Board Evaluation Policy for Purcari Wineries PLC

Updated as of: December 12, 2018

In line with the regulations of the Bucharest Stock Exchange Corporate Governance Code, Purcari Wineries PLC ("the Company") has elaborated a Board Evaluation Policy.

The Board of Directors ("the Board"), with all the Directors present, shall annually devote a part of a Board meeting to conduct a self-evaluation of the performance and effectiveness of the Board and its Committees during the year.

This process shall be led by the Chairman who shall seek the opinion of each Director on how the operations of the Board could be improved to ensure it delivers in the best possible way on its responsibilities. The Directors shall provide constructive feedback on what the Board does well and what the Board needs to improve on. Performance of the Chairman is evaluated in a separate section of the meeting, which is conducted without Chairman's presence.

Shall the Board deem external assessment necessary, either in relation to its general performance or performance of specific Committees, it may retain an independent adviser to lead such process.

The results of the Board evaluation process, including the key outcomes of analysis and action points, shall be published in the Company's annual corporate government statement.

The Board may decide to make this Policy public in the Investor Relations section of the Company's website.

Forecasting Policy for Purcari Wineries Public Company Limited

Updated as of: December 11, 2018

This policy describes the formal approach used by Purcari Wineries Public Company Limited (hereinafter referred to as the "Company") to project its financial performance for the short- and mid-term period. The goal of the forecasting policy is (i) to outline the approach to forecasting and guidance taken by the Company and (ii) to ensure efficient and fair communication of financial information to the Company's shareholders.

Forecasting process

On an annual basis, the Company prepares a detailed Budget, reflecting at least quarterly performance metrics, which is approved by the Board of Directors. The budgeting process is led by financial department of the Company and its CFO, who are responsible for verifying, aggregating, consolidating and assessing estimates provided by business units, as well as communicating and confirming resulting projections with the Company's management prior to Board of Directors approval. The Board of Directors shall approve the Budget for the upcoming year no later than December 31 of the preceding year. The forecasting process is based on a range of assumptions and input factors, including but not exclusive to:

- External factors: macroeconomic parameters; expected changes in global and local consumer trends; changes in input costs, including materials, labor, utilities; changes in market-standard costs and terms of financing; changes in effective tax regimes or regulatory requirements in geographies of operations; other.
- Internal factors: decisions to expand business in new or existing geographies, M&A policy, changes in target product output and mix; changes in operational efficiency, evolution of overhead expenditures; capital investment program; dividend and share buyback policy, other.

All external assumptions are based on verifiable high-quality sources, such as government statistical offices, rating agencies, recognized research companies, other.

Disclosure of projections

Detailed forecasted financial statements are prepared exclusively for internal use of the Company's management and are not made public. At management's discretion, select elements of the forecasts, based on the Budget, can be used internally for auxiliary purposes, such as setting internal KPIs and benchmarks for the Company's units, personnel performance assessment purposes, other.

To provide an estimate of future financial performance to its shareholders, the Company may publish an Annual Guidance on select metrics. The Company shall aim to publish the Annual Guidance following the announcement of year-end results. The Company shall aim to update its Annual Guidance on quarterly basis, if relevant, published in quarterly results presentation uploaded on the Company's website. The specific metrics selected for the Annual Guidance may vary from year to year, but will typically include revenue and margin metrics. For FY2018, in its first Annual Guidance, the Company disclosed three Guidance points:

- Organic revenue growth guidance – year-on-year increase in Net Revenue, net of possible effects of M&A and divestiture, on a consolidated basis, using the Company's results for the previous year as basis;
- EBITDA margin guidance - % of EBITDA in relation to Net Revenue, calculated for a given full year on consolidated basis;
- Net Income guidance - % of Net Income in relation to Net Revenue, calculated for a given full year on consolidated basis.

All guidance metrics are reported either as precise figures or as range. The Company reserves the right to amend the list of guidance indicators published going forward. By its nature, any forward-looking guidance is not a guarantee of future performance and is associated with uncertainty. Actual results may differ materially from the guidance points published, depending on a variety of external and internal factors.

Upon recommendation of the CFO, based on input from executive managers, the Annual Guidance as well as any quarterly updates to the guidance, shall be brought to the attention of the Board of Directors, yet the ultimate decision regarding the guidance provided shall be made by the CEO of the Company, in close consultation with CFO and other relevant managers.

Remuneration Policy for Purcari Wineries Public Company Limited

Updated as of: December 11, 2018

This policy describes the formal approach used by Purcari Wineries Public Company Limited (hereinafter referred to as “the Company”) to establish the remuneration of its Board of Directors, including the Executive Directors. The goal of this policy is to provide a transparent overview of the compensation principles and methods employed by the Company to ensure sourcing, retention and motivation of top talent. The company views remuneration and motivation of personnel central to its long-term strategy, given operations in highly competitive and global market, as well as the strong growth profile of the Company.

