DOVERIE

UNITED HOLDING AD

CONSOLIDATED NON-FINANCIAL DECLARATION PURSUANT TO ARTICLE 48 OF THE ACCOUNTANCY ACT

31 DECEMBER 2020

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1. Brief description of the business model of the Group – goal, strategy, corporate structure, infrastructure, products, policies pursued in relation to the primary and ancillary activities of the Group

Doverie – United Holding AD is a public joint-stock company registered in 1996 as the largest former privatisation fund in the country It is established in relation with the mass privatisation process.

In this initial period of the privatisation fund, shareholders are more than 160 thousand Bulgarian citizens and presently the shareholders of the Holding are more than 140 thousand Bulgarian citizens as the controlling interest in the ownership belongs to legal entities related to the Sopharma AD group.

In the last 20 years, the Company has undergone a serious process of transformation and restructuring and has established itself as one of the largest economic structures in the country.

Today, the Holding has leading positions in its core sectors: Retail outlets of the type 'Do It Yourself' — Mr. Bricolage; supplementary health insurance through United Health Insurance Fund Doverie ZAD and IC Medico AD; a group of companies in the outpatient and hospital care.

The Holding is also active in other sectors such as construction and wine production.

1.2. Purpose

Doverie–United Holding AD follows its main investment goal: To provide its shareholders with a steady income from dividends and from the increase of the share market price. The company shares are traded on the Bulgarian Stock Exchange AD.

1.3. Strategy

The achievement of the main goals is performed consistently by solving the following strategic tasks:

- Investment in and management of profitable enterprises;
- Innovations in production technologies;
- Releasing cash resources from 'dead' assets and utilizing them for acquisition of new production equipment;
- Sale of minority interests and concentrating resources at best market conditions;
- Diversification of investments in different sectors of the economy in view of the sustainability of the economic base;
- Conducting a single corporate policy on homogeneous objects - budgeting, production rules, certification, financial reporting, internal control, human resources management;
- Compliance with strict discipline and business ethics.

1.4. Corporate structure

At 31 December 2020, Doverie–United Holding AD exercises control over the following subsidiaries (grouped by economic sectors):

Company	% of shareholding
SUB-HOLDING COMPANIES	
Industrial Holding Doverie AD	100%
Doverie Capital AD	100%
TRADE	
Doverie – Brico AD	71.93%
HEALTH SERVICES	
United Health Insurance Fund Doverie AD	98.15%
Insurance Company Medico 21 AD	95.20%
MC Doverie AD	100%
Multiprofile Hospital for Active Treatment Doverie AD	100%
Occupational Health Doverie EOOD	100%
CONSTRUCTION	
Dunav AD	81.82%
Hydroizomat AD	93.34%
GRAPE AND WINE PRODUCTION	-
GRAPE AND WINE PRODUCTION Bulgarian wine OOD	- 100%
Novoselska Gamza AD	85.72%
PRODUCTION OF DETERGENTS	
Doverie Care EAD	100.00%
OTHER INDUSTRIES	
OTHER INDUSTRIES Maritsatex AD	54.36%
Bilyana Triko AD	98.88%
Homogen AD	100.00%
Vratitsa AD in insolvency	69.60%
Doverie Invest EAD	100.00%

1.5. Main market segments, subsidiaries, products and services

Trade

The trade activity of the Holding is carried out through Doverie – Brico AD and performed through construction, operation and management of retail outlets for household goods and repairs. The activity of the Company is based on a Partnership Agreement with Mr.

Bricolage SA (France), signed in 1999. According to the agreement Doverie – Brico AD has the exclusive right to use the trademark of Mr. Bricolage in the territory of Bulgaria, Serbia and Macedonia as well as to use the support of Mr. Bricolage SA during the construction of shops of the type 'Do It Yourself' in these countries.

The Company operates 11 outlets throughout the country: Sofia –3, Plovdiv – 2, Varna, Blagoevgrad, Burgas, Pleven, Ruse and Dobrich. The Company is a leader in the sector and holds 11% of the market.

