



PURCARI
WINERIES GROUP

**NON-FINANCIAL
STATEMENT**

2021

"Purcari Wineries is building up its foundation in sustainability and ESG management, by aligning its business and model to the UN Sustainable Development Goals (SDGs)."

Index

- 04** Message from CEO
- 06** About Purcari Wineries PLC
- 08** Business Model
- 10** Corporate Governance
- 12** Environmental and Social Management
- 16** Ecosmart Union
- 18** Organizational Culture
- 20** Human Resources Management
- 22** Remuneration Policy
- 24** Social Initiative
- 28** Anti-corruption & anti-bribery
- 29** Intellectual Property



"We focus our efforts and resources on goals through which we can contribute the most."



Message from CEO

Dear Shareholders,

Our world has not been short of challenges. For nearly two years, we have learned to cope with an unprecedented pandemic. Today, it's the ravaging war in Ukraine that is putting our societies at risk. No matter how pressing the context, we aimed to rise up to the challenge and contribute as much as we can to help build a better world. On February 24, within hours from the start of the full-scale Russian invasion of Ukraine, we have opened the doors of Chateau Purcari to the Ukrainian families that were fleeing their homes, transforming our luxury estate into an improvised refugee center. Together, our team has helped provide temporary accommodation to over 4,000 people, while our volunteers worked round the clock, helping those crossing the border at Palanca. The tent we have set up on the road from Palanca to Chisinau, offered aid to more than 11,000 refugees that crossed the border – a hot tea, a sandwich, a sanitary kit, a SIM-card or a warm hug, it was the least we could do to help those who needed it most. Despite the challenging times, we continue to pray for peace and act as a responsible corporate citizen.

We also remain committed to our communities by donating to hospitals and supporting charities, as well as to our employees, especially in such unpredictable times. It is moments like these that put a company's culture and operations to test, and I am proud by the way the Purcari team have mobilized to do our part, beyond the focus on day-to-day business alone.

These challenging times, however, are not an excuse to put our broader ESG agenda on hold, especially on the environmental front. We remain as committed as ever to do our part in helping minimize our environmental footprint. Our Group has recycled more than 235 tons of waste and doubled the quantity of sequestered CO₂ to a total of 3,567 tons, via our partnership with Amorim Cork.

Due to the persisting risk of water distress, we continue our forestation efforts both in Moldova and Romania, having planted over 4,000 trees. It is critical for businesses to continue these efforts, as Moldova remains one of the countries with lowest rates of forestation in Europe, at circa 11%.

We remain one of the largest and among the very few formal employers in some of the most disadvantaged areas of Moldova, such as Stefan Vodă, Vulcănești, Bardar and Onești. We are glad that our success is a catalyst for these communities, that keeps families together and limits emigration by offering more chances for a decent living at home.

We are still only at the beginning of our journey, taking each challenge as an opportunity to do more for the world in which we live, a journey in which profits and purpose go hand in hand.

Victor Bostan, CEO

Vasile Tofan, Chairman

Two handwritten signatures in black ink. The top signature is for Victor Bostan, CEO, and the bottom signature is for Vasile Tofan, Chairman.

About

Purcari Wineries PLC

Purcari Wineries Public Company Limited (BVB: WINE) is one of the largest wine groups in the Central and Eastern Europe (CEE) Region. The Group is the largest wine exporter from Moldova and the leader in the premium wine segment in Romania, with an approximately 25% segment share.

Founded in 1827, Purcari is the most awarded winery from the CEE region at Decanter London 2015-2021 with a total of 103 medals, and the most awarded winery in the world with a total of 333 medals. The company is among the highest ranked on Vivino, with an average score of 4.1 based on over 70,000 reviews.

The Group has 5 wine brand-platforms with products in a wide range of price segments, both in the still and sparkling wine categories, as well as a brand in the popular premium brandy segment.

Purcari Wineries is the first Wine Group from the CEE Region to be listed on the Bucharest Stock Exchange (BVB: WINE) and to be included in the FTSE Russell MicroCap Index.

