

PURCARI
WINERIES GROUP

NON-FINANCIAL STATEMENT

2020



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PURCARI

327
ANCE

EGRU
PURCARI

NTAGE 2015

ited Edition

18270 bottles •



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

All goals are important, but we focus our efforts and resources to those where we can contribute the most.

Company profile

RON **203.7** MIL.
Consolidated Revenue

1300+
Ha of vineyards under
management

600+
Employees

30+
Countries our wines are
present

4
Wineries and Brands

2
Countries: MD, RO

#1
Most awarded CEE
winery of the year in
2015-2020 at Decanter
London

#1
First listed Wine Group
in CEE, under ticker
WINE on Bucharest Stock
Exchange

1000
Trees planted

0
Lost time Injury



CO OPERATION
PURCARI
WINERIES GROUP

1632,5
tonnes of CO₂ sequestered

AMORIM CORK

2020



BOSTAVAN

591,8

748,4



155,1

137,2

Message from CEO

Dear stakeholders,

As we are writing these lines, our flagship production facility, Chateau Purcari, has been turned into a full-fledged Covid-19 vaccination site, open to thousands of patients. It is a symbol of our times, where businesses and civil society, all join forces to help state institutions fight the pandemic. In countries like Moldova, which traditionally have weaker institutions and less generous safety nets, such cooperation is even more important. Despite the multiple business challenges, we continue to act like a responsible corporate citizen, contributing to our communities, donating to hospitals, supporting charities in need and remaining committed to our employees and their families, at a time when they need more than ever the assurance of their job security in an already very unpredictable world.

It is moments like these, when we all come together, that forge a strong corporate culture and loyalty throughout the organization, resulting in higher productivity and a stronger employer brand, which fuel in turn our competitive advantage.

Victor Bostan, CEO



We didn't see the financial hardship of the past year as an excuse to be derailed from our ESG agenda, based on the UN Sustainable Development Goals. Our group has recycled circa 230 tons of waste and, sequestered over 1,600 tons of CO2 via our Amorim-cork partnership alone. Faced with the increasing risks of water distress, we are paying increasing attention to forestation efforts, having planted over 1,000 trees, combining team building and positive impact open air activities.

We remained among the largest employers in some of the most disadvantaged areas of Moldova, in Stefan Voda, Vulcanesti, Bardar and Onesti, as well as dozens of neighboring villages, often being the only formal employer in the area. We are delighted that our commercial success acts as a catalyst for the communities in which we operate, keeping families together and minimizing immigration abroad. We are committed to remain true to our positive development agenda and are delighted to see our profits can go hand in hand with purpose.

Vasile Tofan, Chairman




Business Model

GROWING GRAPES

- High qualitative grapes are essential to obtain great wines.
- We grow our grapes with care and choose only reputable suppliers for the Agrochemicals and Phytosanitary substances we use.
- Very labor-intensive process.

HARVESTING AND MAKING WINE

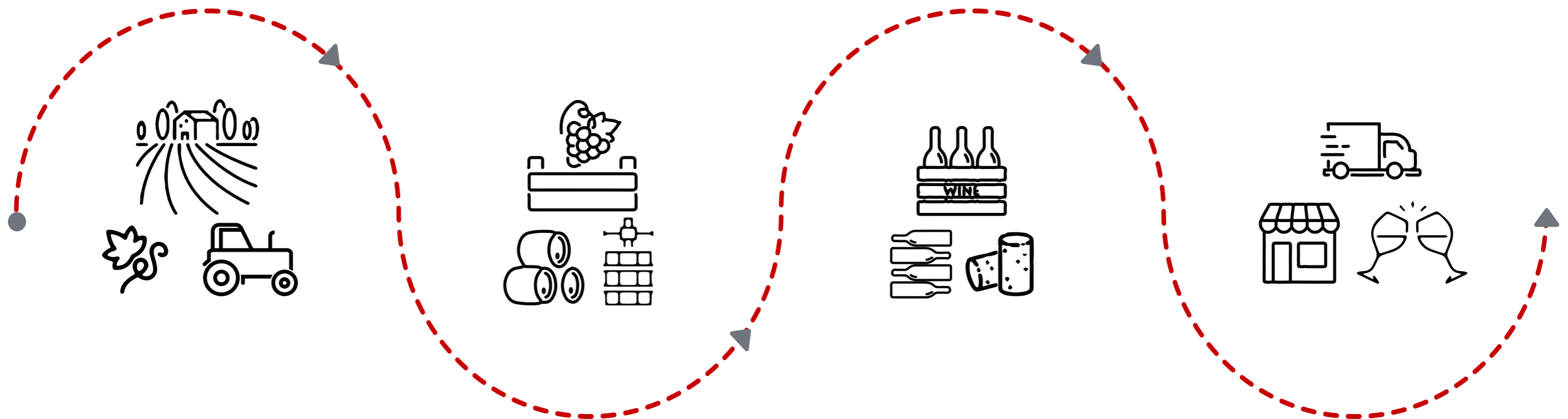
- Grapes are harvested manually in small crates.
- Winemaking process is closely monitored by experienced personnel and wine consultants.
- Best oenological materials are used.

