



Sustainability Report for Budureasca Group

2019 -2020

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1. Shareholders message

We present in this report an overview of our economic, social and environmental performance that reflects our position in society, in relation to employees, customers, partners, suppliers and other stakeholder groups, as well as details regarding our medium and long-term goals.

In 2020, the Budureasca group updated its sustainable development strategy, based on two major elements: The company's strategy for 2020-2025 and the sustainable development goals in business processes in line with the United Nations global sustainable development goals (<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>).

The objective of the company is to produce wines that meet the expectations of several categories of customers, both those who see the tradition in this product and those who expect new challenges in this domain.

Our objectives also aims to use sustainable energy in the production process, to increase the areas on which we will be practicing eco-friendly agriculture and to act in the most responsible way in terms of production activity. In plant protection we will use methods and products that will have as little impact on the environment as possible. We are also interested in our suppliers conducting their operations in a socially and environmentally responsible way.

The people who make up our team are the most important value, and for this we will guide ourselves to ensure safe working conditions, a safe environment that eliminates risks and accidents.

The prevention of pollution, the preservation of resources and the reduction of waste is another important course of action for our group. We hope to accelerate progress in this respect across our entire supply chain for how reusable materials are managed, setting a zero waste target. Reducing the carbon footprint over the next 5 years is one of our core goals. By making energy consumption more efficient in our facilities, by investing in concepts capable of conserving energy, reducing greenhouse gas emissions and providing customers with products as healthy as possible.

We invite you to read the first sustainability report of Viile Budureasca and learn more about our business plans and our contribution to sustainability.

2. Information on the sustainability report

This report presents business, environmental, social, health principles to stakeholders and provides a broad framework for sustainable development for our group of companies.

The topics developed as well as the qualitative and quantitative information reflect the compliance with the requirements of standard benchmark and the objectives of the corporate group management in this respect.

This analysis highlights the directions that require significant investment in the coming years, namely:

- consolidation of our position on the market of conventional wines and increasing the share of organic wines, both in the country and in other markets.
- the most efficient use of water resources in the application of plant health treatments and wine production activity, by purchasing equipment for this purpose. Start investments to secure a circular economy in the use of water and natural fertilizers from the waste products from wine-making and pomegro cutting;
- wider use of plant protection products from the ecological range, significant reduction of herbicides and finally to eliminate these;
- Development of human resources and promotion of the mentality of innovator in this field

3.1 History of our company

2006 - the company Tohani vineyards is established, which then changes its name in Viile Budureasca. The company intended to become representative of the Dealu Mare vineyard area and for Romania in the wine production activity;

2008 – acquire Rotherfield Properties Romania SRL, a British capital company, for wine production, with the company holding a wine production wine cellar;

2009 – the wines are launched under the Budureasca brand;

2010- obtains the first two Golden medals at Mundus Vini , in Germany , for

brands under the Origini name;

2011- begin construction of the new cellar;

2013- new cellar is commissioned;

2015- the world's first Golden medal in Brussels ;

2015- obtain certification for the production of organic grapes and wines;

2021 – Company celebrates 15 years of activity, having in its portfolio 375 medals, prizes at international contests and sales on three continents and having a solid reputation in the wine market . With a product portfolio in continuous development, the company is supported by an enthusiastic and committed team, and is also involved in social responsibility projects.

3.2. About Viile Budureasca

The sustainability report is created by taking into account three companies from the Budureasca Group : Viile Budureasca, Budureasca and organic Budureasca , each company being specialized in the production and sales activity of the wine industry .

Founded in 2006 , in the Gura Vadului, Prahova County, Viile Budureasca is the first of the three companies under the umbrella of Budureasca.

Today, Viile Budureasca have as their object the production of grapes from their own 258 ha plantation, produce and bottling the wines in their own cellar and sell these products on the Romanian market, within the European Union and in other export markets.

Budureasca SRL, was founded in 2001 and aquired by current owners in 2008. It was the company that had wine cellar production, and now is the company responsible with sales activities for Budureasca wines.

Organic Budureasca – the company that produces organic grapes, then sell these to Viile Budureasca, a company that processes and obtains ecological wines.

