

ANNUAL REPORT



compa
beyond expectations

2020

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A) BOARD OF DIRECTORS REPORT

1. INTRODUCTION

PURPOSE OF THE REPORT

This ANNUAL REPORT for 2020 of the Board of Directors of COMPA S.A. Sibiu was prepared in accordance with the provisions of ASF Regulation no. 5/2018, Annex 15, addressed to companies listed on BVB whose financial statements are prepared based on IFRS standards.

The main objective of the annual report is to inform investors, business partners and our own employees, regarding the changes in the economic-financial and social activity of the company. This document highlights the results obtained by COMPA S.A. in 2020, despite the challenges and enormous difficulties faced by the company, due to the evolution of the Coronavirus pandemic.

MESSAGE FROM THE PRESIDENT - GENERAL MANAGER



The year 2020 was an atypical year, a year which due to the Covid - 19 pandemic, dramatically influenced the entire world economy and of course the automotive industry, a field in which Compa SA Sibiu also operates.

It was a period of 3 months starting with April, in which the company's activity was almost completely closed, and from August it started to recover, reaching at the end of the year approximately at the same level as the period before the pandemic.

In parallel, Compa, during its period of operation, was also affected by the decrease of the global production of cars equipped with diesel engines, following the strategy of car manufacturers to replace them with electric or hybrid cars in order to reduce pollution.

Of course, the reduction in the manufacture of cars with diesel engines does not come only from 2020, as it started in previous years. In this sense, Compa's strategy since 2017 has been to develop projects that allow the gradual replacement of components for diesel cars with other components in the automotive industry or other fields, so that the company can ensure a stable future. The year 2020 was intended to ensure, through new projects, an additional turnover of over 20 million euros, to replace that part of the turnover of diesel components related to reductions in the automotive industry and not to affect the level of turnover from previous years.

Unfortunately, not all of these projects have reached maturity due to the pandemic, but fortunately all diesel engine components production remained, at least, at the level of previous years, and even increased and we managed that by the end of 2020 to recover losses and we make a profit. All new projects in which over 20 million euros have been invested will reach maturity in 2021, we will invest in other projects as well and we will create conditions so that Compa's future will not be affected. We never stopped the investments program in 2020, despite all the difficult conditions encountered in this period, and we will continue to work to counteract the effects of major changes in the global automotive industry.

The quality of our products and services, environmental protection, occupational health and safety are integrated into Compa's strategy and are essential to our success.

We assure the shareholders and employees of Compa, as well as other individuals and legal entities interested in the evolution of our company that we are open to a permanent understanding of their needs so as to ensure the medium and long term sustainability of our activities.

Ioan DEAC
Chairman & CEO
COMPA SA Sibiu

2. COMPA - OVER 130 EXISTENCE AND PERFORMANCE

COMPAS S.A. - prestigious brand of the Romanian automotive industry has gained its reputation over time due to the diversity and competitiveness of its products, especially in the field of cars and springs, qualities acquired in over 130 years of existence and high-performance activity.

SHORT HISTORY

1886 - The first official documentary attestation of the blacksmith's workshop Iószef Datky (1844-1928), recognized as "Datky Iosif & Sons' Body Shop", which produced lamellar springs for carriages, forged parts, bards, axes, hammers, teslas, etc. . The workshop becomes a supplier of carriages for the Royal House of Vienna, and the recognition of the merits and quality of the products made was also proven by the participation in international exhibitions: Budapest (1896) and Paris (1898).



1920 - The beginning of the manufacture of springs for cars and wagons and the transformation of the blacksmith workshop into Elastic A Datky "being the first Romanian factory of springs and special smithy workshop.



1932 - The company "ELASTIC A.DATKY & Co" - the first spring and file factory - moves to the manufacture of files and spiral springs. The technology of manufacturing lamellar springs for trucks and cars has also been developed.

1948 - Nationalization of the factory and continuation of the activity under the name of the STATE ELASTIC ENTERPRISE which until 1960 produced files, springs and forged parts.

1961 - The Elastic Factory Sibiu specializes in the manufacture of: sheet springs; hot-rolled helical springs and cold-rolled helical springs.

1969 -- ESTABLISHMENT OF AUTO PARTS COMPANY Sibiu (IPAS) by merging two important companies from Sibiu, which, over time, had an independent individual course:

- Sibiu Automecanica Factory, with an impressive history during its development, from an Arsenal of Sibiu Artillery that ensures the repair and manufacture of weapons for the defense of the Sibiu Citadel (before merger) and the production of car equipment, combining the experience of forerunners with new progress of the technology and management of those times;
- Elastic Factory, with deep roots in the craft tradition of the fortress, being established in the nineteenth century as a blacksmith's workshop, which later developed into a body shop and finally, before the merger in 1969, in the spring and forged parts factory.



Automecanica Palnt



Elastic Plant



The unification of the two representative factories of Sibiu and the establishment of the SIBIU AUTO PARTS ENTERPRISE (IPAS) represents a crucial moment, laying the foundations, in Sibiu of a strong company in the automotive field, of an enterprise that would become one of the main suppliers of components for the manufacture of trucks and buses based on the license taken over by the Romanian State from the German company MAN. The Auto Parts Enterprise has entered into a national development program, with major investments in the construction of halls and the acquisition of state-of-the-art machinery and equipment for that period. Within the company, there were assimilated in manufacturing and produced, as a result of the purchase of licenses from various companies in the European car industry:

- Equipment for the braking system of vehicles;
- Cardan transmissions;
- Steering systems;
- Telescopic shock absorbers;
- Vehicle suspension systems.

1991 - Transformation of the AUTO PARTS COMPANY SIBIU, as a result of the change of the regime from December 1989, into a joint stock company, a company with full state capital, with the name of S.C.COMPA S.A.Sibiu.

1996 - Establishment by Compa, together with a company within the German concern KRUPP, of a joint venture - Krupp Bilstein Compa, for the manufacture of telescopic shock absorbers for car production

1997 -The company's shares are traded on the Bucharest Stock Exchange starting with June 12, 1997, under the symbol CMP. The securities issued by the company are traded in the Standard category of BVV.

1998 Establishment of the second joint venture - Krupp Compa Arcuri, for the manufacture of lamellar springs for trucks, vans and off-road vehicles.



1999 - The complete PRIVATISATION of COMPAS, by taking over the main package of shares owned by the COMPAS Employees Association (PAS). Privatization was the most radical form of restructuring. The change of ownership meant a complex and profound change in the performance of all the company's functions taken separately and as a whole. As such, the premises for the most profitable use of human, material and financial resources have been created.

2000 - The first affiliated company is established - Compa IT SRL, in the IT field, with full capital from COMPAS.

2001 - The affiliated company TRANS CAS SRL is established, with predominant capital from COMPAS, by transforming the existing Transport Base within the company, into a separate domestic and international transport company.

2004 - -The affiliated company RECASERV SRL is established, with a profile of public alimentation, realized by outsourcing the specific activities (canteen and microcantines from COMPAS). Subsequently, it expanded its activity through catering and cleaning services.

2004-2018 - - Establishing collaborative partnerships with some of the most important companies in the automotive field in the world, as well as with non-auto companies, in order to make components intended mainly for the automotive industry worldwide.

During this period, rehabilitation works were carried out, especially of the halls and warehouses, requiring their modernization and bringing them to a level of operation under the conditions imposed by our business partners.



In order to ensure the production spaces at the level of the requirements and standards of these periods, important investment were made.

The overwhelming share of investment expenditures made from own sources but also from bank loans was mainly focused on financing the acquisition of new, state-of-the-art machines and equipment, in order to achieve automotive components at the level of complexity, technicality and quality. requested by the company's partners.

2018-present - Compa continues to develop in a sustained rhythm, using high-performance technology and equipment.



3. MAJOR EVENTS IN 2020

15.01.2020 - The Board of Directors called the Extraordinary General Meeting of Shareholders (EGMS) in order to approve the participation of COMP A in the establishment of the affiliated company Comp a Hospitality SRL Sibiu with the main object of activity: Hotels and other similar accommodation facilities - CAEN code 5510.

Although the EGMS approved with the majority of votes the establishment of this company, in the end this affiliated company did not register.

The regulations that later appeared in this field, the requirements and exigencies that are imposed in the hotel field but also the contestation of some COMP A shareholders, were the reasons why the creation of Comp a Hospitality was abandoned, giving up the registration at the Trade Register.

21.01.2020 - - COMP A has concluded the Financing Agreement with Innovation Norway, which laid the foundations for the financing by the EEA and Norway Grants 2014-2021 of the project "Adapting to the new Automotive World using green process for green components under Industry 4.0."

Through this project, an investment is made at COMP A representing acquisitions of machines and equipment in a total value of 4,935,812 euros, of which the non-reimbursable value is 1,300,000 euros (26.34%). The implementation of this project ensures the achievement of the following objectives:

- Creating 10 new jobs;
- Reducing electricity consumption from 650kw / h to 331.5 kwh / h
- Reduction of CO2 emissions from 1,417.98 to / year to 723.17 to / year;
- Reduction of emissions from 4.98 to / year to 2.5 to / year
- Reduction of oil consumption from 66,600 l / year to 22,200 l / year
- Reduction of the area used for the placement of equipment from 2,000sqm to 300sqm.

The implementation date is 31.03.2021.

15.03.2020 -TRIGGERING OF THE COVID-19 PANDEMIC CAUSED BY THE NEW CORONAVIRUS SARS-COV-2

The main event that COMP A faced in 2020 (from the first part of the year), was the spread at an unprecedented pace of the pandemic with the new Coronavirus COVID-19 that spread around the world, paralyzing since March 2010 all economic activity and social development of the whole world.

This virus, with a rapid spread degree, from the first signs announced by China - Wuhan Province - to its worldwide spread, took only a few months.



In Romania, starting with March 16, 2020, a state of emergency was decreed that allowed the Romanian Government to initiate special measures in all areas of economic and social life, measures that also COMP A benefited during the period of activity blockade.

In COMP A the effects of the spread of the new Coronavirus have been catastrophic since March 15, 2010 and especially in Trim. II 2020 when the company's activity was effectively blocked

The main COMP A customers in the automotive field in Europe and in the world, completely stopped for an indefinite period the deliveries of products from COMP A, generating at that moment a state of confusion, of uncertainty regarding the date of resumption of the activity.

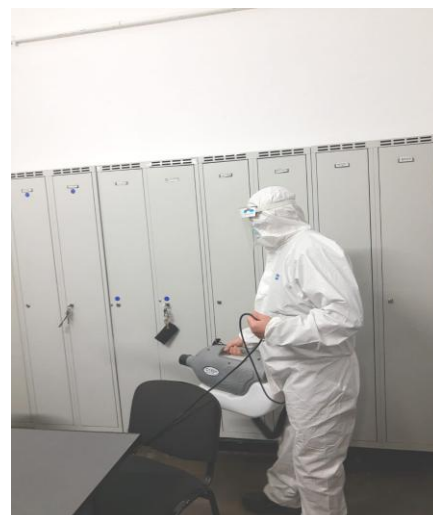
The first administrative measures taken at the level of the parent company COMP A as well as at the level of the COMP A Group were:

- Disinfection measures for common areas, changing rooms, common corridors, micro-canteens, areas inside production halls, entry gates of the

company, in the means of transport of commuters, etc.

- Protective masks and other hygienic-sanitary materials (gloves, visors, gowns) were distributed, especially in areas with a high risk of contamination;

- It has been established to control the body temperature at entry with special devices;
- An emergency plan was developed applicable in the event of an outbreak of this pandemic within the company;
- Training of all staff with responsibilities in all areas regarding the way to act in order to prevent the spread of the virus later called SARS COV2;
- Business trips have been suspended especially in the so-called red zones of Europe;
- Work from home was introduced, where possible, especially for people in offices without the possibility of distancing;



Despite the major efforts of the Board of Directors, of the company's management, with interventions to its business partners, COMPA was forced to interrupt its activity in all areas of production almost completely from April 1, 2020.

The individual employment contracts were suspended, benefiting from the facilities provided by the Government regarding technical unemployment (starting from April 1, 2020) for most employees, so the number of persons who benefited from technical unemployment benefits according to GEO 30/2020, were:

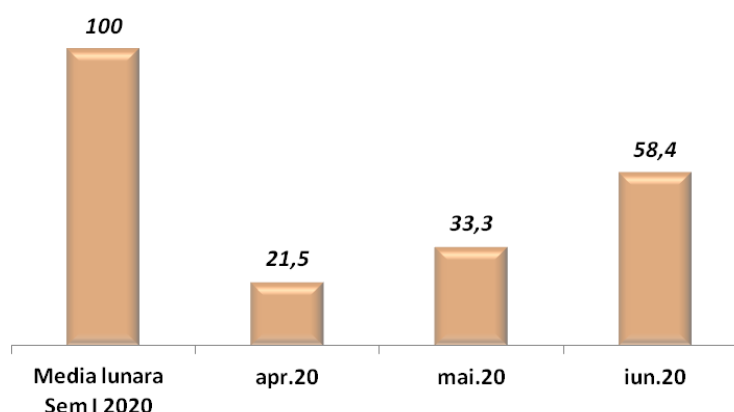
- 1734 persons in April 2020;
- 1732 persons in May 2020.

Following the cessation of the state of emergency (March 14 - May 14, 2020) and the establishment of the state of alert, COMPA benefited based on GEO 92/2020 subsidies of 41.5% of the gross salary, as a result of the reactivation of work from May 15 to June 30, 2020, a number of 1281 employees.

For a catastrophic period of two months (April - May 2020) the economic activity of COMPA was effectively blocked, (general situation throughout Western Europe, where most companies in the automotive field, to which COMPA also delivers, have completely stopped deliveries of components), affecting with dramatic consequences, the whole supply chain even for the following period of time.

The impact of this blockage on the company's activity, on the economic-financial indicators of Q2 - 2020, the hardest hit by the pandemic was devastating.

Turnover level of Sem. 1 - 2020 has dropped dramatically compared to the monthly average turnover in Sem. 1 - 2020. Share of achievements in the months of Q2 - 2020 were as follows:



Despite the measures taken by the Board of Directors, by the directors with areas of responsibility within the company, the economic-financial situation during Q2 - 2020 was catastrophic, substantially affecting the results on Sem. 2 - 2020, when a net profit loss of 4,055,067 lei was registered at the level of COMPA.

27.04.2020 - The Board of Directors called the Ordinary General Meeting of Shareholders (OGMS), organized in compliance with the distancing rules imposed by the state of emergency.

Among the topics included on the OGMS agenda were:

- Approval of the individual and consolidated financial results related to the financial year - accounting 2019
- Approval of profit distribution, as follows:
 - 28,819 thousand lei for own development sources
 - 3,890 thousand lei for the redemption of own shares
- Approval of BVC 2020 and the investment plan for 2020
- Appointment of Audit Cont SRL as financial auditor for the financial year 2020
- It was approved to carry out the ransom program of own shares, in order to distribute free of charge to the members of the company's management, in order to retain them;
- Other items on the agenda (discharge of the members of the Board of Directors for the financial year 2019, remuneration of the administrators, etc.)

The EGMS was also organized in compliance with the rules imposed by distance.

The following were included and approved on the agenda:

- The total cap of loans and guarantees consisting of assets
- Delegation of the Board of Directors through its legal representatives, to sign the documents nominated in the EGMS decision.

14.05.2020 - In accordance with the provisions of GEO 37/2020, Compa had issued and requested for suspension of the obligations to pay the due installments for the investment loans granted by the banks ING Bank NV Amsterdam - Bucharest branch and BRD Group Societe Generale.

According to this request, the two banks sent us the Confirmation Notification (according to the provisions of GEO 37/2020) by which the due rates from Sem. II 2020 have been rescheduled.

COMPA made these requests taking in consideration this legal opportunity and not because it would not have had the possibility to repay the overdue loans. The company's financial flows even during the pandemic were not significantly affected, COMPA had enough cash to pay all obligations, the company's liquidity being within normal parameters.

13.08.2020 - By the Decision of the Board of Directors 92 / 13.08.2020 COMPA decided to initiate the ransom program of its own shares, approved by the EGMS of 27.04.2020. COMPA informs shareholders and investors about this action.

29.10.2020 - COMPA has signed a new financing contract with Innovation Norway for the project "Converting the factory to a sustainable energy system". By implementing the project, a photovoltaic energy production system with an installed power of 0.99MW / h is realized. The total value of the investment is 845,785 euros, of which the non-reimbursable contribution from Innovation Norway is 422,800 euros (49.99%). This project will be completed on 30.06.2022.

05.11.2020 - Through the concluded protocol, between the representatives of the Board of Directors and the representatives of the unions, the result of the negotiation regarding the salary chapter is approved, the other clauses of the Collective Labor Agreement remaining unchanged.

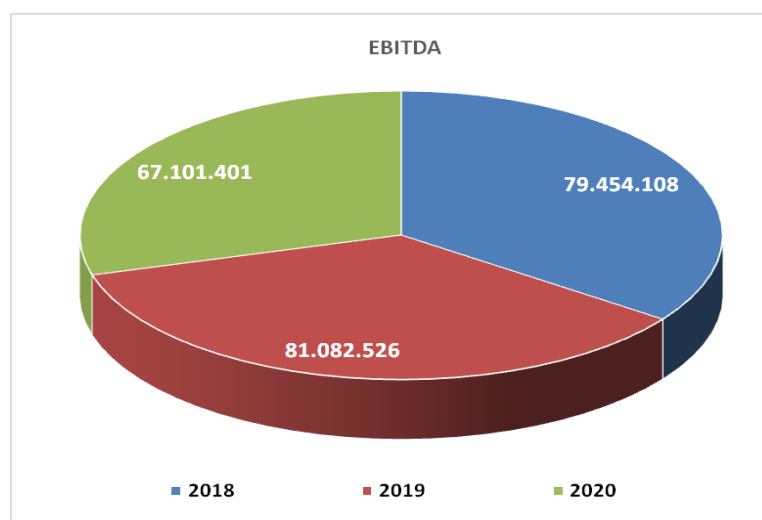
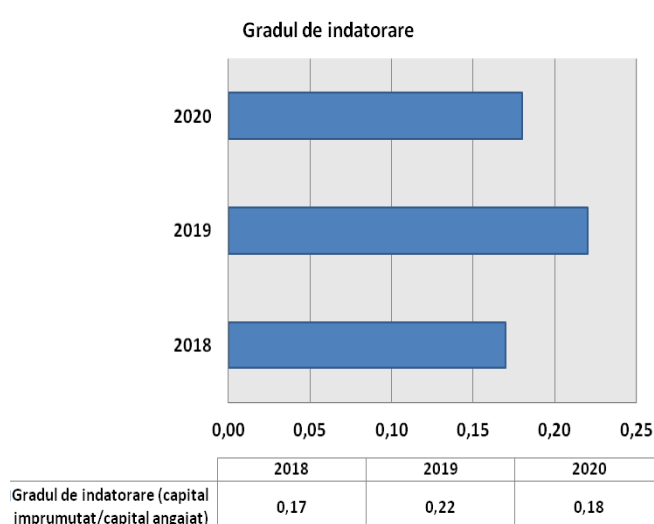
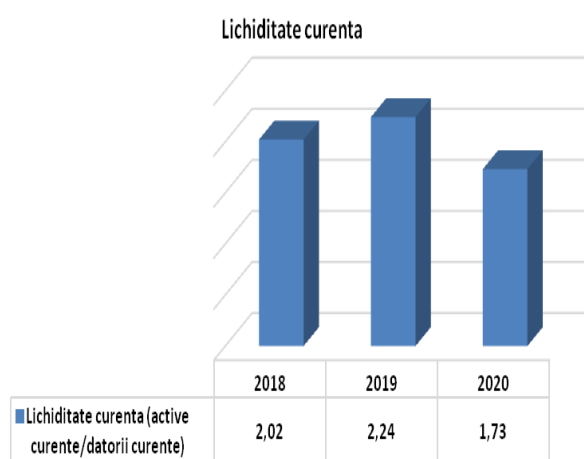
12.11.2020 - The EGMS was called in which the following were presented and approved:

- The participation of the company COMPA S.A., as sole partner in the establishment of a limited liability company named Arini Hospitality SRL;
- Delegation of the Board of Directors to decide on the number of shares, status, contracting of funds, signing documents related to the establishment of the new affiliated company and other documents related to the affiliated company Arini Hospitality SRL;
- Reduction of the authorized capital of the affiliated company TRANS C.A.S.SRL, with the amount of 750,000 lei, by decreasing the number of shares.

4. MAIN ECONOMIC-FINANCIAL INDICATORS

RON

Indicator	2018	2019	2020
Turnover	752.507.249	746.729.484	547.121.134
Net profit	35.428.575	32.708.709	13.919.766
Investments volume	67.081.445	91.818.008	89.322.334
Average number of staff	2.094	2.190	1.495
Current liquidity (current assets / current liabilities)	2,02	2,24	1,73
Degree of indebtedness (borrowed capital / committed capital)	0,17	0,22	0,18
EBITDA (net profit + interest expense + tax expense + amortization and depreciation expense)	79.454.108	81.082.526	67.101.401



5. PRODUCTS & PROCESSES

5.1. "PROFIT CENTER" organizational structure and management of production activity in COMPA

The production activity within the parent company COMPA is organized on Profit Centers. These "profit centers" are in fact production sections / workshops where families of similar products are made from a constructive and technological point of view, equipped with machines and equipment specific to the realization of these products, being decentralized production units. The economic activity is organized in such a way that in each profit center the profit and loss account is elaborated monthly, a very important document for the knowledge of incomes and expenses so that by summing the profit and loss accounts of the Profit Centers at the COMPA level.