Company profile

RON 248.1 MIL.
Consolidated Revenue

+700
Employees

4
Production
platforms

4 000
Trees planted

+1 350
Ha of vineyards
under management

+40
Shipment to
countries

2
Countries:
MD, RO

236
Tons waste
recycled



Business Model

Purcari Wineries' business model is comprised of four distinct steps that describe the winemaking process:

GRAPE GROWING:

- High quality grapes are essential for the production of great wines. Thus, we grow our grapes with care and choose only first-rate suppliers of Agrochemicals and Phytosanitary products for our production process. Grape growing supposes a very labor-intensive process.

HARVESTING AND WINE MAKING:

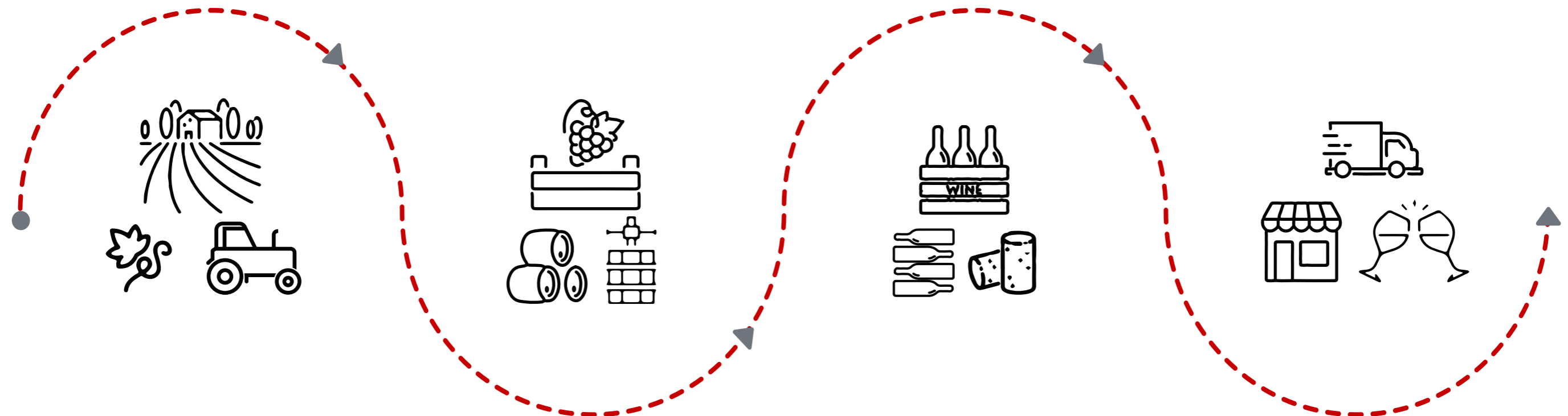
- The grapes are harvested manually and in small crates. At this stage, the winemaking process involves oenological materials only of the best quality, and is closely monitored by experienced personnel, and wine making consultants.

FROM BARRELS TO BOTTLES:

- We exclusively use technologically advanced solutions from world leading producers. Yet again, the oenological materials used are exclusively of the best quality, the bottling process working at its highest level of efficiency. The materials used within this step undergo a continuous optimization.

DISTRIBUTION TO CONSUMERS:

- We have put in place a logistic approach, tailored to each country of export.



Corporate Governance

A company's Corporate Governance supposes a set of principles and recommendations based on which the company's management can exert its leadership and control prerogatives, with the objective of achieving its goals by implementing the adopted strategy and always having a fair conduct towards clients, counterparties, shareholders, investors, and supervisory authorities.

Purcari Wineries PLC values a responsible and transparent management and aims to accurately inform and maintain the trust of all its stakeholders. Therefore, Purcari applies the principles defined in the Corporate Governance Code (CGC) of the Bucharest Stock Exchange (BVB).

PURCARI WINERIES MANAGEMENT:

The Company is managed by a Board of five directors, two of which are independent, non-executive, as follows:

Name	Title
Monica Cadogan	Non-executive, Independent Director
Vasile Tofan	Non-executive Director
Neil McGregor	Non-executive, Independent Director
Victor Bostan	Executive Director
Eugen Comendant	Executive Director

Having a board that is composed of both men and women with diverse skills, experience, backgrounds, and perspectives represents a competitive advantage, supposes an understanding of opportunities, issues, and risks, as well as the inclusion of different concepts, ideas, and relationships.

