



## **B Lab Statement on Montes Wines's B Corp Certification**

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for companies operating in or selling to the prison industry, including companies utilising prison labour:

B Lab and its independent Standards Advisory Council have determined that companies operating in the prison industry are ineligible for B Corp certification. In addition, companies in the U.S. and Canada who sell to prisons, including companies that use prison labour, are placed under an indefinite certification moratorium and are not eligible for B Corp Certification.

B Lab and its independent Standards Advisory Council have determined that, outside of the U.S. and Canada, companies selling to the prison industry, including companies using prison labour, are eligible for B Corp Certification if they have not engaged in specific prohibited practices in the last five years AND are meeting additional industry specific practice requirements.

As a Certified B Corp that utilises prison labour, Montes Wines is required to disclose a summary of how it complies with these industry requirements. For more information on the specific requirements, please refer to B Lab's statement on companies operating in or selling to the prison industry [here](#).

### **Summary of Company**

Montes S.A. is a privately held corporation, a diversified wine company, operating in Chile through Montes Wines and in Argentina through Kaiken Wines. Montes S.A. also owns two distributors, Premium Brands in Chile and Ley Seca in Argentina. In Chile, they have three operations in the O'Higgins Region, in the municipalities of Chimbarongo, Marchigue, and Santa Cruz, where their fields, wineries, and production facilities are located.

Montes Wines has a #PositiveImpact initiative. This strategy entails establishing various collaboration agreements with local entities such as schools, neighborhood associations, sports organizations, among others. As part of one of these agreements, Montes Wines partnered with the local penitentiary to support the social reintegration of individuals in prison or leaving prison.

In March 2022, the company signed a Collaboration Support Agreement with the Penitentiary Compliance Center of Santa Cruz, based on Supreme Decree No. 518 of the Regulations for Penitentiary Establishments and Decree No. 943 for the Regulations Establishing a Labor and

Training Statute for Penitentiary Work, both issued by the Ministry of Justice and Human Rights of Chile. To this day, Montes Wines has employed 14 individuals as part of this initiative between 2022 and 2023.

## **Montes Wines' Disclosure on Prohibited Practices**

*Companies selling to the prison industry, including companies using prison labour, that have engaged in the following practices in the last five years, as demonstrated through company disclosures or through material, justified, and unresolved stakeholder concerns, are currently ineligible for B Corp Certification:*

- *Companies that contribute to the construction of new prisons or supply products and/or services designed to restrain or subdue people who are incarcerated, inflict harm or potentially used to inflict harm on people in prisons or other individuals, etc. are currently ineligible for B Corp Certification.*
- *Companies engaged in any form of lobbying or policy advocacy that directly or indirectly support mass, or increasing rates of, incarceration or prevent reform attempts to reduce incarceration. This includes membership, Board involvement, or funding of industry associations that engage in such lobbying activities.*
- *Companies with material, justified, and unresolved complaints about product quality, product price and/or work conditions for people in prisons.*

Montes Wines does not engage in any form of lobbying or policy advocacy that directly or indirectly support mass, or increasing rates of, incarceration or prevent reform attempts to reduce incarceration. The company does not have any material, justified, and unresolved complaints about product quality, product price and/or work conditions for people in prisons.

## **Required Best Practices - Companies Selling to the Prison Industry, Including Companies Using Prison Labor**

*In order to be eligible, companies selling to the prison industry, including companies using prison labor, must be able to demonstrate that they have the following practices in place and disclose them on their B Corp Profile:*

1. *A transparent mechanism to measure the impact of its products, services, policies and/or activities on reducing recidivism and outcomes for people in prisons and proof of positive impact deemed rigorous as a result of, for example, third party assessment and/or existing primary research.*

The Ministry of Justice and Human Rights of Chile has a Social Reintegration Program aimed at contributing to the country's public safety by reducing the probability of recidivism among individuals nearing the completion of a custodial sentence. The intervention is aimed at reducing the risk of recidivism by improving the social and employment integration of individuals with

criminal records through psychosocial support, job skills development, training, and job placement intermediation.