The profit centers are thus organized in order to allow the realization of some products destined for a certain client. The largest profit centers operating in COMPA were organized to produce products related to a single customer. This way of organizing was adopted (in some cases) at the suggestion of the business partner. The aim is for COMPA to carry out long-term projects, in conditions of profitability and organization that ensure the guarantee of obtaining on time and in quality conditions, the standards and requirements of the components contracted with COMPA, as a supplier.

There are also profit centers specialized in making a wide range of similar products in terms of manufacturing processes such as: forged products, products made by stamping, surface coatings (galvanizing, phosphating), heat treatments, etc., products intended for several customers. So, profit centers are structured to make certain types of products, regardless of the customer they are delivered to.

The profit centers, decentralized organizational structures, allow the operations managers (the persons entrusted with the necessary responsibility and competence) to make the products within these production sections / workshops, in conditions of profitability.

The main objective of the activity of each Profit Center is to obtain profit at a clearly defined level, for each manufactured product.

By decentralizing the activity, respectively organizing these production sections / workshops, on profit centers, the operations managers, those responsible for the profitable management of these production units were entrusted with multifunctional teams, sized with staff, respectively directly productive workers. and indirectly productive staff, support services, in areas such as: production, technical, quality, maintenance, logistics, improvement, training.

Operations managers, managers of the multifunctional management team have the obligation to achieve each product at the level of profitability included in the price negotiated with the business partner. The activity of the multifunctional teams of the profit centers is oriented in this direction: for the inclusion in the established standard costs, for the permanent reduction of the costs, for the obtaining of the planned profit of each manufactured product..



Machining line



Forging line

COMP A manufactures a wide range of products and operates with various processes. Their grouping, in order to quantify the value of manufactured production both in the Annual Reports of the Board of Directors and for various statistical reports, etc., are based on a certain functional similarity of them, branches or industrial sectors, etc.

Thus, the organizational and logistical structure is coherent and can be understood by COMP A shareholders and investors, business partners, etc.

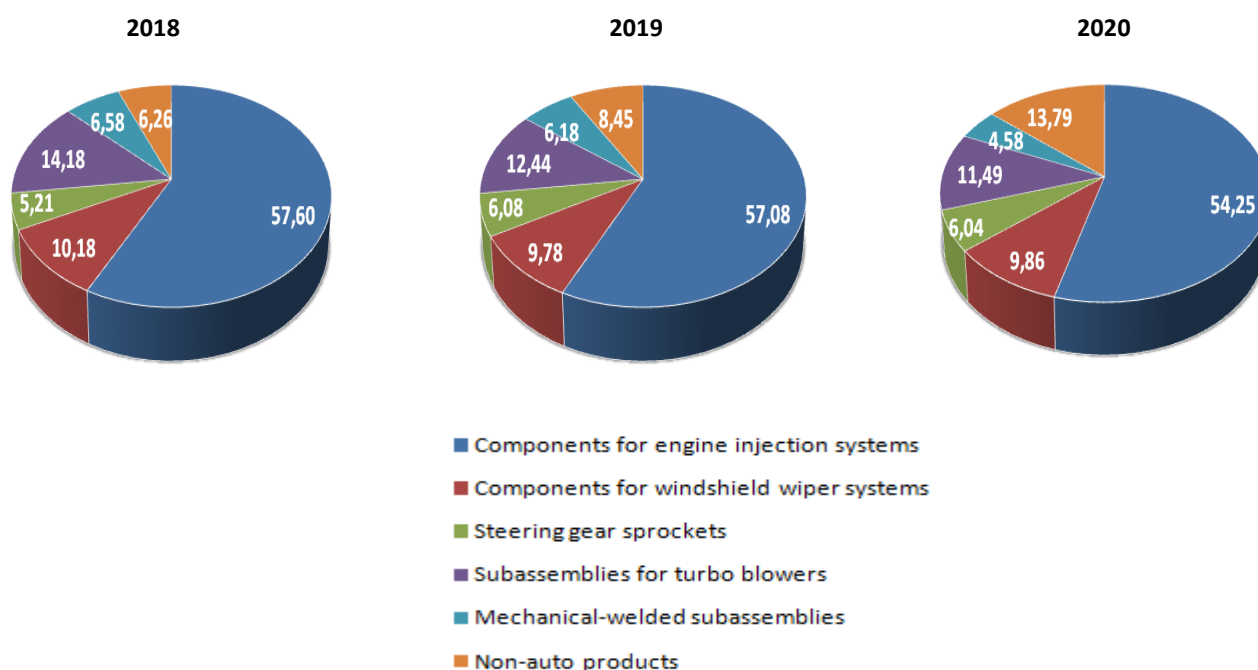
5.2. THE EVOLUTION OF THE TURNOVER

- The evolution of the turnover achieved in the period 2018 - 2020 by product groups is::

		Mil. RON		
No crt	Product group	2018	2019	2020
1	Components for engine injection systems	434,1	426,2	298,0
2	Components for windshield wiper systems	76,7	73,0	54,1
3	Steering gear sprockets	39,3	45,4	33,2
4	Subassemblies for turbo blowers	106,8	92,9	63,1
5	Mechanical-welded subassemblies	49,5	46,1	25,1
6	Other non-automotive products	47,1	63,1	75,8
TOTAL COMP A		753,5	746,7	549,3

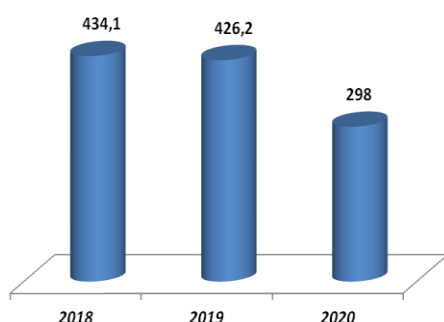
- Evolution of the share of turnover by product groups in the period 2018-2020

PRODUCT CATEGORY	2018	2019	2020
Components for engine injection systems	57,60	57,08	54,25
Components for windshield wiper systems	10,18	9,78	9,86
Steering gear sprockets	5,21	6,08	6,04
Subassemblies for turbo blowers	14,18	12,44	11,49
Mechanical-welded subassemblies	6,58	6,18	4,58
Non-auto products	6,26	8,45	13,79
COMP A TOTAL	100,00	100,00	100,00

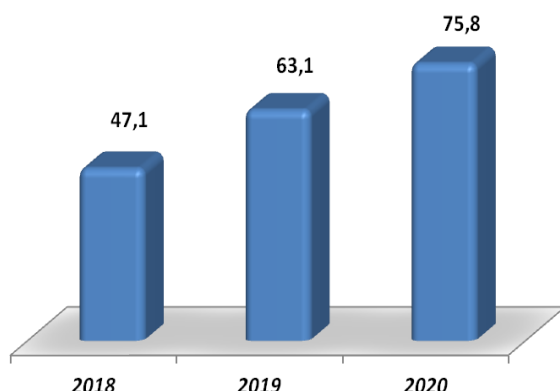


• **The evolution of the turnover of the components for engine injection systems, in the period 2018-2020**

We highlight the fact that within this group are included both the components for passenger vehicles (cars) and those for freight transport (trucks, etc.)



• **The evolution of the turnover of some non-automotive products, for the period 2018-2020**

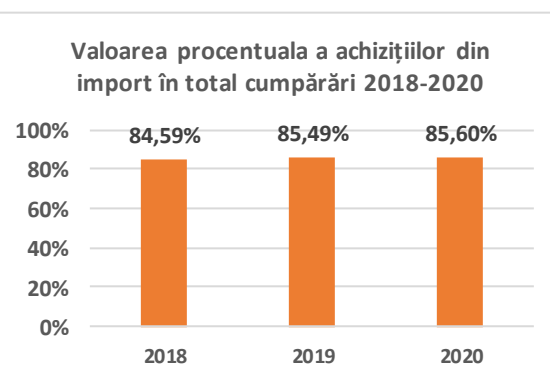


6. PURCHASE

6.1. Purchasing activity evaluation:

The purchasing activity has developed continuously in recent years, along with the development of the company. The company's focus on large customers in the automotive industry but also on those in the non-automotive industry, has led to a considerable expansion of the suppliers database as well as an increase in the share of import suppliers, in total purchases. This is due to the high level of specialization required from suppliers.

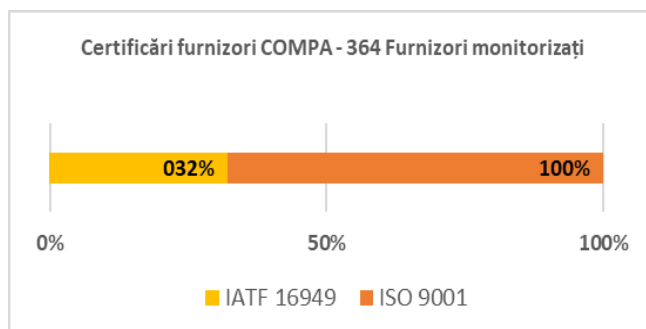
Also, in the next period it is estimated that the value of semi-finished products in total purchases will decrease in favor of basic materials, largely due to the development of new processes in Compa for both the automotive and non-automotive sectors with a high degree of integration, for which most operations are executed internally.



6.2. The main objectives of the department are:

- In the context of market globalization - the need to align the prices with stock market prices for most products by obtaining a price index with 100% compliance with MEPS. (Management Engineering and Production Services - price indicator on the metallurgical market, which provides price estimates).

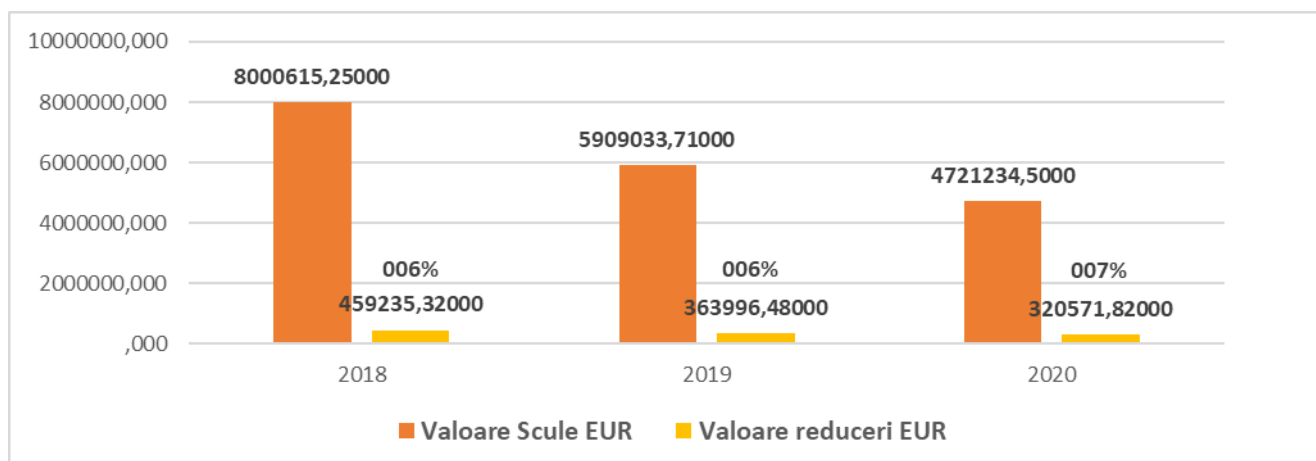
- Finding sources of supply to ensure the highest possible competitiveness of the prices of raw materials and supplied materials, stability and sustainability of the supply chain.



- Prospecting the market and finding new supply solutions as well as developing suppliers with whom there are collaborations in order to obtain the best price and quality level in the supplied products by working only with certified suppliers. Compa monitors and evaluates on a monthly basis all suppliers whose products are incorporated or influence Compa products.

This category includes a number of over 360 suppliers that are evaluated according to criterias related to the quality of the delivered products and logistics.

- Improving the performance of cutting tools (eg drills, reamers, cutters, inserts, etc.) is achieved by testing and implementing new and innovative solutions that reduce the cost per piece.

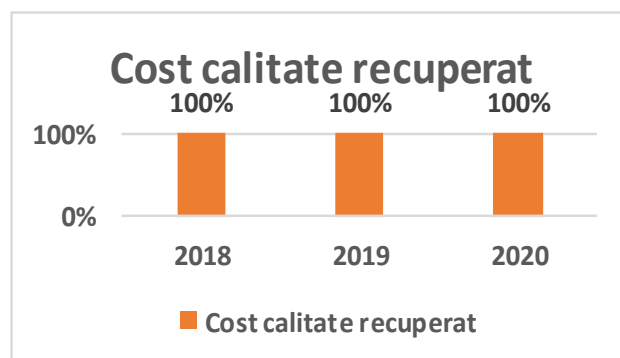


- Recovery of costs generated by the non-quality of the supplied products. The costs generated by non-compliant products delivered by suppliers are monitored and recovered every year.

- Establish a responsible supply chain by working with suppliers that respect the principles and vision of COMPA in the field of quality, environment and occupational health and safety by adhering to and implementing policies and regulations addressing these issues, by adhering, certifying and submitting to regulations / standards addressing these issues.

- COMPA maintains and calls on its suppliers to take a proactive approach in managing environmental impact, social responsibility and adopting progressive labor, health and safety policies.

- COMPA encourages and supports the local business environment through existing trade relations, existing contracts and new / future projects in which its partners are / will be involved. It prioritizes where possible business development with local partners and encourages its suppliers to do the same.



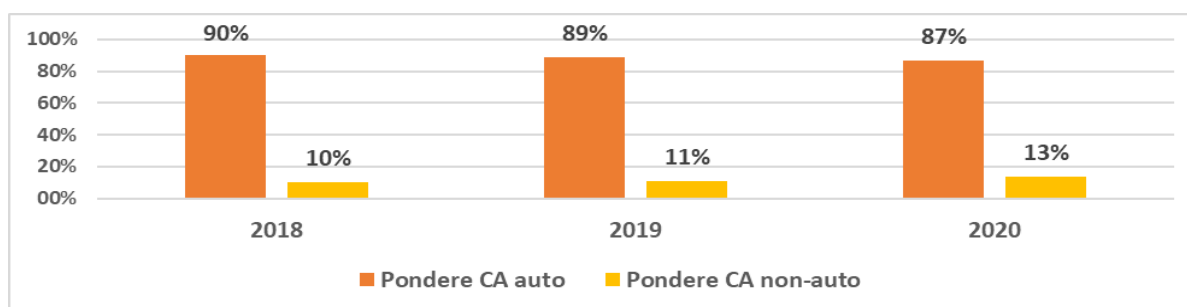
7. SALES

7.1. Sales activity evaluation:

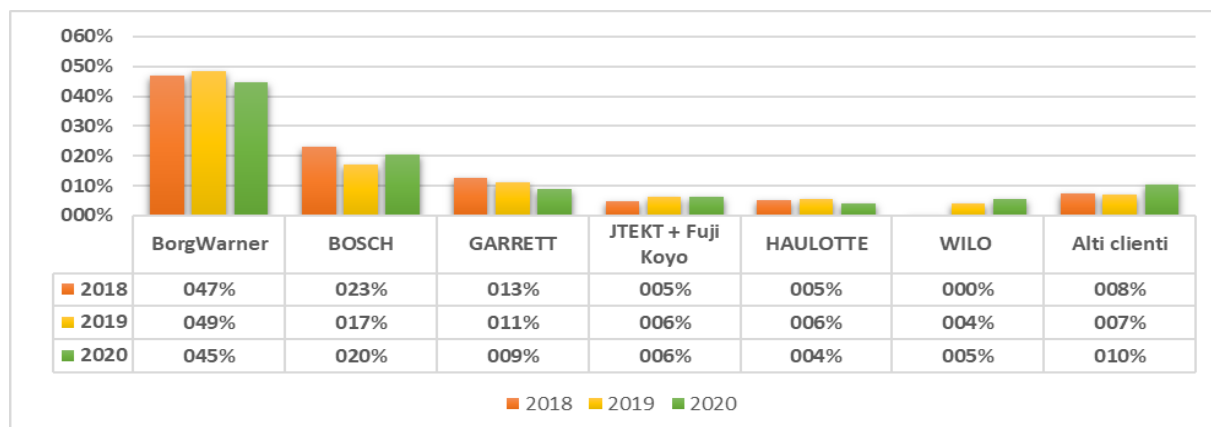
- During the analyzed period, the marketing-sales activity was oriented on two main directions, namely on the extension and consolidation of the commercial relations with the existing partners and on the development of new businesses in the non-automotive industry.

- In the last 3 years, several important projects have already been won with new non-automotive clients, the most important being DMG MORI and WILO.

- The graph below shows the evolution of COMP A turnover in the automotive sector, compared to the evolution of turnover in the non-automotive sector:

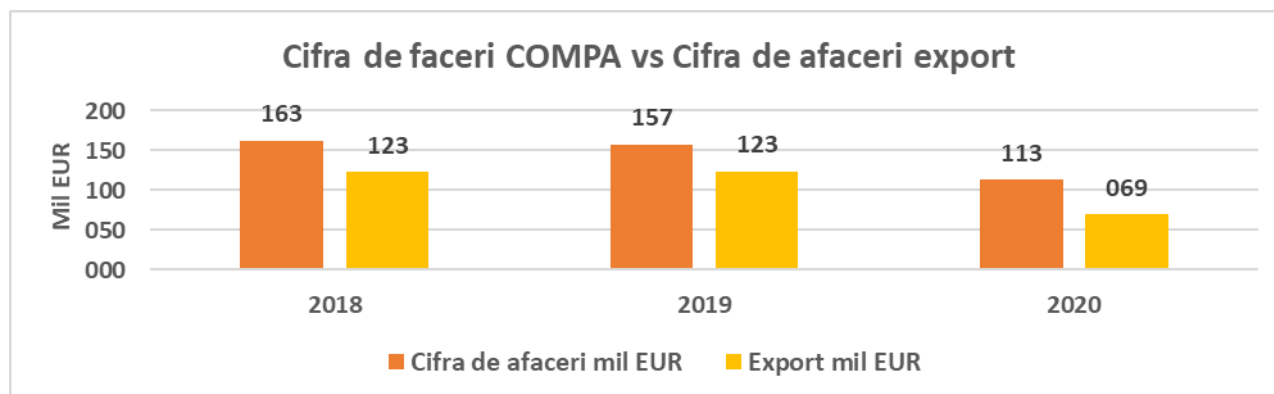


The share held by the main COMP A customers in the turnover is reflected in the following table



- The products made in COMP A are mainly intended for export. In the last 3 years, exports represented on average 71.5% of COMP A's turnover.

- The table below reflects the evolution of exports in relation to turnover:



During 2020, several new projects were won, both with existing customers (BorgWarner, BOS) and with new customers (MontBlanc, Vestas Aircoil). The annual turnover, generated by these projects at maturity, is > 10 million Euros.

7.2. Medium-long-term objectives, trends and strategies:

- Development of new projects for non-automotive customers
- Strengthen business relationships with existing customers
- Promoting manufacturing processes through hot forging and ZnNi coatings, where Compa has free production capacity.
- Assimilation of high value-added products
- Development of COMPA as an integrated supplier by using as many existing processes in the portfolio as possible

8. OUR EMPLOYEES**8.1. Staff, its values and beliefs**

COMPA considers that the human factor has a major influence on the achievements in society. The values and beliefs of human resources must be known and promoted for the formation and development of an organizational culture conducive to performance.

The following aspects are important and constitute development landmarks:

- the training and mode of action of managers in terms of values, beliefs and demographic characteristics (age, experience, education, social position);
- the formation and mode of action of the company's staff (personalities, attitudes, values, motivations, behaviors, beliefs);
- the culture of the organization and the adherence of the staff to it as a somewhat unitary way of manifestation, thinking, feeling, way of being and perceiving values and beliefs, of responding to different attitudes and of using the same language.

Regarding the management of human capital, we started from the premise that the achievement of strategic objectives depends primarily on the human factor. The development of the company involves elements that create long-term value and that can ensure the future performance of the organization.

COMPA aims to ensure that the human resources policy is in line with the general objectives of the company, in line with the existing values in the organizational culture, adapted to the current socio-economic context, focusing mainly on:

- Ensuring the availability and continuity of the workforce by preserving the values of the organization;
- Early recruitment of graduates with higher education;
- Increasing the level of versatility by widening the scope of competencies;
- Reducing the integration period of new employees, graduates of technical vocational education, through internships;
- Focusing training on the individual to increase staff skills and efficiency;
- Consolidation of the salary system according to performance;
- Capitalizing on the expertise of experienced employees through mentoring programs;
- Staff awareness of job responsibilities;
- Involvement in the implementation of the Social Responsibility management system;

8.2. Strategic objectives

The main strategic axes pursued in the following years:

- Involvement in the development of university, high school and professional technical education, by supporting the integration of theoretical knowledge with practical ones, through internships at a potential job;
- Providing human resources through involvement in supporting dual education, apprenticeship, qualification programs, including through programs funded by European funds;
- Working conditions and climate to ensure a high level of satisfaction;
- Creating a culture of coaching and mentoring;
- Development of soft and specific skills;

- Developing the framework in which communication with employees takes place to support performance and trust, as well as in special crisis situations;
- Encouraging telework as an employee-employer advantage;
- Partial transfer of the training activity in the online environment;
- Reassessment of motivation strategies, including for staff involved in on-the-job training;
- Digitisation and efficiency of HR processes;
- Reprofessionalization and transformation of skills, including for digitisation;
- Projects for the development of human resources, financed from European funds;
- Career development programs.

The human resources policy COMPA also aims to transform society into an organization that "***Continuously learns***".

The company's management is aware of the advantages offered by highly qualified human resources, familiar with the requirements of the industrial environment, able to meet the quality requirements requested by customers. Therefore, the continuous training of our own employees is a priority for the company's management.

