others.

The prevention service is responsible for reviewing the plans, at least once a year, in order to detect possible improvements or updates and verify that

the implemented corrective or preventive actions have been effective. Likewise, Familia Torres carries out **internal and external audits** to ensure that its occupational risk prevention management system is adequate and aligned with the best practices in this field. It should be noted that all facilities that have been internally reviewed have improved their results.

As an added element, Familia Torres reaffirms its commitment to the health and safety of employees through a series of initiatives or awareness campaigns:

- **Health Programme:** a specialised company has advised Miguel Torres on how to measure the psychophysical health of its workforce. The results have been used to design customised health plans (training, nutrition sessions, wellness coaching, workshops, medical check-ups, etc.).
- **Health Campaign:** Miguel Torres has carried out donation campaigns with free medical check-ups for donors and a seasonal flu vaccination campaign.

- **STOP Programme for the Prevention of Occupational Accidents,** with hands-on training regarding preventive behaviours at the Familia Torres wineries in Spain. Work is being carried out to implement the programme with Spanish distributors.

These initiatives reaffirm the willingness to continue working on accident reduction. The following table shows the data on accident rates and occupational diseases in 2018:

Gender	Women	Men
Workplace accidents with leave	6	20
Days lost due to workplace accidents with leave	152	380
Actual hours worked by employees	907,790	1,619,701
Frequency rate (*)	6.61	12.35
Severity rate (**)	0.17	0.23
Occupational diseases	0	1
Deaths	0	0

Finally, in Spain, Familia Torres is committed to ensuring that the external companies that provide their services in its facilities comply with the highest safety standards, in accordance with the Spanish Law on the Prevention of Occupational Risks (coordination of business activities). For this reason, there are several key conditions that must be met by the entities it collaborates with in order for them to perform any type of service. These conditions include having assessed the occupational risks related to the work to be carried out at Miguel Torres and its subsidiaries, presenting certificates of training in occupational hazards and submitting the delivery record for personal protective equipment, among others. Finally, the hired company must return the signed risk communication document for the Familia Torres workplace where it will be carrying out the activity.

(\*) Frequency rate calculated as the number accidents/number of hours worked x 1,000,000.

(\*\*) Severity rate calculated as the number of lost work days/number of hours worked x 1,000.

## 2.6. Talent Assessment

Familia Torres promotes a culture of transparency and meritocracy among all of its employees. Therefore, it has a Remuneration Policy in Spain that guarantees objectivity in terms of the compensation and remuneration that employees receive.

The policy is based on four principles included in the Miguel Torres Equality Plan:

- Comparability of responsibilities between positions.
- Proportionality and adequacy of remuneration based on the position and dedication.
- Equal remuneration for men and women.
- Competitive salaries that are aligned with the Spanish market and the context of the sector itself.

Familia Torres believes that these principles are key in order to continue attracting and retaining the best talent in the market.

### 2.6.1 Remuneration

When talking about average salary, these figures include all of the Familia Torres companies, some of which are located in markets with very different salary markets, such as China, Chile, Brazil or Spain. As this is the first non-financial report of its kind, it has been detected that the professional categories used do not adequately reflect the actual salary situation at Familia Torres. As an improvement for the next report, categorisation by other organisational levels will be analysed.

The average gross salary at the corporate level has been 27,737 euros per year for women and 37,381 euros for the male group.

Salary by gender	Women	Men
Average salary (gross €)	27,737	37,381

The difference in the average salary between men and women is explained by the lower number of women in positions of responsibility (senior management, executives, directors and managers). As mentioned above, it is a priority for Familia Torres to turn this situation around and achieve equality in decision-making positions.

According to Familia Torres's Remuneration Policy, when the employee's salary is set, the job to be performed is taken into account regardless of the category and gender, with there being salary ranges that exist for each job according to well-known market salary surveys (Willis Towers Watson).

Salary by age (years)	<30	30-50	>50
Average salary (gross €)	17,609	33,548	43,760

Salary by professional category	Senior management	Executives	Directors and Managers	Administrative Staff and Upper Secondary School Graduates	Salespeople	Assistants and Junior Staff
Average salary (gross €)	283,827	141,489	53,091	30,504	33,089	20,363

The gap in the “Executives” category is due to the fact that the managers at the main subsidiaries (China and Chile) are male and their salaries are in the high range within the “executives” category. Therefore, when calculating the overall pay gap, the average salary received by men increases, and thus the pay gap increases as well. If the managers from said subsidiaries were excluded, the gap would be 7%.

Regarding the gap in the category of “Directors and Managers”, it is due to the fact that the positions of greater responsibility with higher remuneration are mostly held by men.

In the “Salespeople” category, positions with a high level of responsibility are included, most of which are held by men, which also widens the gap.

The gap in the category of “Assistants and Junior Staff” is due in large part to the effect that China’s subsidiary has on the overall calculation. A large number of women in China fall into this category, receiving remuneration that is substantially lower than that of Spain. As a consequence, the average salary for women decreases and, therefore,

Professional Category	Senior management	Executives	Directors and Managers	Administrative Staff and Upper Secondary School Graduates	Salespeople	Assistants and Junior Staff	Total
Gross hourly wage for women (*)	151.60	77.61	29.36	17.37	20.20	11.93	19.97
Gross hourly wage for men (**)	-	67.10	24.97	15.38	12.86	7.92	14.82
Pay gap (**)	-	14%	15%	11%	36%	34%	26%

(\*) The calculation of the gross hourly wages takes into account the different working hours of the companies that make up Familia Torres, obtaining the average hours actually worked according to the weight of the number of employees in each company.

(\*\*) The formula used to calculate the pay gap figures has been: (Average pay for men - Average pay for women) / Average pay for men \* 100. (Positive gap = % in which the average salary for women is lower than the average salary for men; negative gap = % in which the average salary for women is higher than the average salary for men).

the gap in this category increases significantly. Interestingly, in the category of “Assistants and Junior Staff”, the gap is negative in China (-18%). If China is isolated from the calculation, a gap of 16% is obtained. On the other hand, a part of this gap is due to the fact that in the highest paid job in this category (maintenance workers), there are currently only male employees.



The starting salary for the workforce in Spain is equivalent to 17,562.44 euros, so the total ratio is 1.7%.



**1.7%**

Starting salary/local  
minimum wage  
in Spain ratio

Country	Starting salary (gross €)	Local minimum wage (gross €)	Ratio (starting/local)
Spain	17,562.44	10,302.60	1.70
Chile	6,086.66	4,348.54	1.40
USA	46,897.55	13,170.00	3.56
Andorra	22,284.47	12,604.80	1.77
Canary Islands	14,000.00	10,302.60	1.36
Brazil	9,277.00	2,576.00	3.60
China	4,449.94	545.28	8.16
Sweden	41,498.62	(*)	(*)

(\*) In Sweden there is no minimum wage by law.

It should be noted that the senior management compensation system consists of the following parts to ensure that an attractive pay mix is offered and is aligned with the responsibilities of each professional category:

Type of pay (percentage)	Senior Management
Funds and pension plans	3%
Fixed pay	79%
Variable pay	18%
Directors' fees	0%
Other salary items	0%

## 2.7 Social Benefits

On the other hand, Familia Torres offers a series of employee benefits in order to meet the expressed needs. These employee benefits vary depending on the use and customs in each country, highlighting the following:

### Familia Torres in Spain:

- Annual contributions to the Familia Torres pension plan
- Life and accident insurance
- Monthly allowance for childcare
- Annual assistance with school tuition fees until the end of university studies
- Annual support to employees who have children with disabilities
- Annual medical assistance for retired employees
- Discounts on purchases of Familia Torres products
- Little gifts for weddings, the birth of a child and upon reaching 25 years of employment
- Flexible remuneration system for the purchase of products with tax advantages
- Baskets of Familia Torres products at Christmas and in summer
- Christmas lunch
- Access to the flexible remuneration platform

### Familia Torres in Chile:

- Life insurance
- Dental and health insurance for employees and their families
- Financing of medical treatment in case of serious illness
- Cafeteria
- Annual assistance with school tuition fees and rewards for students with top marks
- Daycare service
- Reward for staying at the company until the age of retirement
- Retirement allowance for employees who have been in the company for more than 20 years
- Bonuses for Independence Day and Christmas
- Christmas party to share with family and gifts for children up to 12 years old
- Discounts at Familia Torres restaurants in Chile
- Baskets of Familia Torres Chile products
- Gift for a birth
- Seniority bonus at 10, 20 or 30 years in the company
- Lunch at the end of the grape harvest for all employees
- Access to land for sports club and provision of resources

### Familia Torres in China:

- Life insurance
- Health insurance for employees who have been at the company for more than one year
- Lunch allowance
- Travel allowance

# 3

## Helping to Mitigate the Effects of Climate Change

“Why not generate our own energy, reuse water and, above all, reduce CO<sub>2</sub> emissions? Torres & Earth is the project with which, little by little, we are making this dream come true.”

**Miguel A. Torres**



Caring for the land is part of the essence of Familia Torres. This commitment is materialised in the desire to reduce our environmental impact through the sustainable use of resources throughout the value chain, in addition to contributing to changing the effects of climate change.

The governing bodies and management of Familia Torres are aware that caring for the environment is directly tied to the creation of sustainable value in their business.

In this sense, looking after the land and its resources is the best way to ensure the success and quality of their wines, in addition to respecting local communities and common heritage.

**“The more we care for  
the earth, the better wine  
we get.”**



To ensure the proper management and monitoring of all its environmental impact, Familia Torres has the following tools:

- 1. Quality, Environment, Food Safety and Health & Safety Policy**
- 2. Familia Torres Sustainability and Fair Trade Policy in Chile**
- 3. Environmental Management System**
- 4. Comprehensive Pollution Incident Response System**

### **1. Quality, Environment, Food Safety and Health & Safety Policy**

This policy represents the general framework for environmental management at Familia Torres, therefore it applies to all wineries in Spain. The document commits to:

- Comply with legal requirements and other environmental requirements.
- Protect the environment and reduce pollution by:
  - Minimising the generation of waste, promoting selective collection, reuse and recycling.
  - Adopting measures to reduce the consumption of natural resources; especially water and energy.
  - Creating measures aimed at mitigating the effects of climate change.
- Encouraging the entire organisation to participate.
- Promoting continuous training, for both employees and suppliers.

### **2. Familia Torres Sustainability and Fair Trade Policy in Chile**

This document commits to:

- Position the environment at the centre of Familia Torres's concerns through sustainable objectives such as organic farming on 100% of the properties and other R&D initiatives.
- Promote a culture of respect for the environment, both internally and in the value chain, promoting the efficient use of energy and the incorporation of renewable energies to the greatest extent possible, to reduce the impact that the activity generates on the environment.

### 3. Environmental Management System

Miguel Torres has a solid Environmental Management System, certified by the ISO 14001 standard, which - together with the quality management system - ensures the integration of environmental aspects into daily operations.

As indicated by the best practices in sustainability, environmental management is integrated into the business management itself, being an intrinsic part of it. Therefore, General Management is in charge of ensuring the proper functioning of the Environmental Management System, in addition to ensuring compliance with legal requirements and applying the precautionary principle (taking appropriate measures to prevent damage).

The Environmental Management System is based on two pillars:

**Pillar 1. Interactions with the environment**, with the aim of defining those elements of the activity that interact with the natural environment.

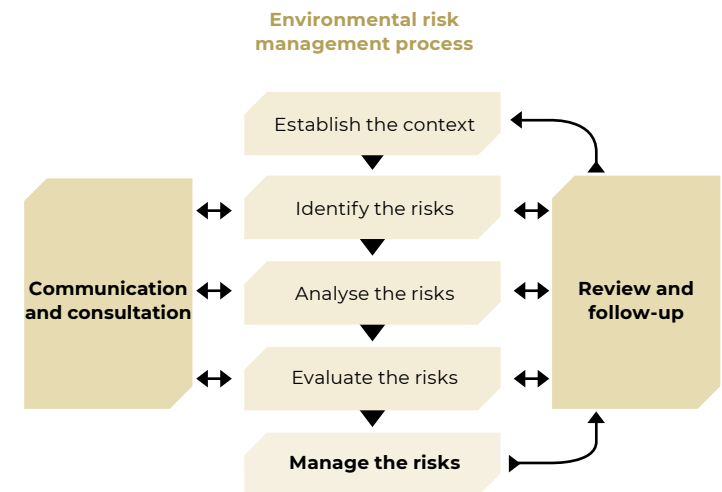
These elements are:

- Waste management an the circular economy
- Consumption of natural resources, raw materials and fuels
- Atmospheric emissions
- Noises from vehicles or machinery on the premises
- Outdoor lighting
- Environmental emergency situations
- Wastewater (sanitary and process)

**Pillar 2. Identification and prioritisation of risks and opportunities.** For its part, the Environmental Management System establishes the necessary procedures to address environmental risks and opportunities, fostering a culture of continuous improvement.

The environmental risk management process identifies and analyses the associated risks, which are evaluated according to their impact and probability

of occurrence. Once the risks have been identified, the people in charge formalise specific actions to mitigate them. This process also includes the identification of environmental opportunities, which are worked on with the objective of maximising their positive impact.



**Environmental information for employees.** To ensure that the commitment is conveyed from management to employees and is integrated into their daily activities, all new Familia Torres employees in Spain sign a document saying they have received the relevant information on environmental aspects and best practices.

**Risks and opportunities.** The main environmental risks identified at Miguel Torres in 2018 have been:

- Discharge of substances into the environment.
- Fire or explosion in production plants.
- Noises derived from the winemaking activity.
- Atmospheric emissions with the resulting pollution.
- Risks related to the incorrect management of the Environmental Management System.

The impact and probability of each of these risks materialising has been evaluated. However, thanks to the processes and controls implemented by Miguel Torres, none of the risks mentioned have a high probability of materialising.

Miguel Torres believes that good environmental management is a key element for the sustainability of the planet and its business. For this reason, its DNA includes the principle of "Ecology" and always looks for opportunities to improve the management thereof and combat climate change. In 2018, the following opportunities have been worked on:

- Promotion of the use of hybrid and electric vehicles in the internal and commercial fleet.
- Reduced water consumption.
- Implementation of environmental actions to mitigate the effects of climate change beyond those required by law.