THE SENIOR MANAGEMENT TEAM:

The Group's Senior Management team consists of twelve specialists, both men and women. Purcari is committed to promoting diversity not only on the Board, but within senior management, and in our overall business, as well. As part of this commitment, we recognize the role of greater diversity, including gender diversity in contributing to a variety of perspectives in the Boardroom and senior management roles.

We are resolute in providing a work environment of equal opportunities in employment, appointments, and advancement, based on appropriate qualifications, requirements, and performance.

REMUNERATION POLICY

Following the General Shareholder's Meeting held on the 28th of April 2022, Purcari Wineries has updated its Remuneration policy of the members of its Board of Directors and relevant members of the management team. This Policy is in line with the Group's long-term business strategy, goals, values, and interests, and it incorporates an overview of the compensation principles and methods employed by the company to ensure the sourcing, retention and motivation of relevant persons belonging in the administrative, management and supervisory bodies.

The guiding principles underlying the Remuneration Policy are:

- Alignment with long-term value creation for shareholders
- Sustainability
- Internal equity and external competitiveness
- Compensation for professional and accountability and career paths
- Balance between the remuneration elements

The implementation of the guiding principles of the Remuneration Policy is fostered through the oversight of the Nomination, Remuneration and Corporate Governance Committee ("NRCC Committee") of the Board of Directors. The Remuneration Policy is elaborated and periodically reviewed by the NRCC Committee, endorsed by the Board of Directors, and ultimately approved by the general meeting of shareholders of the Company.

Environmental and Social Management System

Purcari Wineries respects policies and procedures that have as objective the identification and management of the social risk of its clients.

Therefore, based on identified social risks, monitored social performance and environmental analysis, the Group provides a guidance with insight on transaction analysis.

The Group holds itself accountable for its activities in the field of environmental protection, safety, and health, thus its companies are periodically evaluated in terms of environmental and social compliance. As a result of the evaluation, each winery is granted a renewed certificate of compliance with guidelines that can be implemented.

As a result of the implementation of the certificates: ISO 9001:2015, ISO 22000:2005, ISO:9001:2015 HU 06/1763, ISO22000:2018 HU 11/6104 and ISO 22000:2018, on Quality Management Systems and Food Safety Management Systems, as well as their respective requirements within the Group, the company has:

- *established a Production Policy, delivering wine products of the highest quality, thus respecting both customer needs and demand, as well as legislative provisions;*



- *determined a strategic direction for the Group through the maintenance of market leadership based on competitive price conditions, and enhancement of reputation established through loyal and professional employee attitude;*
- *identified risks and mitigated their effects with possible negative impact on customer satisfaction;*
- *identified and analyzed hazards, which is an essential part in the manufactured products control.*

The Group strictly complies with the laws and technical regulations enforced, concerning health, safety, and environment. The environmental and social reporting function is assigned to designated Quality managers, who are also responsible for the ISO implementation.

Each company within the Group holds an "Authorization for emission of pollutants into the atmosphere from fixed sources of pollution" and a "Special water permit".

The Group's objective is to obtain quality wine products with no pesticide residue, hence the rigorous control, confirmed by certificates of safety for the whole production process, starting from grapes to the finished product.

The Group has obtained a Certificate of Official Food Safety Registration issued by the National Agency for Food Safety in Moldova.

Each company within the Group operates a test laboratory that monitors all the technological processes and monitors product compliance within the requirements of the normative documents.

All laboratories in Romania are authorized by the National Sanitary Veterinary and the Food Safety Authority of Romania.

All laboratories in Moldova are certified by the Moldovan Accreditation Center (MOLDAC), the Signatory of the Bilateral Recognition Agreement with the European Cooperation for Accreditation and the Signatory of the Mutual Recognition Agreement with ILAC – MRA Laboratory Accreditation for International Accreditation.