COMPA, as a "learning organization", constantly provides development opportunities for all employees, uses learning to achieve company goals, ensures the permanent combination of individual performance with the performance of the organization, supports career development, determines people to identify with the organization. The objective of the training activity for 2020 was 29 hours of training / employee.

8.3. Recruitment and selection policy

In 2020, 950 job offers were submitted (CVs, applications, letters of intent). 870 people participated in interviews (interview, work tests, psychological tests) in order to fill the vacancies.

Of these, 434 were employed; 34 were rejected for professional reasons at the interview / work tests, 25 were rejected for other reasons (illiteracy, health problems incompatible with working conditions) and a number of 137 people gave up the job offered for various reasons (environment working hours, working hours, salary).

8.4. Wage and social policy

Following the negotiations, between the COMPA management and the unions, during the period between November 2020 and October 2021, a salary indexation of 2.70% was granted. Along with the indexation of the salary scale, the benefits deriving from it were also indexed (Christmas and Easter bonus, holiday bonus, travel allowance, etc.).

During 2020, two Additional Acts to the applicable Collective Labor Agreement were concluded between the Administration and the trade unions, regarding the following aspects:

- changing the number of days off granted on the occasion of Orthodox Easter from 3 to 2 days, according to the provisions of the Labor Code;
- compensation for work performed on holidays by paying double-hour hours;
- indexation of the salary grid with a percentage of 2.70%;
- increasing the value of the meal ticket from 15 lei to 20 lei.

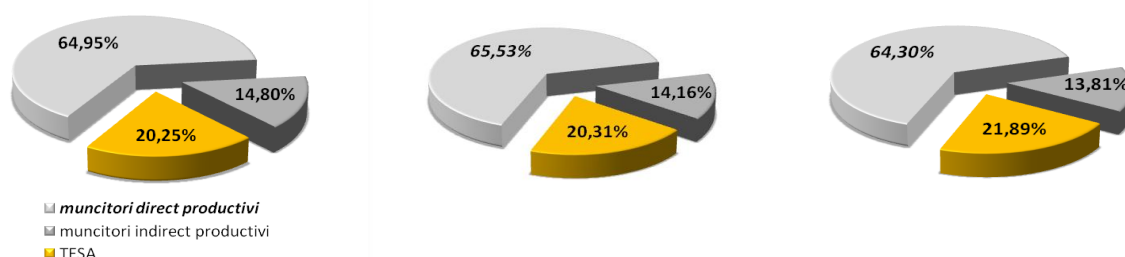
Meal vouchers were given to all employees throughout the year. There are labor relations between the management of the company and the employees within the limits of the Labor Code and of the Collective Labor Agreement.

Weekly, information and consultations take place between the management and the employees' representatives. Compared to previous years, relations have improved, the degree of understanding and communication has increased, the two sides participating in joint meetings. As a result, there were no periods of stagnation of the production process due to the onset of labor disputes.

In the context of the difficult labor market climate generated by the Covid-19 pandemic, COMPASS has pursued a policy of increasing the adaptability of staff to the changes the company is going through. During this period, the company relied on the availability of employees to develop new skills as well as to take over additional responsibilities in case of restructuring certain activities.

	2018		2019		2020	
MDP	1360	64,95%	1435	65,53%	1225	64,30%
MIP,D	310	14,80%	310	14,16%	263	13,81%
TESA	424	20,25%	445	20,31%	417	21,89%
TP	2094	100,00%	2190	100,00%	1905	100,00%

MDP - Directly Productive Workers; MIP - Indirectly Productive Workers (Production support staff)
TESA - Technical and economic staff; TP - Total staff



Between 2018 and 2020, the staff registered a significant increase until the beginning of the pandemic, after which it registered a rather drastic decrease, thus having in 2020 a decrease of 13% compared to 2019 and a decrease of 9% compared to year 2018, generated by the decrease of orders but also by the increase of labor productivity.

The reduction of staff was made with priority among the staff employed with fixed-term employment contracts, but also due to natural losses (resignations, retirements).

The evolution of labor productivity during 2020 compared to previous years is presented in Table 1.5.2.

(thousand lei / person / year)

ACTIVITY	2018	2019	2020
TOTAL COMPASS, of which:	345,36	340,97	381.59
Steering gear sprockets	326,46	510,16	407.34
Windscreen wiper components	398,02	486,85	427.28
Mechanical-welded assemblies	232,02	262,06	202.81
Components for turbochargers	600,34	743,16	715.82
Air conditioning system components	252,84	361,27	325.05
Valves	2250,06	2.098,61	2076.31
Injection system components	678,26	881,41	1004.76
Injector body	317,78	388,43	432.55

8.5. Social responsibility

COMPASS consistently applies principles and rules of social responsibility that reflect the requirements of the standard SR ISO 26000: 2011, but also of its customers:

- Taking responsibility for the impacts we produce on society, over economy and over the environment;
- Transparency of our decisions and activities, which can affect society and the environment;
- Respecting and promoting ethical behavior: honesty, fairness and integrity, as values that concern us, in relation to people and the environment;
- Respect for the interests of stakeholders in our decisions and activities;

- Ensuring compliance with all applicable laws and regulations;
- Observance of international norms of business behavior;
- Respect and promotion of human rights, which we consider inalienable and having a universal character.

8.6. The guidelines as main themes for action are:

- Ensuring an organizational management as a way of leading and carrying out activities in an ethical and responsible manner;
- Respect and promotion of human rights in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights;
- Application of appropriate work practices to ensure working conditions and social protection according to applicable legal standards and regulations;
- Protecting the environment as a way to respond to current environmental challenges and as a commitment to apply and promote environmentally responsible practices, including by encouraging the development of green technologies;
- Applying fair practices as a way of ethical conduct in relations with other organizations and individuals, in compliance with applicable national and international laws and regulations;
- Responsibility to customers and consumers for ensuring their right to security of use, information, choice, expression, correction, education, in relation to products and services provided by our organization;
- Involvement in the development of the community as a way of recognizing that we are part of the community, of the rights due to its members, but also of the elements of culture, religion, tradition and history or of the partnership with it.

9. QUALITY - ENVIRONMENT

"Integrated quality, environment and occupational health and safety policy of COMPA S.A."

Quality, environmental protection, occupational health and safety are among the values we care about, being integrated into the long-term development strategy of our organization and are some of the aspects that represent us.

We are aware that the quality of products and services, care for the environment, continuous improvement of working conditions and prevention of occupational hazards and involvement in the life of the community to which we belong, in full compliance with the requirements of applicable law, are essential for our success. .

By virtue of these things, for their implementation, the important directions in which we act are the following:

1. Climate impact

- o We are committed to ensuring the neutrality of the carbon footprint related to energy supply and production.
- o We make continuous efforts to reduce the carbon footprint caused by the products we supply, our logistics processes and the products we sell.

2. Energy consumption

- o Our organization has an extensive program to improve energy efficiency aimed at reducing energy consumption.
- o We are engaged in a program to diversify energy production with the aim of increasing the share of renewable energy.

3. Resource management

- o Our cost reduction program focuses on identifying solutions to reduce the consumption of raw materials and materials with a direct impact on the type and amount of waste generated
- o We are committed to the continuous improvement of wastewater treatment methods and the reduction of pollutants discharged into industrial water;
- o We have a firm commitment to the continuous improvement of technologies that allow the capture and reduction of the amount of gases emitted into the atmosphere
- o The best possible management of various types of waste is at the heart of our concerns to improve internal processes

4. Product quality

- o We are committed to the continuous improvement of our internal processes and associated services so as to permanently ensure the highest possible quality of products with a direct impact on increasing customer satisfaction and reducing the impact on the environment by reducing the amount of waste and waste generated.

5. Health and safety

- o We are engaged in the continuous improvement of employee labor protection systems, with the main objective of continuously reducing the number of accidents and incidents at work
- o We invest important resources in the protection of the personal data of our employees and partners as well as in the protection of confidential information
- o We apply the highest standards of work ethic and human rights
- o In order to effectively manage the prohibitions and restrictions imposed on hazardous materials and substances, we constantly update the information on these materials in the global IMDS (International Material Data System) system.

6. Partnership with the community

- o We have an active involvement in the life of the community by supporting initiatives related to education, sports and environmental protection

Considerations regarding management systems

Our organization is certified according to the following standards for management systems, with reference to quality, environment and health and safety at work:

- IATF 16949: 2016: quality management system for the automotive industry;
- ISO 9001: 2015: quality management system for general industry (non-automotive);
- ISO 14001: 2015: environmental management system;
- ISO 45001: 2018: occupational health and safety management system;

Certificate for the system
IATF 16949:2016:

Certificat

Standard **IATF 16949:2016**
Ediția 1 (01.10.2016)

Nr. înreg. Certificat 01 111 20778
Nr. certificat IATF 0325168

Titularul certificatului: **S.C. COMPA S.A.**
STR. HENRI COANDĂ NR. 8
550234 SIBIU
România

Domeniul de valabilitate: Dezvoltare, fabricație de piese și componente pentru următoarele grupe de produse: turbocompresoare, sisteme de injecție și pompe pentru motoare, ștergătoare de parbriz, coloane și casete de direcție, amortizoare, arcuri, piese ștanțate, forjate și prelucrate, sisteme de transmisie

În urma auditului efectuat s-a demonstrat că sunt satisfăcute cerințele standardului IATF 16949:2016.

Data emiterii/ data expirării: Acest certificat este valabil din 18.08.2018 până la 17.08.2021.

Data aprobării: 27.08.2018

 2-IAO-QMC 01003

 **TÜVRheinland®**
Precisely Right.

Certificate for the system
ISO 9001:2015

Certificat

Standard **ISO 9001:2015**

Nr. înreg. certificat 01 100 1521249

Titularul certificatului: TÜV Rheinland Cert GmbH certifică:
S.C. COMPA S.A.
Str. Henri Coandă nr. 8
RO-550234 Sibiu, jud. Sibiu

Domeniul de aplicare: Fabricația de componente pentru instalații de aer condiționat. Execuție de scule, dispozitive, verificatoare și piese de schimb pentru acestea. Execuție de ansamble mecano-sudate. Fabricație de piese și componente pentru pompe și mașini unelte.

În urma auditului efectuat, raport nr. 1521249 s-a demonstrat că sistemul de management satisface cerințele standardului ISO 9001:2015.

Data scadenței pentru următoarele audituri este 05 iunie. Acest certificat este valabil din 2019-04-23 până în 2021-06-13.

Valabilitatea certificatului: 2019-05-06

 **TÜVRheinland®**
Am Grauen Stein - 51105 Köln

Certificate for the system
ISO 14001:2015:

Certificat

Standard **ISO 14001:2015**

Nr. înreg. certificat 01 104 1521249

Titularul certificatului: TÜV Rheinland Cert GmbH certifică:
S.C. COMPA S.A.
Str. Henri Coandă nr. 8
RO-550234 Sibiu, jud. Sibiu

Domeniul de aplicare: Dezvoltare, fabricație de piese și componente pentru următoarele grupe de produse: turbocompresoare, sisteme de injecție și pompe pentru motoare, ștergătoare de parbriz, coloane și casete de direcție, amortizoare, arcuri, piese ștanțate, forjate și prelucrate, sisteme de transmisie, ansamble mecano-sudate. Fabricația de componente pentru instalații de aer condiționat. Execuție de scule, dispozitive, verificatoare și piese de schimb pentru acestea. Fabricație de piese și componente pentru pompe și mașini unelte.

În urma auditului efectuat, raport nr. 1521249 s-a demonstrat că sistemul de management satisface cerințele standardului ISO 14001:2015.

Data scadenței pentru următoarele audituri este 05 iunie. Acest certificat este valabil din 2019-08-22 până în 2021-06-13.

Valabilitatea certificatului: 2019-08-26

 **TÜVRheinland®**
Am Grauen Stein - 51105 Köln

Certificate for the system
ISO 45001:2018:

Certificat

Standard **ISO 45001:2018**

Nr. înreg. certificat 01 213 1521249

Titularul certificatului: **S.C. COMPA S.A.**
str. Henri Coandă nr.8
550234 Sibiu
România

Domeniul de aplicare: Dezvoltare, fabricație de piese și componente pentru următoarele grupe de produse: turbocompresoare, sisteme de injecție și pompe pentru motoare, ștergătoare de parbriz, coloane și casete de direcție, amortizoare, arcuri, piese ștanțate, forjate și prelucrate, sisteme de transmisie, ansamble mecano-sudate. Fabricația de componente pentru instalații de aer condiționat. Execuție de scule, dispozitive, verificatoare și piese de schimb pentru acestea. Fabricație de piese și componente pentru pompe și mașini unelte.

În urma auditului efectuat s-a demonstrat că sunt satisfăcute cerințele standardului ISO 45001:2018.

Valabilitatea certificatului: Acest certificat este valabil din 17.09.2020 până în 13.06.2021. Prima certificare 2009

22.09.2020

 **TÜVRheinland®**
Am Grauen Stein - 51105 Köln

The internal performance on compliance with the requirements of the standards, of the last three years (last certification cycle), resulting from the internal system audits, is presented below (no notable events occurred):

For year 2018

<i>Management system</i>	<i>Target / objective</i>	<i>Accomplished</i>
IATF 16949:2016	92,5%	93,8%
ISO 9001:2015	92,5%	93,8%
ISO 14001:2015	95,0%	95,6%
ISO 45001:2018	95,0%	99,0%

For year 2019

<i>Management system</i>	<i>Target / objective</i>	<i>Accomplished</i>
IATF 16949:2016	92,5%	96,2%
ISO 9001:2015	92,5%	96,2%
ISO 14001:2015	95,0%	95,0%
ISO 45001:2018	95,0%	94,0%

For year 2020

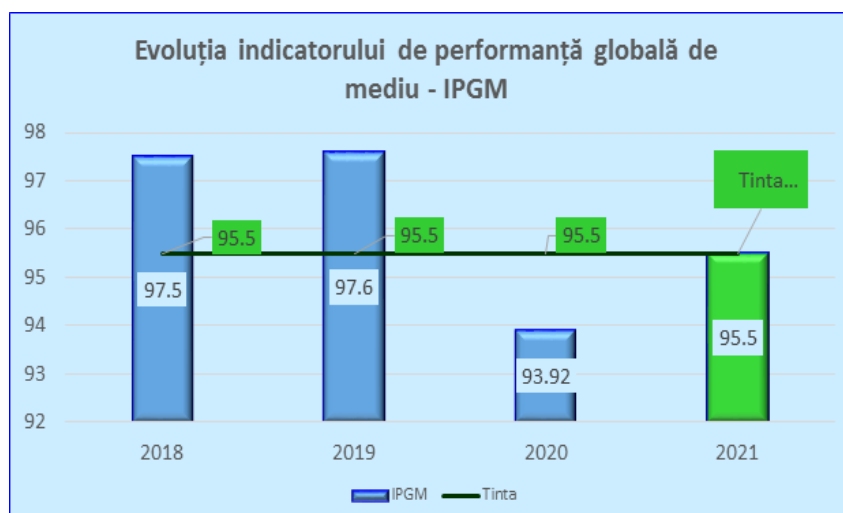
<i>Management system</i>	<i>Target / objective</i>	<i>Accomplished</i>
IATF 16949:2016	92,5%	96,2%
ISO 9001:2015	92,5%	96,2%
ISO 14001:2015	95,0%	95,0%
ISO 45001:2018	95,0%	94,0%

A new third-party audit is scheduled for April 2021 for the recertification of COMPAS S.A. on all four systems, for a new three-year cycle, with the aim of maintaining the current certification and extending it to new product categories.

Global environmental performance COMPAS S.A. :

At the company level, the management of actions taken to protect the environment are monitored through an indicator called the **global environmental performance indicator** which is calculated based on environmental management performance (provides information on management efforts to influence the environmental performance of the organization) and environmental operational performance (which provides information on the operational results of the environmental performance of the organization's activities).

In recent years, notable performances in this field are noteworthy, the level of the indicator being **97.5% in 2018 and 97.6% in 2019**. In 2020, however, there was a decline, its value being 93, 92%, due to the difficult international situation caused by the Coronavirus pandemic; thus approximately 6 critical months of 2020 had a significant impact on the financial performance of the company which determined the management to apply cost reduction and control measures, a significant impact being felt



on the planned investments in the environmental management program that not could be fully achieved; due to the improvement of the economic situation, part of these investments have been rescheduled for 2021 so that a global environmental performance of **95.5%** is expected to be achieved by **2021**.

The evolution of the **global environmental performance indicator** in the last 3 years is presented in the graph.

It should also be noted that in 2020 there were no penalties for non-compliance with environmental compliance obligations.

10. RISK MANAGEMENT

Within COMP A, risk management aims to keep under control the risk factors, so that the company's exposure to their action is mitigated or possibly maintained at an acceptable level.

The risk management process within COMP A involves first of all identifying the factors that act within each type of risk, establishing the actions and measures to be taken by those responsible within the company according to each risk categories, actions which will limit the risks effects.

Risk management requires a permanent monitoring of the way of measures implementation, an analysis of the results obtained as a result of measures and actions taken.

In the first part of the annual report we will prioritize the risks with impact on the financial situation of the company, and the risks in the non-financial fields will be detailed in the Non-financial Statement, an integral part of the 2020 Annual Report.

Financial risks

Credit risk

We consider that in 2020 the effects of this risk could be great because COMP A committed in 2019 investment loans up to 15 million euros (from ING Bank 7.5 million euros and from BRD also 7.5 million euros).

Due to the facilities granted by the Romanian Government, the repayment obligations due in 2020 were rescheduled. Even in the conditions in which these facilities would not have existed, there were no risk of non-reimbursement by COMP A as a result of collecting the invoices from the company's clients, and also of the measures of ensuring the liquidity.

The risk of impossibility to repay the investment loan was eliminated in a major proportion, in Sem. 2 - 2020, when the economic activity was relaunched, being fulfilled the necessary premises to ensure financial and cash flows, necessary to carry out the economical and financial activities in the best conditions.

Liquidity risk

It is one of the risks that is closely linked to credit risk. The high level of investments started within COMP A, since 2019, was continued at a sustained pace in the first part of 2020, (due to the impossibility of rescheduling contracts concluded before the outbreak of the new Coronavirus, with suppliers of machines and equipment). This risk could be a risk factor, of the impossibility of ensuring the support with financial resources of the commitments, especially in the field of investments.

In order to eliminate such a risk, COMP A has committed two investment loans totaling 15 million euros (7.5 million euros each with the two banks BRD and ING Bank).

In order to ensure liquidity, in 2020, the top management of COMP A knowing the effects of the pandemic Coronavirus initiated an intense program of monitoring and collection of receivables, collection of all due bills, measures resulting in full success.

Price risk

This is a double-edged sword:

- The risk of price fluctuations of raw materials purchased from suppliers;
- The risk of changing the selling prices of products manufactured in COMP A;

The first of these price categories can have a major impact over the profitability of COMP A.

In order to mitigate the effects of the risk of fluctuation of purchase prices from suppliers, knowing the evolution of prices, especially on the market of steels and tools (categories of materials with the largest share in the structure of purchases), each price material from invoices is monitored through COMP A's SAP system, compared to the prices negotiated with the suppliers.

The information collected is brought to the attention of the responsible factors, in order to initiate measures to mitigate or even eliminate the effects of this risk. Equally, the impact of the increase in the price of materials and subassemblies purchased, on the cost of manufactured products, is constantly monitored, acting to mitigate the impact of price increases, either by requesting the customer to cover these influences or by compensating this impact by reducing other categories. of costs, so that the degree of profitability does not have major fluctuations due to the effects of price risk.

Currency risk

Within COMPA, the impact of foreign exchange risk on economic and financial activity is not a major one. In COMPA all prices are negotiated in EURO with absolutely all customers, including domestic ones, and most types of materials purchased are imported, whose prices have also been negotiated in EUR. For these reasons, the factors that may influence the economic and financial activity of the company due to currency risk are insignificant, and are possible to control.

Investment risk

During 2019, COMPA started an extensive investment program consisting of the construction of a new industrial hall, but especially invested in the acquisition of machines and processing equipment with numerical control, necessary for the realization of a new project, for the manufacture of some non Diesel components (with a medium and even long-term perspective).

These investments continued in 2020, the project having the prospect of manufacturing components with very large annual volumes (2,000,000 pcs / year)

Analyzing this investment from the perspective of the risks that could occur, we appreciate that there are no risks for the following reasons:

- the forecast of volumes to be ordered by car customers (VW, PSA, Renault, FCA) is not a concern, the volumes required by these partners are even higher than the existing capacities so far at current suppliers such as COMPA;
- the value of the equipment remained unchanged, the contracts with the suppliers of machines and equipment being agreed since 2019, without the possibility of increase;
- there is a contract and a letter of nomination for COMPA, being approved as a supplier of components within this project.

The risk of unpredictability of tax legislation

The lack of predictability in the field of tax legislation (which are becoming more frequent lately) but also the interpretation of this legislation by the Tax Authorities has created concern among companies, especially private companies.

Both in fiscal and legal matters in Romania there are certain changes, which involve changes to existing legislation based on which actions and projects have been initiated, which are subsequently amended, generating major risks in managing such situations.

Fortunately, recently such legislative initiatives have been tempered compared to previous years when a multitude of legislative changes have been recorded, especially in the fiscal field.

Such risks that act independently of the will of the business environment, of companies, have an impact on their activity, especially the degree of profitability.

COMPA is prepared to counteract the effects of these risks. For example, the annual change in the minimum wage in the economy is taken into account and can only be a major risk with an impact on the company's activity if these increases exceed a certain sustainable level.

The management of COMPA intervened through the Employers' Organizations as its member, openly expressing its opinion for the predictability of the fiscal legislation, which is an important factor in substantiating the Revenue and Expenditure Budget and in planning the company's activity.