#### **4. Comprehensive Pollution Incident Response System**

To reinforce the environment of control in the management of environmental risks and the responses to their possible materialisation, Familia Torres wineries in Spain have a Comprehensive Pollution Incident Response System. This policy ensures a quick and adapted response to any environmental disaster or catastrophe, including damage caused to biodiversity and contamination of the soil or surface and/or groundwater. In addition, it bears the costs of restoration and compensation provided to the affected parties in the shortest amount of time possible.

It should be noted that since it was adopted in 2016, there has been no incident of an environmental nature that has forced it to resort to the Comprehensive Response System.

In addition, Familia Torres has not been subject to any sanctions or fines for environmental accidents.

## 3.1. Reducing Impact

Miguel Torres is aware and is responsible for the impact it has on the environment as a result of the development of its activities. For this reason, continued efforts are devoted to the measurement of environmental indicators and to the reduction of its impact throughout the value chain. With this objective in mind, the **Miguel Torres Environmental Programme** has been defined, which establishes annual objectives and action plans for managing and monitoring environmental risks.



**89%**  
of environmental  
objectives achieved

For Miguel Torres, it is essential to continue making progress in the gradual integration of best practices in environmental management. For this reason, Management monitors the degree of progress in achieving the defined objectives, through the use of metrics and monitoring methodologies. In 2018, nine impact reduction objectives were defined, eight of which were achieved 100%. The other objective was more complex to implement, therefore the decision was made to break it down into several actions for 2019.

### 3.1.1 Water

Optimising water resources is essential to ensuring the sustainability and viability of the business. Therefore, Familia Torres promotes initiatives for efficient water management, rainwater harvesting and process water recycling. In addition, at Miguel Torres, the water footprint is measured using the methodology of the ISO 14046 standard.

The Miguel Torres Environmental Programme includes a new initiative to reduce the water footprint based on water consumption in the evaporative condenser equipment and the cooling tower. With this initiative, at the end of 2018, the water consumption for this installation had been reduced by 25% compared to 2017. An annual savings of 11,121.6 m<sup>3</sup> in the bottle washing processes is estimated thanks to recirculation systems with filtration and sterilisation.

The Pacs del Penedès winery has basins to collect and take advantage of rainwater, which collected 15,102 m<sup>3</sup> in 2018. 25% of the wastewater generated is reused for gardening and cleaning, thanks to a biological treatment plant and a purified water treatment plant.

Water consumption in Familia Torres companies (2018, in m<sup>3</sup>)

Water from the utility company	25,102
Rain water	16,780
Recycled water	25,974
Reused water	9,784
Underground water	619,621
Surface water	1,228,351
<b>Total water consumption</b>	<b>1,925,612</b>



**35,758 m<sup>3</sup>**  
Water reuse consumption



It should be noted that Familia Torres is aware that the biggest change in the sustainable use of resources involves instilling awareness among stakeholders. To promote this awareness and as part of its public awareness work, it collaborates with the University of Barcelona (UB) and other entities, such as Greenpeace, in the organisation of environmental conferences focused on the efficient use of water and reflections on actions and policies for managing this limited and scarce resource.

### 3.1.2 Energy

Familia Torres is aware that energy consumption is one of the pillars that directly and significantly contributes to reducing its impact on climate change. Along these lines, Miguel Torres has an **Energy Policy** that formalises its firm commitment to excellence and operational efficiency, the use of renewable energies and the decarbonisation of operations. The improvement in energy efficiency is viewed not only as a way of preserving natural resources, but also as a lever for increasing competitiveness.

The Energy Policy represents the general framework for guiding energy-related actions and procedures:

Energy Policy Principles	Implemented initiatives
<ul style="list-style-type: none"> <li>✓ Establish and meet the annual energy use improvement objectives.</li> </ul>	<p>Four objectives regarding energy efficiency in the 2018 Environmental Programme:</p> <ol style="list-style-type: none"> <li>1. Energy savings of 0.5% in the overall performance of Vilafranca offices - <b>ACCOMPLISHED</b></li> <li>2. Energy savings of 0.1% in electrical performance (distillates) - <b>ACCOMPLISHED</b></li> <li>3. Energy savings of 0.5% in electrical performance (wine) - <b>BROKEN DOWN*</b></li> <li>4. Energy savings of 5% in natural gas performance (wine) - <b>ACCOMPLISHED</b></li> </ol>
<ul style="list-style-type: none"> <li>✓ Implement the internal mechanisms required to achieve the continuous improvement of energy performance, supporting the acquisition of energy-efficient products and services.</li> <li>✓ Establish strategies to reduce the use of energy in all the company's activities, supporting the design to improve energy performance in a way that's aligned with the company's overall strategy.</li> <li>✓ Provide the necessary resources to carry out actions that reduce the amount of energy consumed (when they are viable).</li> <li>✓ Analyse progress and share the achievements made at all levels of the organisation.</li> </ul>	<p>Procedure for acquiring energy services, products, equipment and energy, which establishes the general guidelines when acquiring energy services, products or equipment that have, or may have, a significant impact on energy use. For example, in the event that the company has to purchase energy resources or buy products and equipment with a capacity exceeding 30 kW, the Energy Management System must prioritise the acquisition of alternative, renewable and "green" energy sources over equal prices.</p> <p>Procedure for designing facilities using energy criteria, by which guidelines are set to incorporate energy efficiency criteria into the initial phase of projecting and designing facilities or making modifications to the plants' production processes. The engineering department, with the support of the SGE, is obliged to prioritise the best available technology in terms of energy efficiency and to consider criteria for using sources of waste heat or thermal recovery.</p>

\*Given its complex implementation, objective 3 has been broken down into various objectives to be accomplished in 2019.

**As part of the Energy Policy, Familia Torres has been certified under the ISO 50001 energy efficiency standard.**



Photovoltaic system in the Penedès winery

### Improvements to facilities

#### Pacs del Penedès Winery

- Biomass boiler with an installed capacity of 2,600 kWp, which uses the organic matter that comes from vine pruning to produce heat and cold. This boiler prevents 1,300 tons of CO<sub>2</sub>eq from being emitted per year thanks to the reduction in natural gas consumption. In 2018, a total of 1.71 tons of biomass has been consumed, mostly composed of forestry and pruning by-products.
- Installation of photovoltaic panels that generate 674 kWp of power, connected to the grid for the generation of renewable energy, and three other installations for self-consumption: two with a total power of 27 kWp and the third of 401 kWp. It took two years for this installation to receive the permit that allowed it to be connected. The approval of Royal Decree-Law 15/2018 enabled this installation to be connected and thus materialise our commitment to self-supply. This regulatory change represents a fundamental step in making further progress to achieve a decarbonised economy.

- Other initiatives for improving energy efficiency involve the use of geothermal (65 kWp) and solar installations (55.3 kWp).

#### Chile Winery

- Two installations of photovoltaic panels for self-consumption with a total capacity of 178 kWp, and two biomass boilers, with a total capacity of 450 kWp.

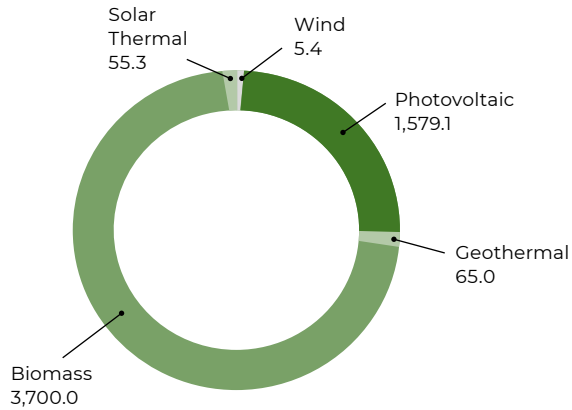
#### Ribera del Duero, Rueda and La Rioja Wineries

- Three photovoltaic systems for self-consumption with a total installed capacity of 254.6 kWp.
- Additionally, the La Rioja and Ribera del Duero wineries have biomass boilers with a capacity of 150 kWp and 500 kWp, respectively, in addition to a small wind farm in La Rioja of 5.4 kWp.

#### Priorat and Juneda Wineries, and Tremp Property

- Installation of photovoltaic panels with a capacity of 17 kWp, 25.2 kWp and 2.1 kWp.

**Distribution of the installed capacity  
(kWp of renewable energy)**

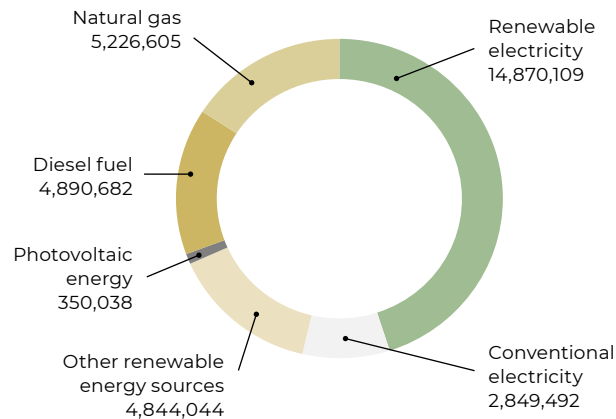


**5,405 kWp**  
Total installed capacity  
of renewable energy  
sources

All of the electricity consumed by Familia Torres in Spain is certified as renewable and represents 84% of the total consumption of this type of energy in all of its companies. The remaining 16% is consumed in subsidiaries located in countries where so far it is not possible to obtain this type of certification. 25.9% of the total renewable energy consumed is produced in the Familia Torres facilities.

These installations reaffirm Familia Torres's outlook on renewable energy sources as the only valid alternative to fossil fuels and their critical importance in the fight against climate change. Therefore, Management has committed to intensifying their use in the coming years.

**Energy consumption (kWh, 2018)**

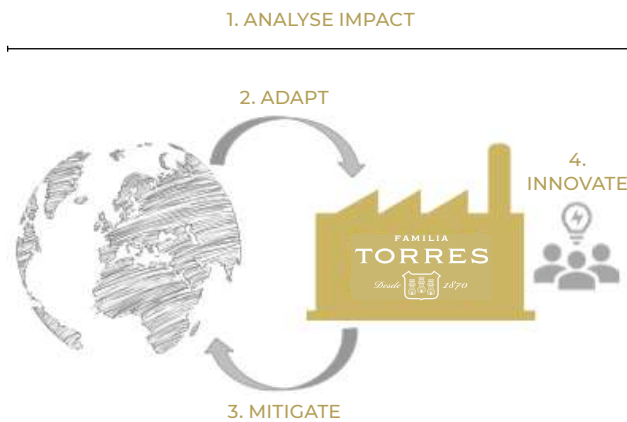


## 3.2 Climate Change

Familia Torres recognises that climate change is the biggest threat facing society today. This concern is reflected in its corporate culture and has become the main commitment and one of the main axes of its Environmental Policy.

### 3.2.1 Pillars of the fight against climate change

Climate change actions revolve around four main axes:



#### 1. Analyse the impact

Reducing the carbon footprint itself not only represents an obligation for any social agent, but is also essential when it comes to preventing adverse effects for viticulture and the wine sector. Familia Torres has witnessed first-hand the rise in the average temperature in Catalonia, causing the harvest to take place approximately ten days earlier compared to two decades ago. This early harvest has an impact on the ripening of the different grape components, causing an imbalance between the sugar ripeness and the phenolic ripeness that could affect the quality of the wines.

#### 2. Adapt

Adapting to the consequences of climate change is, therefore, an absolute necessity for the business. Familia Torres studies all possible scenarios to implement adaptation plans that increase the strength of the organisation, reducing its potential impact on product quality and long-term economic implications

As an example, to combat rising temperatures, it has purchased land more than 1,000 metres above sea level to grow vineyards in the Catalan Pre-Pyrenees and the Aragonese Pre-Pyrenees. In Chile, it has acquired 300 hectares in the Itata Valley, a region located further south of the current vineyards. Likewise, for more than 30 years, it has been working on recovering ancestral grape varieties, selecting those that, in addition to having a great deal of winemaking potential, can best adapt to future climate models.

All efforts devoted to studying the effects that climate change has on the business model and the adaptation strategy make Familia Torres a pioneer in this area. Therefore, in 2014, the Spanish Ministry of Agriculture, Food and Environment studied its structure as a model for the integration of adaptation to climate change in the operation of a company in the private sector.

### 3. Mitigate

In addition to ensuring business continuity when faced with climate change threats, Familia Torres has launched numerous initiatives to reduce the impact of its own activity.

With the objective of making this commitment a reality and structuring the initiatives carried out, the **Torres & Earth Programme** has been developed, which was created with the double objective of adapting the Familia Torres business to the consequences of climate change and mitigating the impact of its activity. This programme aims to reduce CO<sub>2</sub> emissions per bottle at Miguel Torres by 30% between 2008 and 2020, and achieve a 50% reduction by 2030.

The calculation takes into account the CO<sub>2</sub> emissions per bottle produced throughout the product's life cycle, from the vineyard to transportation to its final destination and the disposal of the waste after the product has been consumed (scope 1, 2 and 3), including the movement of workers, the transport of grapes purchased from suppliers and the transport of the purchased wine.

In 2018, Miguel Torres managed to reduce its emissions by 27.6% in all its scopes compared to the levels in 2008 (figure certified by Lloyd's).

Thus, Miguel Torres continues to make progress with regards to its initial objective of reducing emissions by 30% in 2020. In 2018, environmental investments

worth 3.6 million euros were made. Much of the investment (3 million) has been allocated to the reforestation project in the Chilean Patagonia through the acquisition of a property with 4,875 hectares, which is added to the 740 hectares acquired in 2016, thus obtaining a total of 5,615 hectares. The objective of the project is to recover the forest landscape and biodiversity by planting trees and offsetting the carbon footprint of Familia Torres, facilitating the capture of atmospheric CO<sub>2</sub>.

[www.torres.es/en/torres-and-earth](http://www.torres.es/en/torres-and-earth)



#### Environmental objective

**30%**  
CO<sub>2</sub> emissions  
2008-2020

**50%**  
CO<sub>2</sub> emissions  
2008-2030

#### Cumulative reduction

**27.6%**  
CO<sub>2</sub> emissions  
2008-2018



**TORRES & EARTH**

Familia Torres supports and promotes initiatives and activities that are aligned with its environmental objectives. Some of its noteworthy actions in 2018 include:

- **Environmental Conferences:** celebration of the seventh edition in Barcelona. At the event, organised in collaboration with the University of Barcelona (UB) and the meteorologist and UB professor Tomàs Molina, Spanish and international experts discussed the immobility of today's society against the dangers of climate change.
- **Torres & Earth Awards:** delivery of the 2nd Torres & Earth Awards to three suppliers to recognise their efforts in reducing CO<sub>2</sub> emissions during 2017. Working with suppliers to reduce their carbon footprint emphasises a 360° approach, viewing climate change as a global problem that needs global solutions. In addition to recognising suppliers, Familia Torres has incorporated two new awards: one given to territories that promote the use of clean and renewable energy sources and energy self-sufficiency, and another to people who contribute to raising awareness about the problem of climate change.