FROM BARRELS TO BOTTLES

- We use technological advanced solutions from the world leading producers.
- The bottling process is brought to perfection.
- Best oenological materials are used.
- We continuously work on optimizing materials used.

DISTRIBUTING TO CONSUMER

- We use tailored logistic approach to each country we export.



Environmental and Social Management System

The Group respects the policies and procedures for identifying and managing the social risks of its clients.

Based on social risks and performing environmental analyzes and monitoring customer social performance, the Group provides guidance on how to analyze transactions.

As a result of the implementation of the **ISO 9001: 2015 Quality Management Systems and ISO 22000: 2005 Food Safety Management Systems** requirements for any organization in the food chain, the Group:

- has established the policy of producing and delivering the highest quality wine products, respecting both the needs and demands of customers, as well as the legislative provisions;
- has determined the Group's strategic direction to maintain market leadership under competitive price conditions and to maintain and enhance reputation



based on the loyal and professional attitude of each employee towards the Group;

- identified the risks and act to eliminate and limit their effects, which may have a negative impact on customer satisfaction;
- identified and analyzed the hazards, which is essential for the control of manufactured products.

The Group strictly complies with the laws and technical regulations in force concerning health, safety and the environment.

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

The Group aims at obtaining quality wine products without pesticide residues, which is under rigorous control, confirmed by the certificates of harmlessness, ranging from grapes to the finished product.

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

Moldova.

Each company in the Group operates a test laboratory that monitors the technological processes and controls production compliance with the requirements of the normative documents.

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

The laboratories in Moldova are certified by the Moldovan Accreditation Center (MOLDAC), the signatory of the Bilateral Recognition Agreement with the European Co-operation for Accreditation and the Signatory of the Mutual Recognition Agreement with ILAC-MRA Laboratory Accreditation for International Accreditation.

At the same time, the Group's products are subject to the Quality and Safety check by the State Enterprise "National Center for Quality Verification of Alcohol Production" (CNVCPA), which proves the certificates of conformity and the sanitary permits for each product lot.

Environment and Waste Management

227 317 KG

Total waste recycled

of which

59%

Glass

30%

Paper

7%

Plastic

4%

Metal

The Group has defined energy efficiency and saving as the main environmental targets for 2014-2020.

During this time, the Group has replaced standard lighting with energy-efficient lighting in all locations. In addition, lighting fixtures with motion sensors have been installed in the exterior/street, where necessary.

As regards the procurement of new equipment, the Group has given priority to those suppliers offering energy efficient solutions. Regarding the use of waste, there is a group-wide policy for collecting and sorting waste glass, paper and cardboard and other non-food waste in separate containers placed at the Group's premises.

Subsequently, the Group companies sell such waste sorted to the processing facilities (e.g. broken glass is delivered to the nearby glass mill and paper and cardboard waste is delivered for processing at the nearby cardboard factory for further processing).

PURCARI
WINERIES GROUP

**THE
FUTURE
IN OUR
HANDS.**



Organizational Culture

The Group depends on the trust given to it by the customers and consumers. All the employees have an obligation to gain that trust every day.