11. INVESTMENTS, NEW PRODUCTS AND RESEARCH-DEVELOPMENT ACTIVITY**11.1. INVESTMENTS**

In recent years, within the COMPA, the investments made had an upward evolution. New projects, started with business partners, especially in the field of manufacturing Injection pump body GDI (Gasoline) Valve manufacturing project for steering systems, etc.

The products with greater complexity and technicality required the provision of new manufacturing capacities, both in production spaces and social spaces for employees, offices, locker rooms, social groups, etc.

Therefore, a new industrial hall was built, with a built area of 4,394 sqm, and the total developed area (office area, technical room, locker rooms) is 4,863 sqm (modern construction on concrete pillars, prefabricated, with an architecture and with state-of-the-art materials)



Front view of the new hall(buildings)

This hall (with several destinations) is partially put into operation. Work is currently underway to install the paint line for large components (DMG Mori machine tool cabin paint line).

The major share in the total investment expenditures made in 2020 (started in 2019) were the expenditures on the purchase of high productivity and high precision machine tools, among which we mention:

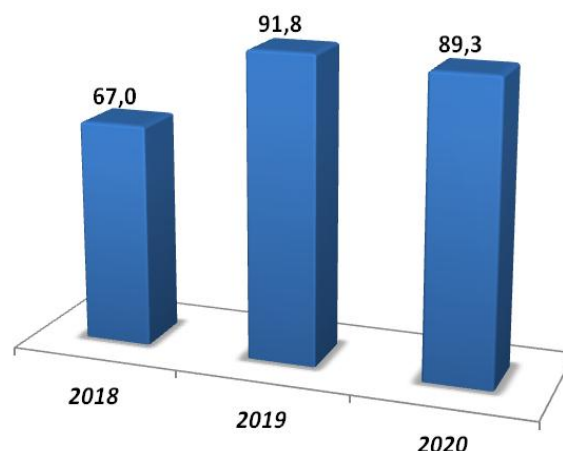
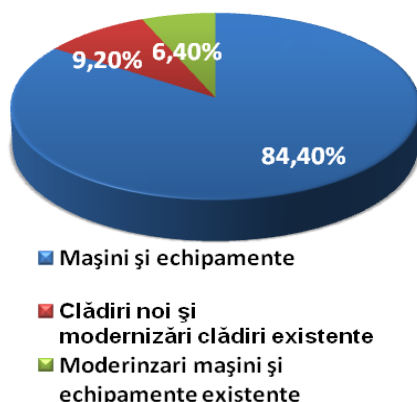
Automatic line for the manufacture of GDI injection pump body (for petrol engines), equipped with multi-ax machines for processing and other types of machines organized and located in a precisely defined and automated technological flow.



Autonomous line for the manufacture of Valves for steering systems (an investment made with high investment costs).



The total value of investments in 2020, as well as the evolution of investment expenditures made in 2018 and 2019 is summarized below:



11.2. New products

The technical and research-development function in COMP A has as main objective the development of new products. This department is deeply involved in actions to define and adopt the most efficient, technological processes so that the price offers presented by COMP A to win as many projects as possible and to be as attractive as possible.

- **Involvement of the technical function in the process of offering new products**

Strong competition on the automotive market, the existence of a significant number of suppliers for the same types of products and processes obliges COMP A to respond to any opportunity. The quoted products must be competitive and sustainable on the market, to ensure the profit margin necessary for the operation and development of the company.

In this activity there are important requests for quotations for products specific to the manufacturing profile of COMP A. In this context, the company's concerns in recent years are aimed at offering non-diesel or even non-automotive products. We aim to ensure for the future COMP A a portfolio of new, diversified products, less vulnerable to the profound changes of the last period, in the automotive field and not only.

These are the reasons why COMP A has focused its concerns, and for the execution of complex components in the field of machine tool manufacturing. The business partnership with one of the leading players in the machine tool industry - DMG Mori - is a good start to entering this market for non-automotive products. The transition to the realization of complex products in the field of machine tools, respectively to the manufacture of booths for numerically controlled machines delivered to machine tool manufacturers, (products with high added value) is a positive element, promising in business development in this new field for COMP A.

- **New products whose series production started in 2020**

In the Non-Financial Statement, this topic will be presented in detail, but we believe that we need to highlight some important products for which COMP A has invested a lot, being non-diesel products, which will have a future and for which there are orders with volumes that can fully cover the assured product capacities and put into operation at COMP A.

Among these products we mention:

- ✓ **injection pump body for petrol engines;**



Injection pump body for
VW and PSA type cars



Injection pump body for
Renault and FCA cars

The main advantages that COMPA confers to the transition of series production are:

- Annual volumes of 2,000,000 pieces / year and a turnover of approximately 13 million euros / year;
- Possibility to automate the manufacturing flow;
- Continuation of the manufacture of components in the non-diesel field;
- Making products with a high degree of technicality, complexity, high-end products of the manufacturing industry.

- ✓ **Valves for steering systems**

They are parts of high complexity, for which COMPA has invested in the realization of an independent manufacturing line.



- ✓ **Cap Nut and Nozzle injectors EURO 7**



Cap Nut



Nozzle Euro 7

There are, of course, other new products with the prospect of manufacturing them in the medium and long term in the field, such as sprockets for steering boxes, mechanically-welded subassemblies, stamped-stamped parts, springs, etc.

11.3. Research-development activity

It is an area in which COMPA has benefited from European structural funds, which together with COMPA 's financial contribution, have contributed to the creation of a Research - Development Center.

Within this Center, the foundations are laid for the realization of some products that will complete the range of products of a high technical and qualitative level within the COMPA company.

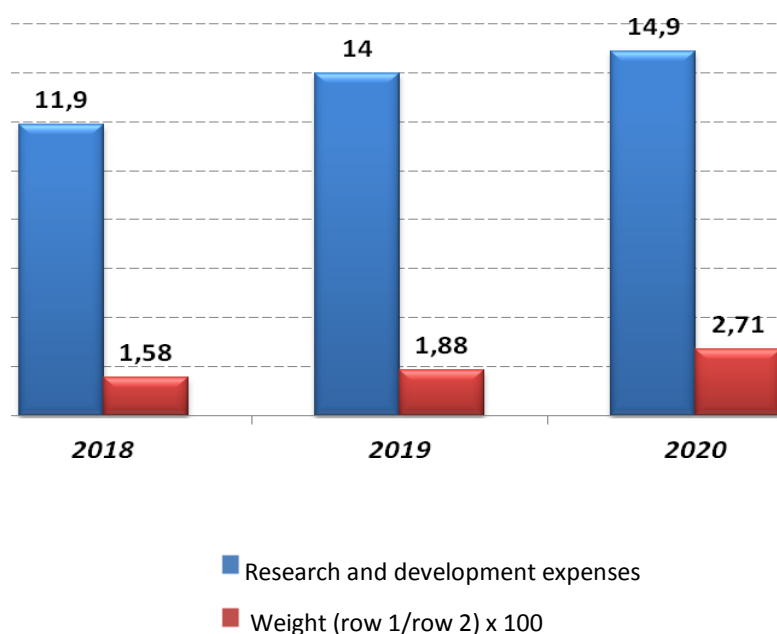
We note that in this Research and Development Center new projects and processes will be carried out with applicability both within the COMPA company, but also for projects with advanced technology that can be made available to other companies.

The evolution of research and development expenditures in the last three years is presented below:

		2018	2019	2020
1	Research-development expenditures	11.9	14.0	14.9
2	Turnover	752.5	746.7	549.3
3	Weight (row 1/row 2) x 100	1.58	1.88	2.71

We consider it opportune to mention the fact that within these R&D Expenditures, there are not included only those applied research expenditures realized within the Research Center realized from European funds and from COMPA own resources. These expenses also include the costs of developing new products, the costs of construction and technological design, including those costs of monitoring new products and processes, made in these years, until the transition to series production of these products.

Also, in this category of research and development expenses there are included those expenses made by the specialists in the technical field of COMPA, which perform the technological design operations in order to elaborate the price quotations, including those quotations that for various reasons do not results in a nomination of the company from customers.



12. TANGIBLE ASSETS

COMPA owns tangible fixed assets, materialized in land, buildings, special constructions, cars and means of transport, other fixed assets, fixed assets in progress. Their evolution in the last 3 years is as follows (net value):

INDICATOR	2018	2019	2020	%	
				2020/2019	2020/2018
Land, construction and real estate investments	170,439,980	191,034,996	188,370,728	98.61	110.52
Technical installations and machines	192,273,407	214,111,191	212,928,875	99.45	110.74
Other installations, equipment, furniture	210,362	590,752	516,779	87.48	245.66
Tangible fixed assets and real estate investments in progress	17,498,581	43,065,858	83,683,618	194.32	478.23
TOTAL	380,422,330	448,802,797	485,500,000	108.18	127.62

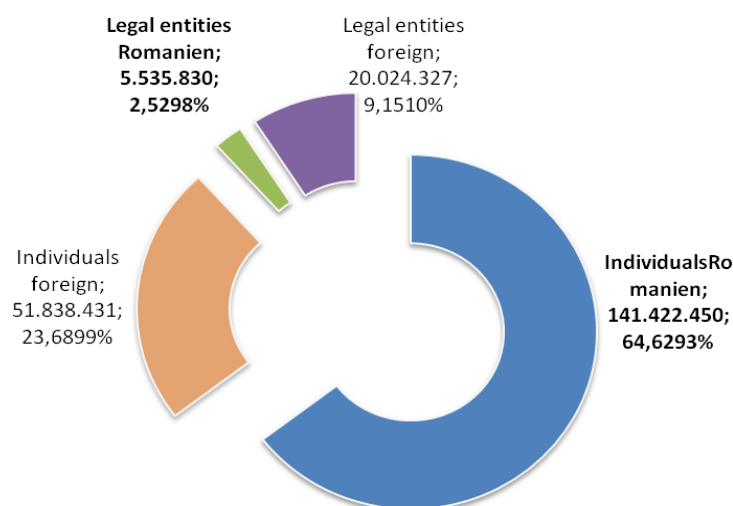
The degree of wear of tangible assets at COMPA shows the following evolution:

INDICATOR	Year		
	2018	2019	2020
Constructions and real estate investments of the nature of constructions			
- inventory value	100,577,456	92,048,100	150,717,738
- remaining value	87,270,978	92,048,100	144,522,028
- wear	13,306,478	0	6,195,710
- degree of wear	13.23	0.00	4.11
Equipment and vehicles			
- inventory value	520,151,129	581,720,028	622,111,886
- remaining value	192,273,407	214,111,191	212,928,875
- wear	327,877,722	367,608,837	409,183,011
- degree of wear	63.04	63.19	65.77
Other property, plant and equipment			
- inventory value	1,244,091	1,686,776	1,670,075
- remaining value	210,362	590,752	516,779
- wear	1,033,729	1,096,024	1,153,296
- degree of wear	83.09	64.98	69.06

13. CAPITAL MARKET

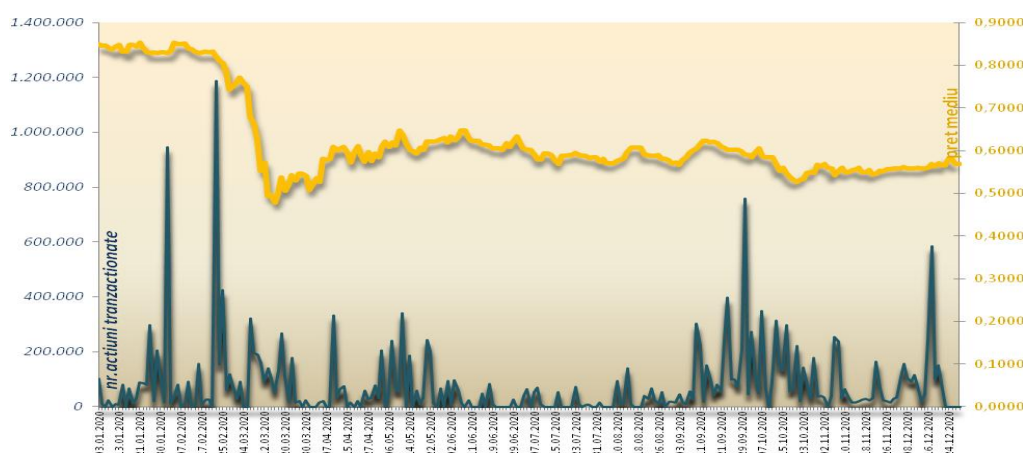
The company's shares have been traded since June 1997 on the regulated market administered by the Bucharest Stock Exchange. The nominal value of a share is 0.10 lei.

The main characteristics of the issued securities: 218,821,038 registered shares, ordinary, of equal value, fully paid, issued in dematerialized form and highlighted by registration in the Register of Shareholders managed by Central Depositor S.A. Bucharest. COMP A is registered with the ISIN code ROCMP5ACNOR9, CMP stock symbol, in the Standard category.



At 31.12.2020, the company had 7,135 shareholders, individual and legal persons, Romanian and foreign, according to the Consolidated Register received from the Central Depository S.A. Bucharest.

The variation of the average selling price and of the number of shares traded in 2020



13.1. Regarding the distribution of dividends to COMP A shareholders for the financial year 2020

The privatization of COMP A has opened up important perspectives and opportunities for the company's development.

After 2020, the main objective of the company was to establish partnerships with prestigious companies in the automotive industry, a field in which it had the necessary expertise.

In this context, collaboration relations were started and established with the companies Krupp, Piroux, Honeywell - Garrett, Bosch, Delphi, Koyo (today Jtekt) Fuji Kiko, Douglas, etc., for which COMP A became a supplier of components. .

The company was equipped with machines and equipment with a high degree of physical and moral wear and tear. It was necessary to carry out a long-term development program for the rehabilitation of existing halls and especially for the purchase of state-of-the-art machinery and equipment.

Therefore, annually the company COMP A has made significant investment expenditures both from its own sources and from loans to finance this development program.

This was the only reason why COMP A had not distributed a dividend for 15 years, the net profit being distributed exclusively for the development of the company. In the financial year 2019, the OGMS, at the proposal of the Board of Directors, approved the redemption program of its own shares, amounting to 3.89 million lei.

13.2. Repurchase of own shares

Starting with 13.08 2020, the Company started the ransom program of its own shares, according to Dec. EGMS 18 and 19 of 27.04.2020

The size of the program: the ransom from the market of a maximum number of 15,000,000 own shares. The proposed acquisition price is:

- Minimum price per share: 0.1 lei
- Maximum price per share: 1 lei

The maximum pecuniary value allocated to the program: 3,890,000 lei, excluding brokerage commissions and other acquisition costs. The payment of the repurchased shares will be made, according to the provisions of art. 103¹ of law 31/1990, from the distributable profit of the company, registered in the financial statement for 2019.

Duration of the program: 18 months from the date of publication of the decision in the Official Gazette of Romania, part IV, (the decisions were published in the Official Gazette no. 1712 / 15.05.2020)

In 2020, 1,854,280 shares were repurchased, representing 0.8474% of COMPA's share capital, as follows:

- Nominal value of repurchased shares: 185,428 lei
- Total redemption value of shares: 1,059,731.06 lei
- Average price / share: 0.5715 lei / share

The repurchased shares will be distributed free of charge to the members of the Company's management (administrators, directors), in order to retain them, as well as to reward them for the activity carried out within the Company, according to performance criteria established by the Board of Directors, according to the regulation in force.

13.3. Relations with shareholders and investors

Shareholders / investors can obtain information about COMPA and the main events on the website www.compa.ro

COMPA also considered, in 2020, to ensure the rights of shareholders, to participate in General Meetings directly or by representation by making available to them special / general powers of attorney, ballot papers by mail, other useful information, to have a fair treatment, regardless of their holdings.

In relation to the capital market, the company fulfilled in 2020 all the reporting obligations arising from the legal provisions by publishing the mandatory continuous and periodic reports in the electronic system of the Financial Supervisory Authority and the Stock Exchange as well as on the website of society.

According to the provisions of the Corporate Governance Code, the continuous and periodic information was disseminated simultaneously, both in Romanian and in English.

13.4. Aspects regarding the capital and management of the company

In 2020 there were no changes affecting the company's capital and management. At the same time, COMPA was not in the impossibility to meet its financial obligations.

There were no major transactions concluded by the company with the persons with whom it acts in a concerted way or in which these persons were involved during the relevant period of time.

13.5. Company-parent relationship and affiliated companies

The parent company COMPA prepares and publishes consolidated financial statements in accordance with the applicable accounting regulations, for the financial year ended at 31.12.2020.

In this context, the parent company COMPA has control, respectively the share of its participations in the share capital of the affiliated companies is higher than 50% at the following affiliated entities:

COMP A I.T. S.R.L.	100.00%
TRANS C.A.S. S.R.L.	99.00%
RECASERV S.R.L.	70.00%

14. MANAGEMENT OF THE COMPANY

14.1. Board of directors

In the Ordinary General Meeting of Shareholders of 24.04.2017, the Board of Directors was revoked and a new one was elected, at the request of significant shareholders, for a period of four years consisting of the following members:

DEAC Ioan	- administrator / Chairman
MICLEA Ioan	- administrator
MAXIM Mircea-Florin	- administrator
BALTEȘ Nicolae	- administrator
VELȚAN Ilie-Marius	- administrator

Mr. Deac Ioan - the president of the Board of Directors and Mr. Miclea Ioan - member of the Board of Directors, also hold executive positions within COMP A.

MEMBRII CONSILIULUI DE ADMINISTRAȚIE



Ioan DEAC
*Presedinte CA/
 Director General*



Ioan MICLEA
*Administrator
 Director Economic*



Mircea-Florin MAXIM
Administrator



Nicolae BALTEȘ
*Administrator
 Presedinte
 comitet audit*



Ilie-Marius VELȚAN
*Administrator
 Membru
 comitet audit*

NAME AND SURNAME	Age	Qualification	Professional experience	Function	Years of service in the function
DEAC Ioan	71	Engineer	46	Chairman & CEO	30 ani
MICLEA Ioan	76	Economist	47	Member & CFO	30 ani
MAXIM Mircea-Florin	63	Engineer	38	Non-executive Member	15 ani
BALTEȘ Nicolae	62	Economist	37	Chairman Audit Committee	4 ani
VELȚAN Ilie-Marius	45	Economist	22	Audit Committee member	8 ani

Ioan DEAC - Engineer - Bachelor's Degree in Machine Building Technology - Cluj Polytechnic Institute - Faculty of Mechanics

Ioan MICLEA - Economist - Bachelor's Degree in Economics - Babes Bolyai University Cluj Napoca

Mircea Florin MAXIM - Engineer - Bachelor's Degree in Economic Engineering - University of Agronomic Sciences and Veterinary Medicine Bucharest

Nicolae BALTEȘ - Economist - Bachelor's Degree in Economics, specialization Finance-accounting - Bucharest Academy of Economic Studies, Faculty of Finance-Accounting

Ilie Marius VELȚAN - Economist - Bachelor's Degree in Economics - Management - Bucharest Academy of Economic Studies

14.2. Audit Committee

In accordance with the updated Law no. 31/1990, the Audit Committee comprises members who have the necessary expertise in the field of financial audit and accounting. The Audit Committee, composed of two members from the Board of Directors, provided support to COMP A's governing bodies in terms of internal control and financial reporting. The two members of the Audit Committee are: Mr. Balteş Nicolae - chairman and Mr. Velţan Ilie-Marius.












14.3. Executive directors and acting directors

According to the COMP A organizational chart, the executive management of the company is delegated to the executive directors appointed by the Board of Directors and to the acting directors who are responsible for taking all measures related to their field of activity, respecting the granted competencies.