The concept of the Mr. Bricolage store is to offer in one place all the necessary products for home and garden decoration and repair, thus satisfying the needs of the people who love to make and carry out repair activities.

Health services

The main area of health services is supplementary health insurance, which is provided through United Health Insurance Fund Doverie ZAD and IC Medico – 21 AD.

Health insurance companies (insurance) cover both the ordinary and specific health needs of each insured person. The subject of health insurance is the provision of up-to-date highly specialized diagnostic and consultative hospital care and rehabilitation for protection, recovery and improvement of the health of the insured persons, as well as reimbursement of expenses for medications and medical devices.
The system sets out the principles of mutual assistance among the insured, self-management of health, freedom of choice of doctors, efficiency and economy of health services,

United Health Insurance Fund Doverie ZAD AD is the company leader on the market of additional voluntary health insurance for sickness and/or accident.

Insurance Company Medico–21 AD is a company that performs additional voluntary sickness and/or accident insurance.

The second major area of the Holding's health services is related to the provision of outpatient and hospital medical care at Doverie Medical Complex.

The modern medical complex is functionally divided into a diagnostic and consultative centre and a multi-profile hospital for active treatment. Doverie Hospital is created in the end of 2005 and is one of the first private hospitals in Bulgaria. The medical complex has high-tech equipment and highly qualified specialists – a prerequisite for precise diagnostics and effective treatment of patients.

The third major area ofthe Holding's health services is provided through the Occupational Health Service – Occupational Health Doverie EOOD.

The services assist employers in establishing an occupational safety and health organization; in assessment of occupational risks and analysis of the health status of employees; in training of workers and officials on health and safety at work rules; proposing measures to eliminate and reduce identified risks. The services are licensed as a Type 'C' Control Authority.

Other industries and sectors

The construction sector is presented by Dunav AD and Hydroizomat AD.

Dunav AD – is a company, specialized in design, construction, specialized construction services, production of building materials and products.

Hydroizomat AD – is a company, specialized in production of waterproofing, insulation and other materials; construction, repair and services.

The wine production sector is presented by Bulgarian Wine OOD and Novoselska Gamza AD.

The goal of our wine business is the creation of quality products with a strong brand and our becoming a preferred supplier of basic and first-class wines in Bulgaria.

Bulgarian Wine OOD (MEDI VALLEY) is a modern wine complex consisting of a modern wine cellar and its own vineyard of 370 dca wine vineyard. The company purchases also grapes and fruit for the production of wines. The annual production is about 350 tonnes of wine. The winery's trademarks are Good Year and Incanto.

Novoselska Gamza AD is a company whose activity is purchase of grapes and fruit, production of wine, brandy (rakias) and other. The company cultivates its own array of 250 dca of vineyards. The annual production is about 120 tonnes of wine. The trademark of the company is Gamza from Novo Selo.

Since the beginning of 2017, the Holding has focused on a new segment – production of and trade in detergents.

The Troyan company VEKO was purchased. The company was subsequently transformed into Doverie Care EAD. The range of products of the company includes detergents and household chemicals with the brands of “Easy” and “Typhoon”, a mineral paste “Terra” for heavily soiled hands, car products, antifreeze, and sealant compounds for joints.

1.6. Policies pursued in relation to the primary and ancillary activities of the Group

Business Development Policy and Engagement of the Management

The goals of the management of the Holding are aimed at maintaining the leading position in the market and building long-term partnerships with clients based on mutual trust. The goal of management is to meet the increasing customer requirements and the need to provide even better services and products.

Building mutual trust with customers is done through the provision of impeccable service and quality products and services

Customer Feedback and Satisfaction

The investments of the Holding are not an end in themselves. Considerable and continuous efforts are focused on providing modern services and products that are safe,

reliable and at the same time easy to use. This ensures the top position of the Holding in the field of complex health services, trade, as well as in other business areas.

