



2021

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# REPORT

## *Annual*

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CORPORATE SOCIAL  
RESPONSIBILITY

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PACO & LOLA



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# BOUND TO THE *ground*

We are **Paco & Lola**, the cooperative named 'Sociedad Cooperativa Vitivinícola Arousana'. We have been born and grown connected to our immediate surroundings, the O Salnés region.

As ambassadors for our land, we are firmly committed to our surroundings, fostering the creation of jobs and value in the region through the production of quality wines that may position us as a benchmark for all our customers around the world.

We are aware that our activity, as any other, has repercussions on the environment. Thus, we endeavour to minimise the negative impact of our actions, both through improvement and efficiency initiatives in our premises and by means of environmental policies in the value chain of our products.

Continuing what we started in 2021 and based on our resolution to improve our brand's sustainability, we feel aligned with the UN Sustainable Development Goals (SDGs). The 17 SDGs and their 169 targets aim for a paradigm shift in our society through a comprehensive indivisible approach, which shape, as a whole, the vision of the future we want.

Through the SDGs, countries seek to improve people's quality of life and the conservation status of our planet, joining all the actors – citizens, companies, administrations, other organisations, etc. – around one single framework of goals.

Let us take you through this document and we will show you our impacts on the SDGs and our improvement plans for the future.





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# 1 WE ARE PACO & LOLA

## 1.1. PRESENTATION OF OUR COMPANY

In year 2005, a group of winegrowers from the O Salnés region decided to professionalise their wine-growing activity, improving for such purpose the production and marketing processes. To that end, a Cooperative was created, thus giving birth to 'Sociedad Cooperativa Vitivinícola Arousana S.C.G.', better known as '**Adega e Viñedos Paco & Lola**'. Since then up to now, we have experienced a continued growth, both as regards turnover and number of members; at the year end of 2021, 441 people are members of the Cooperative.

We have a 265-hectare area of vineyards, spread over more than 2,000 plots, ranging very different dimensions, from 12m<sup>2</sup> to 16.000 m<sup>2</sup>.

**At present, we are the Cooperative that has the highest number of members in the D.O. Rías Baixas appellation, and the third one in terms of production, with over 2 million bottles a year (1,500,000 litres).**

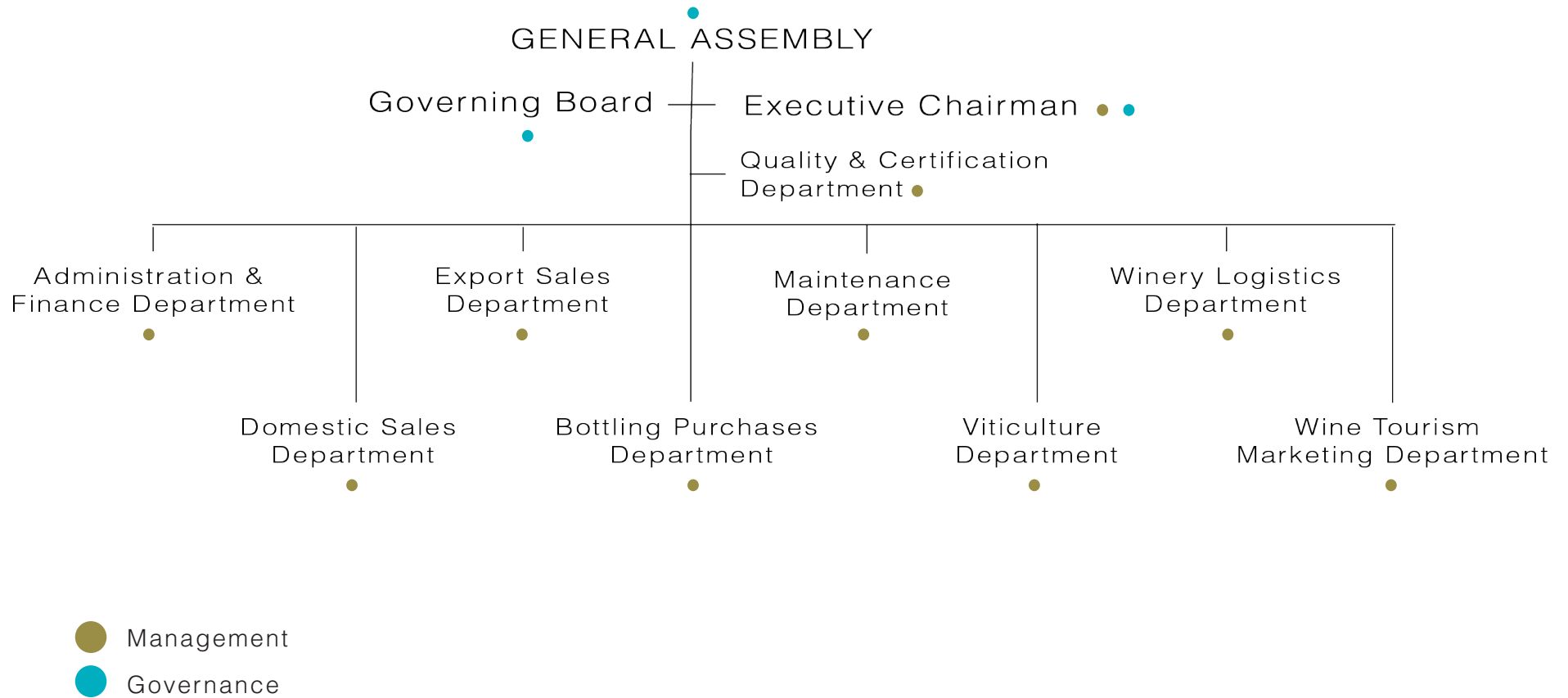
**Paco & Lola's** main activity is the making and marketing of Albariño white wine, as well as wines and spirits in other Appellations of Origin (known in Spanish as D.O.).

Furthermore, we carry out other activities related thereto that contribute added value to our Cooperative members and our surroundings.



## 1.2. CORPORATE STRUCTURE

We present below our organisational chart, which shows the operational structure of our company



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### 1.3. MISSION, VISION AND VALUES

Ever since the Cooperative was founded, it has pursued the creation of wealth for its member families, its staff, and its area of influence.

It seeks to consolidate this project as a national and international benchmark.

MISSION  
+ VISION  
+ VALUES  
= PACO & LOLA

## MISSION

**To give back to society:** To promote the well-being of the families that make up the Cooperative: Cooperative Members and Staff.

**To guarantee sustainability:**

- **Social:** To promote the generational renewal of wine-growing families, to foster a healthy lifestyle, to encourage the longevity of our cultural environment.
- **Environmental:** To leave our children an environment that favours the conservation of the natural resources that surround us.
- **Economic:** To give back to the society around us what we have been allowed to create all over the world.

## VISION

To contribute to create sustainable wealth and well-being in our area of influence.

## VALUES

**Continuous improvement, change and constant innovation** in processes, products and services, with the goal of, among others, improving the service provided to our customers and our members on an ongoing basis.