Additionally, all the Group's products are subjected to a Quality and Safety Check by the State Enterprise "National Center for Quality Verification of Alcohol Production" (CNVCPA), which ratifies the certificates of conformity and the sanitary permits for each lot of products.

Environment and Waste Management

235, 684 KG

Total waste recycled

of which

35%

Glass

39%

Paper

17%

Plastic

9%

Metal

The Group has defined energy saving and efficiency as the main environmental targets for 2014-2021.

During this period, the Group has replaced the ordinary lamps with energy efficient ones on all its premises. In addition, outdoor/street lighting sensors were installed where it was deemed necessary and the entire electricity system at one of the premises was modernized.

In terms of new equipment purchases, the Group prioritizes suppliers offering energy efficient solutions.

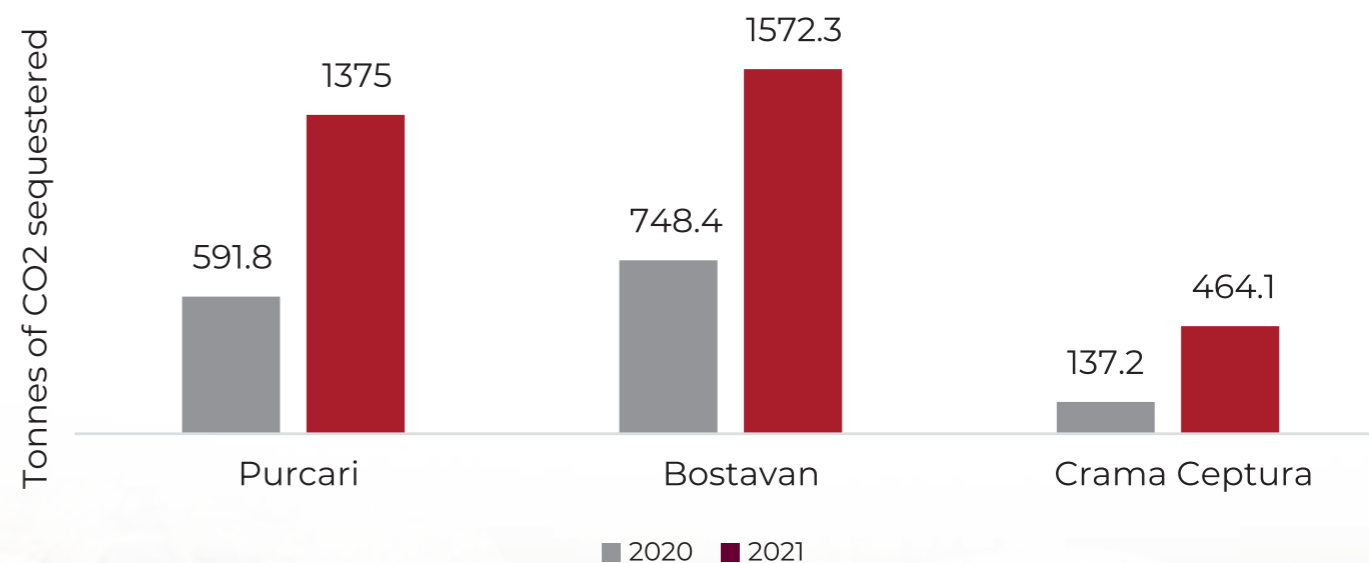
In terms of waste utilization, a group-wide policy is enforced with respect to the collection and sorting of broken glass, paper, cardboard, and other nonfood waste into separate bins placed on the Group's premises.

Subsequently, the Group sells the sorted waste to relevant processing facilities (e.g. broken glass is delivered to the glass factory in the close proximity to the production sites, and the paper and cardboard waste is delivered to the cardboard factory nearby, etc.)

Purcari Wineries has modernized the sewage processing facility at one of the premises and has acquired Mythos vinificators that have a significant impact on the reducing the CO2 footprint, as it reuses it during fermentation for cap management.

Based on the CO2-balance studies carried out by PwC, available at Amorim Cork, in 2021, Purcari Wineries has contributed to the sequestration of approximately 3,566.50 tons of CO2, a double value compared to the 2020 results.