Vocational Training

The opportunity for professional development and the provision of vocational training to employees is one of the focuses and one of the most powerful means of achieving strategic goals.

The high expectations of management and employees in this direction are met by organizing training initiatives in various areas. Strong emphasis continues to be placed on the development of the skills of the employees for the purpose of delivering the highest quality of goods and services. Traditional importance is attached to trainings and initiatives to improve the leadership qualities of current and potential management staff.

In 2020, as in previous years, a special emphasis is placed on linking theoretical learning with actual practice. The importance of on-site training as a real expression of this aspiration is established and validated as a working and effective model.

Ongoing Improvement

The Holding monitors closely the compliance of its structure with external and internal requirements for responsible, transparent and sustainable operations.

Compliance with laws and regulations, as well as transparent reporting to shareholders and other stakeholders, is a key responsibility.

2. A description of the policies and measures adopted and followed by the Group in respect to environmental issues

Managing and minimizing the impact of significant aspects on the environment is an integral part of the overall management system of the Holding. The strategic goal of the management is to continuously improve the practice towards prevention and/or reduction of the environmental impact, as well as to increase the level and culture of the eco-friendly behaviour of the Company. The implementation of the environmental policy is synchronized with activities in different areas – quality of production, financing, employee health protection, safety at work and others.

In order for the environmental policy to be successful, the parent company requires the governing bodies of all subsidiaries, employees and workers to display high professionalism and responsible environmental behaviour in their daily work.

The companies in the Group have been issued the relevant certificates, specific to the activity performed:

- **Hydroizomat AD** – ISO 9000:2015, ISO 14001:2015, BS OHSAS 18001:2007. The Company is registered in the Central Occupational Register of Builders to the Bulgarian Construction Chamber for the execution of sites from first group, from third to fifth category – Certificate No I - TV 016543.

- **Medico – 21 AD** – ISO 9001:2008, Certificate of license for the performance of insurance activity issued by the Financial Supervision Commission.
- **Doverie Care EAD** – participates in an Integrated Management System (IMS) and has the following certificates ISO 9001:2015, ISO 14001:2015, ISO 18001:2007. In its activity the Company has always strived to comply with all environmentally related regulatory requirements.

The powder dispensing tower in the washing powder workshop is equipped with a set of filters that prevent release of particulate matter into the atmosphere.

The phosphate content of the products is reduced to levels below those laid down in the European Directives.

In order to implement its environmental policy, Doverie Care EAD cooperates actively with all control organizations in this regard.

- **Novoselska Gamza AD** – Certificate from BULECOPACK AD that the company participates in a collective system under Article 14, Paragraph 2, Subparagraph 2 of the Waste Management Act and under Article 28, Paragraph 1 of the Ordinance on packaging and packaging waste.
- **Occupational Health Doverie OOD** – Occupational health services are subject to registration with the Ministry of Health, and the Company's current certificate is No 032-5 / 22.7.2019. It has been accredited a Control Authority of type 'C' with accreditation certificate Reg. No 130 OKC (issued by Executive Agency Bulgarian Accreditation Service). The Control Authority controls the physical factors of the working environment (micro climate, artificial lighting and noise) and controls electrical equipment and facilities up to 1000 V. The nature of the work of Occupational Health Doverie AD does not imply a direct impact on the environment.
- **United Health Insurance Fund Doverie ZAD AD** holds a certificate of license issued by the Financial Supervision Commission to conduct insurance business. The activity of the company is insurance and it does not have a direct impact on the environment. The Company have arrangement in place for separate collection of waste. Recycled stationery and supplies are used in daily business.
- **MHAT Doverie AD and MC Doverie AD** – the Hospital holds a permit to perform medical treatment activity by from the Ministry of Health. A waste management system is functioning in the hospital and the medical centre that sets up rules and procedures for the management of hospital waste, with an emphasis on the proper collection, storage and transportation of hazardous hospital waste and reducing the risk of their handling. It ensures personnel and other persons protection to prevent the spread of infectious agents in the hospital. MHAT Doverie AD and MC Doverie have concluded contracts for the collection, transportation and disposal of hazardous waste, as well as a contract for the transportation and treatment (recycling) of separated household waste with licensed companies.
- **Dunav AD** – ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007.