The directors periodically inform the Board of Directors regarding the operations undertaken to achieve the objectives and indicators entrusted by the Strategic Dashboard, compliance with them but also regarding the fulfillment of other tasks received. The composition of the management is:

1. DEAC Ioan	Chairman & CEO
2. MICLEA Ioan	CFO
3. FIRIZA Ioan	Organizational Management and RU Director
4. BĂIAŞU Dan	Commercial Director
5. ACU Florin	Technical Director
6. MUNTENAS Bogdan	Logistics Director
7. ŢUICU Liviu	Quality - Environment Director
8. ŢUŢUREA Mihai	Production Director
9. FIRIZA Sorin Ioan	Deputy Production Director
10. MORARIU Mircea	Deputy Production Director (till 01.10.2020)
11. HERBAN Dorin-	Management Systems and Improvement Director
12. DRAGOMIR Marius	Chief Maintenance Engineer

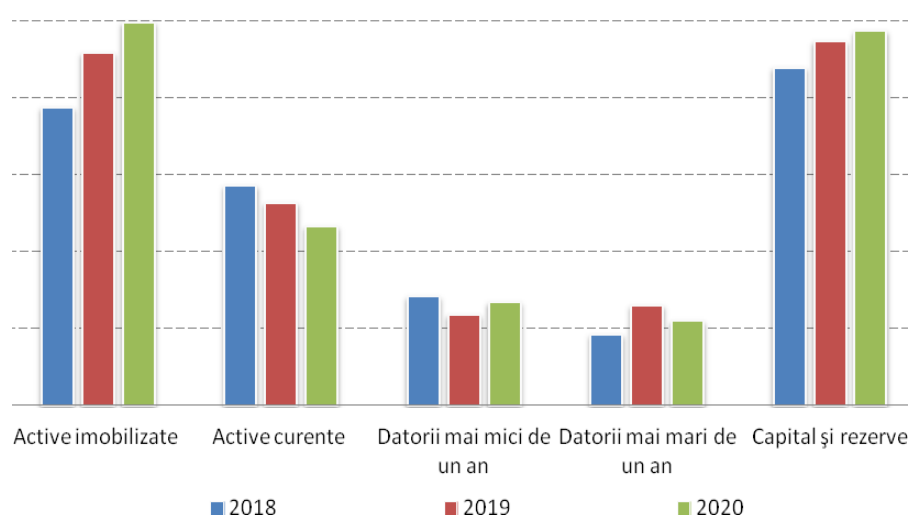


ORGANIZATIONAL MANAGEMENT & HR	COMMERCIAL	TECHNICAL	LOGISTIC	QUALITY & ENVIRONMENT	MANAGEMENT SYSTEMS & IMPROVEMENT	FINANCE
						
Ioan FIRIZA Director	Dan BĂIAŞU Director	Florin ACU Director	Bogdan MUNTENAS Director	Liviu ŢUICU Director	Dorin HERBAN Director	Ioan MICLEA Director
PRODUCTION			MAINTENANCE			
						
Mihai TUTUREA Director	Mircea MORARIU Deputy Director	Sorin FIRIZA Deputy Director	Marius DRAGOMIR Chief Engineer			

15. FINANCIAL STATEMENT - ACCOUNTING

15.1. Main balance sheet items and their evolution in the last three years

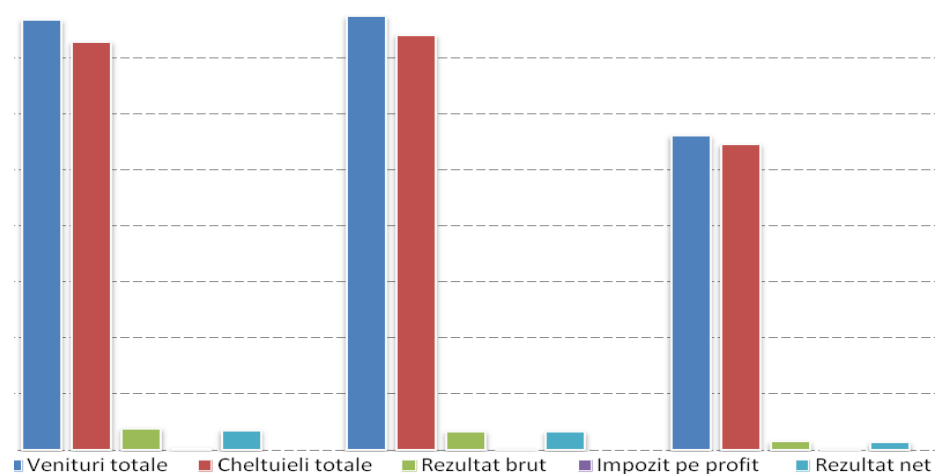
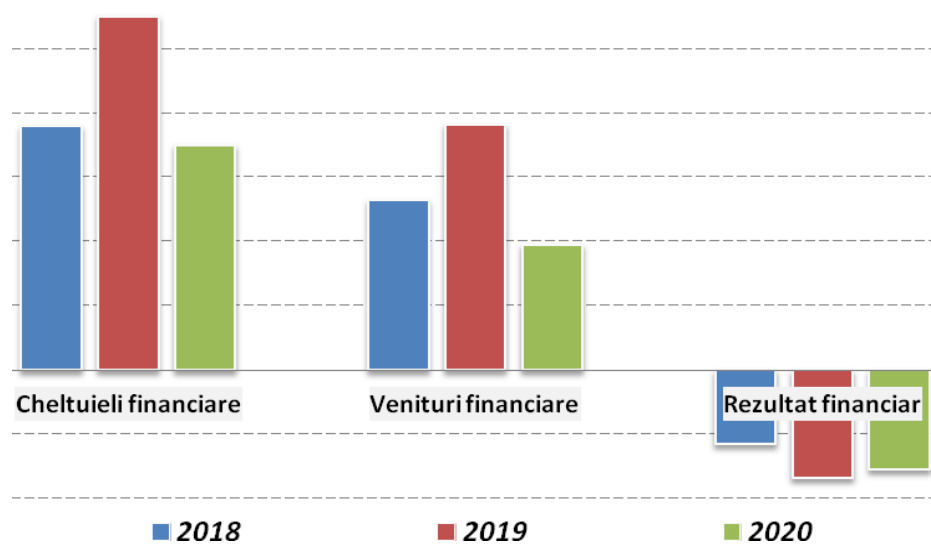
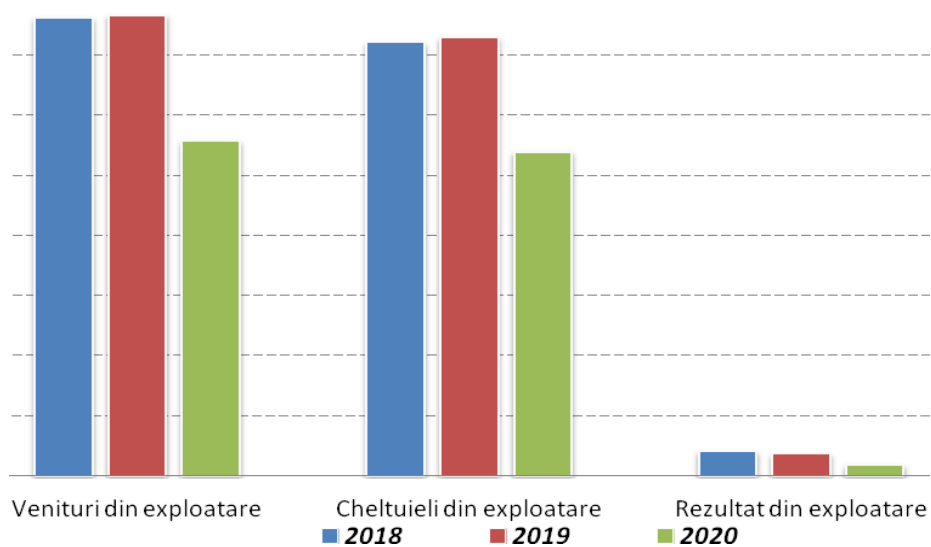
Indicator	2018	2019	2020
Fixed assets	388.223.296	459.369.318	499.027.837
Current assets	286.507.458	264.231.235	233.691.089
Debts less than one year	141.993.791	118.421.077	134.925.021
Debts over one year	92.584.041	130.692.268	110.156.394
Capital and reserves	440.152.922	474.487.208	487.637.511



In 2020, the Company made records on account of the carried forward result, representing additional debts to the state budget for 2017, as a result of an ANAF control, in a total amount of 403,355 lei. The data for 2019 presented in the financial statements for the year ended 31.12.2020 were adjusted with the mentioned corrections.

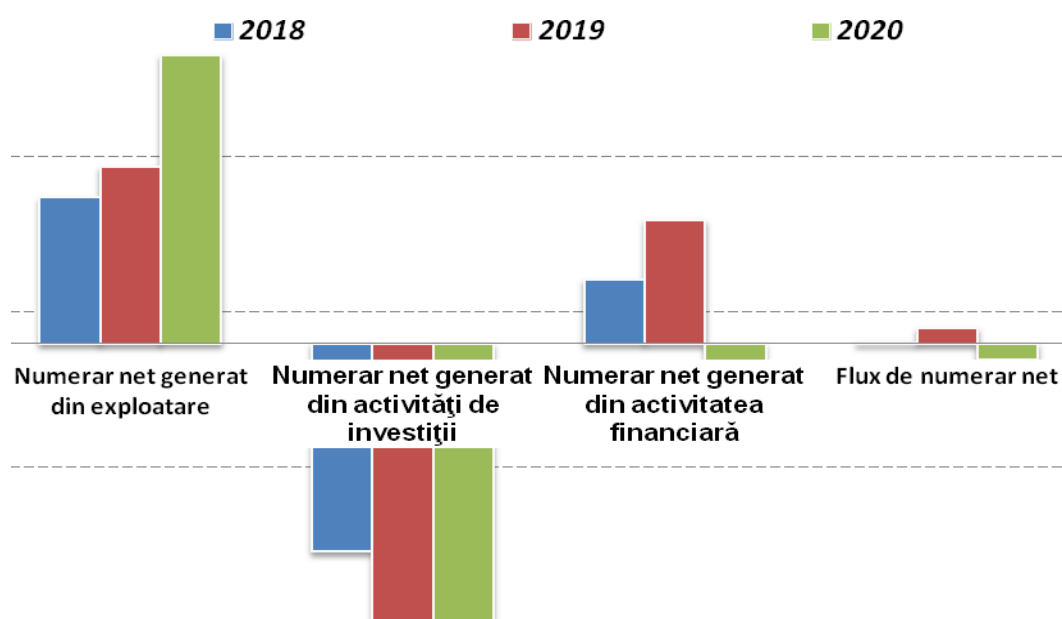
15.2. Statement of revenue and expenditure in the period 2018-2020

Indicator	2018	2019	2020
Operating income	763.579.658	767.809.267	557.877.965
Operating expenses	722.445.939	730.916.697	539.805.505
Operating result	41.133.719	36.892.570	18.072.460
Financial expenses	7.611.477	11.033.347	7.017.692
Financial income	5.300.341	7.666.743	3.918.926
Financial result	-2.311.136	-3.366.604	-3.098.766
Total income	768.879.999	775.476.010	561.796.891
Total expenses	730.057.416	741.950.044	546.823.197
Gross result	38.822.583	33.525.966	14.973.695
Tax	3.394.008	817.257	1.053.929
Net result	35.428.575	32.708.709	13.919.766



15.3. Statement of cash flows

Indicator	2018	2019	2020
Net cash generated from operations	47.042.920	56.914.218	92.956.877
Net cash generated from investment activities	-67.081.445	-91.818.008	-89.322.334
Net cash generated from financial activity	20.490.016	39.918.141	-8.826.477
Net cash flow	451.491	5.014.351	-5.191.934
Cash at the beginning of the period	613.979	1.065.470	6.079.821
Cash at the end of the period	1.065.470	6.079.821	887.887


16. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Section /Provisions of the code	Comply	Not comply or partially	The reason for non compliance
A RESPONSIBILITIES			
A1	Yes		
A2	Yes		
A3	Yes		
A4	Yes		
A5	Yes		
A6	Yes		
A7	Yes		
A8		Not comply	COMPAS does not have a policy / guide on Council evaluation. It is to be analyzed and implemented.
A9	Yes		
A10	Yes		
A11		Not applicable	COMPAS is listed in the Standard Category

Section /Provisions of the code	Comply	Not comply or partially	The reason for non compliance
B THE RISK MANAGEMENT AND INTERNAL CONTROL			
B1	Yes		
B2	Yes		
B3	Yes		
B4	Yes		
B5	Yes		
B6	Yes		
B7	Yes		
B8	Yes		
B9	Yes		
B10	Yes		
B11	Yes		
B12	Yes		
C BOUNTY FAIR AND MOTIVATION			
C1		Partially comply	The Constitutive Act states: <i>Additional remuneration of the Board members responsible for specific functions within the organ and executive remuneration in the unitary system, are determined by the Board of Directors</i> General Meeting of Shareholders fixes limits on the all remuneration granted in this way.
D ADDING VALUE BY INVESTOR RELATIONS			
D1	Yes		
D2		Not comply	Until now decisions on the distribution of dividends were adopted by the Shareholders' Meeting
D3		Partially comply	Annual forecasts are provided in the budget of revenues and expenditures and in the investment plan.
D4	Yes		
D5	Yes		
D6	Yes		
D7	Yes		
D8	Yes		
D9	Yes		
D10		Partially comply	The Annual Report of the Board mentions the socially responsible projects in which the company is involved. The Responsibility policy is currently under development. The Responsibility Policy is published on COMPA's own website

17. INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.12.2020
17.1. Separate statement of financial position for the year ended on 31.12.2020

All amounts are expressed in RON, unless otherwise specified)

EXPLANATION	Note	December 31, 2020	December 31, 2019
ASSET			
Fixed assets:			
Tangible assets	4.1.	417.180.412	381.231.402
Real estate Investment	4.2.	68.319.588	67.571.395
Intangible assets	5	8.672.020	7.432.457
Other receivables (grants and settlement of ventures operations)	6	1.224.822	72.572
Other receivables	7	117.439	117.439
Financial investments	21	1.768.450	1.768.450
Deferred tax asset	10	1.745.106	1.175.603
Fixed assets - Total		499.027.837	459.369.318
Current asset:			
Inventories (Stocks)	8	91.495.293	105.190.554
Trade and other receivables	6	139.114.757	144.762.086
Other receivables (grants and settlement of ventures operations)	6	2.193.152	8.198.773
Cash and cash equivalents	9	887.887	6.079.821
Current assets - Total		233.691.089	264.231.235
TOTAL ASSETS		732.718.926	723.600.553
EQUITY:			
Share capital	11	21.882.104	21.882.104
Ajustari capital social	11	-185.428	0
Reserves	11	359.525.407	331.290.734
Reserve adjustment	11	23.122.057	23.122.057
Retained earnings		69.373.605	65.483.604
Current result	11	13.920.501	32.708.709
TOTAL SHAREHOLDERS' EQUITY		487.638.246	474.487.208
LIABILITIES			
Long term debts			
Financial debts	12	80.817.900	96.121.622
Deferred revenues (deferred income, grants)		29.202.849	34.435.001
Provisions	14	135.645	135.645
Total Long term debt		110.156.394	130.692.268
Current debts			
Financial debts	12	12.118.166	4.898.783
Other debts	13	98.789.732	94.827.693
Trade and similar debts	13	3.408.686	1.217.334
Liabilities from contracts with customers	13	13.047.416	11.692.623
Current tax liabilities	10,13	817.424	393.511
Deferred revenues(deferred income, grants)	13	6.666.033	5.391.134
Total current liabilities		134.847.457	118.421.077
Total liabilities		245.003.851	249.113.345
Total equity and liabilities		732.642.097	723.600.553

Note: In 2020, the Company made records on account of the carried forward result, representing additional debts to the state budget for 2017, as a result of an ANAF control, in a total amount of 403,355 lei. The data for 2019 presented in the financial statements for the year ended 31.12.2020 were adjusted with the mentioned corrections.

17.2. Separate statement of profit or loss and other comprehensive income for the year ended on 31.12.2020

EXPLANATION	Note	December 31, 2020	December 31, 2019
Revenues	15	547,121,134	746,729,484
Other revenues	15	10,756,831	21,079,783
Total revenues		557,877,965	767,809,267
Changes in inventories of finished goods and work in progress	16	-2,950,743	10,122,202
Raw materials and consumables	16	-337,763,049	-491,597,164
Employee benefit expense	18	-115,832,537	-155,809,695
Depreciation and amortization expense	4. 5; 16	-51,415,863	-46,107,465
Third parties services	16	-26,390,903	-38,542,074
Other expenses	16	-5,452,409	-8,982,501
Total expenses		-539,805,505	-730,916,697
Operating Results	17	18,072,460	36,892,570
Financial income	19	8,534	2,292
Financial expenses (expenditures)	19	-742,138	-902,694
Other financial returns / losses	19	-2,365,161	-2,466,203
Net financing costs	19	-3,098,764	-3,366,604
Profit before income tax		14,973,695	33,525,966
(Expenses) / Income from deferred tax	10	279,235	-415,398
Expense with current tax	10	-1,333,164	-401,859
Total income tax expenses		-1,053,929	-817,257
Net profit for the period		13.920.501	32.708.709
Other comprehensive income, of which			
Other elements of the overall result:			
Of which other comprehensive income that will not be subsequently reclassified to profit or loss:			
Income tax related to other comprehensive income			
Income tax relating to other comprehensive income	10	290.268	-120.712
Other incomes of global result, net of tax		290.268	-120.712
Total global result of the year		14.210.769	32.587.997
Unbound basic result per share / diluted	20	0,06	0,15

17.3. Separate statement regarding the changes in equity capital for the year ended on 31.12.2020

Equity capital item	Registered Capital	Capital Adjustments	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Retained earnings	Total
Balance on January 1 st 2020	21.882.104	0	4.376.421	22.679.066	81.787.286	226.825.763	442.991	81.755.936	439.749.567
Net profit for the period								32.708.709	32.708.709
Other elements of the comprehensive income, from which:	0	0	0	0	2.103.844	-120.712	0	0	1.983.132
Income tax related to other comprehensive income						-120.712			-120.712
Transactions with shareholders recorded directly in equity, from which:	0	0	0	0	0	45.136.062	0	-45.090.262	45.800
Retained earnings to reserves								45.800	45.800
Allocation to legal reserves			0			45.136.062		-45.136.062	0
Balance at December 31 2020	21.882.104	0	4.376.421	22.679.066	83.891.130	271.841.113	442.991	69.374.383	474.487.208

Equity capital item	Registered Capital	Capital Adjustments	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Retained earnings	Total
Balance on January 1 st 2019	21.882.104	0	4.376.421	22.679.066	83.891.130	271.841.113	442.991	69.374.383	474.487.208
Net profit for the period								13.920.501	13.920.501
Other elements of the comprehensive income, from which:	0	0	0	0	0	-584.035	0	0	-584.035
Losses related to the redemption of own shares						-874.303			-874.303
Income tax related to other comprehensive income						290.268			290.268
Transactions with shareholders recorded directly in equity, from which:	0	-185.428	0	0	0	10.717.146	0	-10.717.146	-185.428
Buyback shares		-185.428							-185.428
Profit distribution		0				10.717.146		-10.717.146	0
Balance at December 31 2019	21.882.104	-185.428	4.376.421	22.679.066	83.891.130	281.974.224	442.991	72.577.738	487.638.246

Note: In 2020, the Company made registrations representing additional debts to the state budget for 2017, as a result of an ANAF control, totaling 403,355 lei, respectively 393,511 lei profit tax and 9,844 lei VAT. The data for 2019 presented in the financial statements for the year ended 31.12.2020 have been adjusted with the mentioned corrections.

17.4. Separate statement of cash flows for the year ended on 31.12.2020

EXPLAIN	December 31, 2020	December 31, 2019
Cash flows from operating activities		
Profit before tax	14.973.695	33.525.966
Depreciation and impairment of assets	51.385.568	46.653.866
(Increase) / decrease in inventories	13.695.260	6.293.117
(Increase) / decrease in receivables	9.931.197	22.130.208
(Increase) / decrease in debts	8.008.927	-28.980.390
Adjustment of other non-monetary items	-5.037.770	-22.708.549
Net cash generated from operations	92.956.877	56.914.218
Cash flows from investment activity		
Purchase of tangible assets	-87.396.090	-87.227.977
Purchase of intangible assets	-1.926.244	-4.590.031
Net cash flow from investment activities	-89.322.334	-91.818.008
Cash flows from financial activities		
(Increase) / decrease in bank loans	-8.084.339	40.820.835
Interest payments	-742.138	-902.694
Net cash from financial activity	-8.826.477	39.918.141
Net cash generated from total activity	-5.191.934	5.014.351
Cash and cash equivalents at beginning of period	6.079.821	1.065.470
Cash and cash equivalents at end of period	887.887	6.079.821

17.5. Explanatory notes to the separate financial statements for the year ended on 31.12.2019
1. GENERAL INFORMATION

COMPAS is a Joint Stock Company, based in Sibiu, No.8, Henri Coandă Street, Postal code 550234, Sibiu county.

1.1. Domain of activity

The main activity according to CAEN is 2932 – Manufacturing of other parts and accessories for motor vehicles and motor vehicle engines.

1.2. Ownership of company

COMPAS is privatized 100% since September 1999. The company is listed on the stock market and shares are traded on the Bucharest Stock Exchange in the Standard category, under symbol CMP.

1.3. The company's evolution

By the Government decision nr.1296 / 13.12.1990 the company became COMPAS, originating from *Intreprinderea de Piese Auto Sibiu (I.P.A. Sibiu)*. IPA Sibiu was established in 1969 through the merger of two units: *Elastic Plant* and *Automecanica Plant*.

Since 1991, COMPAS was organized in factories, workshops, established for families of products as cost centers, which in time became profit centers in order to decentralize and facilitate the establishment of joint ventures.

2. BASIS OF PREPARATION

Declaration of Conformity

The separate financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU") and with Ministry of Finance Order no. 2.844/2016. The Company adopted IFRS reporting from the financial statements of 2012.

The principle of business continuity

The separate financial statements have been prepared on a on-going concern basis, which implies that the company will be able to operate under normal conditions.

Basis of measurement

The separate financial statements have been prepared on a historical cost basis, except for certain tangible assets that are measured at re-valued amount or fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Presentation currency and functional currency

The financial statements are presented in Romanian **lei** (RON), rounded to the nearest value, which is the functional currency of the company

Use of estimates and judgments

Preparation of financial statements in accordance with IFRS as adopted by the European Union implies the use by management of estimates, judgment and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical information and other sources believed to be representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised also in future periods if they are affected.

Modification of estimations does not affect prior periods and is not a correction of an error.

Information about critical judgments in applying the company's accounting policies whose effect is significant on the amounts recognized in the financial statements included in the notes on:

Tangible and intangible assets – operational life time of tangible assets

Tangible and intangible assets are depreciated over their operational life. Company management uses judgment in determining the operational life time and the evidence used to determine this life time include technical specifications of equipment, information from commercial contracts that the company has entered into with customers, history of products sold, market information relating to company's products and the ability to adapt their equipment.

Tangible and intangible assets – Adjustments for impairment of tangible assets.

Intangible assets and equipment are analyzed to identify any indications of impairment at balance sheet date. If the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognizing an impairment loss disappear in subsequent periods, the carrying value of the asset is increased to the net carrying amount that would have been determined if no impairment loss had been recognized. Evidence that may cause impairment includes a decline in usefulness to society, excessive physical wear, the emergence of new production technologies

Deferred taxes

Deferred tax assets are recognized as assets to the extent that it is probable that there will be taxable profit that can cover losses. The company's management uses judgment in determining the value of deferred tax assets that can be recognized as assets. Management decisions are based on information from commercial contracts that the company has entered into with customers, market forecasts for the automotive and automotive components.