- **Sustainable Mobility:** the fleet of 152 commercial vehicles used by Familia Torres in Spain consists mainly of hybrid and electric vehicles (77%). In addition, the winery's visitor centre in Pacs del Penedès has an electric train powered in part by its own solar panels.



**77%**  
hybrid and electric  
vehicles in the fleet

Another notable initiative in the field of sustainable mobility is related to "La Carretera del Vi", a joint wine tourism proposal with 13 wineries in Penedès that has launched an electric carsharing project that unites the technological innovation of a mobile app with efficiency in mobility costs. With a savings of 12.79 tons of CO<sub>2</sub> since its launch in 2017, the project received an award

from the Euroregion Tourism Innovation Contest, held in November 2018

#### 4. Innovate

On the other hand, Familia Torres collaborates with universities and companies to research ways of adapting to and mitigating climate change. One of the areas in which it is working is the development of technologies for the capture, storage and reuse of CO<sub>2</sub> (carbon capture and reuse) that is generated during the wine fermentation process. The tests that have been carried out to date include the production of microalgae, the generation of charcoal and CO<sub>2</sub> fertilisation, among others. The ultimate goal is to become a carbon neutral winery.

Likewise, Familia Torres is leading some of the main projects both in Spain and abroad to study the influence of climate change on vineyards and wine, and to prepare new adaptation and mitigation mechanisms (see section 7: "Innovating for the Future").

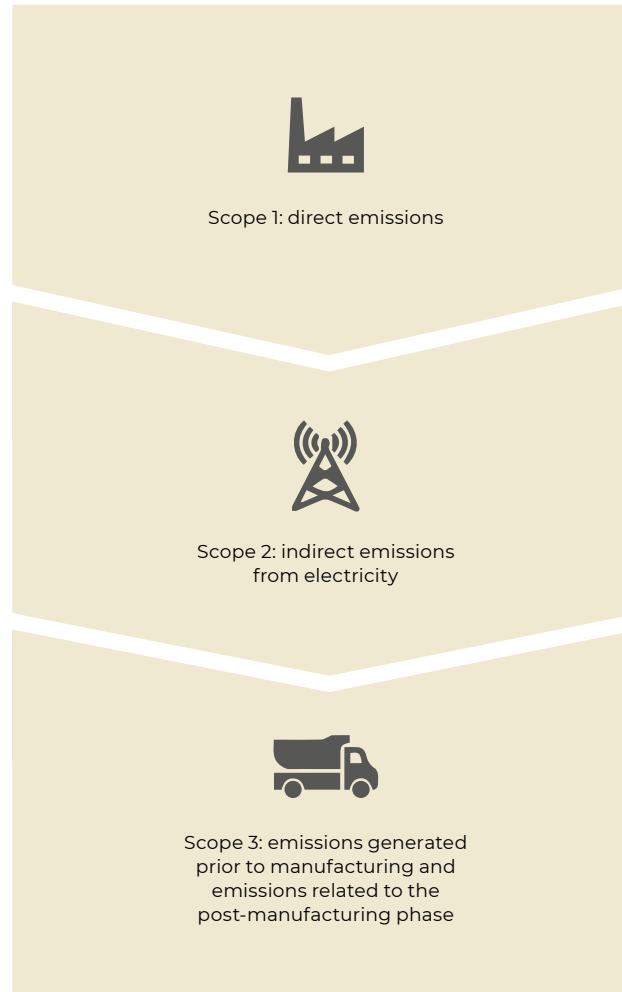
### 3.2.2 Carbon footprint

Miguel Torres measures its carbon footprint annually, including scope 1, scope 2 and scope 3 of greenhouse gases (GHG) associated with the different phases of the product's life cycle: from growing the grapes in the vineyards to the transportation, distribution, consumption and final disposal of post-consumer waste.

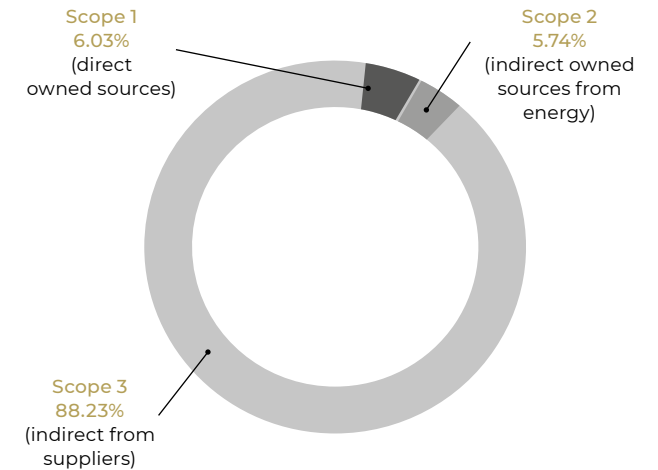
The emission factors used to calculate the reported emissions in the different scopes come from the following proven references:

- Fuel and flue gases: Department for Environment Food & Rural Affairs
- Energy: Oficina Catalana del Canvi Climàtic
- Refrigerant gases: 4th IPCC report
- Organisation's other activities: Ecoinvent

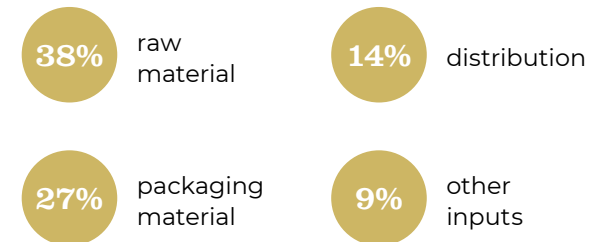
**The methodology used to calculate the footprint and its verification follows the ISO 14064 standards.**



### Carbon footprint



#### Scope 3 detail:



Scope 3 on supplier emissions represents a huge part of the Miguel Torres footprint and, therefore, a key element when it comes to achieving the emission reduction targets for 2020 and 2030. For this reason, Familia Torres is collaborating with its suppliers in the development of specific plans to reduce the carbon footprint, to achieve energy efficiency and the use of alternative energy, and requires its suppliers to certify their environmental performance, for example with a certified carbon footprint according to ISO 14064 standard or the FSC certification (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification).

The evolution of Miguel Torres's carbon footprint shows a significant reduction in relation to 2017, in line with the positive trend maintained over the last ten years (27.6% reduction for each bottle produced between 2008 and 2018).

Carbon footprint*	2017	2018
Scope 1 emissions (tonnes CO <sub>2</sub> eq)	4,507	4,173
Scope 2 emissions (tonnes CO <sub>2</sub> eq)	4,884	3,975
Scope 3 emissions (tonnes CO <sub>2</sub> eq)	65,542	61,090

\*Note: the data reported is only related to Miguel Torres S.A.

**Every two years, Familia Torres is certified as an entity committed to climate change, receiving the *Wineries for Climate Protection* certificate.**



Photovoltaic system in the Pacs del Penedès winery



### 3.3 Biodiversity

For Familia Torres, the vineyard is key to making a great wine. The meticulous management of these vineyards is so important in each geographical area, as is protecting their ecosystem and preserving their diversity and wealth.

With the aim of protecting the flora and fauna in the surrounding areas and ensuring the proper management of its operations, Miguel Torres has developed Technical Plans for Forest Management and Improvement. In 2018, it carried out an inventory of the species included on the International Union for Conservation of Nature's (IUCN) Red List of Threatened Species that could be impacted by its activity, resulting in a total of 388 species. In addition, 14 of the Familia Torres properties are located in protected areas, with a total area of 1,309 hectares.

Fully aware of this impact on biodiversity, a series of measures have been implemented to protect it:

- Placement of scattered nests for birds and bats throughout the Mas La Plana property, in Pacs del Penedès, and release of owls from a nearby shelter.
- Creation of four natural ponds, two of them on the Pacs del Penedès property and two on the Les Muralles property, which allow for the reproduction of amphibians and serve as a watering hole for wildlife in summer.
- Creation and maintenance of 14 watering holes for wildlife on the Purgatori property in Juneda.
- Planting of shrubs around the Visitor Centre's pond in Pacs del Penedès to promote the presence of the waterhen (*Gallinula chloropus*) and other animal species.
- Placement of insect hotels or shelters in order to help those insects that are beneficial for the vineyard (Milmanda and Les Muralles properties, in Conca de Barberà),
- Installation of two honeycombs on the Mas La Plana property to help these natural pollinators live.
- Planting of native species of trees and shrubs within the biological corridor on the Mas La Plana property.
- Elimination of several *Ailanthus altissima* trees, an invasive exotic species in the Plan for Spaces of Natural Interest (PEIN - Pla d'Espais d'Interès Natural) in Poblet, which causes a drastic decrease in biodiversity as it reduces the availability of shelter and food for native animal species.
- Identification and maintenance of biological corridors on the Familia Torres properties in Chile, with the identification of a 3-hectare wetland on the Empedrado property, considered an area of high biological value.



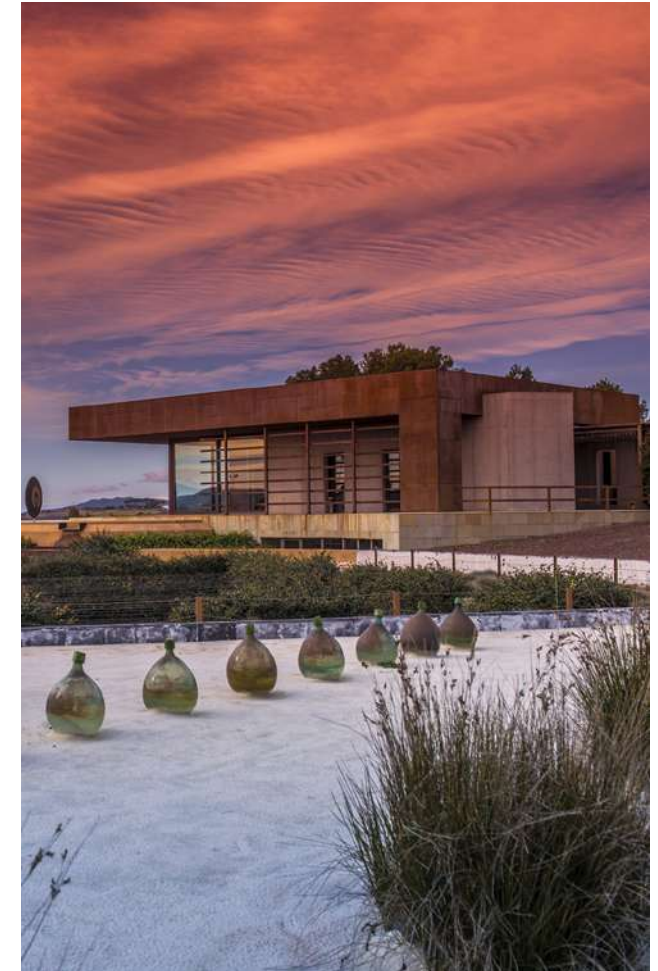
Les Muralles Property

In addition to protecting the species affected by its operation, Familia Torres aims to minimise its impact on biodiversity. To do so, it guarantees its buildings are fully integrated into the landscape, having the least possible impact on the local plants and wildlife, as is the case of its Waltraud winery in Penedès.

Work has also been done to minimise the phytosanitary treatments used to combat pests and diseases on the vineyards. In this regard, 56% of the Familia Torres properties in Spain are managed in accordance with certified organic farming regulations. The rest are managed through conventional farming, using natural products and never using herbicides or chemical insecticides under any circumstances. 100% of the Miguel Torres Chile properties are worked on with organic farming, therefore synthetic agrochemicals are never used. In addition, precision viticulture is practiced, through foliar analysis, vigour maps, precision fertilisation with GPS and fertilisation maps. This manages to reduce the impact that the treatments have on the properties' biodiversity.

Guidelines have also been put into place to limit the use of machinery and vehicles during vineyard work with the objective of reducing the impact of mechanical harvesting on the properties' biodiversity and, at the same time, reducing CO<sub>2</sub> emissions. In this regard, the practice of combined and simultaneous tasks, or the use of multi-row sprayers for phytosanitary treatments, is encouraged. In Chile, "inter-row" planting is practiced, which reduces the use of a tractor by 50%.

Finally, the R&D department is working on two lines of innovation: the recovery of ancestral varieties, and the identification and isolation of native yeasts (see section 7: "Innovating for the Future").



Waltraud winery

### 3.4 Circular Economy

One of the main pillars for reducing the environmental impact of Familia Torres's production and commercialisation process is its promotion of the circular economy. In this regard, several initiatives have been launched for the intelligent use of resources and minimisation of waste, which reaffirms its willingness to find solutions for one of today's greatest challenges.

In Spain, Familia Torres has a procedure for evaluating the environmental impact of a new product or the increase in demand for a specific wine. This procedure evaluates:

- The type of raw material or natural resource that makes up the product.
- The percentage of recycled components or organic material.
- The environmental impact it can generate.

As a sign of its commitment to the circular economy, Familia Torres carries out a series of initiatives for the efficient use of resources, which reduce the amount of material used and transport-related emissions:



#### Lighter bottles

Type of bottle	% weight reduction	Reduced weight bottles over the total of purchased bottles	Total no. of purchased bottles
Wine	22.38%	67.19%	48,747,731
Brandy	7.02%	83.65%	16,215,524



#### Useful life of barrels

The useful life of barrels is about five years; after which, most are used to age *brandy* or are sold to third parties.



#### Waste management

The Familia Torres waste management system provides for the separation of waste into up to 46 different groups. In 2018, Miguel Torres managed to recycle 99.9% of its waste. In addition, it has a plan in Spain to reduce the packaging used to transport products and recover it to the greatest extent possible.

The packaging reduction plan reached the following milestones in 2018:

- 93% of wooden pallets come from recovered packaging (40,286 units).
- 35% of the little bull figurines come from recovered plastic from injection moulding.
- All plastic sheets used to separate the bottles come from recovered products (219,856 kg).