The financial performance shown in the tables below is evidence of a sustainable business that has managed to diversify its portfolio and grow steadily, except for the years affected by Covid 19 pandemic. The business environment we operate in is highly competitive, especially due to the increasing trend of globalization and diversification of supply sources, but we can confidently say that we have managed to move together as a strong team through the pandemic period and find new ways to manage the volatile and uncertain environment.

Our indicators are

Financial Reporting

Economical Overview VIILE BUDUREASCA

| Nr.crt | Description of Indicator | Anul 2019 | Anul 2020 |
|--------|--|------------|------------|
| 1 | Turover (RON) | 25.222.498 | 21.243.842 |
| 2 | Profit (RON) | 1.071.782 | 181.465 |
| 3 | Taxes paid (RON) | 4.297.496 | 4.357.860 |
| 4 | Investment in protective equipment (RON) | 12.009 | 9.131 |
| 5 | Governmental support (RON) | 2.275.348 | 1.740.294 |

Economical Overview BUDUREASCA

| Nr.crt | Description of Indicator | Anul 2019 | Anul 2020 |
|--------|--|------------|------------|
| 1 | Turover (RON) | 31.632.751 | 25.712.388 |
| 2 | Profit (RON) | 2.332.688 | 1.460.230 |
| 3 | Taxes paid (RON) | 3.273.049 | 3.193.724 |
| 4 | Investment in protective equipment (RON) | 0 | 0 |
| 5 | Governmental support (RON) | 5.328 | 253.313 |

Economical Overview ORGANIC BUDUREASCA

| Nr.crt | Description of Indicator | Anul 2019 | Anul 2020 |
|--------|--|-----------|-----------|
| 1 | Turover (RON) | 78.914 | 393.216 |
| 2 | Profit (RON) | 21.100 | 6.738 |
| 3 | Taxes paid (RON) | 53.211 | 91.557 |
| 4 | Investment in protective equipment (RON) | | |
| 5 | Governmental support (RON) | 21.821 | 64.393 |

Consolidated Economical Overview

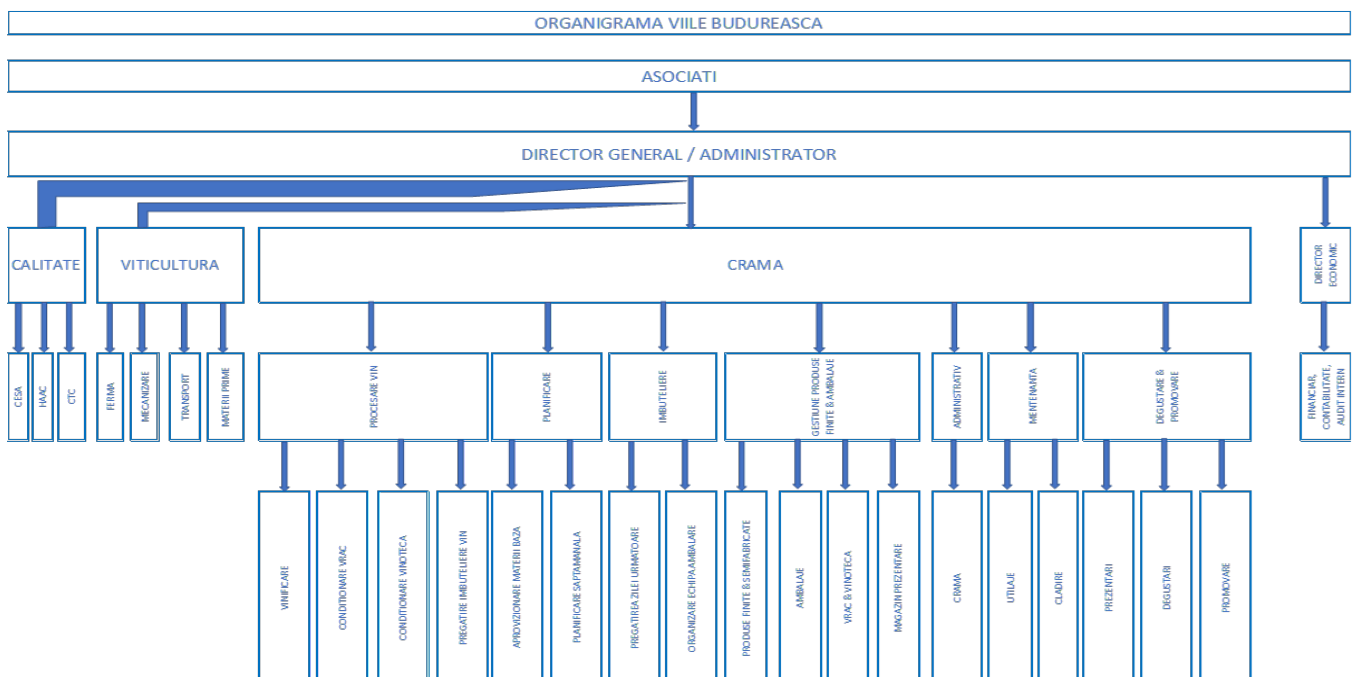
| Nr.crt | Description of Indicator | Anul 2019 | Anul 2020 |
|--------|--|------------|------------|
| 1 | Turover (RON) | 56.934.163 | 47.349.446 |
| 2 | Profit (RON) | 3.425.570 | 1.648.433 |
| 3 | Taxes paid (RON) | 7.623.756 | 7.643.141 |
| 4 | Investment in protective equipment (RON) | 12.009 | 9.131 |
| 5 | Governmental support (RON) | 2.302.497 | 2.058.000 |