Provisions

Provisions are recognized when the company has a present legal or constructive obligation generated from a past event. It is likely to be required for settlement of the obligation an outflow of resources embodying economic benefits and can be a reliable estimate of the realizable value of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation to the end of the reporting period.

The recoverable amount of assets

The evaluation for impairment of receivables is performed individually and is based on management's best estimate of the present value of cash flows expected to be received. The company reviews its trade and other receivables at each financial position date to assess whether it is necessary to record in the income statement a depreciated value. In particular, management judgment is necessary to estimate the value and coordination of future cash flows when determining the impairment loss. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes in adjustments.

Valuation at fair value of financial instruments

When the fair value of financial assets and liabilities reflected in the statement of financial position can not be measured on the basis of quoted prices on active markets, their fair value is measured using valuation techniques, including the updated cash flow model. The assumptions in these models are taken from available market information, but when it is not possible, judgments are needed to determine fair value. Reasoning includes the determination of assumptions such as credit risk and volatility.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1. New standards and interpretations in force during the current period and adopted by the company since 1 January 2020**

Amendments to IFRS 3 “Business Combinations. The Separate Financial Statements are not influenced by the amendments.

Amendments to IFRS 9, IAS 39 and IFRS 7: “Interest Rate Benchmark Reform”. The Separate Financial Statements are not influenced by the amendments.

Amendments to References to the Conceptual Framework in IFRS Standards The Separate Financial Statements are not influenced by the amendments.

Amendments to IAS 1 and IAS 18 – Definition of Material. The Separate Financial Statements are not influenced by the amendments.

Amendments to IFRS 9: “Leases Covid19 – Related Rent Concessions” (Effective 1 June 2020, or any time afterwards for annual periods as per the IASB). The Separate Financial Statements are not influenced by the amendments.

3.2. Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force, hence not applied yet

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendments and interpretations which have not been yet validated for applicability:

Amendments to IFRS 16: “Leases Covid19 – Related Rent Concessions” (Effective 1 June 2020, or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of the amendments over the financial situations.

3.3. Standards and Interpretations issued by the IASB and not yet adopted by the EU

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendments and interpretations which have not been yet validated for applicability:

IFRS 17 „Insurance Contracts” (Effective according with IASB from 1 January 2023) or any time afterwards for annual periods as per the IASB). The Company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRS Standards 2018-2020 Cycle. The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9. The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2. The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Conversion into foreign currencies

When preparing individual financial statements of the Company, transactions in currencies other than the functional currency of the Company (currencies), are recognized at current exchange rates at the dates of the transactions. Monetary items denominated in a foreign currency at the end of the reporting period are translated at exchange rates at that respective date. Non-monetary items carried at fair value that are denominated in a foreign currency are reconverted to current courses at once when the fair value was determined. Non-monetary items that are evaluated at historical cost in a foreign currency are converted at the date of transaction.

Exchange differences resulting from the conversion of monetary items at the end of the reporting period are recognized in profit or loss

Financial instruments

Non-derivative financial assets

The Company recognizes the loans and debts at the date they are generated. All other financial instruments are recognized at the date of the transaction, which is the date when the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified in loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell immediately or in the near future. Loans and receivables (including trade and other receivables, bank and cash balances, etc.) are generally held for the purpose of cashing cash flows under contracts and are measured at amortized cost using the effective interest method less any impairment.

Trade receivables are amounts to be collected from customers for the products sold and services provided in the course of the Company's business. They are generally cashed in short periods and are classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration, except when they contain a material financing component when they are recognized at fair value.

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets (besides trade receivable without a significant financing component) are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial claims (others than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial claims, as applicable at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial claims at fair value through profit or loss are recognized immediately in profit or loss of the individual.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other of comprehensive income; or fair value through profit or loss

Financial assets are not reclassified subsequent to initial recognition unless the Company changes its business model for the management of its financial assets, in which case all those financial assets affected are reclassified.

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows; and
- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

On initial recognition, the Company may irrevocably designate a financial asset at fair value through profit or loss if it thereby eliminates or significantly reduces an inconsistency in valuation or recognition that would otherwise result from the measurement of assets or liabilities or the recognition of gains and losses on different bases.

The Company's business model for managing financial assets

The company makes an assessment of the business model objective in which a financial asset is held at a portfolio level because it best reflects how the business is managed and information is provided to management. The information considered includes:

- the policies and objectives declared for the portfolio and the functioning of these policies in practice. These include analysing whether the management strategy focuses on earning contract interest income, maintaining a specific interest rate profile, matching the duration of the financial assets to the duration of any expected debt or cash outflows, or making cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the management of the Company;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Assessment whether contractual cash flows are solely principal and interest payments

For the purposes of this assessment, the "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as a consideration of the time value of money and credit risk associated with the amount of the principal to be cashed in a certain period of time, as well as for other core credit risks and costs and a profit margin.

In order to assess whether contractual cash flows are only capital and interest payments, the Company takes into account the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the time or amount of contracted cash flows so that it does not meet this condition

An advance payment feature is compatible with the criterion of principal and interest payment only, if the amount of the anticipated payment represents substantially the unpaid principal amounts and interest on the outstanding amount, which may include a reasonable additional compensation for early termination contract.

Subsequent valuation of financial assets

After the initial recognition, the Company assesses a financial asset at amortized cost; at fair value through other elements of the comprehensive income; or at fair value through profit or loss.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, gains and losses in foreign currency and depreciation are recognized in profit or loss. Any gain or loss from derecognition is recognized in profit or loss.

Impairment of financial assets

The Company recognizes impairment adjustments for expected credit losses for:

- financial assets measured at amortized cost;
- contract assets.

Loss adjustment for trade receivables and contract assets are always measured at an amount equal to expected lifetime loss of credit.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimated credit loss, the Company considers reasonable and justifiable information that is relevant and available without undue cost or effort. These include quantitative and qualitative information and analysis, based on the Company's historical experience and including prospective information.

The Company considers that a financial asset is incapable of payment when:

- the borrower is unlikely to fully pay his credit obligations to the Company; or
- the financial asset is past 365 days after maturity.

Lifetime loss credit loss data is the expected credit loss resulting from all implicit events during the expected life of a financial instrument.

12 months credit loss represents the portion of expected credit losses resulting from the default events that are possible within 12 months of the reporting date (or a shorter period if the life of the instrument is less than 12 months).

The maximum period taken into account when estimating the expected loss of credit is the maximum contractual period that the Company is exposed to credit risk.

Measuring the expected credit loss

Expected credit losses are a probable estimate of loan losses. Credit losses are measured as the present value of the cash deficit (the difference between the cash flows due to the entity under the contract and the cash flows that the Company expects to receive).

Financial assets impaired as a result of credit risk

At each reporting date, the Company assesses whether financial assets at amortized cost and financial assets at fair value through other comprehensive income are affected by credit risk. A financial asset is "impaired as a result of credit risk" when one or more events occur that have a negative impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is impaired by credit includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract, such as failure to fulfil obligations or exceeding by 90 days the due date; or
- the debtor is likely to go bankrupt or otherwise reorganize;

Presentation of the adjustment for expected credit losses in the financial position

Adjustments for financial assets measured at amortized cost are deducted from the gross carrying amount of assets. For financial assets at fair value through other comprehensive income, loss adjustments are recorded in the income statement and are recognized in Other comprehensive income.

Removal off the balance sheet

The gross carrying amount of a financial asset is removed when the Company has no reasonable expectation of recovering a financial asset in whole or in part. For individual clients, the Company has a policy to remove gross book value when the financial asset is 3 years after maturity, based on the historical experience of similar asset recoveries. For corporate clients, the Company makes an individual assessment of the timing and amount of the discount, depending on whether there is a reasonable expectation of recovery.

Derecognition

The Company derecognizes a financial asset when contractual rights expire to the cash flows from the asset or when the Company transfers the rights to receive contractual cash flows on the financial asset in a transaction that has transferred substantially all risks and rewards of ownership.

At derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss.

Financial liabilities

The Company initially recognizes a financial liability at its fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

The Company classifies financial liabilities as subsequently measured at amortized cost or fair value through profit or loss. A financial liability is classified as a FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition. FVTPL financial liabilities are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and gains and losses in foreign currency are recognized in profit or loss. Any gain or loss from derecognition is also recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are concluded, or when such obligations expire or are canceled. At derecognition of a financial liability, the difference between the liability's carrying amount and the consideration paid is recognized in profit or loss.

Other financial liabilities include loans and loan commitments, credit lines and trade and other payables.

Derivatives financial instruments

A derivative is a financial instrument or other contract that falls under IFRS 9, which meets the following three characteristics: its amount changes in response to changes in certain interest rates, the price of a financial instrument, the price of the goods, the exchange rates, price indices or rates, credit rating or credit index or other variables, provided that in the case of a non-financial variable it is not specific to a party (sometimes referred to as the "base"); does not require any initial net investment or requires an initial net investment that is lower than would be required for other types of contracts that are expected to have similar effects to changes in market factors; and is settled at a future date.

Capital instruments

An equity instrument is any contract that creates a residual claim on the assets of an entity after deducting all of its liabilities. When an equity instrument of the company is redeemed, the amount paid, which includes directly attributable costs, net of taxes, is recognized as a deduction from equity.

The Company does not recognize gain or loss in profit or loss on the purchase, sale, issuance or cancellation of equity instruments.

Tangibles assets

Tangible assets are valued for cost, deducting accumulated depreciation and accumulated impairment losses, except for land and buildings which are evaluated at revalued amount. Revalued amount is the fair value of the asset on the date of the revaluation less any subsequent accumulated amortization and any accumulated impairment losses. Reassessment is done for the entire class of property (land, buildings).

The cost includes expenses directly attributable to acquisition of the intangible asset. Cost of an asset self-constructed include the cost of materials and direct labor, other costs attributable to bringing the asset to the place and in operation and the initial estimate of the costs of dismantling and removing the asset and restoring the placement and borrowing costs when there is an obligation of these costs.

When the Company depreciates separately some parts of an item of property, plant and equipment, it also depreciates separately the remainder of the item. What remains consist of parts of the item that are individually not significant.

Company revaluations performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an asset is reclassified as investment property, the property is revalued at fair value.

Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of property, and any other remaining winnings recognized as other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss as.

Subsequent costs are capitalized only when it is probable that expenditures will generate future economic benefits to the Company. Maintenance and repairs are expenses in the period.

Land is not depreciated. Depreciation is recognized in order to decrease the cost less residual values over their period of useful life using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed by Company management at the end of each period of reporting, taking into account the effect of all changes in accounting estimates.

The assets which are subject to a finance lease are depreciated over their useful life duration on the same basis as the assets owned or where the period is shorter, over the relevant period of the lease.

The estimated service lives for the current and comparative years of significant Company's tangible assets:

- | | |
|--|-------------|
| • Buildings | 12-50 years |
| • Plant and machinery | 3-18 years |
| • Other installations, equipment and furniture | 2-18 years |

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is recognized immediately in profit or loss if the asset is not accounted relevant at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Tangible assets are derecognized as a result of a disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising from retirement or disposal of an item of property and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss in the period in which the derecognition

Intangible assets

Recognition and Measurement

For recognition of an item as an intangible asset the Company must demonstrate that the item meets:

(a) Definition of an intangible asset

- is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability correspondence; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the company or from other rights and obligations.

(b) Recognition criteria

- it is probable that future economic benefits expected to be assigned to asset will return to the Company; and
- cost of the asset can be measured reliably.

An intangible asset is measured initially for cost. The cost of a separately acquired intangible asset comprises:

- a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- b) any directly attributable cost of preparing the asset for its intended use.

In some cases, an intangible asset may be acquired free of charge or for a symbolic consideration, through a government grant. The Company initially recognizes both the intangible asset and the grant at fair value.

The cost of internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. There cannot be reincorporated expenditures previously recognized as cost. The cost of internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Examples of directly attributable costs are:

- a. the costs of materials and services used or consumed in generating the intangible asset;
- b. costs of employee benefits arising from the generation of the intangible asset;
- c. fees to register a legal right; and
- d. amortization of patents and licenses that are used to generate the intangible asset.

To determine whether an internally generated intangible asset fulfills the criteria for recognition, an entity classifies the generation of the asset into:

- (a) a research phase ;
- (b) a development phase.

If the Company cannot distinguish between the research phase and the development of an internal project to create an intangible asset, the Company treats the expenditure on that project as expenses incurred exclusively in the research phase.

No intangible asset arising from research (or from the research phase of an internal project)

should be recognized. Expenditure on research (or the research phase of an internal project) should be recognized as an expense when incurred.

An intangible asset arising from development is recognized if, and only if you can measure reliably the expenditure attributable to the intangible asset during its development, technical feasibility of completing the intangible asset so that it will be available for use or sale, management has the intent and ability to complete the intangible asset and use or sell it.

Recognition of expenses

Expenditure on an intangible item shall be recognized as an expense when incurred, except for those that are part of the cost of an intangible asset that meets the recognition criteria.

Evaluation after recognition

Company intangible assets accounted for by the cost model.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Amortization

The depreciable amount of an intangible asset with a finite useful life determined is allocated on a systematic basis over its remaining service life. Depreciation starts when the asset is available for use, i.e. when it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation ends at the earliest of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Intangible assets are depreciated using the straight-line method over a period of 1-5 years or the validity of contractual or legal rights when it is lower than the estimated service life.

An intangible asset with an indefinite service life will not be amortized.

Depreciation

At the end of each reporting period the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the size of the impairment (if any). The recoverable amount is the biggest from the fair value less the cost of sell and the value from use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Real estate investments

A real estate investment is an estate (land or a building – or part of a building – or both) owned by the Company with the scope of earning rent or capital appreciation, or both, rather than it being used for production or distribution of services and goods, for administrative purposes, or to be sold during the ordinary course of business.

The cost of a real estate investment comprises its purchase price and any costs directly attributable to the acquisition. Directly attributable expenditures include, for example, professional fees for legal services, property transfer taxes and other transaction costs.

The investment cost of self-constructed real estate is the cost at the date when the construction or development were completely finished. Until that date, the Company applies the IAS 16 provisions. At that date, the property becomes investment property and falls under the current standard.

After initial recognition, the Company chooses the fair value model and evaluates all of its investment properties at fair value.

A gain or loss generated by a change in the fair value of the real estate investment is recognized in the profit or loss statement for the period in which it happens.

The fair value of real estate investment is the price at which the property could be exchanged between willing parties, conducted under objective conditions. The fair value of an estate shall reflect the market conditions at the balance sheet date.

The assets for which fair value is determined in the financial statements are included in the fair value hierarchy based on the fair value determined as follows:

- Level 1 - unadjusted market prices
- Level 2 - Input data other than unadjusted market prices, but fair value is observable directly or indirectly
- Level 3 - fair value measurements based on unobservable inputs

Gains or losses arising from the retirement or disposal of real estate investments should be determined as the difference between the net disposal income and the accountancy value of the asset and must be recognized in profit or loss statements in the period of the retirement or disposal.

Financial Investments

Under IAS 27, individual financial statements are statements presented by a parent company, an investor in an associated entity or by an associate in a jointly controlled entity, in which investments are accounted based on direct participation in own capital rather than report results and net assets of the invested entities. When an entity prepares individual financial statements, investments in subsidiaries, jointly controlled entities and associated entities shall be accounted for:

- a. at cost,
- b. in conformity with IFRS 9, or using the equity method as described in IAS 28

Investments in subsidiaries are presented in the current individual financial statement at cost.

Stocks

Inventories are valued at the lower of cost and net realizable value.

Inventory costs are determined on a first in, first out and include expenses arising from the purchase of stocks, production and other costs of bringing inventories into shape and location of existence. In the case of finished products and production in progress, costs include a share of overheads based on normal production capacity.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs for inventories of completion and costs necessary to make the sale

Employee benefits

In the normal course of business, the Company makes payments to pension funds, health and unemployment funds of the Romanian state, on account of its employees. Spending on these payments are recorded in the income statement in the same period of wage costs.

The Company employees are members of the Romanian State pension plan. Within the Company there is no other ongoing pension scheme and there are no other obligations on pensions.

Termination of employment benefits can be paid when the contract of employment is terminated for reasons not attributable to employees. The Company recognizes benefits for termination of employment when it is obliged to terminate the employment contracts of current employees.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation generated from a past event, it is likely to be required to settle the obligation outflow of resources embodying economic benefits and a reliable estimate can be realized amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where a provision is measured using the cash flows estimated to settle the present, its carrying value is the present value of those cash flows (where the effect of the time- value of money is significant).

Guarantees

Provisions for estimated costs of warranty obligations under local law and contractual provisions for the sale of goods is recognized at the sale date of products. The provision is based on the historic of securities and the balancing of all possible outcomes.

Restructuring

A restructuring provision is recognized when the Company has approved a detailed and formal restructuring plan and this plan has either started or the main features of the restructuring plan were announced to those affected by it.

Onerous contracts

If the company has an onerous contract, the current contractual obligation stipulated in the contract should be recognized and measured as a provision. An onerous contract is defined as a contract in which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained from the contract in question. Unavoidable costs of the contract reflect the net cost out of contract, respectively the lowest cost of fulfilling contract and any compensation or penalties arising from failure to fulfill the contract.

Revenue recognition

Accounting policies information regarding contracts with customers is presented in Note 15.

Government grants

Government grants represent assistance by government in the form of transfers of resources to the Company in exchange for compliance, past or future compliance with certain conditions relating to the operating activities of the Company. They exclude those forms of government assistance which cannot be reasonably assigned a certain value, and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognized as income over the periods corresponding to the related expenses which these grants are intended to compensate, on a systematic basis.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognized as income in the period in which it becomes receivable.

Leasing

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The Company does not register any leasing contracts at the date of entry into force of IFRS 16.

Indebtedness costs

Indebtedness costs, directly attributable to the acquisition, construction or completion of eligible assets, assets that require a significant amount of time to get ready for use or sale, plus the cost of those assets until the assets are ready significantly for usage area or sale.

Revenues from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets are deducted from the indebtedness costs which may be capitalized.

All other indebtedness costs are recognized in profit or loss in the period they are incurred.

Gains or losses on foreign exchange differences are reported net amount that gain or loss depending on the result of exchange rate changes.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred taxes.

Liabilities or claims relating to tax the current period and prior periods are measured at the amount to be paid or recovered by the tax authority using legal regulations and the tax rate in effect on the date of the financial statements. Tax on profit for the period closing 2016 December 31, was 16%.

Current tax and deferred tax are recognized in profit or loss unless they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current tax and deferred tax are also recognized in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit achieved during the year. Taxable profit differs from profit as reported in the statement of income unconsolidated general because of items of income or expense that are taxable or deductible in some years and items that are never taxable or deductible. Company's obligation in respect of current taxes is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences arising between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that there is probability of future taxable profit from which temporary difference can be recovered.

The main differences resulting from the amortization of fixed assets and the valuation of assets at fair value.

Deferred tax assets and liabilities are determined based on taxes which are supposed to be applied during the respective period realized or settled liability or deferred tax asset.

Segment Reporting

A business segment is a component of the Company that engages in business activities from which it can obtain revenues and from which expenses may incur (including revenues and expenses related to transactions with other components of the same society), whose results of activity are reviewed regularly by the Company's chief operating decision maker in order to take decisions about resources to be allocated to the segment and assessing its performance and for which separate financial information is available.

Company management regularly evaluates the activity of the Company to identify operating segments for which information must be reported separately.

The Company did not identify components that are classified as operating segments.

4. 1. TANGIBLE ASSETS

Evolution of tangible assets from 1th of January 2019 to 31th of December 2020 is the following:

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Inventory value	43.509.161	98.050.369	520.151.129	1.244.091	17.498.581	680.453.331
01.01.2019	339.539	15.504.757	62.302.709	442.685	87.180.475	165.770.165
Input 2019		-24.798.126	-733.810		-70.755.297	-96.287.233
Output 2019	43.848.700	88.757.000	581.720.028	1.686.776	33.923.759	749.936.263
31.12.2019					81.824.664	81.824.664
Input from aquisition 2020					4.823.232	4.823.232
Input internally generated 2020		3.531.442	43.246.886	0		46.778.328

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Input from commissioning tasks in 2020		695.782	0		0	695.782
Outputs revaluation in 2020			0		0	0
Outputs from the cancellation of the depreciation during 2020						0
Net revaluation of values						
Output from transfers within the same class 2020		-693.027	0		0	-693.027
Outputs from transfers to other classes of property 2020		0	0		-46.778.329	-46.778.329
Output from sales 2020		0	0			0
Outputs of cassation 2020		-2.755	-2.855.028	-16.701		-2.874.484
31.12.2020	43.848.700	92.288.442	622.111.886	1.670.075	73.793.326	833.712.429
Depreciation, amortization						
01.01.2019	0	13.250.864	327.877.722	1.033.729	0	342.162.315
Expenditure in 2019	0	5.765.562	40.463.202	62.295	0	46.291.059
Depreciation, amortization related outputs in 2019	0	-19.016.426	-732.087	0	0	-19.748.513
31.12.2019	0	0	367.608.837	1.096.024	0	368.704.861
Expenditure in 2020	0	6.195.710	44.429.202	73.973	0	50.698.885
Amortizations, depreciations related to transfer entries within the same class 2020	0	38.464			0	38.464
Amortizations, depreciations related on transfers within the same class 2020	0	-37.913			0	-37.913
Amortizations, depreciations, related on cassations 2020	0	-551	-2.855.028	-16.701	0	-2.872.280
31.12.2020		6.195.710	409.183.011	1.153.296	0	416.532.017
Remaninig Value						
01.01.2019						338.291.016
31.12.2019						381.231.402
31.12.2020						417.180.412

Tangible assets representing "Tangible assets in progress" are valued at historical cost. The Company chose to assess its tangible assets like land and buildings at fair value.

