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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 199.1 MIL.

Consolidated Revenue

1400+

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 2015-2019 at Decanter London

#1

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



Message from the CEO and the Chairman

Dear stakeholders,

As we are writing these lines, the world continues to experience one of the most dramatic public health, social and economic challenges. As Purcari Wineries, we are not immune to these. Yet despite all challenges and financial hardship, we believe these are no excuse to cut down on our commitment to running a socially and environmentally responsible business. As the pandemic struck, in early March, Purcari management and Board were quick to proactively seek salary cuts, with the undersigned foregoing 50% and 100% of compensation for up to one year, in order to protect employees in lower salary bands. Any recession comes with massive layoffs and a challenging job market, so we sought to minimize those, which is the right thing to do for our people, but also for our shareholders, as we will be in a strong position to take advantage of the imminent rebound. It is moments like these 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. We also couldn't stay aside from contributing to the communities on which our success as an enterprise depends on, creating a COVID-19 fighting fund, which financed a range of projects, from acquiring ventilators for hospitals in Romania and Moldova, to helping people whose lives were disrupted by the pandemic.

As an agricultural operation at our core, we are a big employer in some of the most disadvantaged areas at Europe's frontier and the success of our business has a direct impact on jobs creation, especially in the rural zones of Stefan Voda, Vulcanesti, Bardar, Onesti, Ceptura and other. But we are also committed to ensure that growth, doesn't come at a big cost for the ecosystems we operate in. We have recycled nearly 240 tons of waste, mostly glass and paper, ensuring that the results of our activity do not fill rural landfills. As a wine producer, we also take a responsible approach to marketing our products, cultivating a responsible consumption culture and are keen to continue to contribute to people in our regions switching to wine as a better alternative to hard spirits. In a country like Poland, spirits still outsell wine, in terms of pure alcohol content, at a ratio of 4:1, based on WHO data, while in Ukraine that ratio is 5:1 and in Moldova higher still, vs. an inverse relationship in many Western European countries. The increasing concerns about responsible eating, including the popularity of the Mediterranean diet, which implies moderate wine consumption, is contributing to that shift, which we can only welcome and cheer to.