**Pursuit of excellence**, acting committed to the quality and demands of today's world.

**Teamwork**, as the foundation for building a sense of belonging to **Paco & Lola**.

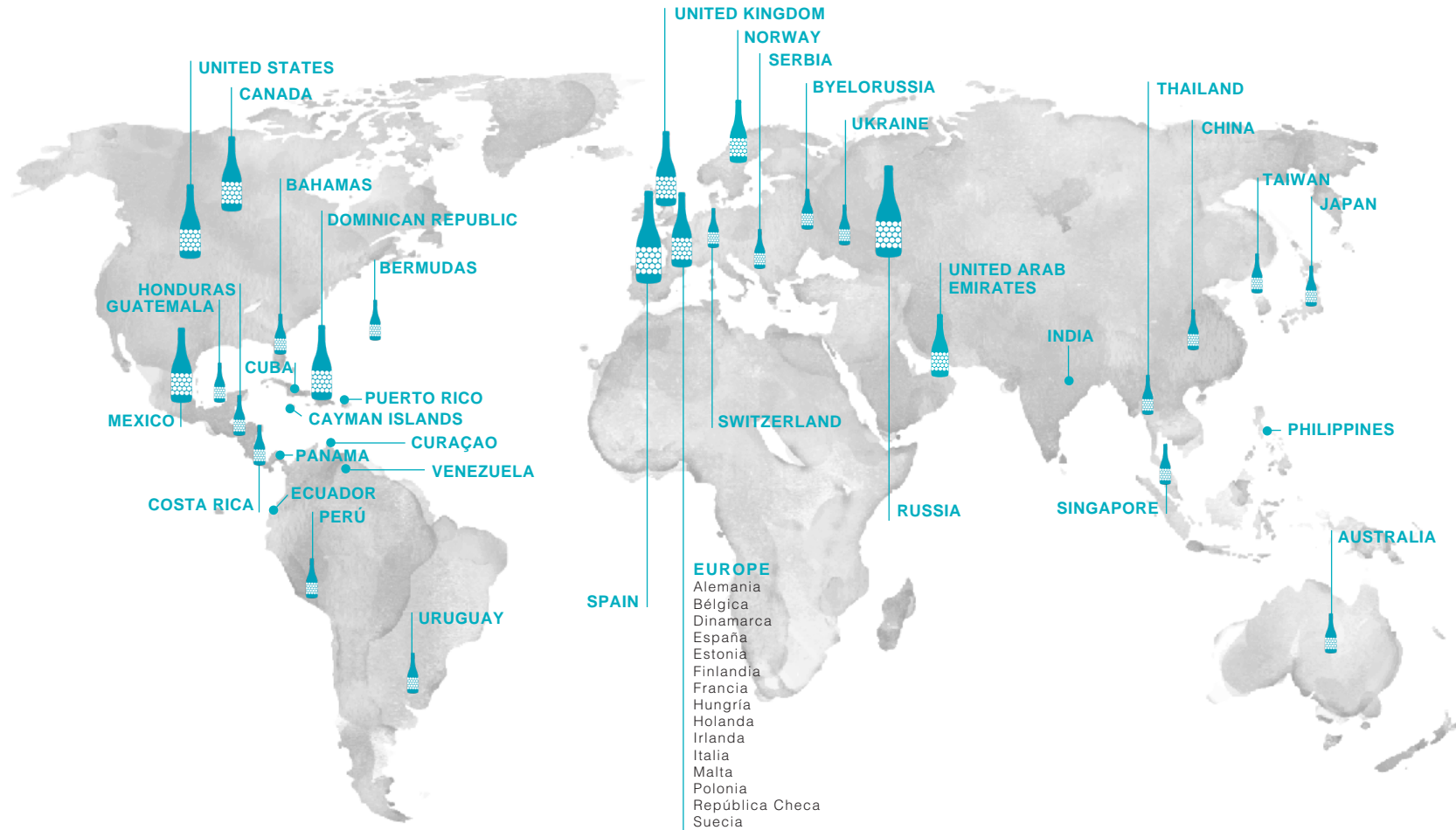
**Brand orientation**, in order to work in a way that identifies the whole company and connects with our customers.

**Quality as the driving force behind everything** that is carried out by **Paco & Lola**. Each and every member of the team is committed to our rigorous internal quality policy. And yet, they do not merely meet the rules, but they **aim to go above and beyond**.

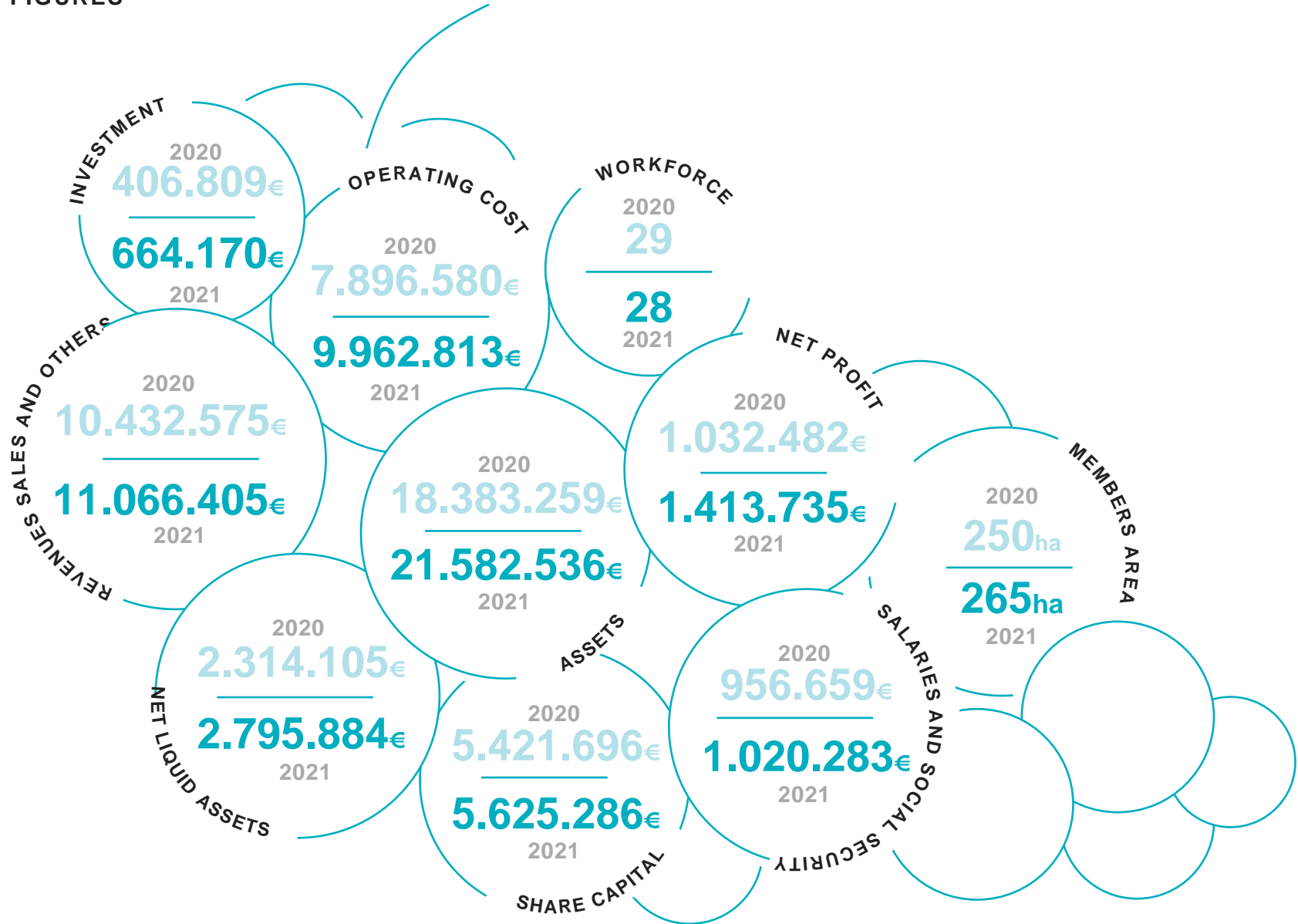




## 1.4. OUR MARKETS



## 1.5 MAIN FIGURES





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## 1.6 OUR STAKEHOLDERS

Our land  
Our people  
Our wine  
Our customers  
Our planet





## 1.7 OUR MEMBERS

**Paco & Lola has 441 members as at the end of 2021**, all of who belong to the O Salnés region. This means that our Cooperative comprises more than **400 wine-growing families**, which add up to more than **265 hectares of vineyards in total**.

The members of the Cooperative are the main value that distinguishes us; the aggregate of more than 2,000 typical plots of the Galician smallholding contribute diversity and allow us to make different wines.

Thanks to the daily work of our members, whom we advise throughout the year, **we have full control over our most valuable raw material: the grape**. The Cooperative members are the key to attain excellence, as their commitment and endeavours allow us to guarantee the quality that characterises our Albariño wines.

**They are origin and tradition, passion for wine, progress; they are the land they cultivate; they are the struggle to grow and preserve their roots.**



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## WE GROW AND HARVEST THE BEST GRAPES

### 2.1 OUR VINEYARDS

In 2021, 3 million kilograms of grapes were harvested.