The Group intends to install photovoltaic panels with a capacity of 200kW at its flagship production site – Purcari Winery.



Ecosmart Union

Purcari Wineries PLC believes that it can achieve a long-term goal of environmental sustainability in its activity, thus it has contributed to the establishment of Ecosmart Union SA, a waste recycling management business founded in 2017, with an initial stake of 27%. Through Crama Ceptura SRL, Purcari Wineries is currently the major stakeholder in Ecosmart, with an increased share of 65.75% as of October 2021.

Currently, Ecosmart Union SA holds the operational license No. 5 as of May 2019, issued by the Ministry of Environment – Supervisory Commission, based on the Order of the Deputy Prime Minister and the Minister of Environment, No. 1362/2018, on the approval of the Procedure for authorization, annual notice and withdrawal of operating rights of organizations that implement obligations regarding the extended liability of the manufacturer.

According to Art. 14 of Law 249/2015 with subsequent amendments and completions, the company has the obligation to reach at least:

“The annual targets with respect to energy recovery or incineration in incineration plants with the possibility of energy recovery and, respectively, for the

recycling of packaging waste, that are to be achieved at national level, are the following:

a) recovery or incineration in incineration plants with energy recovery of at least 60% of the weight of packaging waste;

b) recycling of at least 55% of the total weight of packaging materials contained in packaging waste, with the achievement of the minimum values for the recycling of each type of material contained in packaging waste.

(2) The values of the objectives provided in par. (1) lit. b) are the following:

a) 60% of the weight of glass;

b) 60% of the weight of / cardboard;

c) 50% of the weight of metal;

d) 15% of the weight of wood;

e) 22.5% of the weight of plastics, considering only the recycled plastic material”.



For 2021, the company met the global recycling target by 58% and the global recovery target by 61%, according to the “Situation of the quantities of recovered

packaging waste/incinerated with energy recovery for all customers”, a document generated monthly from the platform of online reporting, as follows:

	Type of waste							Total
	Paper / Card-board	Glass	Plastic		Metal		Wood	
			Plastic	PET	Metal	Aluminum		
Amount taken from customers (kg)	32,403,462	41,098,536	20,860,138	13,436,107	4,184,991	1,570,093	14,783,611	128,336,938
Amount recycled for customers (kg)	20,264,700	31,734,297	6,047,298	8,161,965	2,102,093	318,365	5,182,730	73,811,448
Recovery target achieved through recycling (%)	63	78	29	61	51	21	36	58
Quantity recovered through other recovery means, for all customers (kg)	1,754,482	0	1,312,118	0	0	0	139,751	3,206,351
Global recovery objective (%)	68	78	36	61	51	21	37	61

Considering the breakdown of the recycling activity by type of waste

provided, we can agree on the fulfillment of the global recycling and recovery targets for Ecosmart Union.

Organizational Culture

Purcari Wineries is mindful of the importance of an organizational culture for a company's business success. The Group views organizational culture as a collection of values, expectations and practices, traits that guide the actions of the entire team and in combination – create the company's profile.

One of the main values of the Group is trust as it is a driving force in our activity and success. Our employees' trust in the Company's purpose and activity, is the primary step within our organizational culture, as this quality is further translated onto our customers through efficient communication and collaboration. That is why, it is our objective to gain the trust of our employees, and further, of our clients – every day.

The Group's image and reputation is strongly linked to our employees' outputs and representations; thus, our success starts with our team and its qualities. Purcari Wineries believes in strong values such as authenticity, excellence and learning capacity, and makes a strong emphasis on community care, collective performance and customer inclusion and satisfaction.

The Company encourages its team to be open, honest, and fair, integrity playing a vital role in the overall team dynamic, principles that are in line with the objective to create a safe, engaging, and positive work environment.

As a rule, Purcari Wineries PLC has the long-term goal to promote an organizational culture based on ethics and

in alignment with company objectives. Considering company's core behaviors, such as: challenge the status-quo, getting things done and driving business results through excellence in execution, we promote a culture of equal promotion and employment chances. Which means, we take it upon ourselves to provide employment options in line with our business intentions and company values.