3.3. Strategy and development objectives

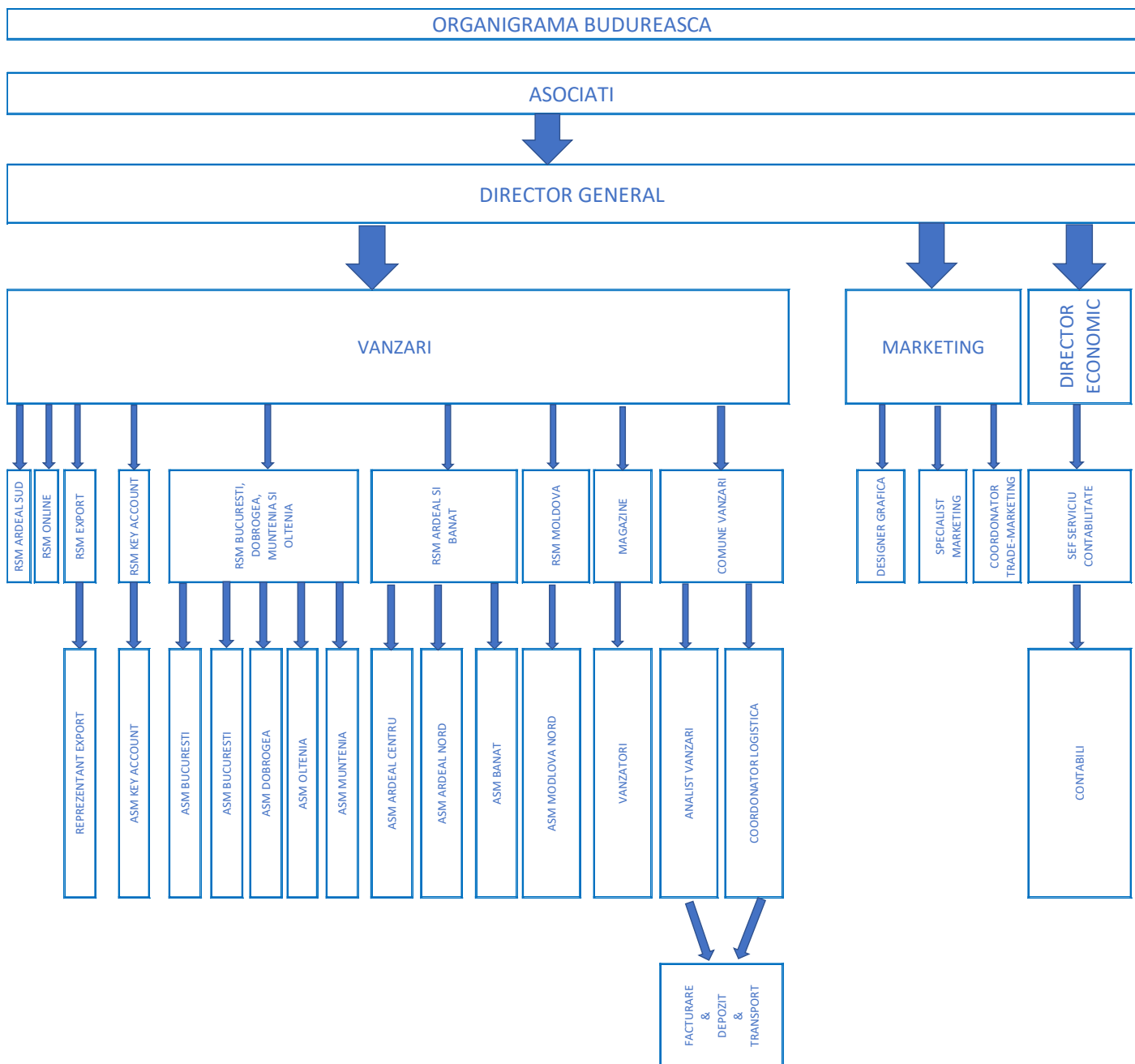
- Consolidate the position of an important player on the wine market, both in the country and in other markets.
- Modernization and diversification of the wine portfolio by its orientation toward the clients requirements by having in mind their satisfaction as the ultimate goal.
- Cost optimization by reorganizing production flows, increasing the level of monitoring of consumption, the degree of processes automation and continuous adoption of technological progress.
- creating an organizational culture that supports business growth by developing a permanent innovation environment supported by lifelong learning.
- Continuous improvement in the field of quality, health and occupational safety as well as environmental protection.
- Increasing the areas under green planting and as a direct result the quantities of ecological wine
- The focus on a circular economy approach in the field of water use and waste products generated from wine production process;