The program includes seven centers: Arica, Antofagasta, Valparaíso, Santiago, Rancagua, Talca, and Concepción. It envisions the ongoing maintenance of 540 service slots and aim to benefit 756 users.

According to a recidivism study conducted by the [Correctional Service in 2013](#), 20.7% of the prison populations released by the Correctional Service in 2010 - across all its subsystems - reoffended with a new conviction within the following 24 months, with no significant differences between men and women. Young people (aged 19 to 29) exhibit higher levels of recidivism, which significantly decreases in the population over 50 years old. The same study indicates that individuals who gradually transition into the community after incarceration have lower recidivism rates than those serving custodial sentences (39.5%).

In December 2013, an amendment to [Law No. 18.216](#) came into effect, and starting in 2014, GENCHI's Social Reintegration programs in various subsystems began to progressively incorporate the Risk, Need, and Responsivity Model (hereafter RNR) as a comprehensive framework that theoretically underpins the intervention and defines the strategy through which the program addresses the issue of recidivism.

In [studies conducted by Chilean authorities](#), it was identified that integration programs targeting individuals close to ending their sentence contribute to reducing recidivism. Data shows that the average recidivism rates is 38.3%, while this rate is of 21.1% among those in intervention programs.

Specifically, in the Montes Wines Social Reintegration Program, since 2022, 14 individuals in prison have worked in various tasks under the same working conditions, with a contract, salary, schedule, and health benefits as employees outside prison. To date, two individuals, once their sentences were completed, have continued working at Montes Wines.

2. *A public stance against mass, or increasing rates of, incarceration and other material issues related to the prison industry, approved by the highest level of governance (e.g., Board of Directors) within the company, and a commitment to making efforts towards collective action and/or engagement with stakeholders, focused on improving how people who are incarcerated are viewed and treated before, during and after incarceration.*

In alignment with the requirements and principles stated in B Lab's position statement for companies that work with prison suppliers, Montes Wines has the following philosophy in regards to mass incarceration, collective action and government affairs. The philosophy statement reads as follows:

*Under our #PositiveImpact Policy, at Viña Montes, we firmly believe that companies have the responsibility to contribute positively to society. In this vein, we encourage conditions for the social reintegration of individuals deprived of liberty through the provision of dignified employment under the same conditions as any other worker (contract, salary, hours, days off, health coverage, among others). We are committed to contributing to the construction of a fairer and more humane system and we oppose mass incarceration.*

*The penitentiary system in Chile operates under the custody of the Chilean Gendarmerie, which is part of the Ministry of Justice and Human Rights. Montes Wines does not engage in activities that promote and/or endorse any particular political party, nor do we participate in lobbying with any public entity. We also do not provide expert advice or use resources to influence decision-making processes for our own benefit.*

Montes Wines has a public statement posted on their website, within their latest [Sustainability Report](#) (page 62), which is validated and approved by their Chief Executive Officer.

- 3. Public disclosure detailing the company's approach to government affairs, inclusive of lobbying/advocacy and political activities. This should include disclosure of the material issues that the company lobbies/advocates for, their trade associations, and the controls they have in place in regards to political contributions, lobbying/advocacy on the company's behalf, revolving door policy, political contributions and donations.*

Montes Wines is a member of Wines of Chile A.G, Colchagua Wines A.G, National Tourism Service of Chile, Regenerative Viticulture Association, The Wine, Climate Change and Biodiversity Program, and Wine in Moderation.

The company does not lobby or advocate for any policies or issues related to the prison industry, nor is it a member of any trade association directly or indirectly associated with the prison industry in Chile or the world.

- 4. Policies and practices to address the concerns of mass, or increasing rates of, incarceration and the prison industry in other aspects of its operations, including its charitable efforts, fair chance hiring practices, customer screenings, affected stakeholders incorporated in governance structure, etc.*

Per their [#PositiveImpact Policy](#), Montes Wines commits to “act with the highest standards of ethics, integrity, transparency and fairness; Avoid any situation that presents a potential conflict of interest or undermines free competition; Implement due diligence to identify, assess, and manage current and potential risks”. As well to “Reject and establish barriers that prevent child labour and forced labour”

The company offers opportunities for individuals to contribute to their reintegration into society. Their Diversity and Inclusion Policy declares to act without distinctions of any kind.