265 ha | 3 million kg



## 2.2. D.O. RÍAS BAIXAS (WINE-GROWING INFORMATION ABOUT THE GRAPE AND THE D.O. APPELLATION)

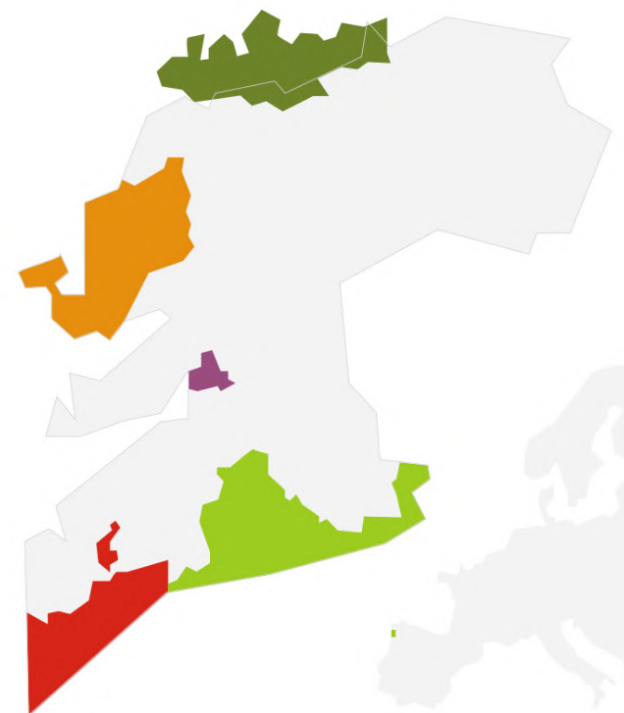
The Appellation of Origin known as D.O. Rías Baixas is a small wine-growing area located in the North-West of Spain, in the region of Galicia. Even though there is a rooted wine-growing tradition in Rías Baixas, it was not until year 1988, with the creation of its Governing Council, when the wine-growing sector acquired fundamental significance in the development of the economy of this territory. One of the determining factors has been the commitment to native varieties, specifically Albariño, resistant to the adverse weather conditions typical of this territory, which confer a genuine quality and origin to wines of a distinctively Atlantic nature.

Conditioned by the smallholding system typical of Galicia, this Appellation of Origin currently includes an area exceeding 4,100 hectares, distributed into 22,438 plots and more than 5,000 winegrowers. Viticulture in this area is characterised by the way grapes are trained using the trellising method, which determines that the pruning and harvesting tasks must be carried out completely by hand.

**The D.O. Rías Baixas appellation is comprised by five winemaking sub-areas:** Soutomaior, Ribeira do Ulla, Condado del Tea, O Rosal, Salnés. **Paco & Lola is situated in the Val do Salnés sub-area, in the D.O. Rías Baixas appellation.** It is the largest sub-area out of the existing five and also the one with the largest production.

According to the data on the latest harvest (2021), it has contributed almost 28.8 million kilograms out of the almost 44 million of the entire Appellation.

**This sub-area comprises the following municipalities:** Cambados, Meaño, Sanxenxo, Ribadumia, Meis, Vilanova de Arousa, Barro, Portas, Caldas de Reis, Vilagarcía de Arousa, O Grove, and A Illa de Arousa.





## ALBARIÑO GRAPE

Despite the dissemination of the legend supported by the author Álvaro Cunqueiro, which held that the Albariño grape was taken to Galicia in the 12th century by some monks belonging to the Cistercian order, scientific evidence points to the variety being native to Galicia. Recent studies carried out by Misión Biológica de Galicia, dependent on the Spanish National Research Council (CSIC), have concluded that this grape variety does not come from the area of the Rin, but it was already cultivated in Galicia in the Roman period. Fact is that the seeds found in the O Areal site, in Vigo, are morphologically similar to those of the star variety of Rías Baixas.

The conclusions of the research point out that the seeds found in O Areal – the only salt evaporation pond of the entire Roman Empire that has been preserved and turned into a museum – were very similar to those of the Albariño variety, which seems to indicate that in Roman times wild vines underwent a domestication process and that the origin of the cultivated varieties lies in those vines.

Nowadays, **it is the principal variety in the D.O. Rías Baixas appellation, but it is also the main variety in other Galician appellations**, such as Ribeira Sacra, Ribeiro and Valdeorras, and it is authorised in the D.O. Monterrei appellation. Our grape variety is included in the regulations of some of the Galician Protected Geographical Indications (known in Galician as IXP). In 2007, the Ministry of Agriculture also authorised the planting of Albariño in Catalonia, Castilla y León, and Cantabria.

**Over recent years, the variety has also experienced a significant growth overseas, which is why other countries are currently making wines using the Albariño variety.** In addition to Portugal, in which it abounds in the North-West of the country, there are plantations in France, the United States, Chile, New Zealand, Argentina, Uruguay, and even in Moldavia, Ukraine, or the United Kingdom, to name a few.

### 2.3 QUALITY RAW MATERIAL

**Paco & Lola** is catalogued in the D.O. Rías Baixas appellation, which is why our wines under this Appellation of Origin are made using the predominant variety: Albariño grape.

Our top-quality grapes are characterised by being a small-seeded, thick-skinned, and long-cycle variety (early sprouting and late ripening).

The grape from our sub-area (Val do Salnés) stands out from the rest because of its high acidity and minerality, added by the granite soil. Likewise, our land benefits from a high salinity, since most of our members' plots are not more than 150 metres above sea level, which confers a distinguishing character to our wines.

As regards its growing, it is an early sprouting and average ripening variety, with average-low production, and sensitive to different types of fungus that affect wine crops.

In oenological terms, it is a very terpenic variety, thus producing wines with a high oenological potential, generally with a high alcohol content and acidity, and floral and fruity aromas, such as apple, pear or peach – very tasty, fresh, and with a certain acid edge.

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## WE MAKE OUR WINES

### 3.1 OUR PRODUCTS

In a continuous process of revision and transformation in order to offer the best and most appealing wines to our customers, **Paco & Lola wines are targeted at people with diverse tastes, and they fit in different kinds of occasions.** The potential of the Albariño grape allows very distinct preparations depending on the fermentation, storage, types of containers, use of lees, longevity in tank or bottle, etc. Thus, we present below a selection of our main products according to their style.

#### INTRODUCTORY STYLE

Both for those uninitiated in the wine world and for those that are introducing themselves to the Albariño variety. Our specialities in this segment are the following:



**N°12:** Semi-dry wine with a light carbon hint, fresh, and sweet, to be served cold. To obtain this wine, the fermentation process is interrupted when residual sugars are over 12 g/l.



**Lolo:** Wine with a less marked acidity, and citrus and pip fruit aromas.





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## GLOBAL STYLE

Targeted at a public already initiated in the wine world and connoisseur of the characteristics of the variety and the area. Our specialities in this segment are the following:

### Paco&Lola: Our winery's flagship;

nose: white flowers, citrus, stone fruits, and light tropical aromas, also with balsamic notes. The fermentation takes place in stainless steel tanks, at a low temperature in order to preserve the aromas. Once alcoholic fermentation is completed, a first racking is carried out to remove thick lees. Subsequently, the contents of all the **Paco & Lola**-quality tanks are mixed so that the batch is homogeneous and the first and the last bottle of this brand are equal. At this point, the ageing with the fine lees starts, and it will last at least 3 months. This ageing will make the wine gain volume in mouth and be balanced and persistent.

**Follas Novas:** Profile with a marked typical quality, white flowers, and citrus and balsamic aromas. Salty hints on the palate and pronounced Atlantic character. For its preparation, we use free-run must that is fermented at a low temperature in stainless steel tanks.



## SPECIAL PREPARATIONS AND SMALL PRODUCTIONS

We make and market longer-aged wines and other different wines, such as:



**Albariño BRUT LOLA by PACO&LOLA:** Galician sparkling wine made from Albariño grapes, following the traditional method based on the manual harvest and selection of grapes from the vineyards in Val do Salnés.

A unique Brut aged for 24 months in riddling racks, out of which only 8,282 bottles were released to the market in 2021. The essence of Albariño in a floral, fresh, and fine- and creamy-bubble sparkling wine.



**Vintage:** This wine aged for five years is only released in those years in which the development has been exceptionally good. It is a commitment to the aged wines of the Albariño variety.

On the nose, its aromatic herbs, crystallised citrus skin, nuts, and mineral notes stand out. On the palate, it is balanced and luscious, with a long retronasal smell in which the aromatic herbs, ripe fruit, and salty and mineral notes can be noticed.