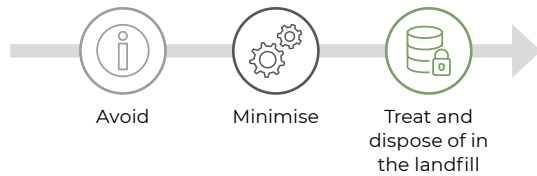
On the other hand, 99% of the materials used throughout the manufacturing process for the final product are renewable and non-hazardous (bottles, boxes, cases, corks, separators, labels, etc.).

The following table shows the total weight of the main non-hazardous inputs used in the manufacturing process and the weight of the recycled materials:

2018	Used materials (kg)	Recycled materials (kg)
Familia Torres	94,879,886	15,111,126

### 3.4.1 Waste management

Miguel Torres has a Comprehensive Waste Management Policy, whose ultimate goal is to take care of the land and preserve nature. Through this policy, it commits to comply with environmental legislation and other applicable waste management requirements, investing in innovative waste management solutions, fostering selective waste collection and optimising the use of materials, products, packaging and equipment, thus facilitating the circular economy, among other aspects.



In 2018, Familia Torres treated 13,601 kg of hazardous waste<sup>1</sup>.

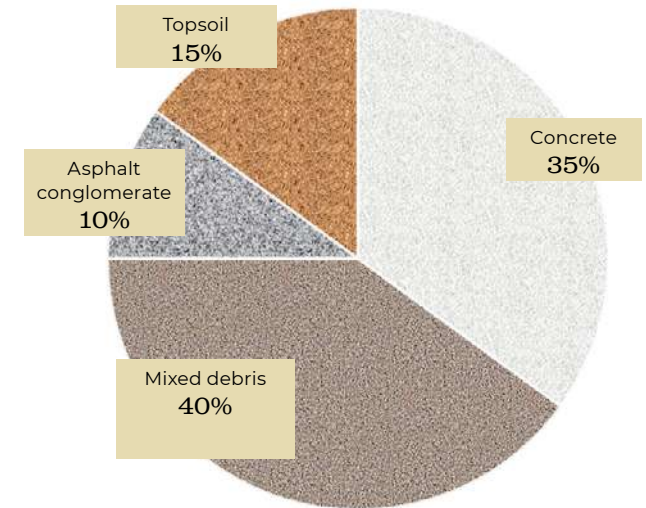
1. Treated hazardous waste includes unchlorinated mineral oils from engines, mechanical transmissions and lubricants; containers that contain traces of dangerous substances or are contaminated by them; absorbents and filtration materials, end-of-life vehicles; gases in pressure vessels that contain dangerous substances; laboratory chemicals that consist of/ or contain hazardous substances; rejected organic chemicals that consist of hazardous substances or contain them; asbestos cement; fluorescent tubes or other waste containing mercury; batteries and aerosols.

Additionally, in order to respond to the prevailing need to combat the use of plastic, in 2018, Familia Torres's Management approved a Strategic Plan for the Reduction of Plastic, which aims to reduce single-use materials, such as bottles and glasses, to promote innovation and the implementation of alternatives that reduce the use of plastics in all processes, and to design new materials without plastic. It will initially be implemented in Miguel Torres, but the plan is to extend it to all companies. The protocol calls on the different departments to apply the policy, implementing reduction measures adapted to their own context.

### 3.4.2 Construction waste management

For more than 10 years, Familia Torres has been managing construction waste in the Pacs del Penedès facilities to reuse the materials generated from construction work, restorations and other work carried out by the Projects and Services department. The objective of this initiative is to give these materials a second life, in addition to eliminating the cost of managing and transporting the material to the landfill, while also reducing the purchase of new materials.

In 2018, 2,500 tonnes of construction waste have been regenerated and the fractions obtained are:



On the other hand, scrap metal and other metals from construction work are also separated. After a crushing process, the metals from construction work are sold, reducing the cost of self managing waste materials.

### 3.4.3 Combating food waste

Familia Torres's commitments to the circular economy also include an effort to reduce food waste in its restaurants. To do so, it has policies and best practices that allow it to monitor the stock of products and thus adapt purchases, prioritising daily orders and thus reducing the waste in its restaurants. The main initiatives in this regard have been carried out at the following restaurants:

#### LA VINOTECA | TORRES

The Vinoteca Torres restaurant has launched initiatives such as adapting the selection of the dishes on the Celler Menu (executive menu offered for lunch on weekdays), prepared with seasonal products that are purchased daily and with other raw materials that are included in the menu to increase their rotation and reduce waste. Daily specials are also offered in order to offer the customer a fresh seasonal product, and to introduce some variation into the menu with greater product rotation.

#### LA BODEGUITA

MIGUEL TORRES

The menu at La Bodeguita tries to include common ingredients in various dishes to reduce food waste. Additionally, by-products are made from the portions of food that are not incorporated into the dishes.

#### MAS RABELL

The food at Mas Rabell consists of set menus, which means a reduced variety of goods to purchase and thus facilitates the control of stock in the refrigerators.

#### RESTAURANTE DE VINOS MIGUEL TORRES

The Restaurante de Vinos Miguel Torres offers a daily lunchtime menu to reduce food waste. In addition, it encourages the reuse of by-products from offcuts or elements not incorporated into the dishes.

# 4. Taking Care of the Supply Chain

“The most important thing is what the earth wants. You have to understand the landscape, and know how to listen to it.”

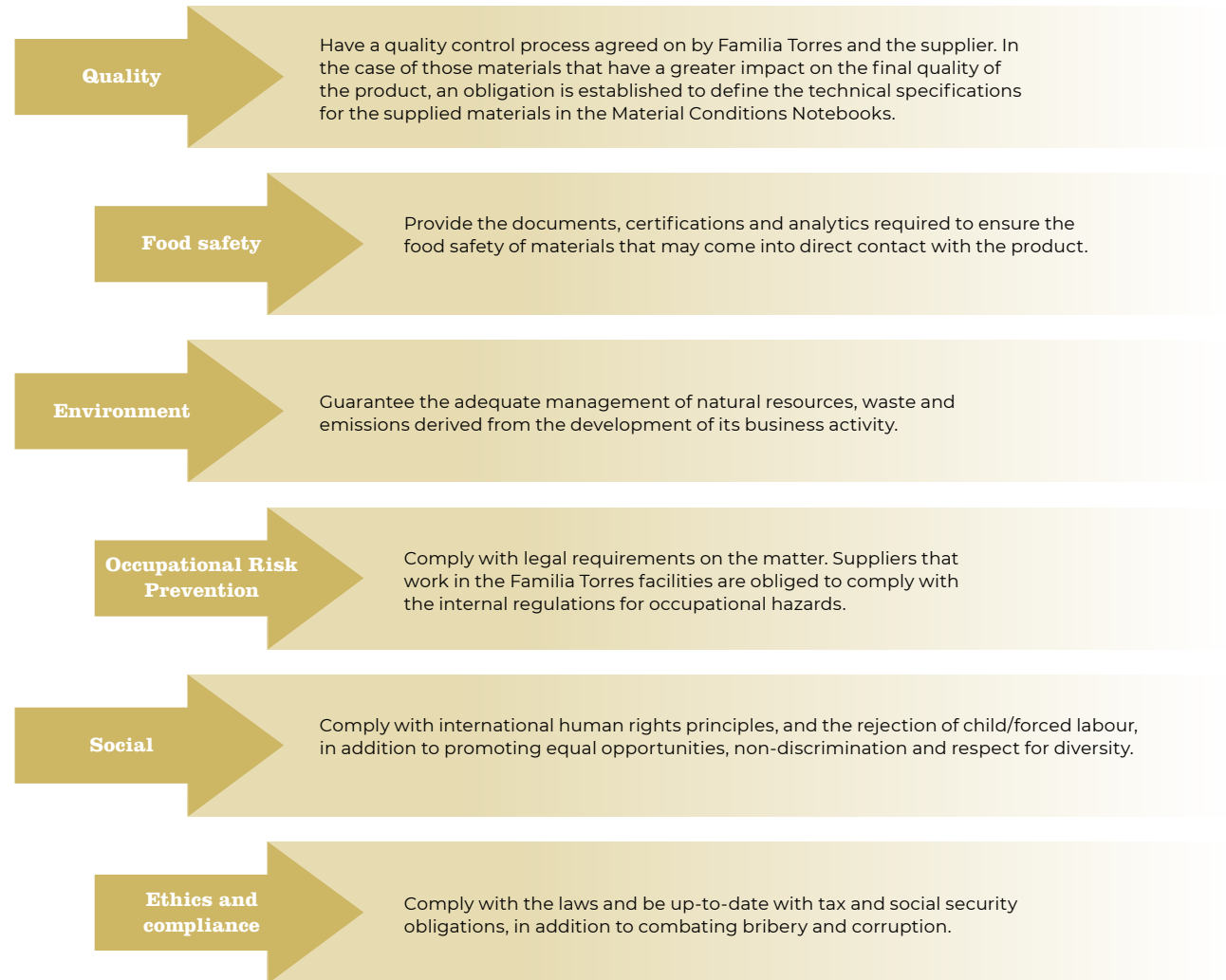
**Miguel Torres Maczassek**



## 4.1 Supplier Policy

Supply chain management is an essential element for ensuring product quality, but also for extending the values and principles of Familia Torres throughout the entire chain. It thus has procedures and policies that help it to identify and manage the risks associated with the supply chain.

Based on the Ethics and Social Responsibility model, the **Familia Torres Supplier Policy** establishes the general framework for guaranteeing the minimum requirements that suppliers must meet in order to be part of the supply chain. This policy is applicable to all suppliers at the time of approval. It is thus ensured that they respect the standards to which Familia Torres is committed. Depending on the nature of the supplier, compliance with some or all of the requirements set out below will be required.



## 4.2 Responsible Purchasing

Familia Torres is deeply committed to the local communities and the environment where it operates, in which it intends to be a vehicle for prosperity, employment and opportunities. Therefore, one of its best practices is to promote the hiring of local suppliers, maintaining business relationships that are profitable for both its own business and for the community at the same time.



**92%**  
of local  
suppliers



**€303,364,091**  
in purchases  
from local suppliers

Local suppliers are those in the same country as the Familia Torres company that they supply.

### 4.2.1 Fair Trade - Fair for Life

Familia Torres's commitment to responsible purchasing is most significant in Chile, where there is a big gap between large producers and small wine growers, generally subjected to inclement weather and market prices determined

by large corporations. This fragility causes small producers to be forced to lower their standards (environmental, labour, etc.) in order to remain competitive and avoid getting into debt.

Within this context, Familia Torres launched the Fair Trade project in Chile in 2010, with the aim of empowering small wine growers to ensure equality in trade conditions and the sustainability of the sector.



This project is based on the following lines of work:

- **Rescue of traditional Chilean varieties.** Thanks to the efforts made by Miguel Torres Chile, one of the oldest native strains was recovered and revalued, which had been abandoned by the sector for years: the Pais grape. With this grape, it developed the sparkling Estelado Rosé, which won the award for the best non-traditional sparkling wine strain in the world in the prestigious Champagne & Sparkling Wine World Championships, in addition to winning a number of gold medals and other awards in several international competitions. Additionally, other almost forgotten varieties were recovered, such as the Carignan, Muscat and Cinsault, from which wines such as the Reserva del Pueblo and Días de Verano were made.
- **La Causa wine collection.** Project partnership between small producers of traditional strains and Miguel Torres Chile with its advanced winemaking techniques, whose goal is to obtain the best of these strains.



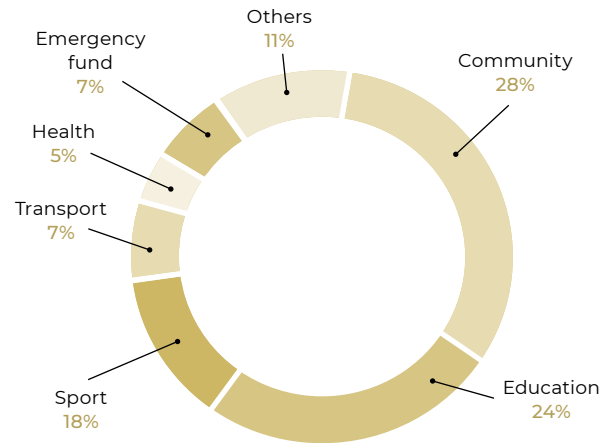
● **Social investment premiums.** Small certified Fair Trade wine growers not only benefit from a fair price when selling their products, but also receive a premium for each Fair for Life bottle that is sold. This premium is reinvested by the same community in social projects.

The hard work and dedication of Miguel Torres Chile was recognised in 2010 with the Fair Trade Certification under the Fair for Life model, which indicates that the winery pays a fair value for the purchased raw materials, thus fostering the development of local farmers, especially those of smaller size who have competitive disadvantages.



It is estimated that, since obtaining the certification, **the winery has invested a premium of about one million dollars** that goes to projects that generate an improvement in the community's quality of life, both internally (workers and their families) and externally (communities located close to each of the operations).

**Distribution of the 2010-2018 premium**



Year	Premium (USD)
2010	56,835.80
2011	140,927.90
2012	159,919.60
2013	114,308.30
2014	91,498.20
2015	128,200.40
2016	111,306.10
2017	76,293.10
2018	112,792.80
<b>Total</b>	<b>992,082.20</b>

Finally, Familia Torres in Chile has adopted its own **Sustainability and Fair Trade Policy** based on the pillars of the Fair for Life model, the National Sustainability Code of the Chilean Wine Industry and the Familia Torres values.

This policy's commitments are the following:

- ✓ To respect human rights and labour laws.
- ✓ To develop a favourable framework for labour relations.
- ✓ To respect the Fair Trade minimum prices as the basis for paying grape suppliers, regardless of whether they are within the Fair for Life model.
- ✓ To promote the good use of the resources generated by fair trade premiums.
- ✓ To encourage a culture of respect for the environment, both internally and in the value chain.

**Year after year, Miguel Torres Chile continues to establish itself as one of the symbols of Fair Trade in the wine world.**

### 4.3 Certification and Evaluation System

Familia Torres is committed to promoting the sustainable management of the supply chain.

In 2017, a process was initiated for certifying suppliers with the objective of having 100% of suppliers be certified in the near future. Currently, all suppliers that invoice more than 10,000 euros per year are required to be certified to work with Familia Torres.