3.4 Organisational structure

Organigrama Viile Budureasca



Organigrama Budureasca



4. Ethics and responsibility

4.1 Our values

The Budureasca vision has as basic pillars **respect** for customers, partners and employees, as well as **care for the nature** and environment in which we work. Since the early stages of our development, we have been seeking to develop a solid organization with clear, transparent and motivating working principles. We have thus managed to have a steady development which has ensured us an active and representative presence in the market of quality wines

During this period, a **strong team** was created, motivated by common goals and open to new challenges, a team that imposed a new name in the market, but at the same time strong, serious and respected by customers and suppliers as well as by competitors and the local Community.

Budureasca's mission is to produce quality wines, based on respect for nature, employees and the Community and implementing procedures that comply to the highest standards in our industry.

In this sense respect to our customers means meeting all the requirements of hygiene in the cellar, using products according to their technical specifications .

We are PROUD to share with you the company's main values :

- Performance & passion
- Respect & responsibility
- Optimism
- Unity
- Dedication & dynamism

4.2 The Code of Ethics and Conduct

The Budureasca Group of companies and their employees conduct their activities with honesty and integrity and in accordance with the national and international laws and regulations applicable to our area of activity, as well as in accordance with applicable internal regulations and procedures.

The Company Group Code of Ethics is reviewed annually and employees are required to read it and comply with its provisions. The Code of Ethics and Conduct is brought to the attention of all those involved through specific communication activities (e.g. providing a copy of each employee's code of ethics and conduct, a special section for this purpose included in the document management system, include a code compliance clause in all contracts, including those concluded including those concluded with customers, Budureasca suppliers , publication on the company website, etc.).

Budureasca respects and promotes in its activities – within the Company or in its dealings with those from abroad – the principles and values of ethics and

integrity as described in the Code of Ethics and integrity. This code provides important aspects concerning: Conflict of interest, compliance with competition laws, ensuring integrity and preventing corruption, preventing and reporting fraud, money laundering, etc.

The Code of Ethics and integrity is available for consultation on the Budureasca.ro website, in both Romanian and English.

The structure of the Code is

- Principles of conduct
- Prevention of corruption actions
- Protection, transparency and completeness of the information within the Budureasca organisation
- Protection of property and resources
- Implementation and monitoring of the Code of Ethics and Conduct

The rules of ethics and integrity shall be binding and shall apply to all persons working for the company: Employees, directors, and members of the Management Board.

4.3 Certification

The Budureasca enjoys an outstanding reputation for the quality of its products and services. We have implemented and maintained ISO certification relevant to the area in which we operate, i.e. ISO 22000 / 2018 .