**Prime:** Part of the **Paco & Lola** mixture keeps ageing on its lees for at least 6 months, in addition to an ageing period in a bottle. The total ageing surpasses 18 months. It is a wine in which the balsamic, ripe fruit (citrus, apple), and white flowers notes are remarkable. On the palate, it is full bodied, and the minerals, the salinity, and the long retronasal smell stand out.





### 3.2 AWARDS AND ACCOLADES

**Paco & Lola** has obtained much recognition of its products in year 2021. The most significant ones are highlighted below:



#### Paco & Lola 2020

Award	Competition	Place
Gold medal	VinoSub30 International Competition	Spain
Gold medal	Guía de Vinos, Destilados y Bodegas de Galicia 2022	Spain

#### Paco & Lola Prime 2018

Award	Competition	Place
Gold medal	VinEspana	Spain



#### Paco & Lola Vintage 2015

Award	Competition	Place
Platinum medal	Decanter World Wine Awards	United Kingdom
'Gran Oro' medal	VinEspana	Spain
'Gran Oro' medal	Guía de Vinos, Destilados y Bodegas de Galicia 2022	Spain
Gold medal	Bacchus	Spain
Gold medal	Concours Mondial de Bruxelles	Luxembourg
Gold medal	Awards Zarcillo	Spain



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### Lola by P&L Espumoso Brut 2017

Award	Competition	Place
Gold medal+	Guía de Vinos, Destilados y Bodegas de Galicia 2022	Spain

### Follas Novas 2020

Award	Competition	Place
Gold medal	Mundus Vini Spring Tasting	Spain
Gold medal	VinEspana	Spain
Gold medal	Guía de Vinos, Destilados y Bodegas de Galicia 2022	Spain



### N°12 2020

Award	Competition	Place
Gold medal	Concours Mondial de Bruxelles	Luxembourg



### 3.3 PRODUCT QUALITY AND FOOD SAFETY



#### Q de Calidad certification

The 'Q Calidad Turística' guarantee label (certificate no. 04384/21) is a prestigious Spanish label intended for the voluntary certification of tourism services. In order to obtain this seal, you must prove compliance with the technical requirements set out by the standard and 'establish the satisfaction of the tourist or user of the tourism service as your organisation's priority goal, improve your organisation's response ability, and incorporate innovation as a key aspect, promoting the creativity of professionals'.

#### Compromiso de Calidad Turística

Furthermore, we have obtained the seal proving our Commitment to Tourism Quality (Compromiso de Calidad Turística, SICTED). This seal aims to support quality improvement projects in tourist destinations. It is promoted by the State Secretariat for Tourism (SET) and supported by the Spanish Federation of Municipalities and Provinces (FEMP), which works with tourism companies/services, including up to 32 different trades, with the ultimate goal of improving the tourist experience and satisfaction.



#### Galicia Calidade guarantee label

It is important to point out that we are also authorised to use the Galicia Calidade seal in all the brands made in our facilities (Albariño wines). Galicia Calidade (Certificate no. 15/33/088/01) certifies the quality of the products and that their origin and production is Galician. In our case, it is focused on the fact that all our grapes are under the D.O. Rías Baixas appellation.





## QUALITY AND FOOD SAFETY CERTIFICATIONS (BRC, IFS)

The Cooperative has certified IFS (Certificate no. ES129904-1) and BRC (Certificate no. ES112172-3) management systems since 2011, which back the quality of our wines around the world and guarantee the product's quality and safety for the end consumer, for which we have been certified obtaining the maximum score.

On a yearly basis, different food quality audits are conducted on all our products to guarantee their traceability and compliance with the highest standards. Given that we operate in the agri-food industry, we are extremely subject to our customers' and consumers' demands.

These are the ones who increasingly require us to have these labels to guarantee the product safety and quality, as well as the compliance with any legal requirement that may affect the production process and its subsequent marketing.



## MANAGEMENT OF SUPPLIERS AND ALLIES

The company has a supplier approval and assessment system in line with the requirements of the highest quality and food safety standards.

The grape suppliers belonging to the Cooperative (Members) or external partners must meet the requirements concerning traceability and filling out of Field Books with the performed treatments. Furthermore, they must be covered by the D.O Rías Baixas appellation.

The rest of suppliers are pre-assessed through the 'supplier assessment questionnaire' from which we obtain the main information about them (capacity, fitness of the product/service, allergens, etc.)

Subsequently, our suppliers are classified according to their compliance with the food safety and quality of the final product, distinguishing between high- or low-risk suppliers. Thus, the subsequent controls that must be carried out depend on such assessment.

The organisation requires specific controls for each supplier, depending on the product or service to be provided.

Furthermore, we have different controls for the suppliers of: most or wine in bulk, ancillary raw material (bottles, cork, capsule, stopper), gases, added products in the winemaking.



### 3.4 WE ARE COMMITTED TO INNOVATION

As a result of our historic commitment to constant innovation, we have developed and/or participated as members in the execution of regional, national and European innovation projects and other initiatives. Some examples of which are:



**21.252,94** € invested in  
2021  
IN INNOVATION PROJECTS

#### SMARTLABELS

Use of new printing technologies for the manufacture of smart labels. [AEI-010500-2020-177]

Goal: To develop and test new printing technologies for the manufacture of contactless smart labels.

The SmartLabels project is an inter-cluster initiative promoted by Catalonia and Galicia. The initiative is focused on developing and testing in a representative environment new printing technologies, specifically printed electronics and two-dimensional codes with invisible inks, for the manufacture of smart labels powered by contactless technology.

Smart labels allow us to add new features to products, thus contributing high added value, such as traceability in the supply chain (especially at the point of final consumption) and anti-forgery security systems, as well as consumer interactions (marketing). For this purpose, labels equipped out with built-in devices that minimise the impact on the final product design have been developed. Studies on printing technologies have been conducted, allowing to put thin-layered devices directly onto the original support of the label. In addition to the 'decorative' design of the label, we have added a print design and hybridisation of small passive electronic components. Both must be compatible and closely bound in order to obtain a product that retains its original distinctive characteristics and brings new value-added elements both for the producer and the consumer.

The project started in July 2020, ending in March 2021, with a total budget of €257,522, in which **Paco & Lola** participates contributing an amount of €28,399.94

## VIÑ@SOSTIBLE

Recovery of wine waste in the production of sustainable wines - [FEADER 2021/001A]

The project aims to assess fertilisation based on pruning waste and grape marc from wine-producing soils from the D.O. Ribeiro and D.O. Rías Baixas appellations, thus learning its effects on soil fertility, on productive vegetative growth balance, and on the wines produced as compared to the wines obtained using other usual fertilisation systems (organic and/or mineral fertiliser). It assesses the effect on the microbial diversity of the soil as a biotic factor that is essential for the development of a fertile soil and/or its biocidal capacity. The project also analyses the results through 'DeepLearning' and enters them into a technology application.

The general goal of the project is to assess the viability of obtaining highly sustainable quality wines, based on using by-products as soil fertilisers in the framework of a circular economy, and the development of technology tools that help to interpret the results.

The project started in June 2021 and is expected to end in 2023 with a total budget of €187,499 (80% grant), to which **Paco & Lola** contributes an amount of €34,522.90.

**Paco & Lola** participates in the project led by Viña Costeira SCG, along with the following entities: Estación de Viticultura y Enología de Galicia (EVEGA - AGACAL) and the University of Santiago (USC)

## MIGRATION AND IMPROVEMENT OF THE VIÑAS ATLÁNTICAS PLATFORM [IG240.2021.1.308]

In order to continue using and exploiting the SICOM platform developed in the framework of the Viñas Atlánticas project, it is necessary to host the current Platform on its own server, and to review and improve the code thereof on a new site to update and guarantee its proper operation, while implementing the necessary updates and improvements.

The main reason for this commitment to continuity is that the Platform is fundamental not only for technicians, but also for winegrowers, since: it allows winegrowers to digitally generate operational logs; it is provided with fungal disease prediction models that facilitate the decision-making process in phytosanitary inspections; and it offers a number of internal procedures, a notification system, and recommendations that facilitate communication between technicians and winegrowers.