The Company holds certificates by the Bulgarian Construction Chamber – Central Occupational Register of Builders for the performance of construction works as follows:

- first group construction sites from third to fifth category;
- second group construction sites from third to fourth category
- third group construction sites from third to fifth category;
- fourth group construction sites from third to fifth category;

During the period from 1 January to 31 December 2020 regular, planned and extraordinary inspections were carried out by different institutions in accordance with the issued complex permits of the companies and in relation to environmental protection.

- On 19 August 2020 a scheduled inspection is made in Doverie Care EAD of the production of detergents and household chemicals by the Pleven Regional Inspectorate for Environment and Water and no breaches are found.

- On 07 October 2020 the Pleven Regional Inspectorate for Environment and Water issued an Inspection Protocol about a prescription of the Pleven Regional Inspectorate for Environment and Water not complied with by Doverie Care EAD.

- On 11 November 2020 the Pleven Regional Inspectorate for Environment and Water drew up with respect to Doverie Care EAD a Statement of Administrative Offence in relation to a violation of Article 35, Paragraph 1, Subparagraph 2 of the Protection against the Harmful Impact of Chemical Substances and Mixtures, in conjunction with Article 26, Paragraph 8 of the same Act.

- In 2020 regular correspondence was kept between Bulgarian wine OOD and the Sofia Regional Inspectorate for Environment and Water about information concerning the waste activities.

The control of the factors of the working environment in the structures of the Group is carried out by a Control Body “Elements of the Working Environment" of type C. Safe working conditions are ensured by controlling the factors of the working environment, risk assessment at workplaces, introduction of physiological mode of work and rest. In 2020, certificates are prepared for all the companies with protocols containing data from measurement and conformity assessment of the factors:

- Micro climate;
- Noise;
- Vibrations;
- Dust;
- Chemical agents;

3. A description of the policies adopted and followed by the Group in respect to environmental issues

The Holding complies with the working conditions laid down in the Labour Code and health and safety at work in all its companies. The management bodies of all subsidiaries follow and adhere to a single strategy imposed by the parent company, which is crucial for the development and achievement of the overall corporate objectives and pays particular attention to the development of uniform human resources management policies. The policies in this area are aimed at achieving accountability and ownership of the staff in the fulfilment of the set goals and tasks, while the senior management strives to support the middle management and the employees in realizing the management priorities of the Group.

The aim of the group social policy is to promote development and to stimulate positive changes in the overall activity of the Group, which in the end have a positive impact on the work process and on the social status of the workers.

To achieve its goals, the Group works with the statutory and internally approved regulations, rules and instructions related to:

- ✓ Labour law and social security relations;
- ✓ Organization of labour and remunerations;
- ✓ Employment and social policy;
- ✓ Employment conditions and safety at work;
- ✓ Collective Bargaining Agreement;

The social arrangements reached have the following basic guidelines:

- *Safety and health of the employees in the individual companies of the Group* - the employees of the Group in accordance with their activity and needs in the company are provided with: Special workwear and personal protective equipment; free food; measurement of the working environment parameters by an accredited body; periodic medical examinations; a short-term recovery and rehabilitation program for all employees is being implemented in the Group's recreation facilities.
- *Social benefits, financial benefits and compensations* – the employer insures all employees at the expense of the Group 'against the risk of occupational and non-occupational accident, temporary and permanent loss of working capacity due to occupational and general illness'; additional retirement benefits have been agreed for the employees of the Group; financial assistance is foreseen in case of death from an accident at work and in case of natural death; pursuant to the decision of the parties under the Collective Bargaining Agreement (CBA), financial aid is granted on specific occasions, most often for life-saving operations and costly treatment; payment of cash as social benefits for all employees in the Group agreed between the parties under CBA;

The policy of Doverie–United Holding AD is aimed at ensuring safe working conditions, a fair system of remuneration and motivation, and opportunities for professional development.