Victor Bostan, CEO



Vasile Tofan, Chairman



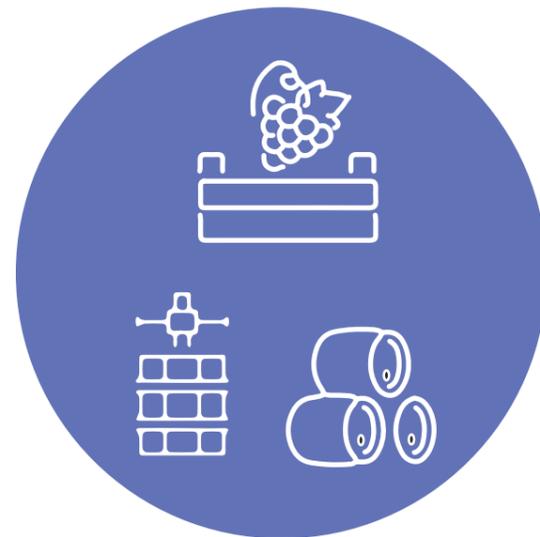
GROWING GRAPES

- 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

239 678 KG

Total waste recycled

of which

44%

Glass

40%

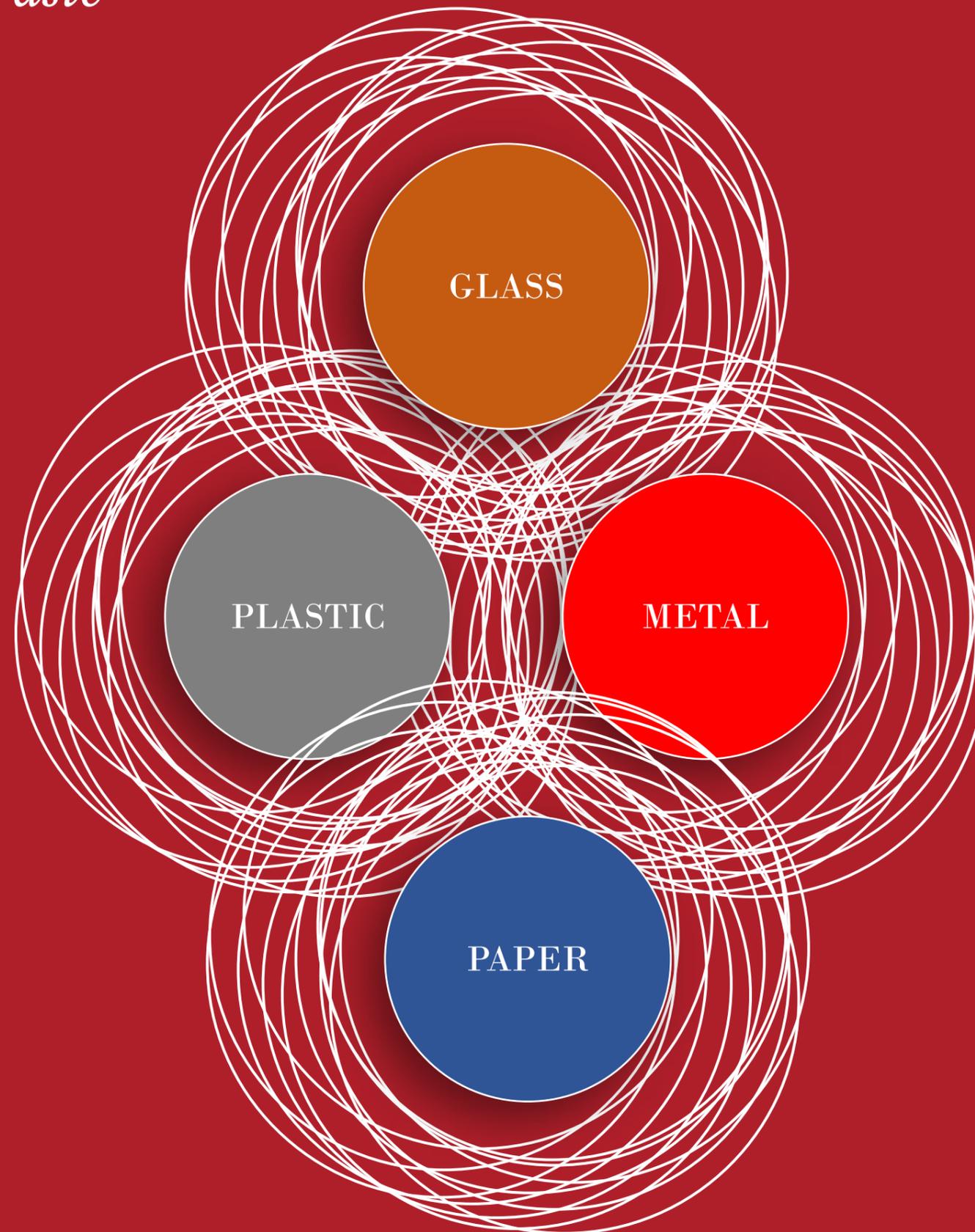
Paper

8%

Metal

8%

Plastic



The Group has defined energy efficiency and saving as the main environmental targets for 2014-2019.

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).



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





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 2019, the Group expanded its support to local communities and participated in several charity, social and cultural initiatives dedicated to promoting the preservation of traditions and participated in several charity, social and cultural initiatives, including the following:

Social Initiative



- **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;
- **Purcari Wine Run 2019:** Purcari Wine Run is a unique trail race in Moldova, which passes through the vineyards of Chateau Purcari. The competition was held on August 24, 2019 and gathered both amateur and professional sportsmen for a race of 10 km. The Group plans to continue organizing a similar event each year;

- In addition, the Group is the main partner of USM Bostavan, **volleyball club**, both women and men volleyball teams, since 2010. The USM-Bostavan teams were Gold awarded at the volleyball championship of the Republic of Moldova in 2019 and Bronze at Balkan championship in Turkey.

HOSPICE ANGELUS

**#CharityGiveaway,
Thank you for your
kindness**

WE WANT TO PROMOTE YOUR GENEROSITY

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.

ZERO TOLERANCE POLICY

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