Over recent years, **Paco & Lola**, according to its commitment to the digitisation of its members/winegrowers, has strived to promote the use of the platform and to provide training for winegrowers. At present, it is widely used by **Paco & Lola's** winegrowers, reaching, in the 2021 campaign, a usage rate of 95%.

The project started in December 2021, with a total budget of €14,950 (50% grant).

As regards the priority lines on which we are currently working for the definition in the medium-short term of new innovation projects, and in the framework of which we have submitted some projects for different competitions that are currently in the process of being assessed, we could mention the following:

- Assessment of new ageing systems for white wines.
- Sustainable strategy for the control of the green mosquito in vineyards.
- Sustainability and wine-growing resilience strategy through the implementation of polyclonal vineyards.
- Recovery of wine-growing by-products for the promotion of a circular production system.

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# WE HAVE A GREAT TEAM

## 4.1 OUR STAFF



Year 2021 has been marked by the situation of instability and uncertainty we had experienced in 2020 due to the pandemic.

However, and despite the constant changes in protocols and the atmosphere of general uncertainty, we have remained united and focused on our main goal: to make **Paco & Lola** an established brand recognised all over the world.

### EMPLOYEES

**28** IN 2021  
.....  
**29** IN 2020

**54%**  
MEN

**46%**  
WOMEN

In year 2021, the staff of the company is made up by 28 professionals, with a balanced presence of men and women.

It should be noted that, despite the situation of uncertainty and risk experienced in 2020, the staff has remained virtually constant throughout these years. During 2021, we managed to increase our market shares, thanks to a mutual and collective effort, adjusting ourselves at all times to the required conditions and minimising the risks that may be caused by the pandemic.

The average age of our staff is 38 years, most of our team being between 30 and 45 years old (53.6% of the personnel), which provides an experienced staff but leaves room for achieving internal growth and meeting our next challenges.

#### BY GENDER AND AGE

AGE	WOMEN	MEN	TOTAL
Under 20	-	-	-
Between 20 - 29	5	1	6
Between 30 - 45	6	9	15
Over 46	2	5	7

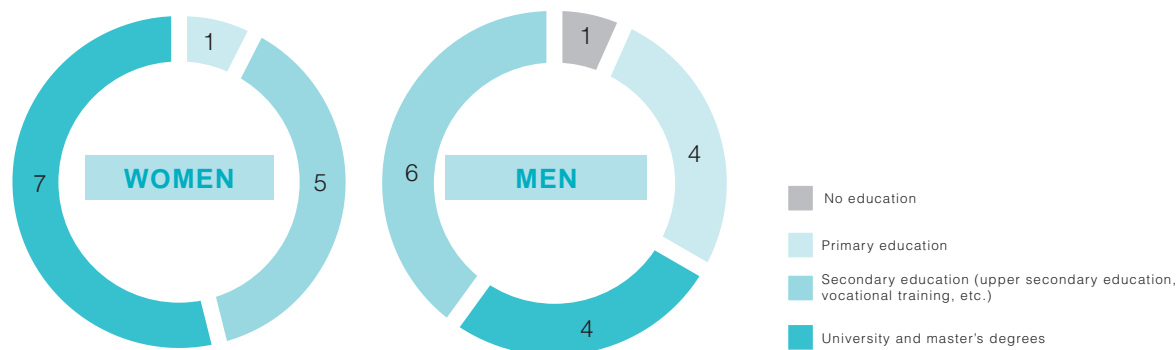
#### 4.1 OUR STAFF

We seek that our team takes the highest possible level of refresher training in order to make our company a competitive organisation with a top-quality product.

For this purpose, we offer, on an annual basis, a training programme to our entire team, including both the training needs detected by them or their managers and those derived from changes of a regulatory, technology or other nature that may involve an opportunity for the organisation.

Likewise, we encourage the professional enrichment of the people who make up the **Paco & Lola** team, through in-house grant programmes intended to subsidise specific training, subject to prior request and approval.

#### EDUCATION LEVEL



The company monitors all its professionals as concerns their training, in order to differentiate specialities in the positions in the departments. Furthermore, the organisation facilitates employees' access to training. **Paco & Lola** offers its staff training related to their position. Besides, as regards occupational health and safety management, training is periodically given to all the employees.

## DISTRIBUTION OF THE STAFF AS PER AGE AND GENDER

SENIORITY	WOMEN	MEN	TOTAL
From 0 to 1 year	0	1	1
From 1 to 3 years	7	4	11
From 3 to 5 years	2	5	7
From 5 to 7 years	1	4	5
From 7 to 10 years	2	0	2
More than 10 years	1	1	2

Women are more present in the seniority range between 1 and 3 years, while men are more representative in the ranges from 3 to 10 years. This reveals the inflow of female talent into our staff over the past years.

TYPE OF CONTRACT	WOMEN	MEN	TOTAL
Contract for a specific project/service	0	0	0
Temporary full-time contract	0	1	1
Temporary part-time contract	0	0	0
Permanent full-time contract	12	13	25
Temporary part-time contract	1	1	2

In our staff, the permanent employment contract is the most present (89.2%) with respect to the total staff, existing a balance between men and women. And there is only one temporary contract. As for permanent part-time contracts, there is also a balance between men and women.

This evidence does not reflect a discriminatory imbalance.



## 4.3 FOCUSED ON THE HEALTH AND SAFETY OF OUR TEAM

In the Cooperative, we care about the health of the people making up our team and thus, **we aim to improve their quality of life on every level.**

Our accident rate levels are way below the average numbers in the sector, with zero rates as regards INCIDENTS, FREQUENCY, AND SEVERITY over the past two years

	2020	2021
Accidents involving leave	0	0
Accidents not involving leave	1	0

## 4.4 GENDER EQUALITY

In **Paco & Lola**, awareness about the right to equal treatment and opportunities for women and men is very important. This is why, in February 2020, an Equality Committee was created in our organisation, which is in charge of drafting the Equal Opportunities Plan of our company, thus complying with the Organic Law 3/2007 of 22 March for effective equality between women and men.

Such plan was registered at the REGCON (Consellería de Economía, Empleo e Industria) in November 2020 under resolution number 36/11/0191/2020.

Likewise, we continue reviewing and drafting all our documentation, adjusting it to an inclusive language.



# WE CONTRIBUTE TO THE ENVIRONMENT



Comprehensive sustainability is nowadays a requirement for companies in all sectors, and thus, also for those in the agri-food industry. For this reason, the Ministry of Agriculture, Fisheries and Food (MAPA) has designed and made available for the sector a set of tools for the promotion of Comprehensive Sustainability in the food industry, with the aim of improving the competitiveness of the industries comprising the Spanish food sector by enhancing their sustainability level in its three spheres: economic, environmental and social.

Our Cooperative has been listed in the Register of Food Industries Adhered to the Comprehensive Sustainability Decalogue since February 2018.

This marked a significant milestone in our commitment to the environment and sustainability and entailed the inclusion of environmental criteria into our processes and strategic decisions.





## 5.1 COMMITTED TO THE ENVIRONMENT

In **Paco & Lola** we work with the soil and for the soil, seeking the maximum return with the minimum impact on our ecosystems.

### ENVIRONMENTAL MANAGEMENT SYSTEM ISO 14001 (Certificate no. ES132204-1)

We have a certified Environmental Management System since year 2018. Through our Environmental Management System, we aim to control the direct and indirect impact of our activities throughout the Life Cycle of our product. We have obtained in 2018 the backing of Bureau Veritas through the certification of our Environmental Management System according to the international standard ISO 14001:2015.



### WINERIES FOR CLIMATE PROTECTION (Certificate no. 23-2019/4)

Given the characteristics of our sector, closely linked to the soil and to climatology changes, we are among the most vulnerable as regards climate change. This is why, since 2019, **Paco & Lola** premises have been part of the Wineries for Climate Protection initiative. This certification given by the Spanish Wine Federation aims to improve the effectiveness of each winery's processes, making them more sustainable and profitable.



### REGISTERED CARBON FOOTPRINT CERTIFICATE (Carbon Footprint Code 2022-a 1167)

We have measured and registered our carbon footprint for financial year 2020 at the Register of carbon footprint, offsetting, and carbon dioxide absorption projects of the Ministry for the Ecological Transition and the Demographic Challenge.



## 5.2 ENERGY AND ENVIRONMENTAL IMPROVEMENT PLAN

We have a 2018-2021 Environmental Improvement Plan for our main environmental impacts.