Suppliers are evaluated according to their nature, ensuring their suitability and ability to comply with the requirements established in the Familia Torres Supplier Policy.

  
**150**  
suppliers  
evaluated in 2018

In this regard, the certification process consists of the following phases:



Suppliers that have been certified are reviewed periodically.

Ensuring high quality standards is the cross-cutting objective of the process, therefore, every year, the Purchasing Department identifies the "significant suppliers" (using economic criteria, supply risk, food safety or other factors) with the objective of

monitoring the level of quality and service provided in the most relevant categories, as well as any possible incidents.



\*In the case of materials that may involve food-related hazards, the certification process has an additional phase: the Quality Department prepares a certification report for materials with food-related hazards, which contains the technical verification of the material, certificates and documentation requested from the supplier and/or the products involved in their manufacture.

### 4.3.1 Suppliers in at-risk countries

Familia Torres is aware that some regions in the world have a higher risk of violating human rights and a greater environmental impact. Therefore, it has adopted more stringent procedures to detect all those risks that, due to their severity, can have significant repercussions on the business and its reputation.

As a result, if a supplier produces or outsources manufacturing in an at-risk country, an audit is carried out by an external entity (Asia Inspection). The audit is based on operations, corporate social responsibility, the environment, hygiene, and health and safety. In all audits, there is an obligation to conduct inspections at the factory, at the beginning, middle and end of production. Asia Inspection sends the final reports to the supplier and to the Purchasing Department at Familia Torres.



Jean Leon Winery

# 5. Taking Care of Society

“Our priority objective is to help and contribute to improving the living, social and cultural conditions of disadvantaged people or those at risk of social exclusion (especially children), anywhere in the world.”

**Mireia Torres Maczassek**



## 5.1 Collaborations and Sponsorships

Social responsibility is a commitment that Familia Torres includes in its DNA and that it promotes in each stage of its value chain. In this sense, it recognises its duty to contribute proactively to society and local communities, with the goal of raising people's quality of life by **creating quality employment** in the communities in which it operates, **promoting public health** and **support for education and social inclusion**, in addition to preserving the environment and viticulture.

In order to generate value and offset possible negative impacts that may arise from its activity, it collaborates with local entities and agents, both in person and through the Familia Torres Foundation.

The main way that Familia Torres interacts with society and its agents is through collaboration agreements and sponsorships, whose objective is to support initiatives and projects that are considered noteworthy or especially useful for society.

The social responsibility strategy is structured into



four areas of collaboration, which in 2018 reached a total of 769,978.23 euros in contributions, between collaborations and sponsorships:

Additionally, **Familia Torres has been collaborating with the Mas Albornà Foundation** since 1988, dedicated to the employability of people with intellectual disabilities.

Familia Torres has been a pioneer in Catalonia and Spain in the creation of the so-called "work enclaves", as provided for by Royal Decree 290/2004. These work enclaves allow disabled workers to leave the Special Employment Centres, facilitating their gradual integration into the

**€769,978**  
contributed in  
collaborations  
and sponsorships

business world. The Familia Torres enclave has been an example in the sector and has given rise to the creation of similar enclaves in other companies in the region.

In this sense, Familia Torres contributes to the creation of employment for people with disabilities and their incorporation into the job market. There are people working in the Penedès facilities who, due to their intellectual disability, have greater difficulties in accessing the regular job market. The workers in the enclave, whose number varies monthly according to the operational needs and seasonality of the product, perform tasks in the product handling processes (logistics, labelling, assembly of promotions, etc.) and, to a lesser extent, in kitchens, hospitality jobs and the development of an educational workshop for schools.

The success of the enclave created by Familia Torres is also the result of its philosophy of constant support for the people involved in the programme. This support is possible thanks to the coordination of an officer who, working as a liaison between the company and Mas Albornà, has resolved incidents and moments of insecurity or crisis.

For Familia Torres, this partnership and diversity is of immeasurable social value, since it eliminates the stigma and labels that people with disabilities suffer from today, and make them feel valued for their capabilities and functions. In this regard, it should be noted that some of the workers at Mas Albornà have become employees who are now part of the Familia Torres staff.

In addition, Familia Torres, together with the Mas Albornà Foundation, promotes the **Viu la Vinya project, a knowledge and dissemination centre for the world of vineyards**, located in its own vineyard where the people who lead the activities are people with disabilities. Thus, the visitor explores the vineyard's environment in a pleasant and practical way (harvesting grapes, making cuttings, experimenting with renewable energies, learning environmentally-responsible attitudes, etc.), while also normalising diversity and appreciating its added value.

In recognition of these social innovation initiatives, the *Viu la Vinya* programme has received the following awards:

- 2010 Qalidès Award, for the best social responsibility initiative.
- 2009 Josep M. Piñol Award, for the best initiative to reduce unemployment.
- Selected by the La Caixa Catalunya Obra Social (Social Work) programme as a project to promote in 2011, and by the Obra Social (Social Work) programme of Caja de Ahorros del Mediterráneo (CAM) in 2008.

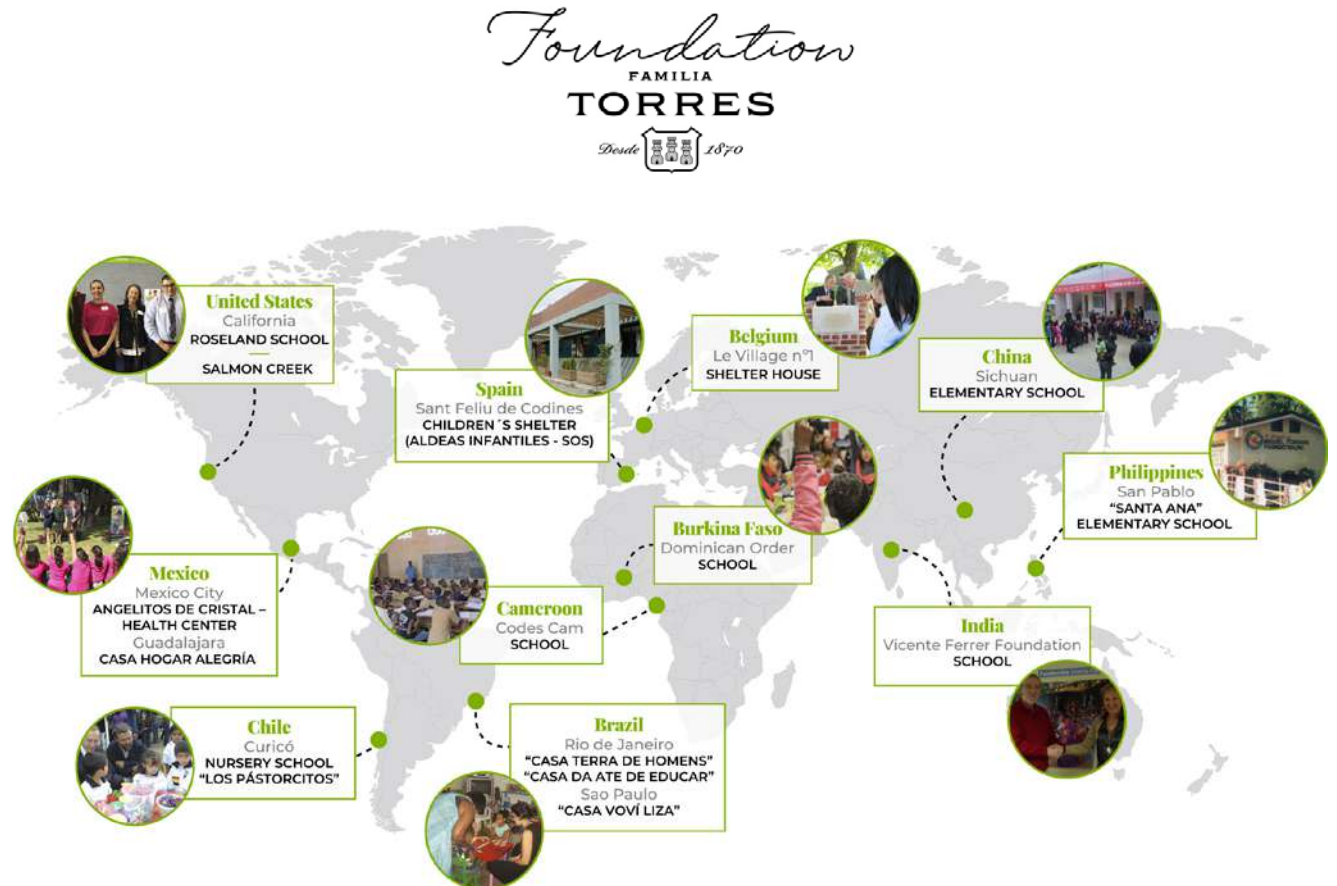


## 5.2 Familia Torres Foundation

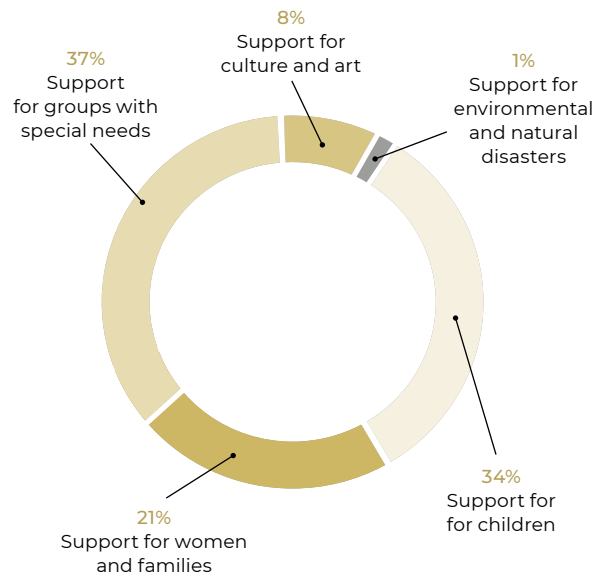
Since its creation in 1986, the Familia Torres Foundation has promoted more than 400 cooperation projects worldwide, aimed at pursuing the following main objectives:

- Child protection, through the construction of educational centres and foster homes for orphaned children at risk of social exclusion.
- Empowerment of women and fight against gender violence.
- Improved health in groups with special needs.
- Bring culture to the people.
- Humanitarian aid and help in areas affected by natural disasters.

[www.fundacionfamiliatorres.org/en/](http://www.fundacionfamiliatorres.org/en/)



In 2018, the Familia Torres Foundation received a total of 436,968.68 euros in contributions and established **collaborations aimed at social action projects that add up to a total of 388,947.98 euros.** The areas to which it paid special attention were child protection (127,721.95 euros), assistance to groups with special needs (142,732.22 euros), and assistance to women and families (80,248.34 euros).



**Child protection projects:**

- Hosting of Unaccompanied Foreign Minors (UFM): socio-educational intervention project in the Avinyonet and Vilanova centres.
- U-BAC Scholarships: project that promotes social mobility through education directed at young people at risk of social exclusion from highly complex institutes in Barcelona.
- Obra Social Sant Joan de Déu: health improvement project through the promotion of medical research and innovation.
- Roseland Charter School: scholarships for students of this school in California.



**Projects to help groups with special needs:**

- Familia Torres Retirees in Spain: public pension supplement for employees who retired before the implementation of the pension plan, and a fund for medical expenses not covered by Social Security.
- Familia Torres Employees in Spain: support given to employees with children with disabilities.

A donation of an ultrasound scanner to the Consorci Sanitari de l'Alt Penedès (SAP) has also been made, which will be used to care for children, women, families and groups with special needs.

Additionally, Familia Torres has a corporate volunteer programme that promotes the involvement of its employees in activities of social interest, carried out locally. For example, Familia Torres employees participate every year in the *Implica'T amb La Marató de TV3* initiative, a day of humanitarian activities that this year had the support of 46 volunteer employees. The funds that are raised are donated entirely to the La Marató de TV3 Foundation.



### 5.3. Industry and Environmental Associations and Contributions to Foundations

Together with social actions and as part of its commitment to social responsibility, **Familia Torres encourages the generation of shared value in society**, participating in local and/or industry associations. The objective of these collaborations is to adopt an active role in the growth of the sector, promoting the areas in which it operates and improving the environment that surrounds it. It also aims to encourage debate about the challenges that companies face today.

In 2018, Familia Torres contributed a total of **285,711.05 euros to industry and environmental associations**:

- Asociación Empresarial de Bodegas D.O. Ribera del Duero
- Associació Vinícola Catalana
- Consejo Empresarial Alianza por Iberoamérica
- Consell Català Prod. Agrària Ecològica
- Fed. Esp. Fab. Bebidas Espirituosas
- Spanish Wine Federation
- Gleve
- Greenpeace Spain
- Grupo de Empresas Vinícolas de Rioja
- Grupo Español para el Crecimiento Verde

- Instituto de la Empresa Familiar
- Interprofesional del Vino de España
- Primum Familiae Vini, S.L.
- Qalides Terrers del Penedès
- Transprime
- Union de Licoristas de Cataluña
- World Compliance Association

**Contributions to foundations** must be approved in accordance with local laws and the delegation of authority, and must also be duly registered. The contributions to foundations in 2018 amounted to **329,850 euros**, which adds to the donations made in favour of other non-profit associations listed above. In line with the Familia Torres principles of ethical conduct, no donations have been made to political parties.

### 5.4 Responsible Tourism

In the area of commitment to the local community, it is worth mentioning that the Familia Torres Management has approved a Responsible Tourism Policy, related mainly to the scope of its wine tourism activities. This policy includes the commitment to comply with the requirements of the Biosphere certification and with best environmental, energy efficiency and universal accessibility practices.

In addition, Familia Torres is committed to sustainable tourism by reducing its impact on local communities and expressing its resounding objection to sexual exploitation.



## 5.5 Tax Contribution

Familia Torres is strongly committed to the creation of shared value, therefore its tax structure reflects its values of transparency and ethics. Under this principle, none of its companies are located in tax havens.

Management, together with the Board of Directors, has the power to decide the tax strategy and the policy for controlling and managing tax risks. It also supervises the integrity of the tax information that is transmitted to stakeholders, complying with the regulatory requirements of the countries in which it operates, in addition to acting in the best interests of society.

Finally, it should be noted that Familia Torres did not receive any financial penalty or fine whose amount is material during 2018.

The following table contains information regarding Familia Torres's tax contribution in 2018, including the profits obtained and the tax on corporate profits paid.