The main principles underlying the Remuneration Policy are:

- *Strategic alignment* – compensation schemes must be aligned with the long-term strategy of the Company and its short-term elements, ensuring organic balance of incentives of the Company’s shareholders and executives;
- *Sustainability* – compensation must stimulate mid- and long-term motivation, as opposed to being overly focused on achievement on short-term, unsustainable gains;
- *Performance focus* – compensation must be determined in accordance with relevant performance of specific employees, enabling the company to attract and retain top managerial talent;
- *Market relevance* – the reward must be determined within context of the market environment the Company operates in, both globally and in specific geographies, to ensure recruitment competitiveness and efficiency;
- *Transparency* – the mechanics and logic of compensation schemes must be designed with simplicity in mind and aim at full understanding by all internal and external information users.

Remuneration approval

The Company has established the Nomination, Remuneration and Governance Committee, that has an advisory role within the Board of Directors. The Committee will (i) nominate candidates for the positions in the Board of Directors, as well as Executive Directors; (ii) conduct assessment of candidates’ ethical and professional qualities; (iii) recommend to the Board of Directors levels of remuneration; and (iv) monitor implementation of Remuneration Policy within the Company. The Board of Directors is responsible for approval of remuneration schemes for the Executive Directors.

Executive Directors

The Executive Directors’ compensation structure consists of three main elements:

- *Base Remuneration* – first pillar of compensation package, aimed at offering a basic income to employees. The Company will aim to provide a competitive Base Remuneration, yet will abstain from bidding above market rates, given emphasis on variable part of the compensation;
- *Annual Bonus* – second pillar of compensation, aimed at recognizing performance of the executive director in a given time period and the differentiating element of compensation package. Bonuses are typically paid once a year and are tied to meeting of quantifiable KPIs, set for the respective employee, both, Company-wide, as well as position specific;
- *Long-term incentive plan (LTIP)* – long-term stock-based motivation plan, aimed at providing ambitious compensation levels for continuous high performance, as well as serving as a retention measure.

The Executive Directors’ compensation is approved by the Board of Directors. The compensation of other key executives in the Company (not limited to members of the Board of Directors) members, may be made subject to Board of Directors approval at the recommendation of the CEO.

Executive Directors who are also Board of Directors members shall not be entitled to any additional compensation for their membership in the Board of Directors, assuming they are already compensated under the Executive Directors scheme.

Non-Executive Directors

Remuneration for Non-Executive Directors consists of base fixed remuneration. The level of the remuneration is approved at the Annual General Meeting of the Company. Non-Executive Directors may receive stock-based compensation, instead of part or all of the fixed remuneration portion and in addition to the fixed remuneration portion.

Related party transaction policy for Purcari Wineries Public Company Limited

Updated as of: December 12, 2018

According to the regulations of the Bucharest Stock Exchange Corporate Governance Code, Purcari Wineries Public Company Limited ("the Company") has elaborated a Policy to address any relevant related party transactions. This Policy describes the regulations related to treatment, disclosure and approval of transactions with such related parties.

Definitions

A related party transaction is defined as a transfer of resources, services or obligations between the reporting entity and a related party. The definition of a related party is in line with respective terms of International Accounting Standard 24 and applicable legislation.

Treatment

The Company will ensure that all related party transactions are considered on their merits, on an arm's length basis, ensuring protection of the interests of the Company, compliant with the restrictions set out in related legislation and, if applicable, transparently disclosed to shareholders and potential investors.

Employees, managers and board members are strictly required to act only in the interest of the Company and its shareholders, not targeting any personal financial interest that may be harmful to the position of the Company or its shareholders. All applicable persons, including employees, members of the Board of Directors and executive managers are required to make a formal disclosure to the Company's management when they, members of their families, or related entities have a major interest in a transaction negotiated by the Company. The Company shall maintain a register of related parties and update it promptly when new information on such parties emerges.

Approval

Any transaction of the Company with any closely related entity or person, for an amount equal to or higher than 5% of the company's net assets, must be approved by the Board of Directors based on the mandatory opinion issued by the Audit Committee. The Company reserves the right to set additional internal approval limits and procedures for related party transactions, provided that such limits are below the above-mentioned mandatory threshold and in line with applicable law.

Disclosure

The Company will promptly report all qualifying related party transactions as required by applicable regulations. Current reports concerning information on the related party transactions requiring disclosure will be publicly available in the Investor Relations section of the Company's website and filed with applicable authorities.

This related party transaction policy is be made available to public in the Investor Relations section of the Company's website.