The management analyzes annually the indications regarding the significant change of the market value of the constructions and lands.

The constructions and the lands were reassessed on 31.12.2020 by an independent independent evaluator. Within the hierarchy of fair value, the company's buildings and land were revalued at their fair value, categorized-level 2.

The evaluation technique used in the level 2 fair value measurement is the price comparison method. Building prices are determined in comparison with the adjacent buildings' and can be tailored to specific features such as property size, etc. The most important input data for this evaluation methos is the prices per square meter. There were no transfers between the level at which the fair value measurements are classified in 2020.

The depreciation of the tangible assets is determined by the straight-line method.

Fixed assets declined in 2020 by scrapping and depreciation.

The stock-in trade value of the fixed assets disposed of in 2020 was of 2,874,784 RON, and the unamortised value of the disposed fixed assets was of 550 RON.

In 2020, within the Company, projects funded from European funds were carried out.

The implementation of these projects resulted in the acquisition of the latest technological equipment. Thus, within the project "Adapting to the new Automotive World using Green processes for Green Components", the following equipment was purchased in 2020:

NC multi shaft with INDEX bar feed MS52C3 6,816,524 lei

CNC multi shaft with automatic feeding and evacuation using robot INDEX MS52C3 8.151.222lei

CNC multi shaft with automatic feeding and evacuation using robot INDEX MS52C3 8.151.222lei

The subsidized value of the equipment purchased for the project was 6,057,170 lei

As part of the project "Learn for a safe job!" a simulation, testing and diagnostic stand was purchased for 99,518 lei, of which a subsidized value of 94,542 lei

Within the project "Qualified employees for a safer future", equipment worth 141,265 lei was purchased, of which a subsidized value 9,451 lei.

As at 31.12.2020, the book value of the mortgaged assets in favor of banks was 159,091,311 lei, of which 117,717,454 lei consisting of technological equipment and 41,373,856.84 lei in constructions and land.

4.2. REAL ESTATE INVESTMENTS

The evolution of real estate investments from January 1, 2019 to December 31, 2020 is as follows:

Explanations	Real estate investments	Real estate investments in progress	Total
Balance at 01.01.2019	33.204.833	8.926.481	41.239.843
Input 2019	26.122.062	10.379.956	36.502.018
Output 2019	-897.599	-10.164.338	-11.061.937
Balance at 31.12.2019	58.429.296	9.142.099	67.571.395
Entry from aquisition		712.735	712.735
Internally generated inputs 2020		35.458	35.458
Inputs of the same class assets in 2020	253.025		253.025
Outputs of transfers within the same class of property assets in 2020	-253.025		-253.025
Balance at 31.12.2020	58.429.296	9.890.292	68.319.588

The real estate investments are valued at a fair value. Gain or loss generated by a change in the fair value of an investment property is reflected in profit or in loss during the period in which this occurs.

The real estate investments were reassessed on 31.12.2019 an authorized independent evaluator.

The fixed assets "Real estate investments in progress" are valued at their historical cost.

5. INTANGIBLE ASSETS

Intangible assets held by the Company are represented by software, software licenses and intangible assets in progress. Their evolution was as follows:

Explanations	R&D Expenditure	Software and software licenses	Total
Cost 01.01.2019	559.383	10.420.320	10.979.703
Input 2019	3.557.033	1.032.998	4.590.031
31.12.2019	4.116.416	11.453.318	15.569.734
Input from aquisition 2020		1.261.122	1.261.122
Input internally generated 2020	597.765	67.357	665.122
Input from transfers from other asset classes 2020	0		0
Input of transfers within the same class 2020	2.820.532	0	2.820.532
Output of transfers within the same class 2020	-2.820.532	0	-2.820.532

<i>Explanations</i>	R&D Expenditure	Software and software licenses	Total
31.12.2020	4.714.181	12.781.797	17.495.978
<i>Depreciation, amortization</i>			
01.01.2019	0	7.445.551	7.445.551
Expenses 2019	0	691.726	691.726
31.12.2019	0	8.137.277	8.137.277
Expenses in 2019		686.681	686.681
31.12.2020	0	8.823.958	8.823.958
<i>Remaining value</i>			
01.01.2019			3.534.152
31.12.2019			7.432.457
31.12.2020			8.672.020

The company capitalizes the R & D costs due to the fact that the criteria for recognizing them as an element of intangible asset are met, namely:

- it is probable that the future economic benefits expected to be attributable to the asset are attributable to the Company; and
- the cost of immobilisation can be reliably measured.

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

Explanations	2020	2019
Debts from clients who have not exceeded their due date	124.064.673	104.071.083
Debts which have exceeded their due date with no impairment adjustments	5.224.607	4.349.695
Debts which have exceeded their due date with impairment adjustments	138.064	571.165
Impairment adjustments	-138.064	-571.165
Total receivables	129.289.280	108.420.778

The situation for the debts which have exceeded their due date with no impairment adjustments at the 31st of December 2020, 2019 respectively, is detailed here below:

Explanations	2020	2019
Less than 90 days overdue debts	5.032.407	2.917.409
91 to 180 days overdue debts	181.434	1.292.265
181 days to 1 year overdue debts	10.766	140.021
More than 1 year overdue debts	5.224.607	4.349.695
Total overdue debts	5.032.407	2.917.409

The Company made adjustments for the inventory depreciation as detailed below:

Balance at 01.01.2019	1.165.933
Adjustments constituted in 2019	731.107
Adjustments reversed in 2019	-1.325.875
Balance at 31.12.2019	571.165
Adjustments constituted in 2020	96.242
Adjustments reversed in 2020	-529.343
Balance at 31.12.2020	138.064

The Company's commercial policy requires the recording of depreciation adjustments for receivables over 360 days, except for those receivables from partners with which the Company is debtor in turn, with debts of approximately the same age as the unpaid receivables.

Other Company Debts are detailed here below:

Explanations	2020			2019		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Payments in advance to suppliers	6.416.008	0	6.416.008	32.040.964	0	32.040.964
Staff related debts	42.388	0	42.388	19.361	0	19.361
State budget and local budget debts	1.967.499	0	1.967.499	3.041.781	0	3.041.781
Other debtors	1.338.651	0	1.338.651	596.856	0	596.856
Impairment adjustments for debtors	-647.331	0	-647.331	-368.925	0	-368.925
Expenses in advance	708.262	0	708.262	1.011.271	0	1.011.271
Subsidies to be collected (European funds projects)	3.417.974	1.224.822	2.193.152	8.271.345	72.572	8.198.773
Total Debts	13.243.451	1.224.822	12.018.629	44.612.653	72.572	44.540.081

The Company established the following impairment adjustments for other receivables.

Balance at 01.01.2019	301.611
Adjustments constituted in 2019	367.314
Adjustments reversed in 2019	-300.000
Balance at 31.12.2019	368.925
Adjustments constituted in 2020	278.406
Adjustments reversed in 2020	
Balance at 31.12.2020	647.331

The company's policies require registration of impairment adjustments for receivables exceeding 360 days and for receivables which hint an uncertainty factor. Receivables in foreign currencies are valued in RON at the exchange rate of BNR on 31.12.2020.

7. OTHER RECEIVABLES

The situation of other receivables of the Company is as follows:

Explanations	2020			2019		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Custom home warranty	103.000	103.000	0	103.000	103.000	0
Other guarantees	14.439	14.439	0	14.439	14.439	0
Total other assets	117.439	117.439	0	117.439	117.439	0

8. STOCKS

The Company made adjustments for the inventory depreciation as detailed below:

Explanations	2020	2019
Raw materials	33.345.333	46.315.067
Impairment of raw materials	-294.548	-295.044
Packaging materials	25.233.883	22.775.912
Impairment of materials and packaging	-77.922	-77.960
Semi-finished parts and production in progress	23.703.476	19.063.886
Finished goods and merchandise	9.940.051	17.578.146
Impairment of finished products and goods	-354.979	-169.453
Total stocks	91.495.294	105.190.554

The Company made adjustments for the inventory depreciation as detailed below:

Balance at 01.01.2019	561.406
Adjustments constituted in 2019	0
Adjustments reversed in 2019	-18.949
Balance at 31.12.2019	542.457
Adjustments constituted in 2020	185.527
Adjustments reversed in 2020	-535
Balance at 31.12.2020	727.449

Impairment adjustments are recorded for non-moving and slow moving stocks, which are most likely to no longer generate future economic benefits.

9. CASH AND CASH EQUIVALENTS

Available cash and cash equivalents are listed here below:

Explanations	2020	2019
Bank accounts in RON	596.592	5.692.304
Currency accounts	281.573	383.007
Cash equivalents	171	486
Petty cash	9.551	4.024
Total Cash and equivalents	887.887	6.079.821

The Company holds bank accounts in both RON and foreign currencies at the following Bank Institutions: BRD Group Societe Generale, BCR, RBS Bank, ING Bank, Treasury.

10. PROFIT TAX

The tax for the current Company's profit is determined based on the statutory profit, adjusted for non-deductible expenses and non-taxable income at a rate of 16%.

On 31 December 2020 and 2019 respectively, the tax profit consists of:

Explanations	2020	2019
Current profit Tax Expense	1.332.429	401.859
Receivable / income for the deferred income tax	-279.235	415.398
Total Profit Tax	1.053.194	817.257

The numerical reconciliation between the income tax expense and the result of the multiplication of the accounting result with the tax rate in force is presented here below:

Explanations	2020	2019
Profit before tax	14,973,695	33,525,966
16% Profit Tax Expense	2,395,791	5,364,155
Sponsoring charge deducted from the profit tax	-260,294	-100,465
Due profit tax	2,135,497	5,263,690
The effect of non-taxable income	-84,780	-1,047,325
The effect of non-deductible tax and temporary differences	740,282	1,211,761
The effect of tax exemption on reinvested profit	-1,714,008	-4,610,869
Bonus granted for the payment of current profit tax	-23,062	0
Total expenses with the profit tax	1,053,929	817,257
The real percent of the profit tax	7.04	2.44

The significant parts of the profit tax included in the financial situations at 31.12.2020 and 31.12.2019 are detailed here below:

Explanations	2020	2019
Gross Profit	14,973,695	33,525,966
Non-taxable income	-529,878	-6,545,780
Non-deductible expenses	53,202,189	50,920,952
Other deductions - tax amortization	-46,830,198	-45,943,682
Fiscal profit	20,815,808	31,957,456
Profit Tax	3,330,529	5,113,193
Sponsoring expenses	-260,295	-100,465
The effect of tax exemption on reinvested profit	-1,714,008	-4,610,869
Bonus granted for the payment of current profit tax	-23,062	
Total expenses with the profit tax	1,333,164	401,859
The real percent of the profit tax	8.90	1.20

In 2020, the Company applied to the calculation of the current profit tax the fiscal facility regarding the exemption of the profit tax reinvested in technological equipment, according to GEO no. 19/2014. The Company's management expects to keep in the company's patrimony for a period of at least 5 years the technological equipment purchased and based on which the facility was calculated and also expects that the reserve constituted as a result of the application of the facility will not be distributed / used in any form.

The evolution of the deferred tax to be recovered between 01.01.2019 - 31.12.2020 is presented in the table below:

Deferred tax for 01.01.2019	-1.711.713
Deferred tax through the profit-loss account in 2019	415.398
Deferred tax recognized through other elements of 2019's results:	120.712
Deferred tax from revaluating the fixed assets	120.712
Deferred tax for 31.12.2019	-1.175.603
Deferred tax through the profit-loss account in 2020	-279.235
Deferred tax recognized through other elements of 2020's results:	290.268
Deferred tax from revaluating the fixed assets	290.268
Deferred tax for 31.12.2020	-1.145.106

The main components of the deferred profit tax included in the financial situations on the 31st of December 2019, considering the percentage of 16%, are detailed here below:

Temporary difference type	Cumulative Value of Temporary Difference	Cumulative deferred tax - income	Cumulative deferred tax - debt	Net Cumulative deferred tax	Profit-loss account 2019	Assignable to the result account carried over from the change in accounting policies 2019	Assignable other elements of 2019's global results
Assets reevaluation	33.606.431	0	5.377.029	5.377.029			-120.712
Legal reserves	4.376.421	0	700.227	700.227			
Differences due to the depreciation of Tangible Assets	-42.702.819	-6.832.451	0	-6.832.451	-398.704		
Other debts	-2.627.543	-420.407	0	-420.407	-16.694	0	
Total	-7.347.510	-7.252.858	6.077.256	-1.175.602	-415.398	0	-120.712

The main components of the deferred profit tax included in the financial situations on the 31st of December 2020, considering the percentage of 16%, are detailed here below:

Temporary difference type	Cumulative Value of Temporary Difference	Cumulative deferred tax - income	Cumulative deferred tax - debt	Net Cumulative deferred tax	Profit-loss account 2020	Assignable to the result account carried over from the change in accounting policies 2020	Assignable other elements of 2020's global results
Assets reevaluation	31.792.258	0	5.086.761	5.086.761			-290.267
Legal reserves	4.376.421	0	700.227	700.227			
Differences due to the depreciation of Tangible Assets	-45.427.096	-7.268.335	0	-7.268.335	-285.469		

Temporary difference type	Cumulative Value of Temporary Difference	Cumulative deferred tax - income	Cumulative deferred tax - debt	Net Cumulative deferred tax	Profit-loss account 2020	Assignable to the result account carried over from the change in accounting policies 2020	Assignable other elements of 2020's global results
Other debts	-1.648.489	-263.759	0	-263.759	6.234	0	
Total	-10.906.906	-7.532.094	5.786.988	-1.745.106	-279.235	0	-290.267

The Company recognizes deferred tax assets because it estimates that there is likely to be a future taxable profit against which those claims can be used.

11. EQUITY

Shareholder structure on 31.12.2020 is as follows:

Explanations	No. of shares	% of total share capital
Romanian and foreign shareholders (legal entities)	71.862.758	32,84%
Romanian and foreign shareholders (individuals)	146.958.280	67,16%
Total number of shares	218.821.038	100,0

The company's shares have a nominal value of 0,1 RON /share, the share capital value being of 21.882.104 RON .

Starting with 17.08 2020, the Company started the ransom program of its own shares, according to Dec. EGMS 18 AND 19 of 27.04.2020

The size of the program: the redemption from the market of a maximum number of 15,000,000 own shares

The proposed share purchase price is:

Minimum price per share: 0.1 lei

Maximum price per share: 1 lei

The maximum pecuniary value allocated to the program: 3,890,000 lei, excluding brokerage commissions and other acquisition costs. The payment of the repurchased shares will be made, according to the provisions of art. 1031 of law 31/1990, from the distributable profit of the company, registered in the financial statement for 2019.

Duration of the program: 18 months from the date of publication of the decision in the Official Gazette of Romania, part IV.

Purpose: The shares will be redeemed for free distribution to members of the company's management.

In 2020, 1,854,280 shares were repurchased, as follows:

- Nominal value of redeemed shares: 185,428 lei
- Total redemption value of shares: 1,059,731.06 lei, resulting in:
- loss related to the redemption of own shares in the amount of 974,303.06 lei.

The equity of the company include the following:

Explanations	2020	2019
Subscribed and paid capital	21,882,104	21,882,104
Own shares	-185,428	0
Losses related to the redemption of own shares	-874,303	0
Revaluation reserves	83,891,130	83,891,130

Explanations	2020	2019
Adjustment of legal reserves	4,376,421	4,376,421
Legal reserves	22,679,066	22,679,066
Other reserves	3,890,000	
Adjustment of other reserves	288,631,704	277,918,370
Current and deferred income tax recognized in the equity account	442,991	442,991
Retained earnings from the first adoption of IAS, less IAS 29	-5,786,989	-6,077,257
Retained earnings representing surplus from revaluation reserves	57,804,936	57,804,936
Retained earnings from switching to IFRS, less IAS 29	29,144	29,144
Retained earnings from changes in accounting policies	8,611,538	8,611,538
Retained earnings from correction of accounting errors	89,693	89,693
Retained earnings due to the adoption of IAS 29 for the first time	-403,355	-403,355
Retained undistributed result	-648,352	-648,352
Current year profit	13,919,766	32,708,709
Distribution of profit	-10,712,555	-28,817,930
Total equity	487,637,511	474,487,208

The changes produced in equity were as follows:

Causes of changes	Own equity element	2020-2019
Distribution of the previous year's net profit to its own development sources, according to Hot. AGA / 04.2019 and 04.2020, respectively		779
	Other reserves	
Distribution of the current year's net profit to its own development sources, in accordance with GEO 19/2014, on the exemption of reinvested profit tax		10,712,555
	Own Shares	3,890,000
Redemption of own shares in the current year	Losses related to the redemption of own shares	-185,428
Determination of deferred income tax on equity	Current and deferred income tax recognized on account of equity	-874,303
The increase of the undistributed profit from the previous year from the correction of the accounting errors from the current result	Retained undistributed result	290,268
Decrease of the profit earned in the current year over the previous year	Current year profit	-18,788,943
Decreasing the profit of the current year distributed to own sources of development compared to the previous year	Profit distribution	18,105,375
Total changes		13,150,303

In 2020, the Company made records on account of the carried forward result, representing additional debts to the state budget for 2017, as a result of an ANAF control, totaling 403,355 lei. The data for 2019 presented in the financial statements for the year ended 31.12.2020 have been adjusted with the mentioned corrections.

Capital Management

The Company's objectives related to capital management refer to maintaining the Company's ability to continue operating in order to provide compensation and benefits to its shareholders and to other stakeholders and to maintain an optimal capital structure so as to reduce capital costs and support further development of the Company. There are no capital requirements imposed from the outside. The Company monitors the capital based on the debt level. This coefficient is the result of dividing the net debt to the total capital.

The net debt is the total of all the loans (including the current loans and the long term loans as per the balance sheet) except the cash and the cash equivalents. The total administered capital is calculated as "equity capital" as shown in the financial situation.

In 2020, COMPA continued to use the fiscal facility regarding the tax exemption on the mentioned profit reinvested in equipment and, according to the legal regulations, distributed to its own development sources the profit for which the facility was applied, amounting to 10,717,146 lei.

The Board of Directors will propose A.G.A. that the net profit remaining undistributed, amounting to 2,800,000 lei, after the aforementioned distribution and after covering the losses from the correction of accounting errors amounting to 403,355 lei, to be distributed as dividends.

The evolution of indebtedness of the Company is as follows:

Explanations	2020	2019
Total Debt	245,081,415	249,113,345
Cash and cash equivalents	887,887	6,079,821
Net Debt	244,193,528	243,033,524
Equity	487,637,511	474,487,208
Level of indebtedness	0.50	0.51

The company proposed not to exceed the threshold of 0.99.

12. FINANCIAL LIABILITIES

Long term and short term financial liabilities expressed in **EUR** are as follows:

Credit institution	Loan type	2020			2019		
		Total, of which:	Long term (< 5 years)	Short term	Total, of which:	Long term (< 5 years)	Short term
BRD Group Soci��t�� Generale Rom��nia	Credit line for manufacturing	1,745,991	1,745,991	0	6,970,805	6,970,805	0
BRD Group Soci��t�� Generale Rom��nia	Credit for investments	7,500,000	6,375,000	1,125,000	2,586,177	2,211,177	375,000
ING Bank-Sibiu	Credit line for manufacturing	2,339,742	2,339,742	0	5,080,089	5,080,089	0
ING Bank-Sibiu	Credit for investments	7,500,000	6,136,364	1,363,636	6,500,000	5,850,000	650,000
Total financial liabilities EUR		19,085,733	16,597,096	2,488,636	21,137,071	20,112,071	1,025,000

Long term and short term financial liabilities denoted in **RON** are as follows:

Credit institution	Loan type	2020			2019		
		Total, of which:	Long term (< 5 years)	Short term	Total, of which:	Long term (< 5 years)	Short term
BRD Group Société Générale România	Credit line for manufacturing	8,501,926	8,501,926	0	33,315,569	33,315,569	0
BRD Group Société Générale România	Credit for investments	36,520,500	31,042,425	5,478,075	12,360,114	10,567,877	1,792,238
ING Bank - Sibiu	Credit line for manufacturing	11,393,139	11,393,139	0	24,279,271	24,279,271	0
ING Bank-Sibiu	Credit for investments	36,520,500	29,880,409	6,640,091	31,065,450	27,958,905	3,106,545
Total financial liabilities RON		92,936,066	80,817,900	12,118,166	101,020,405	96,121,622	4,898,783

At 31.12.2020, the net book value of the mortgaged assets in favor of banks was 159,091,311 lei, of which 117,717,454 lei consisting of technological equipment and 41,373,856.84 lei in constructions and land.

Also, for guaranteeing the employed credits, "collateral securities on receivables" were constituted, in proportion with the value exposed to the financing banks.

The effect of exchange rate fluctuations resulting from financing activity amounted to 2.244.432 lei, with a negative impact on the profit and loss account.