## **Required Best Practices - Companies Using Prison Labor**

1. *Company conducts an application process where workers express interest in the specific work opportunity and each worker receives and signs a standardised consent form from the enterprise indicating that they agree to work. The form indicates the wages and conditions of work.*

For an individual in prison to postulate and access work opportunities, they must meet the requirements, which are regulated by Supreme Decree No. 518 and Decree No. 943. In addition, each worker gains access to a job placement program, their case is reviewed by the Technical Council of the correctional facility, and the most suitable person for the job position is selected.

The company communicates job vacancies through the technical counterpart of the Regional Directorate of Gendarmerie of Chile in the O'Higgins region. All individuals accepting the job position sign a consent form that indicates wages and work conditions.

According to Decree No. 518, Article 94, which governs the agreement, the selected individual may decline to participate in the local reintegration program as well as the job offer without facing any disciplinary consequences.

2. *The conditions of work the enterprise offers are similar to work outside the prison, namely:*
  - a. *Wages and any deductions are made transparent and are comparable to those of free workers with similar skills and experience in the relevant industry or occupation, taking into account factors such as productivity levels. Costs the enterprise may incur for prison security supervision of the workers should not be borne by workers.*
  - b. *Workers receive clear and detailed wage slips showing hours worked, wages earned and any deductions authorized by law for food and lodging. Wages are paid directly to workers, when possible. In cases where local laws prohibit direct payment of wages, companies must have systems in place to guarantee that workers receive wages as intended.*
  - c. *The daily working hours are in accordance with local law for free workers.*
  - d. *Safety and health measures respect local law for free workers.*
  - e. *Workers are included in the social security scheme for accident and health coverage.*

Individuals who are employed through the Social Reintegration Program have the same responsibilities and benefits as any other worker. They receive the same salary, work hours,

payment, and legal contributions. Salary slips, including gross wages and legal deductions such as health, pension, and security, are provided. Wages are directly paid to the workers. Costs related to prison security supervision of the workers are not borne by workers, as contractually established.

Incarcerated individuals sign an employment contract, under Chilean labor law, specifying their salary (above minimum wage) and working hours (45 hours per week). To track the daily hours worked, the company employs the same mechanism for all employees: a time clock where workers clock in and out. All workers are included in the social security scheme for accident and health coverage.

3. *Workers obtain benefits such as learning new skills and the opportunity to work cooperatively in a controlled environment enabling them to develop team skills.*

The job positions offered to participants of the Social Reintegration Program are the same as the ones offered to people outside of the program. Montes Wines primarily offers employment in agricultural tasks, such as foliage management, weeding, and pruning. Having previous experience in the area can contribute to future employment opportunities in the agricultural sector.

4. *Workers have the possibility of continuing work of the same type upon release and the company provides post-release benefits to workers, such as contributions to post-release savings accounts and employment support.*

The company provides workers with the opportunity to continue similar work upon release. This opportunity is established in their contracts. Since 2022, Monte Wines has contracted two individuals who ended their sentences.

Montes Wines also offers its employees the opportunity to participate in their Study Completion Program. This program offers support - to workers and community members based on the surroundings of the company's facilities - to finish their studies at different educational levels. School materials are also provided to workers' offspring. More information is available on their [Sustainability Report](#) (page 52).

The company offers, on-demand, career advice and/or recommendation letters to workers who decide to not continue working with them post-release.

5. *Workers may withdraw their consent at any time, subject only to reasonable notice requirements.*

According to Decree No. 518, Article 94, which governs the agreement, individuals in prison may decline to participate in the local reintegration program as well as the job offer, without facing any disciplinary consequences. They only have to inform the technical counterpart.

6. *The company maintains a transparent quality assurance system that includes direct and private feedback from workers, and where possible, takes action based on the feedback.*

Currently, Montes Wines has an installed feedback mechanism. The company has a suggestions and complaints box, open to everyone, which is reviewed daily. Responses are provided to the requests. This can be confidential and anonymous or public, depending on what each worker prefers. The feedback system is the same for all employees and workers.