This plan is annually monitored by the Management.

### ELECTRICITY

To reduce electricity consumption by at least 20.01% with respect to base year 2017. With the same production volume, the established target is not to exceed 446,569 kWh.

### WASTE

To reduce by 10% the annual amount of packing waste from the phytosanitary products managed by the company associated to the Cooperative, as well as a 10% reduction of plastic waste.

### FUEL

To reduce vehicle consumption by 3%. A hybrid vehicle was acquired in 2020 for the commercial tasks of the company.

### WATER

To reduce water consumption by 15%, with respect to base year 2017, by 2021.

### CARBON FOOTPRINT

To reduce it by 20% with respect to base year 2017, expecting at least a 5% reduction each year as compared to the previous one.

100%  
RENEWABLE-  
SOURCE  
ENERGY

Our main environmental sustainability challenges involve a better use of natural resources, including energy resources. For this reason, Energy Efficiency is one of our main cores in the 2018/2023 Environmental Improvement Plan.

Main energy efficiency measures implemented in our premises during 2020-2021:

- Motion detectors in the press room
- Change of lights to low-consumption technology
- Heat storage units
- Water ultrafiltration
- Storage tank
- Insulating lining of cold water pipes in the cellar area



### 5.3 CONSUMPTION INDICATORS

We control our consumption and our environmental aspects, both direct and indirect, throughout the Life Cycle of the company. Our main environmental ratios and their development are shown below.

2020

**510.307**

ELECTRICITY CONSUMPTION (kWh)

**590.237**

2021

2020

**11.106**

FUEL CONSUMPTION (L)

**12.120**

2021

2020

**1.594**

SUPPLIED WATER CONSUMPTION (m³)

**2.181**

2021

2020

**2.065**

CHEMICAL PRODUCT CONSUMPTION  
(Kg SO<sup>2</sup>)

**1.981**

2021

2020

**2.667.740**

BOTTLE CONSUMPTION (U)

**2.303.918**

2021



## 5.4 CIRCULAR ECONOMY

Circular economy is other sustainability element on which our winery is starting to work. We are currently in the process of identifying potential projects for the following:

- Reduction of the waste derived from our production process.
- Recovery of the generated waste so it can be used for new purposes, either in-company or through synergies and/or partnerships with external agents.
- Additionally, inclusion of materials resulted from the recycling process in the parts of our process where this may be possible according to the current regulations and guidelines on food safety.

As an example of what we have actually attained in this sense, we have established an external partnership for the production of our raspberry liqueur, made of the marc discarded from the production process of our wines and fresh raspberries macerated for three months, and we also conduct agronomic tests for the recovery of marc and stem, and their use as organic fertiliser (viñ@SoStible project).

## 5.5 REDUCTION OF THE IMPACT ON OUR ECOSYSTEMS

In our Viticulture Department we strive every day to reduce the environmental impact of our activity on the land where the sites of our Cooperative members are located.

Thus, on an annual basis, training actions are offered to our members, aimed at their specialisation in the production process of the Albariño grape as well as in vine care from an approach of respect for the ecosystem. All our winegrowers hold the Phytosanitary Product Handler/Applier Licence, the obtaining of which requires the completion of specific training and the successful completion of a test assessing all the acquired knowledge.

Our Viticulture Department also conducts a regular diagnosis on the nutrient status of the soils of our members. Based on such analysis, a specific action plan is prepared to improve their performance in a natural way. Thus, it achieves to minimise the use of fertilizers and to improve the productivity of the wine-growing plots of land.

In **Paco & Lola**, in coordination with other wineries/winegrowers, we work on a project to control in a more efficient way the lobesia botrana (grapevine moth). It aims to avoid the use of insecticides by using sexual diffusers on wine-growing ground, in order to minimise the impact of lobesia. This way guarantees optimum control over this plague and a reduction of the environmental impact on wine-growing areas, avoiding the indiscriminate use of pesticides..



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## WE ARE COMMITTED TO OUR SURROUNDINGS

### 6.1 PARTNERSHIPS WITH A POSITIVE EFFECT ON SOCIETY

**Paco & Lola** also stands out for its partnerships with different sports associations of the region, whose significance goes beyond marketing, as well as many with many cultural associations with which it collaborates, thus preserving and maintaining traditions and roots.

In the cultural sphere, it is important to highlight that the winery sponsors Fundación Manolo Paz and also collaborates with different cultural events and music and film festivals; regarding the latter, it should be noted its partnership with the Audiovisual Galician Academy, being the main sponsor of the Mestre Mateo awards to excellence in Galician audio visual productions.

**Paco & Lola**, according to its purpose of improving the society in which it operates through different social and/or charity activities, has participated in the following initiatives during 2021:

#### AECC CHARITY BOTTLE

In **Paco & Lola** we colour ourselves pink to support a good cause: fight against cancer.

**The polka-dot label of Paco & Lola's Albariño changes its colour in support of the AECC.**

This initiative aims to strengthen our commitment to all the people affected by this disease. When purchasing this wine, consumers will be contributing one euro to the fight against cancer. Our partnership aspires to go beyond raising money; this campaign is targeted at consumers, at all the Cooperative members and at the staff, which is why the winery has set up awareness sessions to raise awareness about the importance of the early detection of this disease.

In addition to this specific collaboration, our company actively collaborates with the Spanish Association Against Cancer (AECC) throughout all year, being its main partner in many of the activities organised by it, principally from its office in Pontevedra, and with other associations related to the cause. For example:

- **Collaboration in the Charity Golf Circuits in support of the AECC**, organised by the provincial office of the AECC in Pontevedra.
- **2<sup>nd</sup> series of The Boxing Event:** a boxing soirée in which 'brave' companies participate to give visibility to the fight against child cancer. This charity event, held in Florida Retiro hall in Madrid, aims to raise funds through companies' donations and through the sale of **Paco & Lola's** Albariño bottles, charity series. Eventually, more than 6,000 euros were raised in the event, which were donated to the Asociación Infantil Oncológica de Madrid (ASION) association.



## 6.2 PARTICIPATION OF PACO & LOLA IN EVENTS

We seize our participation in different kinds of events to bring our target customers closer to the products we make and to make known who we are, what we do, and where we come from.

Our attendance to this type of events is a way to be in touch with our consumers and make our brand human. We sponsor events that fit in with our values and share our philosophy. We collaborate in an active way to develop actions that connect with the attendees, thus making our presence appealing and memorable. Consumers want to be part of the brand, feel closeness, know our history.

## 6.3 PROMOTION OF SPORTS ACTIVITIES

This year, once again, we continue collaborating with different sports entities in our region, providing economic resources to tournaments and various clubs.

Among them, we can cite the sponsorship of the basketball tournament EncestaRías held in Vilagarcía de Arousa and carried out by Agrupación Deportiva y Cultural EncestaRías.

Additionally, we collaborate, on a yearly basis, with different sports clubs involving various sports, such as football (Unión Deportiva Dena) and handball (Asmubal Meaño).



## 6.4 APPLICATION OF THE TRAINING AND COOPERATIVE PROMOTION FUNDS

Pursuant to the provisions set in article 47.2 of our articles of association 'the Training and Cooperative Promotion Fund (FFPC) cannot be distributed among members and must be used, in accordance with the core principles established by the General Assembly, for activities that fulfil any of the purposes established in the second section of article 68 of Law 5/1998 on Galician Cooperatives'.

In year 2020, the General Assembly's Meeting for Accounts that would approve the basic courses of action to apply the Training and Cooperative Promotion Fund (FFPC) could not be held. Thus, the Governing Board assumed such responsibility, also assuming at the same time, by virtue of RD 15/2020, the responsibility for charging against the FFPC the expenses that allowed to keep the health crisis at bay or helped to palliate its negative effects.

The application of this fund, which in 2021 had an initial allocation of €61,314, was used both for the provision of training to our staff and our members, as well as for taking measures related to regulatory compliance (Equality Plan). Likewise, part of it was used to make purchases/investments aimed at palliating the effects of COVID-19 on society and, particularly, on our members and our staff. In total, 25,947 euros were used from the Training and Cooperative Promotion Fund in year 2021.