Organic Budureasca is also certified for the production of eco-grapes, and the Viile Budureasca are certified for the production of organic wines, in accordance with EEC Regulation 834/2017 and 889/2008 and the implementing rules for those Regulations.

During 2021 Budureasca has initiated the process of certification for ISO 14001 and ISO 45001 within a contract with a specialized company in this field. By the end of the year it should be in position to present both certificates !

5. Field of activity

The Budureasca group of companies is active in the wine grape production and wine production.

The structure of our portfolio is the following :

- Dealu Mare production of grapes with a registered designation of origin in an area of 265 ha;
- A production of wines with a registered designation of origin Dealu Mare and of varietal wines in various product ranges and prices.
- A tasting and promotion activity for wines at the production site and other locations.

5.1 Production

The grape production is carried out in the village of Gura Vadului, in Prahova county, on an area of 265 ha. The varieties of grape varieties grown are:

- ✓ For white wines
 - Feteasca alba;
 - Feteasca regala;
 - Tamaioasa Romaneasca;
 - Sauvignon blanc;
 - Pinot grigio;
 - Riesling italian si de Rhein;
 - Chardonnay;
 - Muscat Ottonel;
- ✓ For red wines
 - Busuioaca de Bohotin;
 - Feteasca neagra;
 - Cabernet sauvignon;
 - Merlot ;
 - Pinot noir;
 - Shiraz;

In order to ensure the production of wine necessary to secure stocks, the company also is purchasing grapes from other producers in the area of quality DOC Dealu Mare, firms and individual producers.

The grapes are processed in the cellar of its own in the village of Gura Vadului, with cellar located in the middle of its own plantations. The storage capacity of the wine cellars is 41.000 hl, which allows the annual processing of about 4.000.000 kg of grapes, which is about 26.000 hl, wine annually.

The Budureasca team means in the production activity horticulturists engineers, oenologists, chemical engineers and lab technicians, food industry technicians and workers .

The wines produced in our company reach the consumer tables from 3 continents in countries such as Japan, China Canada, USA, Sweden, Belgium, etc.

The ranges produced by us include 2- and 10-liter BIB (Bag In Box) wines, as well as bottles with capacities between 0.187 and 1.5 liters.

Wine tasting and promotion activities are also organized at the wine cellar, which allows many real clients "lessons" about wine, its association with the food and especially the responsible consumption of this product.

6. Sustainability and environmental protection

The core values of our group of companies guide our vision and are essential to Bupacasca's success .

Reducing the carbon footprint in the next 5 years is one of our core goals: By making energy consumption in our facilities more efficient, investing in concepts capable of conserving energy, reducing greenhouse gas emissions.

This is why in 2020 the Budureasca group updated its sustainable development strategy, based on two major elements: The company's strategy for 2020-2025 and the sustainable development goals in business processes in line with the United Nations global sustainable development goals

(<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>).

Adopted by the United Nations the 17 objectives are an action plan to eradicate extreme poverty, reduce inequalities, injustice and protect the planet by 2030.

The Budureasca engages and develops projects to support 5 out of the 17 objectives where we have a significant impact: Ensuring a healthy life, quality education, gender equality, accessible and sustainable energy, sustainable production and consumption.

The sustainable development objectives that we sustain :

3 GOOD HEALTH AND WELL-BEING



Objective 3

Our team is the fundamental value of Budureasca, so we aim to ensure a safe and healthy working environment by proactively eliminating hazards and reducing the risk of accidents and occupational disease. We have implemented a health insurance program for both employees and their families.

4 QUALITY EDUCATION



Objective 4

We contribute to the development of educational programs, to the encouragement of innovation and lifelong learning through opportunities training and professional development for our employees and young practitioners. At this time we are supporting scholarships for young people taking courses at the Mizil agricultural high school;

5 GENDER EQUALITY



Objective 5

Our focus is to ensure women's full and effective participation and equal opportunities in leading positions at all levels of decision-making within the Group of companies. We maintain a balance between the number of men and women employed in all companies in our group and we do not discriminate at pay level.