At the end of the current reporting period, the number of the staff in the group Doverie–United Holding AD is 1189.

The structure of the Group staff as of 31 December 2020 by gender, age, education and professional qualification is presented in the following tables:

Indicators	Number	Relative weight (%)
Total workforce	1189	
incl. senior staff	168	14%
Male	487	41%
Men in senior positions	89	53%
Female	702	59%
Women in senior positions	79	47%

The male/female ratio is respectively 41% male to 59% female. Relative parity can be found in the Group Management – 53% male to 47% female.

Age structure

Indicators	Number	Relative weight (%)
Total workforce	1189	
Up to 20 years	14	1%
From 21 to 40 years	414	35%
From 41 to 60 years	669	56%
Over 60 years	92	8%
Average age for the Group	47	
including average age of men	48	
including average age of women	46	

The largest share in the total number of employees is **from 41 to 60 years – 56 %** and **from 21 to 40 years – 35 %**. This implies that the majority of the staff have significant work experience and established work habits. The average age of those who work in the Group is **47 years. For** women it is 46 years, and for men – 48 years.

Education of the employees

Indicators	Number	Relative weight (%)
Total workforce	1189	
1. Higher education, including:	532	45%
– Master degree	332	62%
– Bachelor's degree	126	24%
– Professor's degree bachelor/Specialist	74	14%
2. Secondary education, incl.:	636	53%
– secondary with III degree of professional qualification	73	11%
- secondary with II degree of professional qualification	42	7%
– general secondary education	521	82%
3. Primary education	21	2%
4. Lower than primary education	0	0

Occupational Injuries

In 2020 there were no accidents at work.

During the reporting period, inspections were made by the Labour Inspectorate in the following structural units of the Group:

Doverie Care EAD

- On 22 June 2020 the Lovech Labour Inspectorate Directorate issued an Inspection Protocol concerning the compliance with the requirements of the labour legislation in terms of provision of health and safety at work and implementation of employment relationships and a Prescription is issued for the elimination and prevention of the violations found, as well as for prevention and elimination of the harmful consequences from them.

- On 28 October 2020 the Lovech Labour Inspectorate Directorate issued an Inspection Protocol concerning the compliance with the requirements of the labour legislation in terms of provision of health and safety at work and implementation of employment relationships and a Prescription is issued for the elimination and prevention of the violations found, as well as for prevention and elimination of the harmful consequences from them.

- On 20 November 2020 the Lovech Labour Inspectorate Directorate issued a Record of Findings under Article 27, Paragraph 3 of the Rules Implementing the People with Disabilities Act.

- On 02 December 2020 the Lovech Labour Inspectorate Directorate issued two Statements of Administrative Offence for a violation of the provisions under Article 62, Paragraph 1, in conjunction with Article 61, Paragraph 1 of the Labour Code.

Doverie – Brico AD

- On 14 August 2020 the Sofia Region Labour Inspectorate Directorate issued a Record of Findings under Article 27, Paragraph 3 of the Rules Implementing the People with Disabilities Act as compliance is established on the part of the company with obligations concerning the recruitment of a required number of persons with permanent disabilities for the implementation of a quota under Article 38, Paragraph 1 of the People with Disabilities Act.

- On 14 August 2020 the Sofia Region Labour Inspectorate Directorate issued an Inspection Protocol with an issued Prescription for the elimination and prevention of the violations found, as well as for prevention and elimination of the harmful consequences from them, on the grounds of Article 404, Paragraph 1, Subparagraph 1 and Subparagraph 12 of the Labour Code.

No other checks have been made or reported.

No significant structural changes have been made during the reporting period, no drastic changes in the Group's human resources management policies or other actions that could have an adverse impact on the employees.

Date: Executive Director:

Alexander Hristov