Countries	Profits made (€)	Taxes on corporate profits paid (€)
Spain	4,133,971.00	881,274.16
Chile	1,127,703.00	1,351,861.40
Sweden	306,562.00	179,199.61
Andorra	143,365.00	11,997.32
Ireland	138,002.00	18,065.25
USA*	41,414.00	0.00
Netherlands**	-21,555.00	0.00
Brazil***	-550,391.00	0.00
China	-992,787.00	178,324.84
<b>TOTAL</b>	<b>4,326,284.00</b>	<b>2,620,722.57</b>

\*Familia Torres in the USA is exempt from paying taxes because it has accumulated previous tax loss carryforwards.

\*\*Due to its losses, Familia Torres did not pay taxes in 2018 in the Netherlands.

\*\*\*Due to its losses, Familia Torres did not pay taxes in 2018 in Brazil.

Financial assistance received	
Reduction in social security contributions	38,601.70
Subsidies received	1,325,620.63

## 5.6 Economic Value Generated

The Value Added Statement (VAS) shows the economic value that Familia Torres has generated through its activity and how it is distributed among its stakeholders.

The economic value generated by Familia Torres in 2018 amounted to 267.9 million euros.

Direct economic value generated, distributed and retained (2018)	Euro (000's)
Revenue (sales and other income)	267,963
Operating costs	195,221
Employee compensation (without Social Security costs)	51,038
Payments to capital providers	3,012
Payment to public administrations	13,135
Investments in the community	1,231
<b>Economic value retained</b>	<b>4,326</b>

# 6.

## Taking Care of Customers

“A legacy that we pass on every year in each wine,  
in each vintage and in each generation.”

**Miguel A. Torres**



## 6.1 Quality Products

Customer satisfaction is one of the fundamental values for Familia Torres. Therefore, it seeks to maintain high levels of quality in its products by choosing the best locations that, due to the diversity of climates and land, are best suited to each variety of wine. Its commitment to quality is reflected in the **Quality, Environment, Food Safety, and Health and Safety Policy**, through which it commits to comply with the applicable food safety legislation, in addition to establishing and verifying the hazard analysis and critical control points based on the general principles of the *Codex Alimentarius*.



Finca Les Muralles

In addition, Familia Torres is committed to providing staff with continuous training, motivating them to carry out their work with a high level of quality and excellence, while maintaining product safety.

### 6.1.1 Transparent Communication

A commitment to quality is the only way to ensure the satisfaction of customers who have placed their trust in Familia Torres products for more than century. Therefore, the Integrated Management System policy includes customer service as a priority aspect in all activities.

Familia Torres has an **external customer service process that is centralised in Spain with an international reach**, which manages all communications received from customers (complaints, acknowledgments, suggestions or inquiries). In the event of claims or complaints, this process is associated with the **procedure for receiving, monitoring and responding to customer complaints**, which defines the various stages and responsibilities from the moment the claim is received until the final report is produced, including

an internal investigation and the implementation of corrective and preventive measures.

The customer service process anticipates that the first contact be made by the departments involved in the processes that are associated with the input (for example, Logistics, Marketing or Sales) through the normal channels. **Since 2007, customers also have the additional Customer Service channel at their disposal.**

When necessary, due to a claim or incident, the Monitoring Committee of Department Managers (MCM) is convened. All departments that may be involved with or be affected by the claim can participate in their meetings. In addition, Familia Torres has set up a separate section on its intranet, used to publish useful information.

The customer service process can be:

- Reactive: reaction to customer inputs.
- Proactive: obtain direct feedback from the customer about various topics to prevent future dissatisfaction.

It should be noted that the reactive system also covers incidents detected internally and that may have consequences for the customer. This way, Familia Torres can contact the customer to inform them of what has happened and propose alternative solutions. This 360° customer service management reaffirms Familia Torres's approach to communication and transparency, two fundamental elements in customer satisfaction.

Along these lines, the Customer Service department prepares a monthly report that summarises statistical data on the inputs addressed: volume, severity, type/reasons, response times, economic assessments, etc.

In addition to the aforementioned communication channels, all Familia Torres web pages have customer service support.

Periodically, surveys are also conducted to measure customer satisfaction and assess their opinion on various aspects related to Familia Torres, especially in relation to product quality and service.

The first customer satisfaction survey in Spain was conducted in 2013 and a general satisfaction level of 83.4% was obtained. In 2016, the survey was extended to export customers, with an overall rating of 4.41 out of 5, which is equivalent to a satisfaction level of 88.2%.

It should be noted that Familia Torres implemented a corporate software tool in 2018 that aims to facilitate customer segmentation and the execution of better adapted surveys in the future, in addition to increasing their frequency in order to identify areas for improvement and take action as quickly as possible.

Finally, Familia Torres also conducts satisfaction surveys at its main wineries to get assessments of the visits and ecotourism activities. Based on the volume of visitors it receives, the most representative survey is the one conducted at the Visitor Centre at the Pacs del Penedès winery. In 2017, the result of this survey was 4.73 out of 5, while in 2018 a result of 4.61 out of 5 was achieved, maintaining the level of visitor satisfaction above 92%.

In 2018, Familia Torres received five claims related to food safety: one related to labelling and the remaining four with aspects related to food safety. In none of these cases was there a significant risk or impact on the health and safety of consumers that justified the need to activate a product recall plan.

83.4%  
satisfaction of  
Spanish customers

88.2%  
satisfaction of  
export customers

92.2%  
satisfaction of  
visitors to the Pacs  
del Penedès winery



### 6.1.2 Familia Torres Wine Club

Familia Torres believes that the best way to keep the history of each bottle alive is to share it with those who, just like its founders, believe that loving wine is a way of celebrating life. This is the origin of the Familia Torres Wine Club, a club that attracts and retains consumers by offering cases of wine from the most select, prestigious range. The benefits for its members include invitations to “Torres Experiences”, discounts on wine purchases and on the rental of spaces for private events, access to exclusive wines (old vintages) and online consultations with the Familia Torres *sommelier*.



Waltraud winery

### 6.1.3 Exclusive Wine Experience

Another way to share product excellence is through the Exclusive Wine Experience. Quoting Miguel Torres Maczasseck, being Familia Torres is a “legacy that we pass on every year, in each wine, in each vintage and in each generation.” The best way to share this legacy is through the wine heritage that has been part of Familia Torres for five generations: breathtaking landscapes, unique vineyards and historic wineries.

The experience begins with the *wine educator’s* welcoming and the walk through the historic Mas La Plana vineyard, where grapes used in the iconic Mas La Plana wine are grown, made in the Waltraud winery and that the visitor can taste after the visit. The *wine educator* explains the winemaking process and the latest technologies used in the facilities.



### 6.1.4 Awards and recognition

According to the ranking prepared by the British magazine *Drinks International*, Familia Torres was considered The World's Most Admired Wine Brand in 2018 by professionals, a position that it has already held on three previous occasions (2014, 2015 and 2017). In addition, it has been at the top of the European ranking in all eight of the years the survey has been conducted, from 2011 to 2018.

This list includes the 50 most admired wineries based on surveys completed by more than a hundred wine professionals. *Drinks International* highlights its family tradition, investment in research, commitment to the environment and its efforts to bring back ancestral varieties. This is a recognition of the perseverance and hard work of Familia Torres’s employees and its passion for quality.

## 6.2 Traceability

Food safety represents the central pillar of the Familia Torres Quality Policy, and as such **quality controls are carried out at each stage of the wine production process**, from growing the vines in the vineyards to distributing and conserving the product, including the fermentation, distillation, aging and bottling of the wines and brandies.

### 6.2.1 Food Safety Management System

The Food Safety Management System integrates all controls implemented by Familia Torres with the objective of ensuring the food safety of the final product. It applies to all wineries and is based on the seven basic principles of the *Codex Alimentarius*.

#### 1. Secure system

The Hazard Analysis and Critical Control Points (HACCP), developed by an internal multidisciplinary team, identifies the hazards related to product safety throughout the process and establishes control points with very high standards.

The System consists of the following prerequisites:

- Water Control Plan
- Cleaning and Disinfection Plan
- Pest Control Plan
- Training and Good Handling Practices Plan
- Foreign Material Plan
- Waste Management Plan
- Traceability Plan
- Allergen Control Plan
- Supplier Control Plan
- Maintenance and Calibration Plan

#### 2. Monitoring and control

The internal laboratory carries out exhaustive quality controls throughout the process of manufacturing, bottling and storing the products. It is also responsible for the following tasks: quality control of raw materials, control and oenological monitoring during the production process, analytical and microbiological control of the first bottled bottles, on-site inspections, quality control of the water used in bottle rinsing, and periodic revisions of stored stock.

#### 3. System check

Checks are made to determine whether the quality system is working correctly:

- Daily inspections of the monitoring records by those in charge of each section to confirm that the critical control points are being checked.
- Periodic checks through samples analysed in the laboratory.
- Comprehensive checks, carried out annually according to the Internal Audit Plan, on the HACCP system and the multidisciplinary food safety team.

#### 4. Technical competence of staff

Continuous motivation and training of staff on food safety and specific instructions and work sheets for each job.

#### 5. Traceability system

Robust, fast and reliable system that allows bottles to be traced, from the vineyard to the final consumer.



## 6.3 Sustainability and Social Responsibility Audits

### 6. Communication with the consumer

Product labelling must always comply with current legislation.

### 7. Contingency plan

Plan prepared to take action in the event of any alert or emergency, with tested crisis management protocols.

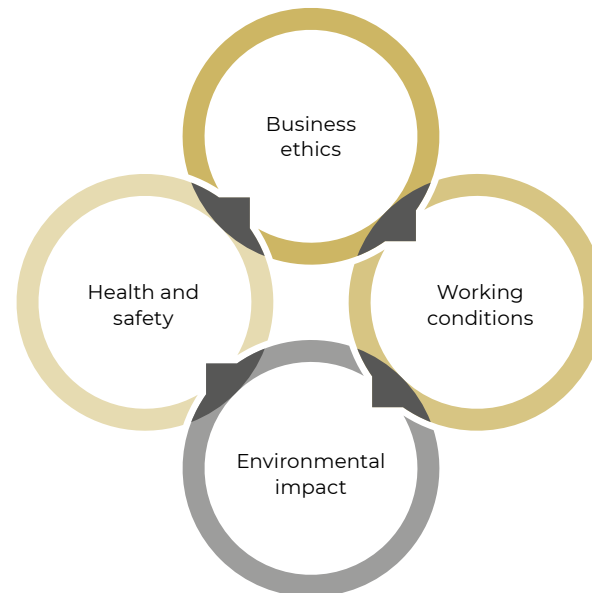
At Miguel Torres, the system is certified according to the ISO 22000 standard.

In order to meet customer requirements, **the Pacs del Penedès winery obtained the SMETA certification in 2018**. The Sedex Members Ethical Trade Audit (SMETA) conducts audits in the field of ethics and social sustainability so that organisations can evaluate their processes and share the results with customers, in a unified and transparent manner.

The audit has evaluated four fundamental pillars:

Additionally, the SMETA certification process evaluates issues such as human rights, responsible sourcing, respect for immigration rights and outsourcing policies.

In the coming years, the SMETA audit will be extended to other wineries.



## 6.4 Organic Wines

Familia Torres's approach towards organic viticulture goes beyond regulatory compliance, the organic framework or consumer trends. Thus, it works on **promoting viticulture that respects the environment and the area where the vines grow**, and puts a great deal of effort into reducing pesticides and fighting climate change. Every two years, it participates in the EcoSostenibleWine (ESW) organic and sustainable viticulture conference, one of the most important wine forums in Spain, organised by the Catalan Wine Association. At this event, international experts present strategies and practical solutions for solving the major challenges of our time.

The Familia Torres organic wines follow the strictest standards at a global level: the Euro-Label for wines sold in the European market, and the USA's National Organic Program (NOP) for the rest of the world (see annex III).



Mas de la Rosa Property

## 6.5 Responsible Consumption

Familia Torres is part of the Wine in Moderation association, created in 2011 and present in more than 26 countries, which promotes cultural and social changes that promote moderation and responsibility in wine consumption.

Familia Torres is convinced that wine, as part of a country's cultural and culinary heritage, can only be enjoyed in moderation and in a way that's compatible with a healthy lifestyle. The main recommendations given by Wine in Moderation in order to fully enjoy wine are:

- **Know the wine you're drinking:** knowing where its unique character comes from increases the pleasure of drinking it.
- **Drink slowly:** take the necessary time to savour the characteristic nuances of the wine.
- **Accompany the wine with a good meal** and a glass of water.
- **Enjoy wine in good company, with friends and family.**
- **Be sensible and avoid excess.**

In addition, Wine in Moderation recommends consulting with a specialist or your physician if you

have any questions regarding drinking habits or health.

Based on these aspects, the Marketing department adopts **responsible advertising guidelines focused on responsible consumption and moderation.**

Likewise, wine tourism experiences and visits to the Familia Torres wineries are aimed at educating society on responsible wine consumption, offering visitors a chance to get the full experience of its winemaking tradition. It thus intends on providing the necessary tools in order to appreciate the complexity of the wines.

In accordance with this philosophy, Familia Torres also has a **range of products dedicated to the production of low-alcohol (5.5%) or non-alcoholic (0.0%) wines**, as a response to market trends in countries such as Finland, in the case of low-grade wines, and Nordic countries, Canada, Germany or the Netherlands, among others, in the case of non-alcoholic wines.

This range is a response to the current trends in which healthy habits, overall health and moderation are promoted, as well as the growing role of

governments in regulating alcohol consumption through limitations or taxes.



# 7.

## Innovating for the Future

“Investment in R&D is essential for improving the quality and sustainability of our wines.”

**Miguel A. Torres**



Familia Torres is a family-owned winery that has managed to adapt to and anticipate the most advanced trends in current oenology, becoming a leading company in technology. **Every year, it allocates more than one million euros to R&D,** aimed at incorporating innovations in each vintage that help improve wine quality, improve sustainability and reduce the impact on climate change.