The Group's reputation is built on employees' behavior at work and whenever they represent the Group. The Group's future success begins with such values as: authenticity, excellence, learning, caring for people, performing together and winning with our customers.

The values of the Group require people to be open, honest, fair and to act with integrity. The Group creates a safe, agreeable and positive work environment. The organizational culture of the Group promotes a culture based on ethics and compliance, reflecting our responsibility to provide jobs with a workforce that is fully involved in business, according to the Group's values.

By targeting financial performance and

growth, the Group gains excellence in the way it does business and respecting the highest standards of organizational and social responsibility.

Within the Group, equal opportunities are being promoted

Selection and reward is based on merits that are not related to race, colour, religion, gender, sexual orientation, national status, origin or disability.

The Group complies with all labour laws, while the employees are expected to treat each other with dignity and respect.



Management in the Human Resource Activity

The Group's risk relates to the likelihood of non-compliance with the set objectives in terms of performance (non-performance of quality standards), program (non-compliance with the execution deadline) and cost (over-budgeting).

Risk identification is performed on a regular basis. It takes into account both internal and external risks. Internal risks are risks that the management team can control or influence, while external risks are not under its control.

Risk mitigation on the Human Resources field is largely done through training. Many risks are related to work safety.

This influences productivity and quality of work. Through training and awareness programs in the field of occupational safety, we minimize the likelihood of accidents and their effect.



General principles of remuneration policy

Evaluating performance through non-financial performance indicators aims at motivating staff, optimizing utilization of resources, improving competitiveness; generating efficiency, effectiveness, satisfaction, and results.



Social Initiative



In January 2015, the Group launched its Community Development Policy, which defines the strategic approach, management system and budgets for the Group's contribution to the local communities.

In 2020, 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 and participated in a number of charities, social and cultural initiatives, including the following:

a. CCF/HHC Moldova (a team of people working to give every child the opportunity to grow up in a loving family).

b. Hospice Angelus: Medical-social Philanthropical Foundation "Angelus Moldova" is a nongovernmental, 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 cancer in advanced and terminal stages, as well as to their relatives.

• In 2001, "Angelus Moldova" established HOSPICE "Angelus Moldova" as inalienable part of the Foundation. HOSPICE „Angelus Moldova" is a home palliative care service.

• Despite pandemic, the Group continued to support various sports activities, being the General Sponsor to the Moldovan National Olympic Committee and the

main partner of USM-Bostavan, a volleyball club, both women and men volleyball teams, since 2010.

• In 2020, following the outbreak of COVID-19 pandemic the Company decided to contribute MDL 1,000,000 (RON 250,000), supplemented by an extra MDL 1,000,000 (RON 250,000) donated personally by the Group founder, Mr. Victor Bostan, totaling MDL 2,000,000 (RON 500,000), towards a fund dedicated to combating COVID-19 in Moldova and Romania.

• In the spirit of solidarity and abiding by the Group's prudent and responsible approach towards managing the finances, the Purcari management team proactively accepted salary reductions in the range of 25% to 100% for up to 12 months. Those reductions went to supplement the donations and contributions towards fighting COVID-19, and were also meant to protect the jobs of fellow colleagues in lower salary bands.

Anti-corruption and Anti-bribery Issues

The group prohibits the involvement of employees in bribery.

Offering or receiving a bribe is the giving or offering of something of value or an advantage, directly or indirectly, to any person, to cause that person or any other person to perform an inadequate function or activity.

A bribe may be financial or other, and may include receiving or offering money, loans, contributions or donations, travel, employment offers, refunds, discounts, goods, services or anything else that can be considered of value.

Gifts or entertainment can be interpreted as forms of bribe under certain circumstances.

The Group has a zero-tolerance policy on bribery and corruption. Group Policy prohibits promising, offering bribes, as well as requesting, accepting or receiving bribes.

The group also forbids colleagues from accepting gifts, services that could influence business decisions.

Intellectual Property

About 50 trademarks and industrial designs are owned by the Group's companies.

As new products are being developed, the Group files for registration and the process of intellectual property protection is carried out.

In the field of intellectual property, the Group works together with the best and most professional representatives from Romania, Republic of Moldova and other countries where the trademarks are registered.





www.purcari.wine