## 6.5 WE TAKE CARE OF OUR MEMBERS DURING THE GRAPE HARVEST

The anti-COVID measures have been implemented before the state of alert was declared. **Paco & Lola** has been the first winery in Spain to obtain the Excellence category in the Bureau Veritas' Global Safe Site certification (Certificate no. ES123988-1), which proves our good practices against COVID-19.

Since the COVID-19 outbreak, we have been preparing for a different grape harvest process, guaranteeing the best health and safety practices and allowing us to minimise contact among people, making sure everybody keeps the safety distance at all times.

This way, the following controls have been established:

- All our members have received a video containing an explanation of the arrival process at our premises and instructions for the grape unloading.
- Upon arrival, all our members go through a hand sanitising and temperature measuring point, which gives them access to the winery premises.
- Once inside, they are greeted by the traffic operator and the unloading operators, who explain to them how to proceed.
- We have enabled a safe point in which our Cooperative members can have first-hand and real-time access to all the information about the unloaded grapes: no. of boxes, kg weighted, strength, etc. The information is accepted by the member as an essential element before proceeding to register it.
- Safe points are sanitised by our staff between the unloading and weighting processes of each Cooperative member.

In addition to the health and safety measures implemented, significant technology advances have been made, supporting the measures listed above. Thus, an interphone has been arranged in the safe point, from which our members can communicate with the line operators during the grape unloading operation. Plus, touchscreens have been installed, on which members can observe the different data related to the grapes (weight, strength...) in order to avoid physical delivery notes, which, once the information is approved by the member, will be sent via Telegram or email as a receipt, thus eliminating paper records.



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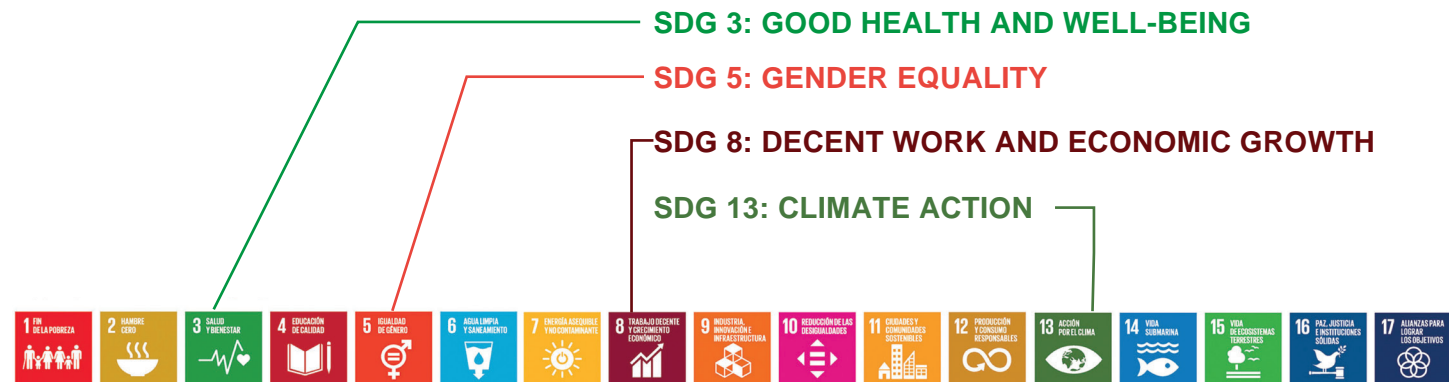
ENVIROMENT

# 7 WE ARE PREPARING OURSELVES FOR THE FUTURE

Year 2021 has been a turning point for our winery and our management model. The outbreak of the global pandemic has entailed important changes in consumption models, work environments, leisure alternatives, etc. All this has significantly affected, although not necessarily in negative terms, our organisation.

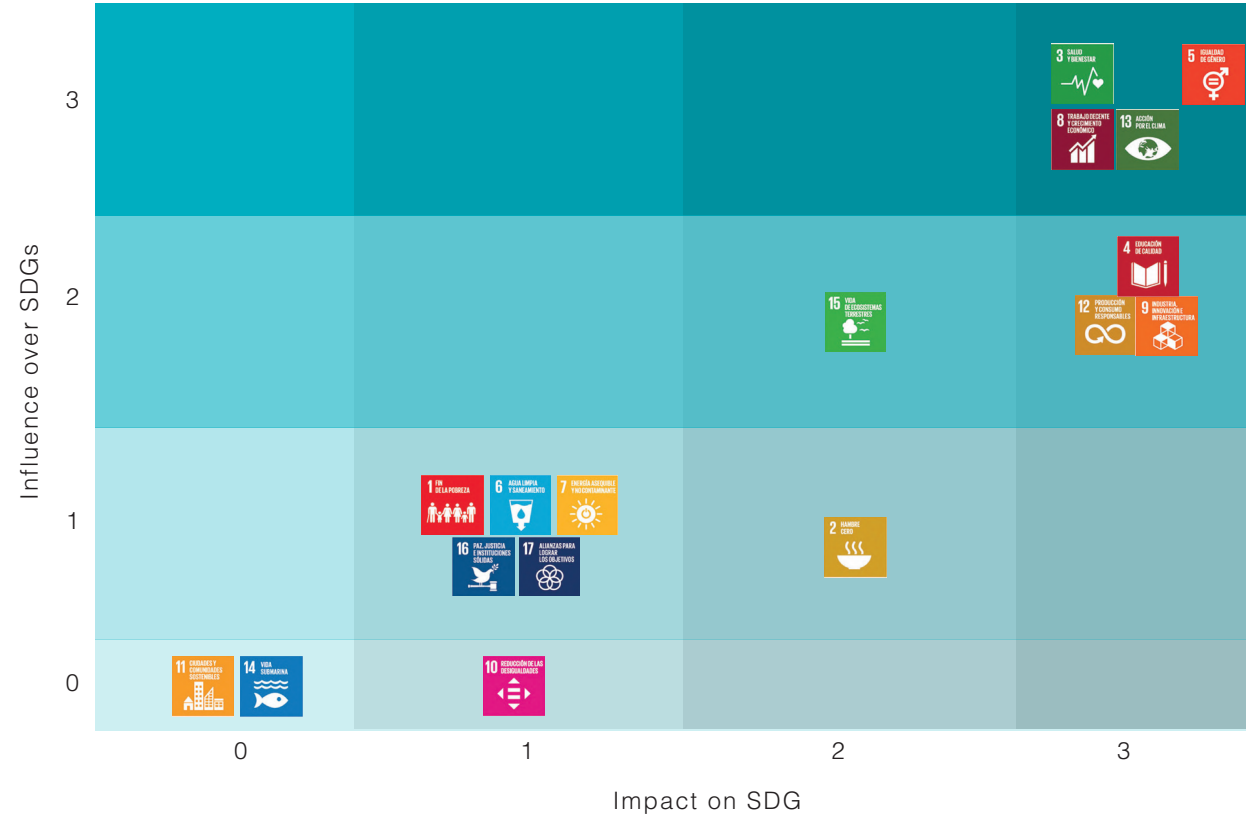
During financial year 2022, we have continued to develop the Future Project, which will indicate us the path to follow over the next three years, as well as the road map to take **Paco & Lola** to the place where we want to position our Cooperative within the next 5 to 10 years. In this path, we are sure that we will maintain the essence that has always characterised us and deepen in the challenges that are currently affecting both our society, in general, and our sector, in particular.

This way, our new Future Project will be within the framework of United Nations 2030 Agenda and our particular collaboration for the achievement of the Sustainable Development Goals (SDGs), putting special emphasis on those assessed as significant given our activity and business model.



In the process of implementing a new CSR management model focused on Sustainable Development Goals, the company has identified, through an analytical and quantitative method, the relative significance of the different SDGs for our organisation

According to such model, quantitative parameters have been established to ascertain the significance of SDGs for our organisation, assessing the impact each SDG may have on our organisation, as well as the influence of our company to affect the result of the SDGs on any level, from locally to internationally. After such assessment, the company has considered the following SDGs to be significant, with an impact over 6 points in our scoring system and the result of which is presented in the following figure:



For each of the SDGs that are significant to our company in 2020/2021, specific Improvement Goals have been established, which are detailed below and the monitoring of which will be conducted by our Improvement Committee on a regular basis:



## DESCRIPTION OF THE SUSTAINABLE DEVELOPMENT GOAL

Ensuring a healthy life and promoting the well-being for all at all ages.