The innovation area has three priorities:

- Innovation
- Corporate Venturing
- Business Innovation



Waltraud winery

## 7.1 Innovation

Familia Torres is aware that **innovation is a key pillar in all phases of its value chain** and, therefore, promotes projects and studies in each of the stages:

- **CIRCULAR ECONOMY - RAÏM Project: alternatives for the in situ recovery of sewage sludge in vineyard soils, within the framework of the circular economy.** This project is aimed at furthering the mission of Familia Torres to improve its sustainability by applying the circular economy in waste management. The objective is to study the possibility of reusing the sludge from the biological treatment plant as an organic soil fertiliser.
- **TASK FORCES - GOPHYTOVID Project: optimisation of the use of phytosanitary products in viticulture based on vigour maps.** This project, carried out in collaboration with other wineries and two universities, aims to reduce the dose of applied phytosanitary products, identifying inter-parcel variability throughout the vegetative cycle through a vigour map.

- **CIEN - VINYSOST Project: new viticulture strategies for the sustainable management of large-area production and for increasing the competitiveness of the wineries in the international market.** This project, carried out in collaboration with other companies, has been developed in three major areas of study. The first one has focused on the field work that has been carried out on experimental plots to reduce the negative effects of diseases and pests in the vineyards; the second line of work has focused on the development of strategies for controlling the aromatic and sensory stability of wines in the cellar; and the third area of action has been focused on improving the overall sustainability of the project, from the strain to the bottle, so that obtaining high-quality production is compatible with being environmentally-friendly.
- **CIEN - GLOBALVITI Project: global solution to improve wine production in the face of climate change, based on robotics, IT technology, and biotechnology and vineyard management strategies.** The main objective of this project has been to position the Spanish wine sector as a worldwide reference in the search for solutions

and implementation of innovative techniques in relation to grapevine trunk diseases, the integral management of the vineyard and the vinification processes, in a context of climate change. This project is being developed in collaboration with other wineries and companies.

- **CIRCULAR ECONOMY - VITECH Project: closing off flows for a circular viticulture.** This study aims to treat grey water with a low-cost system (algae photobioreactor) and generate purified water of sufficient quality for irrigation, or produce biomass and biogas.
- **VACS Project: recovery of ancestral varieties.** More than 30 years ago, Familia Torres began an innovative project to **bring back ancestral grape varieties** with the aim of recovering the wine heritage of Catalonia, lost after the Phylloxera plague at the end of the 19th century. In collaboration with the French National Institute for Agricultural Research (INRA), an innovative methodology for recovering and reproducing ancestral varieties has been developed.

**“Bringing back ancestral varieties is an exercise in viticultural archaeology to recover our heritage. By returning to the past and reviving the varieties our ancestors used, we can look to the future and find the kind of authenticity that will result in unique wines that are truly special and cannot be made the same way anywhere else on earth.”**

Miguel Torres Maczassek (5th Generation)

Thanks to this project, today about 50 ancestral varieties have been discovered in different areas of Catalonia. In collaboration with the Institut Català de la Vinya i el Vi (INCAVI), the most interesting ones in terms of winemaking have been selected, which are the most resistant to high temperatures and drought, as a possible solution to tackle climate change.

There are six varieties that meet these requirements and with which Familia Torres is already experimenting:

- Garró
- Querol
- Moneu
- Gonfaus
- Forcada
- Pirene

The first five are registered in the Spanish Registry of Commercial Grape Varieties and are authorised according to the decree that regulates wine-growing potential. Regarding the last one, Pirene, its registration in the Spanish Registry of Commercial Grape Varieties was presented and is currently in the approval process.

- **NATIVE YEAST Project: selection of native yeasts.** This project is aimed at identifying native yeasts from the middle and end of the spontaneous alcoholic fermentation of the grapes, for three consecutive years. The expected benefits are to promote biodiversity and reinforce the quality of the wines through vinifications with combinations of yeast from the plots themselves.

- **VITIS AGROLAB project.** This project is focused on irrigation and vineyard management experiments to observe and evaluate agronomic and oenological differences based on the applied irrigation treatment and the strain management system, and its potential for mitigating climate change. It is a project in collaboration with the IRTA - Institute of Agrifood Research and Technology, as well as various start-ups.
- **HORIZONTE 2020 - FARMYNG Project.** Project carried out in collaboration with a consortium of companies and financed by the European Union (EU). Its objective is to develop the first large-scale biological-based value chain that will produce sustainable, safe, high quality and innovative food products through the *Tenebrio molitor* insect (mealworm).
- **LIFE- REWINE Project.** Project carried out in collaboration with a consortium of companies and financed by the EU. Its objective is to study the feasibility of using reused wine bottles, taking into account technical and environmental aspects in order to obtain data on the life cycle of the entire process, thus promoting the circular economy.

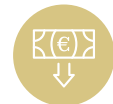
The **total expenditure on R&D during 2018 was 956,190.17 euros**, of which Familia Torres received 142,468.44 euros of public subsidies. In addition, **Familia Torres invested a total of 439,087 euros in R&D in 2018.**

Thanks to this effort, several studies have arisen from research carried out and financed by Familia Torres on issues such as the treatment of wastewater from the wineries, the effects of red wine alcohol on arteriosclerosis or viticultural zoning.

With the objective of sharing its best practices and experiences with the other agents in the value chain, Familia Torres is an **associate member of Innovi, the Catalan Wine Chain**, which brings together more than 50 industry players from the entire wine sector and aims to promote the competitiveness of companies in the sector through innovation. Mireia Torres Maczassek (5th generation) is the Vice President of this cluster.

Finally, **Familia Torres is a member of the Wine Technology Platform (PTV)**, a meeting point for all industry players to join forces in the field of

R&D and promote a network of business-science cooperation. Currently, Mireia Torres Maczassek (5th generation) is the President of this association that contributes to the promotion of R&D in the wine sector in Spain.



**€956,190**

expenditure on R&D  
in 2018



**€439,087**

Investment in R&D  
in 2018





## 7.2 Corporate Venturing

Since the end of 2017, within the area of Innovation and Knowledge, a new formula has been initiated to incorporate innovation into Familia Torres: through collaborations with start-ups. By doing so, it looks to establish a relationship that is beneficial for both parties.

On the start-up's side, Familia Torres's approach may represent a process for accelerating their growth through various forms of collaboration: pilot testing, validation of their technology, recommendations in the sector and even, in some cases, an economic investment.

For Familia Torres, it means the possibility of incorporating new technologies, responding to business challenges in an agile way, testing new business models, identifying talented people and opening up new lines of business with a vision for the future.

An example of this would be the collaboration with Saturas, an Israeli start-up that has developed a Decision Support System (DSS) that, if successful, can save up to 30% of the amount of water used to irrigate the vineyards.

During 2018, 161 start-ups were contacted, six collaboration projects were initiated and an investment was made in the capital of one of the start-ups.



## 7.3 Business Innovation

Since the end of 2017, the Innovation and Knowledge area has initiated an intra-entrepreneurship line to develop innovative projects with employees. Through the Videia platform, challenges are posed every six months and employees can contribute their ideas. The selected ideas receive the support of Familia Torres to develop a pilot and evaluate its impact, either in terms of improved results or even the development of a new business model.

In 2018, seven trends were identified, 22 ideas formulated, seven concepts developed, two pilots carried out and one project completed.





8

**• About This Report**

This report contains non-financial information about Miguel Torres S.A. and its subsidiaries (hereinafter "Familia Torres", see annex 2) during 2018, if not otherwise indicated. It should be noted that in the scope of this report, a Spanish distributor and a Swedish distributor acquired in the last half of 2018 have been excluded.

In accordance with Law 11/2018 of December 28, on Non-Financial and Diversity Reporting, Miguel Torres S.A. presents the required non-financial information in a separate report called "Corporate Responsibility Report". This report is an integral part of the consolidated management report. This document is public and can be accessed on the [www.torres.es/en](http://www.torres.es/en) website. The drafting process has followed the international Global Reporting Initiative (GRI) standard as a reference.

The principles of comparability, reliability, materiality and relevance included in the Non-Financial Reporting Law have also been applied:

- **Comparability Principle:** "The reporting organisation should select, compile and report information consistently. The reported information should be presented in a manner

that enables stakeholders to analyse changes in the organisation's performance over time, and that could support analysis relative to other organisations".

- **Reliability Principle:** "The organisation should gather, record, compile, analyse and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information".

- **Materiality and Relevance Principle:** The report should cover aspects that: reflect the organisation's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders".

In accordance with the principles of materiality and relevance, Familia Torres's activities have been analysed with the objective of defining the most relevant aspects to it and its stakeholders. To do so, a materiality analysis has been carried out based on the following methodology:

- Identification of relevant issues in CSR assessed by sustainability analysts (GRI core, SGD and Global Compact Principles, SASB).
- Analysis of Familia Torres's internal information.
- Analysis of information about Familia Torres and the sector found on the internet.
- Analysis of Familia Torres's competitors (wine and beverage sector), as well as the main industry associations.
- Preparation of an analysis of the business and its environment.
- Face-to-face interviews with different members of Familia Torres's management.
- Prioritisation of relevant issues and assessment of their impact on Familia Torres's operations and reputation.

**Abbreviations:**

GRI: Global Reporting Initiative

SDG: Sustainable Development Goals

SASB: Sustainability Accounting Standards Board

In line with the analysis, a structured materiality matrix has been identified based on seven areas (Government, Environment, Human Resources, Human Rights, Suppliers, Society, Customers). Each of the topics has been classified as Top A, Top B or Top C, according to their importance for Familia Torres.

MATERIAL ASPECTS	AFFECTED STAKEHOLDERS							
	Owners / Shareholders	Employees	Suppliers	Certification Bodies	Society / Residents	Distributors	Final Consumer	Administration / Regulatory Bodies
Corporate Governance								
Business model								
CSR strategy								
Reputational impact and brand management								
Governance model								
Ethics in business								
Stakeholder relations management								
Competition and price management								
Tax information and transparency								
Compliance model and fight against corruption and bribery								

MATERIAL ASPECTS	AFFECTED STAKEHOLDERS							
	Owners / Shareholders	Employees	Suppliers	Certification Bodies	Society / Residents	Distributors	Final Consumer	Administration / Regulatory Bodies
	Environment							
Management system								
Impact reduction								
Circular economy and waste								
Water management								
Energy management								
Climate change								
Protection of biodiversity								

MATERIAL ASPECTS	AFFECTED STAKEHOLDERS							
	Owners / Shareholders	Employees	Suppliers	Certification Bodies	Society / Residents	Distributors	Final Consumer	Administration / Regulatory Bodies
Human Resources								
Employment								
Promotion of equality and diversity								
Work organisation								
Health and safety								
Social relations								
Training and development								
Human Rights								
Human Rights								

MATERIAL ASPECTS	AFFECTED STAKEHOLDERS							
	Owners / Shareholders	Employees	Suppliers	Certification Bodies	Society / Residents	Distributors	Final Consumer	Administration / Regulatory Bodies
	Suppliers							
Sustainable purchasing policies Fair Trade								
Evaluation and audits								
	Society							
Local community								
Social impact and action								

MATERIAL ASPECTS	AFFECTED STAKEHOLDERS							
	Owners / Shareholders	Employees	Suppliers	Certification Bodies	Society / Residents	Distributors	Final Consumer	Administration / Regulatory Bodies
	Customers							
Consumer safety								
Responsible consumption								
Data protection								
Innovation								
Quality management								
New requirements (organic, sustainable, others)								
Traceability								
Customer satisfaction								



## Familia Torres Materiality Matrix

It identifies the **Top A**, **Top B** and **Top C** material aspects, according to their importance for the Familia Torres business and strategy.

### Top A

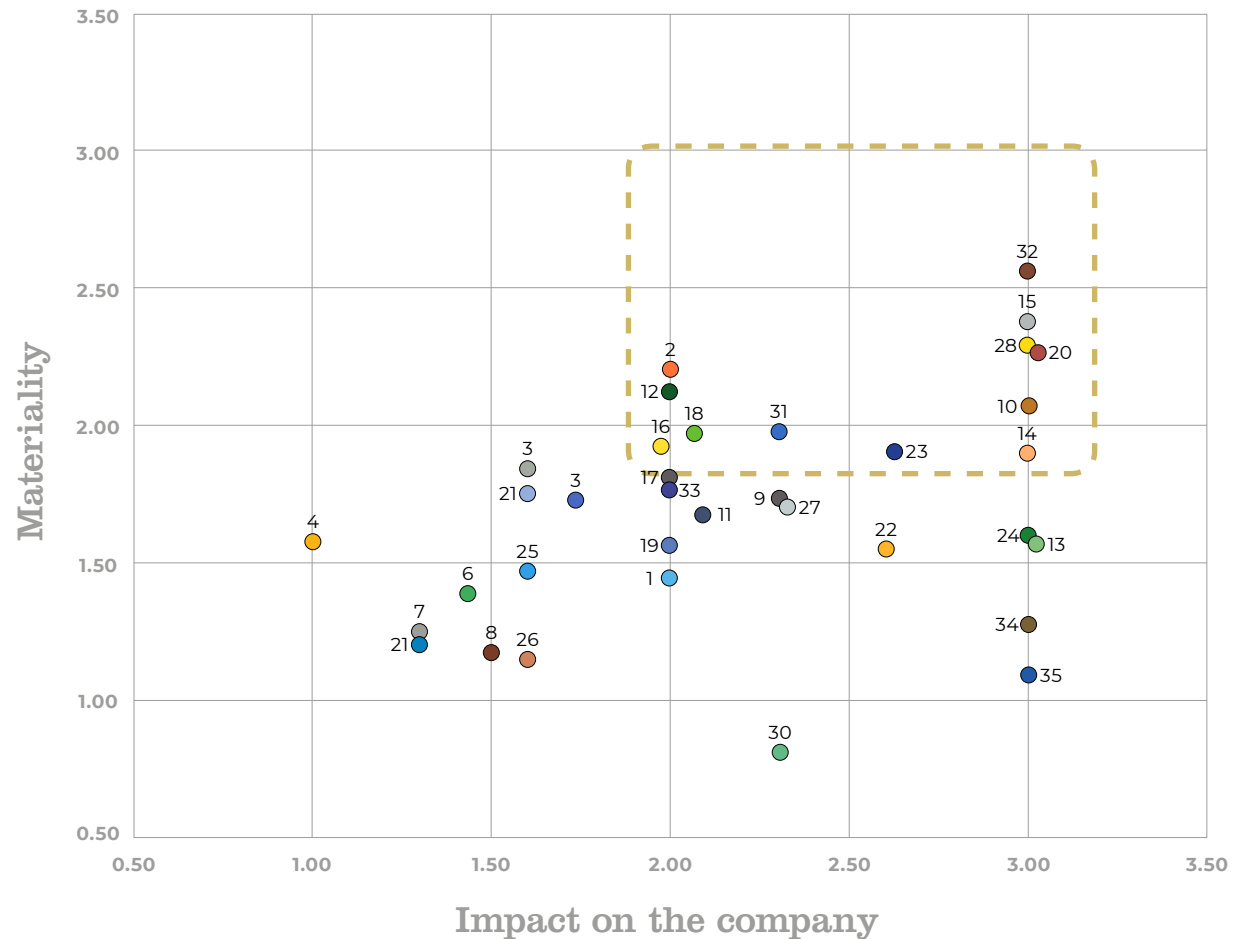
Quality management (32)	Innovation (31)
Health and safety (20)	Human rights (23)
Climate change (15)	CSR strategy (2)
Consumer safety (28)	Circular economy and waste (12)
Energy management (14)	Equality and diversity (18)
Environmental management system (10)	Protection of biodiversity (16)