7 AFFORDABLE AND CLEAN ENERGY



Objective 7

We are a company that aims to implement projects by which to put in place equipment to produce electricity through photovoltaic panos. We have submitted a pro for installation of photovoltaic panels for the production of 50kw electricity.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Obiectivul 12 - Producție și consum sustenabil – Efficient electricity consumption, energy efficient lighting sources, use of energy efficient equipment, use of sensors in public lighting areas. Selective collection of waste throughout the company (offices, factories, sites). carbon footprint reduction (fuel consumption reduction using low-carbon emission vehicles)

Preventing pollution, preserving resources and reducing the amount of waste generated by our activities is another important course of action by the group. We hope to accelerate progress in this direction by understanding more deeply the concept of circularity throughout our production and supply chain.

In the field of waste management we fully respect our commitments, and we report in a unified manner through the environmental Fund systems the amounts collected through the responsibility transfer contract with Clean Recycle .

Report issued thru Transfer of Responsibility Organisation

| | 2019 | 2020 |
|---------------|---|---|
| | Material used to package products sent to internal market | Material used to package products sent to internal market |
| Material | Total | Total |
| Glass | 434,888 | 659,845 |
| Total plastic | 10,398 | 19,899 |
| Paper | 58,746 | 72,886 |
| Total metal | 439 | 388 |
| Wood | 4,985 | 8,202 |
| TOTAL: | 509,456 | 761,220 |

7. Social Responsibility

We are supporting the cultural initiatives, especially the privately funded! Recently Budureasca was involved in the production of a short independent movie that will be launched by the end of this year „ Completely unknown” . The Director of the movie is Octavian Strunila and our funding was highly appreciated.

Another element worth to mention here is the training offered by the management during the pandemic period – Delivery of LIVE remote sessions (organized by Axioma Solutions) a very well received session.

8. Our employees

Diversity and inclusion Social indicators

At the level of the three reporting companies we have a balanced staff structure. Thus, at the end of 2020, we accounted for a share of 56% women and 44% man of the total number of employees

Our group firmly believes that employees are the most valuable resource available to us. Their competence, loyalty and integrity proved to be the key to the success of the organization.

With this vision in mind, we make every effort to ensure the safest and healthiest working environment and to ensure that skills for all staff continue to develop, both in execution and management functions.

Diversity and Inclusion

Our teams have different professional structures and skills, due primarily to the specific nature of each activity (production in two companies and sales in the third) as well as to the evolution of our portfolio over time. A constant approach, however, is our approach to rejecting any elements of discrimination and harassment based on ethnic, racial, sexual, political, or of any other nature within the recruitment, employment and promotion processes. Any deviations from these clear principles can be reported to those responsible for human resources

We work and win projects together as a team united around common values, but the responsibility is clear and personal. The long-term commitment is confirmed by the low rate of voluntary departure from the company. We have colleagues who are with us from the start of their career or for most of it! Within the group, the number of end-of-year employees was higher in 2020 by 6.7 % compared with 2019, i.e. 95 employees, and the number of women employed increased from 45 to 49. As we also stated in our commitment to the sustainable Development Goals, gender equality is a very carefully targeted goal. Thus, a significant proportion of women is present in management structures including CEO and CFO of Budureasca !

Social indicators

Social Indicators Viile Budureasca

| Nr.crt | Description of Indicator | Year 2019 | Year 2020 |
|--------|---|-----------|-----------|
| 1 | Number of employees | 89 | 95 |
| 2 | Women employed | 45 | 49 |
| 3 | Effective time worked by employees | 189.382 | 192.064 |
| 4 | Nr. of accidents with temporary work incapacity for past 10 years | 0 | 0 |

Social Indicators Budureasca

| Nr.crt | Description of Indicator | Year 2019 | Year 2020 |
|--------|---|-----------|-----------|
| 1 | Number of employees | 42 | 36 |
| 2 | Women employed | 27 | 25 |
| 3 | Effective time worked by employees | 83.527 | 71.983 |
| 4 | Nr. of accidents with temporary work incapacity for past 10 years | 0 | 0 |

Indicatori Sociali Organic Budureasca

| Nr.crt | Description of Indicator | Year 2019 | Year 2020 |
|--------|---|-----------|-----------|
| 1 | Number of employees | 2 | 2 |
| 2 | Women employed | 1 | 1 |
| 3 | Effective time worked by employees | 3.186 | 3.330 |
| 4 | Nr. of accidents with temporary work incapacity for past 10 years | 0 | 0 |