Through a well-defined business approach, an efficient implementation of organizational standards and social responsibility compliance, the company excels in its activity, fact proved by the Group's strong financial performance and growth.

Purcari Wineries promotes equal opportunities and rights within its companies, performance and merits being the major factors within employee recognition and rewards programs. Discriminatory factors such as race, color, religion, gender, sexual orientation, national status, origin, or disability are not liable features within the rewards programs of the Group, as the Company encourages equality, inclusion, integration, dignity, and respect within the team.

The Group has complied and is presently complying with all Laws respecting employment and employment practices, terms and conditions of employment, and any associate laws with respect to labor, and is not engaged in any unfair labor practice or unlawful employment practice.



PURCARI
· CHATEAU ·

Management in the Human Resource Activity

Through our human resources policies and programs such as recruitment, compensation, retention, diversity and inclusion, anti-discrimination and human rights, training and professional development, or employee health and safety norms, Purcari Wineries PLC creates a fair working environment, where all its employees can feel valued and respected.

Such policies not only have an impact on employee wellbeing, but also on company performance and society, respectively.

We are proud of the team that we built within Purcari Wineries, a team dedicated to performance, to our customers and communities. A team that shares our values, objectives, and mission, with fundamental principles of responsibility and trust.

In 2021, our team consisted of 720 employees with an average age of 38.8 years, 48% of whom were women.

Within the human resource category, Purcari Wineries approaches risk in a prudent manner and in line with its long-term development plans.

The Company's risks are related to the probability of noncompliance in terms of performance, which includes poor quality standards, delays in meeting deadlines, and over budgeting.

Purcari Wineries' activity with respect to human resource risk, is subjected to both internal and external risks. Unfortunately, the company does not have full control over external risks, however it can effectively mitigate internal risks. That is why the company performs checks for internal risks identification and reduction on a regular basis.

Primarily, risk reduction in the Human Resources field within the Company is done through continuous training, especially with focus on employee health and safety. Implemented training programs not only has a positive effect on productivity and quality, but also reduces the probability of accidents within the work environment to a minimum.

Employee training and development is a strategic human resources direction through which Purcari Wineries aims to contribute to the performance of its employees, team, and implicitly, organization.

In 2021, employees received training exclusively online, through webinars delivered by external specialists and academia.

Among the new initiatives launched in 2021 is Purcari Wineries' Internship Program, launched as an opportunity to bring new fresh perspectives into the company.



The program was developed to attract quality candidates that want to acquire hands-on work experience as well as mentorship opportunities for existing employees, by providing a well-planned, well-rounded scheme with meaningful and engaging work.

General principles of Employee remuneration policy

Performance evaluation through non-financial indicators aims to motivate staff, optimize the usage of resources, and encourage a healthy competitiveness, by endorsing employee efficiency and generating employee satisfaction. The general principles of employee remuneration are:

EMPLOYEE



Maintenance of competitiveness on the remuneration market.

Maintenance of a fair balance between the fixed and variable components of the remuneration.

Rewarding the achievement of a set of objectives.

Promotion of transparency regarding the remuneration policy and its criteria of establishment.

Attraction, retention, and motivation of the best professionals.

Social Initiative

In January 2015, the Group launched its Community Development Policy, which defines the strategic approach, management system and budget for the Group's contribution to the local communities. In 2021, the Group expanded its support to local communities and participated in a number of charities, social and cultural initiatives dedicated to promoting the preservation of traditions, including the following:

- CCF/HHC Moldova (a team of people working to give every child the opportunity to grow up in a loving family).
- Hospice Angelus: Medical-Social Philanthropical Foundation "Angelus Moldova" is a nongovernment, apolitical, and non-profit organization which was founded and legally registered at the Ministry of Justice in 2000, with the purpose of creating a new system of medical and social assistance to incurable patients with chance in advanced and terminal stages, as well as to their relatives. In 2001, "Angelus Moldova" established HOSPICE "Angelus Moldova: as an inalienable part of the Foundation. HOSPICE "Angelus Moldova" is a home palliative care service.