### Top B

New requirements (33)	Water management (13)
Employment (17)	Work organisation (19)
Reduced environmental impact (11)	Business model (1)
Social impact and action (27)	Reputational impact and brand management (3)
Compliance model (9)	Ethics in business (5)
Development and training (22)	Responsible consumption (29)
Sustainable purchasing policy (24)	Supplier evaluation and audit (25)

### Top C

Governance model (4)	Data protection (30)
Social relations (21)	Local community (26)
Competition and price management (7)	Traceability and labelling (34)
Stakeholders (6)	Customer satisfaction (35)
Tax information (8)	



# 9

- **Index of the Content of Law 11/2018, of December 28, on Non-Financial and Diversity Reporting**

## Index of the Content Required by Law 11/2018, of December 28

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
General Information			
Description of the business model	1. Introduction	✓	GRI 102-2
Markets in which it operates	1.3 Main Activities	✓	GRI 102-6
Organisation's objectives and strategies	1.7 Manifesto	✓	GRI 102-14
Main factors and trends that may affect its future evolution		✓	GRI 102-15
Risk management	1.7.3 Risk and opportunity management	✓	GRI 102-15
Reporting framework used	8. About This Report	✓	GRI 102-54
Materiality analysis	8. About This Report	✓	GRI 102-46 GRI 102-47
Environmental issues			
Management approach	3. Helping to Mitigate the Effects of Climate Change	✓	GRI 103

✓ In accordance with Article 49 of the Commercial Code, KPMG, with a limited scope audit, has carried out the verification of the Consolidated Non-Financial Information Statement included in this Corporate Social Responsibility Report, corresponding to the year that ended on December 31, 2018.

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
Detailed General Information			
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety.	3. Helping to Mitigate the Effects of Climate Change	✓	GRI 103
Environmental assessment or certification procedures		✓	GRI 103
Resources allocated to the prevention of environmental risks		✓	GRI 103
Application of the precautionary principle		✓	GRI 102-11
Number of provisions and guarantees for environmental risks		✓	GRI 103
Pollution			
Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution.	3.2 Climate Change	✓	GRI 305-5
Circular Economy and Waste Prevention and Management			
Measure for preventing, recycling, reusing and other ways of recovering and disposing of waste	3.4 Circular Economy	✓	GRI 306-2
Actions to combat food waste	3.2.6 Fight against food waste	✓	GRI 103

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
Sustainable Use of Resources			
Water consumption and water supply in accordance with local limitations	3. Helping to Mitigate the Effects of Climate Change	✓	GRI 303-1
Consumption of raw materials and measures taken to improve the efficiency of their use		✓	GRI 303-1
Direct and indirect energy consumption		✓	GRI 302-1
Measures taken to improve energy efficiency		✓	GRI 302-4
Use of renewable energies		✓	GRI 302-1
Climate Change			
Greenhouse gas emissions	3.2 Climate Change	✓	GRI 305-1 GRI 305-2 GRI 305-3
Measures to adapt to climate change		✓	GRI 201-2
Goals for the reduction of greenhouse gas emissions		✓	GRI 305-5
Protection of Biodiversity			
Measures taken to preserve or restore biodiversity	3.3 Biodiversity	✓	GRI 304-3
Impacts caused by activities or operations in protected areas		✓	GRI 304-2

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
Social and Personnel Issues			
Management approach	2. Taking Care of Employees	✓	GRI 103
Employment			
Total number and distribution of employees by country, sex, age and professional classification	2.1 Employment and Organisation	✓	GRI 102-8 GRI 405-1
Distribution of employment contract types and annual average by sex, age and professional classification		✓	GRI 102-8
Number of layoffs by sex, age and professional classification		✓	GRI 103
Average salaries by sex, age and professional classification		✓	GRI 103
Pay gap		✓	GRI 405-2
Average salary of directors and executives broken down by sex		✓	GRI 103
Implementation of work disconnection policies	2.3 Work Organisation and Measures for a Work/Life Balance and the Right to Disconnect	✓	GRI 103
Employees with disabilities	2.4 Equality and Accessibility	✓	GRI 405-1

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
Work Organisation			
Organisation of work time	2.3 Work Organisation and Measures for a Work/Life Balance and the Right to Disconnect	✓	GRI 103
Number of hours absent	2.1 Employment and Organisation	✓	GRI 403-9
Measures for facilitating work/life balance	2.3 Work Organisation and Measures for a Work/Life Balance and the Right to Disconnect	✓	GRI 103
Health and Safety			
Occupational health and safety conditions	2.5 Occupational Risk Prevention	✓	GRI 103
Indicators for occupational accidents and diseases by sex		✓	GRI 403-2 GRI 403-3 GRI 403-9
Social Relations			
Organisation of social dialogue	2.1 Employment and Organisation	✓	GRI 102-43
Percentage of employees covered by collective agreements by country		✓	GRI 102-41
Assessment of collective agreements		✓	GRI 103

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
Training			
Policies implemented in the training field	2.2 Development and Training	✓	GRI 103
Total hours of training by professional category		✓	GRI 404-1
Universal accessibility of people with disabilities	2.4 Equality and Accessibility	✓	GRI 103
Equality			
Measures taken to promote equal treatment and opportunities for men and women	2.4 Equality and Accessibility	✓	GRI 103
Equality plans		✓	GRI 103
Policy against all types of discrimination		✓	GRI 103



Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
<b>Respect for Human Rights</b>			
Management approach	1.7.5 Commitment to human rights	✓	GRI 103
<b>Application of Due Diligence Procedures</b>			
Application of due diligence procedures	1.7.5 Commitment to human rights	✓	GRI 102-16 GRI 102-17
Measures to prevent and manage any possible abuses committed		✓	GRI 102-16 GRI 102-17
Reported cases of human rights violations		✓	GRI 103
Promotion and compliance with the provisions of the ILO fundamental Conventions		✓	GRI 103
<b>Fight Against Corruption and Bribery</b>			
Management approach	1.7.4 Commitment to ethics and compliance	✓	GRI 103
Measures taken to prevent corruption and bribery		✓	GRI 103 GRI 102-16 GRI 102-17 GRI 205-2
Measures to fight money laundering		✓	GRI 103 GRI 102-16 GRI 102-17
Contributions to foundations and non-profit organisations		✓	GRI 103

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
Information About the Company			
Management approach	5. Taking Care of Society	✓	GRI 103
Company's Commitments to Sustainable Development			
Impact of the company's activity on employment and local development	5. Taking Care of Society	✓	GRI 413-1
The impact of the company's activity on local populations and the territory		✓	GRI 413-1
Relations with the representatives of local communities and the types of dialogue maintained with them		✓	GRI 102-43
Partnership or sponsorship actions		✓	GRI 103
Outsourcing and Suppliers			
Inclusion of social, gender and environmental issues in the purchasing policy	4. Taking Care of the Supply Chain	✓	GRI 308-1 GRI 414-1
Taking into account the social and environmental responsibility of suppliers and subcontractors in relationships with them		✓	GRI 308-1 GRI 414-1
Supervision systems	4.3 Selection, Certification and Supervision System	✓	GRI 102-9 GRI 414-2

Information requested by Law 11/2018	Section of this report where a response is given	Verification of the law's content	GRI reporting guideline
Consumers			
Measures for the health and safety of consumers	6. Taking Care of Customers	✓	GRI 416-1
System for claims and complaints received and the resolution thereof		✓	GRI 103
Tax Information			
Profits earned by country	5.5 Tax Contribution	✓	GRI 201-1
Tax on corporate profits paid		✓	GRI 201-1
Public subsidies received		✓	GRI 201-4



# Annexes

## Annex I - Familia Torres Brands

### Familia Torres

- Atrium
- Bellaterra
- Cabriana
- Coronas
- Fransola
- Gran Coronas
- Grans Muralles
- Mas Borrás
- Mas de la Rosa
- Mas La Plana
- Milmanda
- Moscatel Floralis
- Perpetual
- Purgatori
- Reserva Real
- Salmos
- Secret del Priorat
- Sons de Prades
- Waltraud

### Jean Leon

- Jean Leon 3055 Chardonnay
- Jean Leon 3055 Merlot
- Jean Leon 3055 Rosé
- Jean Leon 50 Aniversario
- Jean Leon Adelita
- Jean Leon Cabernet Franc
- Jean Leon Sumoll
- Jean Leon Vinya Gigi Chardonnay
- Jean Leon Vinya La Scala Cab. Sauv.
- Gran Reserva
- Jean Leon Vinya Le Havre Cab. Sauv. Reserva
- Jean Leon Vinya Palau Merlot
- Jean Leon X

### Owned by Familia Torres

- Camino de Magarin
- Celeste
- Las Pisadas
- Pazo Das Bruxas
- Vardon Kennet Esplendor

### Juan Torres Master Distillers

- El Gobernador
- Jaime I
- Magdala
- Reserva del Mamut
- Rocado
- Torres 5
- Torres 10
- Torres 15
- Torres 20
- Torres Spiced Spirit Drink

### 7 Magnífics

- El Senat del Montsant
- Rebels de Batea
- Somiadors

### Viña Esmeralda

- Viña Esmeralda

## Sangre de Toro

- Gran Sangre de Toro
- Sangre de Oro
- Sangre de Toro

## Miguel Torres Chile

- Alto Las Nieves
- Bonanova
- Caccci
- Conde De Superunda
- Cordillera
- Dias De Verano
- Emblema
- Escaleras de Empedrado
- Estelado
- Finca Negra
- Hemisferio
- La Causa
- Las Mulas
- Las Torres
- Manso De Velasco
- Miguel Torres Gran Reserva
- Nectaría
- Noches de Verano
- Reserva Ancestral
- Reserva de Pueblo
- Rio Claro
- San Medin
- Santa Digna
- Tormenta
- Trinitas
- Valle Alto
- Vermilion
- Aceite Santa Digna

## Other Brands

- Alquimia
- Altos Ibericos
- Blancat
- Campos Ibéricos
- Canticum
- Castillo Las Torres
- De Casta
- Gran Viña Sol
- Habitat
- Infinite
- Laudis
- Mas Rabell
- Natureo
- San Valentin
- Sant Jordi
- Sant Miquel de les Vinyes
- Torres-5g
- Tres Torres
- Verdeo
- Viña Brava
- Viña Sol

## Torre Real

- Aceite El Silencio
- Aceite Eterno
- Aceite Molí de Dalt
- Atún Rojo del Mediterráneo
- Bonito del Norte
- Cogote de Bonito del Norte
- Habas Baby
- La Oscuridad
- Marrón al Brandy
- Marrón Glacé
- Sardinas en aceite
- Setas en conservas
- Ventresca de Bonito del Norte
- Vinagre

## Annex II - Familia Torres Companies

### Miguel Torres S.A.

#### Producers:

- Sociedad Vinícola Miguel Torres, S.A.
- Soto de Torres, S.L.U.
- Agulladolç, S.L.U.
- Selección de Torres, S.L.U.
- Jean Leon, S.L.U.
- Torres Ecològic, S.L.U.
- Torres Priorat, S.L.U.

#### Marketers:

- Miguel Torres USA, Inc.
- Miguel Torres Ireland, Ltd.

#### Restaurants:

- Comercial Miguel Torres, Ltd.
- La Vinoteca Torres, S.L.U.

#### Distributors:

- Excelsia Vinos y Destilados, S.L.U.
- Shanghai Torres Wine Trading, Co. Ltd.
- Vinissim, S.L.U.
- Excelsia Canarias Vinos y Destilados, S.L.U.
- The Wine & Spirits Collective Sweden, AB.
- Distribuidora Brasileira de Vinhos, Ltda.
- Torres Import, S.A.U.
- Sispony Distribució, S.A.U.
- Icon Wines & Spirits Distribuidora de Bebidas, Ltda.

#### Other:

- Torres Araba 2007, S.L.U.
- Torres Taiyo, S.L.U.
- Miguel Torres Canarias, S.L.U.
- Promociones Soto Eólica, S.L.U.
- Masos Flassada Sord, S.A.U.
- Miguel Torres Europe, B.V.

## Annex III - Familia Torres Organic Brands

### Familia Torres Spain

- Atrium
- Coronas
- Gran Sangre de Toro
- Gran Viña Sol
- Habitat
- San Valentin
- Sangre de Toro
- Sangre de Toro Organic Selection

### Jean Leon

- 3055 Chardonnay
- 3055 Merlot-Petit Verdot
- 3055 Rosé
- Cabernet Gran Reserva Vinya La Scala
- Cabernet Reserva Vinya Le Havre
- Chardonnay Vinya Gigi
- Experimental Cabernet Franc 2015
- Experimental Xarel·lo 2015 and 2016
- Merlot Vinya Palau

### Miguel Torres Chile

- |                                     |                               |
|-------------------------------------|-------------------------------|
| ● Las Mulas Cabernet Sauvignon      | ● Rio Claro Carmenere         |
| ● Las Mulas Cabernet Sauvignon Rose | ● Rio Claro Sauvignon Blanc   |
| ● Las Mulas Carmenere               | ● Tormenta Cabernet Sauvignon |
| ● Las Mulas Chardonnay              | ● Tormenta Carmenere          |
| ● Las Mulas Gewürztraminer          | ● Tormenta Sauvignon Blanc    |
| ● Las Mulas Merlot                  | ● Tormenta Viognier           |
| ● Las Mulas Sauvignon Blanc         | ● Trinitas Cabernet Sauvignon |
| ● Las Mulas Viognier                | ● Trinitas Sauvignon Blanc    |
| ● Rio Claro Cabernet Sauvignon      |                               |