Maintaining the universal, public, and free nature of the health system, as well as guaranteeing its sustainability, is one of the goals: the universal nature of the public health system. R&D&I policies are key elements to support the definition, the development and the implementation of health and social policies.

### 2021-2023 GOALS

1. Establishing and making available medical insurance for our employees and members
2. Improving our employees' health through specialised medical services such as physiotherapy
3. Guaranteeing the continuing operation of the winery through exhaustive anti-COVID protocols
4. Detecting, improving, and monitoring the pandemic impact on the mental health of our employees
5. Fostering local sports and a healthy lifestyle among young people in our area

### 2021-2023 GOALS

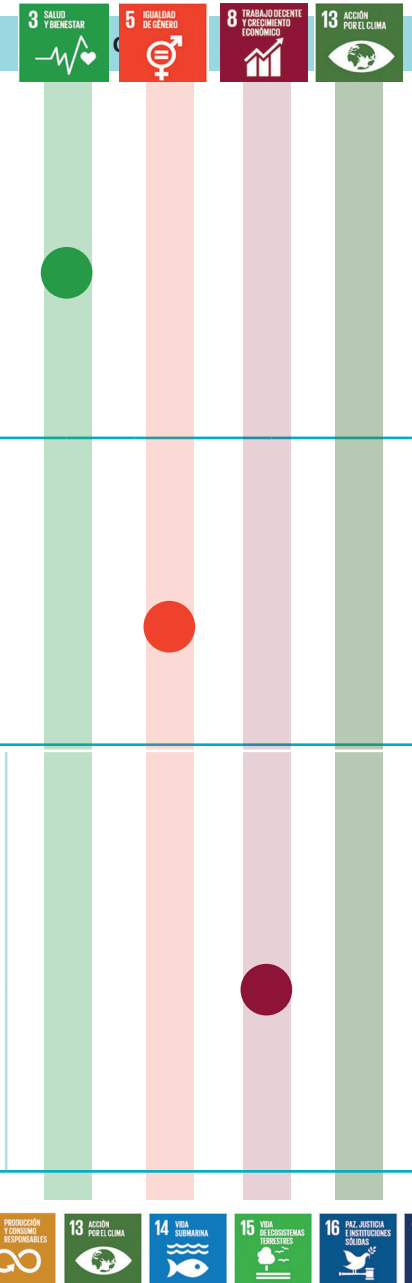
1. 0 harassment complaints
1. Having a staff that is sensitised to equal opportunities
1. Implementing the use of inclusive language in official documents

Promoting sustained, inclusive, and sustainable economic growth, full employment, and decent work for all.

SDG 8 is directly related to the labour and economic sphere. It aims to improve labour conditions and to increase labour productivity, to reduce the unemployment rate, especially for untrained young and elderly people, and to improve access to financial services and benefits. These are essential components for an inclusive economic growth and they are the main targets of this goal. You cannot conceive an improvement in people's living conditions without addressing sustained, inclusive and sustainable economic growth, without productive employment and decent conditions

### 2021-2023 GOALS

1. Sustained economic growth
2. Fostering of internal promotion
3. New actions to promote local proximity products



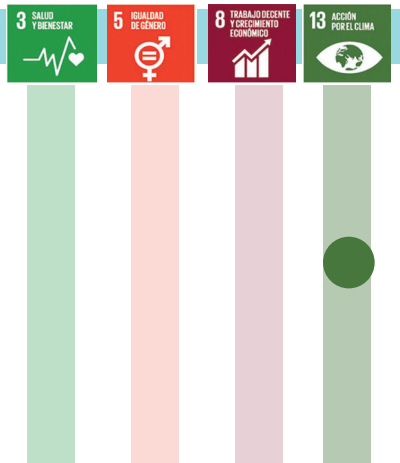
## DESCRIPTION OF THE SUSTAINABLE DEVELOPMENT GOAL

Although greenhouse gas emissions are projected to drop about 6% in 2020 due to travel bans and economic slowdowns resulting from the COVID-19 pandemic, this improvement is only temporary. Climate change is not on pause. Once the global economy begins to recover from the pandemic, emissions are expected to return to higher levels.

Saving lives and livelihoods requires urgent action to address both the pandemic and the climate emergency

### 2021-2023 GOALS

1. Reduction of the carbon footprint by incorporating renewable-source energies into our premises
2. Reduction of water consumption related to cleaning operations in our premises
3. Search of alternatives to the traditional fertilising methods through vermicompost obtained from the recovery of winemaking by-products (grape marc)



For each of the established goals concerning the company's alignment with the SDGs, performance indicators are set out, which will be revised at least once a year as part of the monitoring of the company's management systems.





## ABOUT THIS REPORT

This CSR Annual Report issued by the winery **Paco & Lola** is the first of its kind prepared by the company.

For its preparation, **we have used as basis the CSR Management System standard aligned with Bureau Veritas' Sustainable Development Goals (Rev 0\_Septiembre 2019).**

**The SCOPE of our** CSR management system and thus of this report is the following:

- Activity: Making and marketing of D.O. Rías Baixas wines using 100% Albariño grape (still and sparkling)
- Stages of the Life Cycle: A global scope has been considered for the total stages of the organisation's Life Cycle.
- Territorial scope: It comprises its own premises (Valdamor 18, Xil - Meaño, Pontevedra)

**REPORTING PERIOD AND FREQUENCY:** This report refers to financial year 2021. The company issues performance reports with regard to the Sustainable Development Goals on an annual basis.

**MANAGEMENT MODEL:** The management model established in our organisation to meet the requirements of the mentioned standard is integrated into the existing and certified Quality Management, Environment, and Food Safety System.

**CENTRES INCLUDED IN THE SCOPE:** For the scope of this management system, one single work centre is defined (the winery and the offices), located in Valdamor 18, Xil - Meaño, Pontevedra.

**OTHER MATTERS REGARDING THE SCOPE:** The SDG Management System is intended for all the processes of the company.

**The main raw materials of our production process (grape) come from our Cooperative members, which is why the production process is exhaustively controlled.**

Likewise, **the organisation has established controls on suppliers** and subcontractors which are defined in the corresponding procedures of its Integrated Management System.

## INTEGRATED MANAGEMENT POLICY

By establishing this system, COOPERATIVA VITIVINÍCOLA AROUSANA, S.C.G. aims to:

- Obtain the required quality for our products.
- Promote sustainable development and be transparent as regards our performance in this sense.
- Strengthen our commitment to meet the applicable regulations on quality, food safety and food hygiene, environment and occupational health and safety management, assuming our responsibility to customers and other stakeholders, as well as our commitment to prevent environmental pollution.
- Meet the requirements and expectations of our stakeholders.
- Provide safe authentic products that meet all the legal regulations applicable.
- Focus all our activities on one continuous improvement in the hygienic conditions of our winery and our wine quality standards, and provide a safe work environment for all the staff linked to the company.
- Be provided with a Food Defence System properly documented and implemented, checked on an annual basis, including the Policy, which will ensure protection against any sabotage or malicious adulteration of our products, from the personnel processes to the delivery of the product to the customer.
- Engage and get all the staff involved in the Improvement of the System by establishing training plans adjusted to the specific needs of each department, and, on an annual basis, in Food Defence.
- Promote, through carefully devised Training Plans, the staff's engagement and motivation for the purpose of getting them to participate in the management, development, and implementation of the Quality, Defence and Food Safety System, also making sure that the entire staff are aware of the importance of their good practices to contribute to the innocuousness of the produced products and reporting any suspicious activity regarding our safety measures or safety incidents occurred.
- Make the most of resources to continuously improve our quality ratios, guaranteeing the safety of our products, always firmly committed to the respect for the environment, and promoting the sustainable use of natural resources.
- Provide the resources required for the design, implementation, and continuous improvement of the management system.
- Assume our responsibility in the sensitising of all the stakeholders to the care of and respect for the environment during the performance of all our activities.
- Guarantee our ethical commitment in each procedure related to our suppliers, customers and every person related in any way to our company.
- Actively communicate to all our stakeholders the importance of complying with the procedures for the achievement of the goals, as well as of the consequences in case of breaches, the strategic goals, and the Integrated Management System goals being aligned at all times.



# PACO & LOLA

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