Despite the pandemic, the Group continued to support various sports activities, being the General Sponsor of the Moldovan National Olympic Committee and the main partner of USM - Bostavan, a volleyball club with both female and male volleyball teams, since 2010.

The Company has organized another edition of the Purcari Wine Run 2021, a unique trail race in Moldova, which passes through the vineyards of Chateau Purcari. The event was held on September 12th, 2021 and gathered both amateur and professional sportsmen for a race of 10km and half marathon. Purcari Wineries plans on continuing organizing a similar event each year.

Additionally, the Group has sponsored various educational activities: it fully equipped 3 classrooms in the school of the Purcari village and has supported the Investment Academy by providing financial education (14 videos) to people in investing on the capital market.

Since the war outbreak in Ukraine on February 24th, 2022, the Group has actively been involved in supporting Ukrainian refugees. The Purcari team has launched a help-center and a 24/7 contact line that would help arrange accommodation for as many as possible for the tens of thousands fleeing Ukrainian families. By now, 11,000 refugees have stopped at our improvised tent to get free-of charge first necessity goods: water, hot drinks, sandwiches, hygienic packages, free SIM cards, warm clothes, and assistance to find a place to stay.

Over 4,000 refugees, mainly women and children, have been provided with accommodation at Chateau Purcari, as well as hotels and pensions in the Purcari region (fully paid by Purcari), Purcari partners, and homes of Purcari employees.



Purcari Foundation

Purcari Wineries PLC continues to lay the groundwork for sustainability and ESG, by aligning its business model with Sustainable Development Goals (SDGs) of the UN. That is why, the Company has developed a Fund through which investments in future CSR activities will be made. The Fund is established with four major pillars in mind: education, society, environment, and health.

These pillars include:

Education:

- prevention of school dropout;
- supporting children from disadvantaged environments by facilitating access to education;
- development of skills, abilities and qualification, which enrich school programs;
- complementary programs and extra curriculums for young people.

Society:

- community development;
- support of vulnerable groups in life aspects such as: housing, health, provision of basic necessities;

Environment:

- restoration of affected or destroyed green areas;
- greening actions in order to raise awareness and motivate a responsible behavior;
- reduction of plastic use;
- reduction of paper use.

Health:

- promoting a healthy lifestyle and proper nutrition;
- supporting sports activities;
- improving conditions in the health system.

As a result, the Purcari Fund will:

- strengthen the Company's brand and employer image;
- align the Groups' objectives with a Sustainable Development;
- adjust Purcari's long-term vision to investors with an interest in ESG;
- allow for an efficient allocation of financial resources to CSR targeted objectives.



Anti-corruption and anti-bribery Statements

Our Group defines bribery as the act of offering or promising financial or other advantages to induce an individual to take decisions that are unlawful, unethical, or that they would not otherwise take under the circumstances. We view corruption as any abuse of a position of power to get an illicit advantage and includes, but is not limited to, bribery.

Purcari Wineries PLC promotes a zero-tolerance policy to bribery and corruption among its employees and business partners, by ensuring effective management of such risk, preventing its image from being associated with illegal business.

Corruption and bribery can take many forms, including offering or accepting of direct or indirect payments, excessive gifts, sponsorships, donations, etc. Within the company, employees are authorized to accept or offer gifts and invitations that are appropriate in certain circumstances, but this fact is subject to limitations, and it is strictly prohibited from offering or receiving monetary gifts or equivalent.

Purcari Wineries takes a proactive approach to identifying and preventing corruption and bribery within the company.

ZERO TOLERANCE POLICY

Intellectual Property

Given the generic of Purcari Wineries' activity, intellectual property is a key driver of economic growth and innovation within the business. In the increasingly competitive wine market, intellectual property protection offers us the incentive to keep pushing for new advances and projects.

More than 200 trademarks and designs are owned by the Group. As Purcari continues its premiumization journey

and continuously develops new SKU's, the Company carefully monitors the registration and intellectual property processing course.

In this area, Purcari works with the best representatives in Moldova and Romania, and on a large scale of countries where our products are registered, as well.



www.purcari.wine