Interest margin of loans from engaged banking institutions vary from:

Euribor at 1 month + 1.5 % per year

Euribor at 3 months + 1.5 % per year

Foreign currency liabilities are valued in RON at the exchange rate of BNR on 31.12.2020

13. COMMERCIAL LIABILITIES AND OTHER PAYABLES

The commercial debts and other liabilities are as follows:

Explanations	2020			2019		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Suppliers	98,637,142	0	98,637,142	94,689,654	0	94,689,654
Advanced payments received from customers	152,590	0	152,590	138,039	0	138,039
Debts from contracts with customers	3,408,686	0	3,408,686	1,217,334	0	1,217,334
Staff-related debts	5,336,914	0	5,336,914	5,423,464	0	5,423,464
Debts to the consolidated state budget and to the local budget	7,446,794	0	7,446,794	6,120,643	0	6,120,643
Current income tax liabilities	894,988	0	894,988	393,511	0	393,511
Various creditors	263,708	0	263,708	148,516	0	148,516
Income in advance	2,043,773	730,215	1,313,558	1,411,453	72,572	1,338,881
Investment subsidies from	33,783,636	28,431,161	5,352,475	38,355,443	34,303,190	4,052,253

Explanations	2020			2019		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
AMPOS DRU, AMPOSCEE contracts						
Inventory excess of property nature	41,473	41,473	0	59,239	59,239	0
TOTAL Commercial liabilities and other payables	152,009,704	29,202,849	122,806,855	147,957,296	34,435,001	113,522,295

In 2020, the Company made records representing additional debts to the state budget for 2017, as a result of an ANAF control, totaling 403,355 lei. The data for 2019 presented in the financial statements for the year ended 31.12.2020 have been adjusted with the mentioned corrections.

Debts in foreign currency are valued in lei at the official exchange rate of the NBR on 31.12.2020.

14. PROVISION

Provisions situation as of 31.12.2020 is shown below:

Explanations	Provisions for guarantees granted to clients	Provisions for employee benefits	Total provisions
Balance at 01.01.2019	26.945	108.700	135.645
Balance at 31.12.2019	26.945	108.700	135.645
Balance at 31.12.2020	26.945	108.700	135.645

The Company did not provide additional provisions for guarantees granted to clients and employee benefits in 2020, considering that there were no changes compared to the situation on the 31.12.2019.

15. INCOME AND ACTIVITY SEGMENTS

The company's income structure is as follows:

Explicații	2020	2019
Total Turnover, of which:	547,121,134	746,729,484
Revenues from sales of finished products	529,857,396	737,308,365
Revenues from provision of services	2,556,053	4,376,328
Revenues from sale of goods	12,241,043	3,169,032
Revenues from other activities (rents, various activities)	993,969	1,061,254
Revenues from associated subsidies (EU funds projects)	1,472,673	814,505
Other operating revenues	10,756,831	21,079,783
Total - Operating income	557,877,965	767,809,267

Other operating revenues consist of:

Explanations	2020	2019
Revenues from assets held for sale in ceded	5,456,454	11,575,340
Revenues from investment grants (projects and partner contract projects AMPOS DRU and AMPOSCEE)	4,830,715	4,392,357
Revenue from the revaluation of tangible assets and real estate investments	0	4,900,958
Other operating revenues	469,662	211,128
TOTAL Other operating income	10,756,831	21,079,783

Activity Segments

The Board of Directors is regularly reevaluating the activity of the Company so that segments of activity for which information should be separately reported - are identified as soon as possible.

The Company is based in Romania. All the Company's income detailed above is strictly attributed to Romania.

Fixed assets, other than financial instruments, deferred tax due revenue, post-employment benefit claims and rights arising from insurance contracts are located in Romania as a whole. The Company does not have such fixed assets located in other countries.

The export income for 2020 is 363,07 million RON, representing 66,36 % of the turnover.

The revenues of about 302,14 million lei come from the first 12 external customers. They hold about 55,4% of the turnover.

All the income corresponds to the activity in Romania.

16. EXPENSES TYPE

Operating expenses made within the years 2019 and 2015 are presented in the following table:

Explanations	2020	2019
Material expenditures	315.188.123	464.014.430
Stock differences	2.950.743	-10.122.202
Energy and water expenses	22.574.926	27.582.735
Employee benefits expenditures, of which:	115.832.537	155.809.695
- salaries and compensations	113.127.288	152.276.407
Salaries and compensations	2.705.249	3.533.288
Insurance and social protection expenses	51.385.568	46.653.866
Asset value adjustments	30.295	-546.401
Current asset value adjustments	26.390.903	38.542.074
Third party expenditures	4.254.551	5.068.377
Other tax expenditures, taxes and similar payments	0	1.076.707
Other operating expenses	1.197.859	2.837.416
TOTAL Operating expenses	539.805.505	730.916.697

17. OPERATING RESULT ANALYSIS

Explanations	2020	2019
Operating income	557.877.965	767.809.267
Cost of sales	-506.817.882	-694.973.848
Sales and distribution expenses	-1.371.348	-1.872.538
Administrative expenses	-16.743.490	-20.055.679
R & D Expenses	-14.872.785	-14.014.632
Operating result	18.072.460	36.892.570

18. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include salaries, compensations and social security contributions. Short term benefits are recognized as expenditures as the services are rendered.

Explanations	2020	2019
Salaries and compensations	124.950.236	152.276.407
Government grants for expenditure on employees	-11.822.948	0
Insurance and social protection expenses	2.705.249	3.533.288
TOTAL	115.832.537	155.809.695

In the context of the COVID-19 pandemic, the Government approved a series of active measures for employees and employers, in order to support them during the emergency / alert period, the period in which economic activity was significantly diminished or even interrupted.

Compa was severely affected by the effects of the pandemic, being forced, as a result of the significant decrease in orders, to temporarily suspend the employment contracts of most of its employees.

For the period April-May 2020, Compa benefited from the subsidy granted by the government to cover the expenses with the technical unemployment indemnity paid to its employees. This subsidy was in the amount of 7,023,348 lei.

In June-August, for the employees whose contracts were reactivated, Compa fulfilled the conditions for requesting the subsidy representing 41.5% of the basic salaries corresponding to the hours provided for these employees.

The value of the subsidy was 4,799,600 lei.

19. FINANCIAL LOSSES (GAINS)

The financial losses (gains) structure is shown below:

Explanations	2020	2019
Gains from foreign exchange differences relating to monetary items denominated in foreign currency	-1.871.958	-2.011.588
Losses from interest rates	-733.603	-900.402
Other financial gains	-493.203	-454.614
TOTAL Losses / Gains	-3.098.764	-3.366.604

20. EARNINGS PER SHARE

The earnings per share for the years 2020 and 2019 is summarized as follows:

Explanations	2020	2019
No. of shares at the beginning of the year	218.821.038	218.821.038
Shares issued during the year	0	0
No. of shares at the end of the year	218.821.038	218.821.038
Net profit	13.920.501	32.708.709
Earnings per share (in RON per share) basic / diluted	0,06	0,15

In 2020, 6,407,697 treasury shares were repurchased. In accordance with the legal provisions, these shares do not have the right to vote and the right to a dividend.

The calculation of earnings per share with the right to vote and the right to a dividend is presented as follows:

Explanations	2020	2019
No. of shares at the beginning of the year	218,821,038	218,821,038
Shares repurchased during the year	-1,854,280	0
Shares issued during the year	0	0
No. of shares at the end of the year	216,966,758	218,821,038
Net profit	13,919,766	32,708,709
Earnings per share (in RON per share) basic / diluted	0.06	0.15

21. FINANCIAL INVESTMENTS

The company's financial investments represent shares owned at affiliated entities. Securities held are carried at cost and include the following:

Company that holds the securities	Social headquarters	% of share capital	Securities Value	Main activity (according to CAEN)
COMP A IT SRL	Sibiu, No.8, Henri Coandă, Street, Sibiu County	100,00	200.000	6201 "Activities of achieving custom software"
TRANS CAS SRL	Sibiu, No.12, Henri Coandă, Street, Sibiu County	99,00	1.498.450	4941 "Freight transport by road"
RECASERV SRL	Sibiu, No.51, Henri Coandă, Street, Sibiu County	70,00	70.000	5629 "Other types of activities"
TOTAL			1.768.450	

Entities affiliated with the company were formed in time, due to the need of outsourcing some COMP A S.A. specific activities like: software design, domestic and international auto transport, catering, etc.. The outsourcing accomplished to streamline these activities and to benefit from some state-offered facilities for specific activities (IT activities, transport licenses etc).

Most contracts and transactions with these entities represent COMP A (holder of special and specific installations) sourcing utilities like: electricity, heat, water, telephone services, compressed air, rental of premises and equipment necessary to conduct business, as well as contracts for the supply of goods and services. On the other hand, these affiliated entities provide COMP A with the goods and services they produce and for which outsourcing was imposed. Relationships were conducted on free market commercial terms, the price of which is agreed upon by negotiation, falling in the prevailing market levels.

Transactions in the first three months of 2015 and 2019 with the companies in which COMP A holds stakes were as follows (amounts include VAT):

Explicații	2020		2019	
Company where securities are held	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
TRANS CAS S.R.L.	13.123.015	463.161	18.268.690	420.995
COMP A IT S.R.L.	2.638.111	42.312	2.983.330	42.985
RECASERV S.R.L.	1.100.203	50.566	1.629.561	58.696

Mutual debts and claims registered at 2020 and 2019 are:

Claims receivable by COMP A S.A. from:

Explanations	2020	2019
TRANS CAS S.R.L.	13.123.015	36.157
COMP A-IT S.R.L.	2.638.111	3.770
RECASERV S.R.L.	1.100.203	11.067

Debts paid by COMP A Company S.A. to:

Explanations	2020	2019
TRANSCAS S.R.L.	5.073.929	2.510.259
Comp a IT S.R.L.	966.195	913.325
RECASERV S.R.L.	381.367	282.214

Outstanding balances are not guaranteed and do not bear interest. No guarantees have been constituted and no guarantees have been received for debts or liabilities of involved parties.

Company Management

List of company directors (Board of Directors):

NUMELE ȘI PRENUMELE	CALIFICARE	FUNCȚIA
DEAC Ioan	Engineer	Chairman & CEO
MICLEA Ioan	Economist	Member BoD & CFO
BALTEȘ Nicolae	Economist	Member BoD - Chairman Audit Committee
VELȚAN Ilie-Marius	Economist	Member BoD – Member of the Audit Committee
MAXIM Mircea Florin	Engineer	Member BoD

List of company executive members:

NAME AND SURNAME	POSITION
DEAC Ioan	CEO
MICLEA Ioan	CFO
FIRIZA Ioan	Organizational Management & HR Director
BĂIAȘU Dan-Nicolae	Commercial Director
ACU Florin-Ștefan	Technical Director
MUNTENĂȘ Bogdan-Vasile	Logistics Director
ȚUICU Liviu-Laurențiu	Quality & Environment Director
HERBAN Dorin-Adrian	Systems Management & Continuous Improvement Director
ȚUȚUREA Mihai	Production Director
FIRIZA Sorin Ioan	Deputy Production Director
MORARIU Mircea	Deputy Production Director (till 01.10.2020 when he retired)
DRAGOMIR Marius-C-tin	Chief Engineer

Transactions with the company's executive members are limited to wages and allowances.

22. EMPLOYEE BENEFITS

The company makes payments to the Romanian state pension system, to the health insurance system and to the unemployment fund on behalf of its employees. All the Company's employees are members of the Pension System of the State and have the legal obligation to contribute thorough the social security contributions to it.

All contributions are reflecte in the financial result of the period in which they are incurred.

As per the Collective Labor Contract, the Company is obliged to offer benefits to its employees if the contract is stopped from reasons which are independent to its employees. The benefits consist of 0.5 to 5 brut salaries depending on the duration of employment within the Company.

As per the Collective Labor Contract and according to legal regulations, the employees which reaches the legal age for retirement are entitled to an amount equal to the average salary corresponding to their last occupied position within the Company, adjusted to duration of employment within the Company.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT -is described in Chapter 10
24. DATORII CONTINGENTE ȘI ANGAJAMENTE

The Company is involved in several Court Actions resulted from its normal activity.

The Board of Directors consider that except for the amounts described in the financial situations (provisions, impairment adjustments for assets depreciations) any other Court actions won't have a significant negative impact over the economical results and over the financial situation of the Company.

There are different authorized agencies for control and audit activities in Romania. These controlling activities are similar to financial audits performed by the financial authorities in various countries, but they can additionally audit other domains (such as legal aspects) depending on the agency profile. The Company is very likely to be subjected to such controls so that presumed violations of laws and regulations can be investigated.

Although the Company may contest the penalties applied because of these audits, new laws and regulations given by the Romanian State may have a significant impact over the functioning of the Company. Romania's financial system is under continuous development with many different interpretations and constant modifications which can sometimes be retroactive. The prescription period for fiscal controls is of 5 years.

The financial law in Romania contains price transfer for affiliate transactions, which date back to 2000. The current legal framework defines the "market value" principle for affiliate transactions as well as the methods of pricing transfer. As a result, it can be anticipated that the financial results as well as the value of the imported goods in the Customs is not distorted by the effect of the prices charged in relations with affiliated persons. Considering the above, the Company cannot quantify the impact of verification.

25. EFFECTS OF THE COVID PANDEMIC 19 ON COMPA ACTIVITY

About the impact of the pandemic of the new Coronavirus, as a whole, on the development of COMPA in 2020, (respectively on the production activity, commercial activity but especially on the social field, especially on human resources) was presented a lot of information and details in this Individual Annual Report for the financial year 2020.

In the context of the information notes to the financial statements of 2020, we will present the effects of the Covid 19 epidemic on activity, especially on the results of the main economic, financial, accounting and equity indicators achieved in 2020, compared to their provisions in the Revenue and Expenditure Budget (BVC). year 2020.

It should be noted that at the time of drafting the BVC for 2020, the effects of the pandemic were not taken into account because at that time these effects could not be estimated.

In summary, in figures, the situation of the main economic-financial indicators, of the patrimony elements, compared to the provisions of BVC 2020, is presented in the table below:

NO crt	IndicatorS Heritage elements	UM	Revederi BVC	Realizat	% Col.4/Col.3
0	1	2	3	4	5
1	Cifra de afaceri	Million RON	756,6	547,1	72,3
2	Export volume	Million RON	560,7	364,6	65,0
3	Gross profit	Million RON	26,0	15,0	57,7
4	Net profit	Million RON	24,6	13,9	56,5
5	Fixed assets – total	Million RON	481,4	499,0	103,7
6	Current assets – total	Million RON	263,7	233,7	88,6
7	Debts less than one year	Million RON	121,1	134,9	111,4
8	Debts greater than one year	Million RON	153,0	110,2	72,0
9	Capital and reserves	Million RON	471,0	487,6	103,5
10	Investments	Million RON	105,5	89,3	84,6

Of course, not all the failures of 2020 can be attributed to the main indicators presented above, only because of the impact of the Covid-19 pandemic. We appreciate that an important weight on the economy for the year 2020 had the effects generated by the extension in Europe and in the world and implicitly of the pandemic.

26. EVENTS SUBSEQUENT TO THE DATE OF THIS REPORT

On 13.11.2020, the Extraordinary General Meeting of Compa Shareholders took place, with the aim of approving the proposal of the Board of Directors of the participation of COMPA SA, as sole shareholder, to establish a limited liability company, in accordance with the provisions of the legislation in force. The purpose of founding this company is to take over and continue the activity started in Compa in the field of hospitality industry.

This proposal was approved by the GMS, so that in January 2021 the company ARINI HOSPITALITY SRL, CUI RO43581594 was established, having as main object of activity "Hotels and other similar accommodation activities", CAEN code 5510.

Compa's contribution to the share capital of this company was the following:

- cash contribution - 2,000,000 lei
- contribution in kind - representing the building, property of COMPA SA., located in Sibiu, Bd. Victoriei 42 - 44, registered in the Land Book no. 131805 Sibiu, composed of land of 7591 sqm and administrative building Ug + Gf + 2F + At, having a value of 17,703,000 lei established based on an evaluation report prepared by an authorized evaluator

On behalf of the Board of Directors by:

Chairman & CEO,
Ioan DEAC

Administrator & CFO,
Ioan MICLEA

18 DECLARATION OF CONFORMITY OF THE FINANCIAL STATEMENTS

**STATEMENT
OF THE BOARD OF DIRECTORS**

Annual financial separate statements are issued on December 31th 2020 for:

Name of the issuing entity	COMPA S.A.
County	32 Sibiu
Registered office	Sibiu, No.8, Henri Coandă Street, postal code 550234
Phone	+40269 237878
Fax	+40269212204
Registration number in the Trade Registry:	J32/129/1991
Property form	34 Companies stock
Predominant activity (CAEN code and class name)	2932 Manufacture of other parts and accessories for motor vehicles
VAT no	RO 788767

The Board of Directors assumes responsibility for the separate financial statements, at December 31th 2020 and confirms the following:

- a. Separate financial statements for 2020 are issued in accordance with International Financial Reporting Standards as adopted by the European Union.
- b. The accounting policies used in preparing the separate financial statements are in accordance with the applicable accounting regulations.
- c. Annual financial reports provide a fair picture of the financial position, financial performance and other information related to the activity.
- d. The company operates in terms of continuity.

This present statement is in accordance with the provisions of article 30 of the Accounting Law no.82 / 1991.

On behalf of the Board of Directors by:

Chairman & CEO,
Ioan DEAC

Administrator & CFO,
Ioan MICLEA

NON-FINANCIAL STATEMENT 2020

COMPA



compa
beyond expectations



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PREAMBLE

Throughout its 130 years of existence, COMPA has consistently progressed technically and technologically, constantly investing in the quality of its products and services. Thus, COMPA is among the first companies with Romanian capital, present in the top 100 of Romanian exporters. The COMPA map covers over 20 countries on 3 continents, including: France, Germany, the United States, the Czech Republic, Slovakia, Belgium, the Netherlands, England, Italy, China and India.

The main product groups made in COMPA are: subassemblies and components for injection systems; windscreen wiper subassemblies and components; components and subassemblies for turbochargers; steering gear sprockets; steering column components; springs; stamped parts; forged parts; cardan transmissions; Metal fabrications; mechano-welded components; components for air conditioning installations; cabins and other high precision components for machine tools, components and injection system, a wide range of tools (cutting tools, sharpening cutting tools, punches and forging dies).

The main services offered are: design and execution of industrial equipment, molds and tools, surface coatings, heat treatments, calibration services and repair of measuring instruments, tests and physico-chemical laboratory analyzes, cardan service (EDS), training courses.

The top processes applied in COMPA projects, which widely integrate CNC equipment associated with defect detection procedures and statistical control methods, allow constant quality assurance.

The use of modern cutting technologies, the use of laser for cutting or control, metal or film coatings, robotic cells, dimensional control technique, associated with the "lean" operational concept, make COMPA a successful company with remarkable results in recent years.










The organizational structure adopted by COMPA is a mixed, functional - divisional (matrix) structure. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is able to respond quickly to manufacturing changes and customer requests. It is a structure based on a wide autonomy of multifunctional teams.

Strategic objectives of the company COMPA follow: cincreasing the company's profitability, increasing the value for the customer, achieving operational excellence, increasing staff performance, increasing environmental performance, occupational health and safety.

The global influence of all the internal factors of the society creates the "climate" of its work and manifestation, a climate in which the whole range of activities takes place.

This internal "climate" forms the level of satisfaction and existence to which all the staff of the organization is connected and within which the whole series of activities that participate in the realization of our products and processes takes place, strongly influencing the relational interface with external environmental factors.

STRATEGIC DIRECTIONS; PRODUCT DEVELOPMENT

-  with existing customers
-  with new customers
-  development of high value-added products
-  development of products for the manufacture of commercial vehicles
-  developing COMPA as an integrated supplier
-  growing business with prime component manufacturers (OEMs)
-  replacement of products intended for the manufacture of diesel engines
-  the development of the COMPA Development Research Center and the increase of investments in R&D activity
-  significant increase in non-auto activity

The business model as well as the adopted strategy have the role of maintaining the company at the current level of short-term performance and medium and long-term development, in close correlation with the evolution of the world economy.

Relevant information on the business model, including strategy and objectives will be presented in the next part of this statement detailing the activities that the company carries out in order to maintain a level of performance in line with the objectives assumed.

THE SWOT ANALYSIS

Weaknesses

- Excessive size and diversity (waste of resources, increased costs with general administration, reduced flexibility, diversity of positions and skills, cumbersome management of information flow);
- Manufacture of products with a small share in turnover;
- Loss of significant supplier position in the Romanian automotive industry;
- Limited know-how in product design activity;
- Execution according to customer projects (lack of products - COMPA brands).

Strong points

- Salary levels aligned with the market;
- High professional workforce, especially in support services;
- Good image in business;
- Listing on the Bucharest Stock Exchange;
- Integrated system, for quality - environment - occupational health and safety, certificate;
- High level of process integration;
- Own high-performance know-how for auxiliary processes: heat treatments, surface coatings, paints;
- Production facilities at the level of the world automotive industry;
- Medium and long term partnerships with reputable clients;
- Organizational structure with autonomous business units - profit centers;
- Involvement in the development of technical and vocational education (supporting dual education);
- Good command of modern manufacturing processes in the field of processing and assembly;
- Engaging the company's management in extensive development projects.
- Significant profit margins that ensure development.

Risks


- Gradual reduction of diesel vehicles
- Insufficient resources on the labor market;
- Accelerated growth in labor, materials and energy costs;
- Expensive loans;
- High dependence on a relatively small number of customers;


Opportunities


- Accelerated development of the Romanian business environment (based on foreign investments);
- Accessing EU funds;
- Increasing the turnover from related activities offered to the regional market (metal coatings, metrology, physico-chemical laboratory, professional training) and from the integration of processes (forging);
- Development of car manufacturing in Romania;
- Availability of current customers for the development of collaboration (increasing volumes of current products and requesting new references);
- Availability and resources for business development in other fields (real estate).

All of the above were data and have been taken into account in the activities of analysis, identification and treatment of risks and opportunities that may arise in the COMPA processes and in determining how we respond to and harmonize with this whole context in which we exist and carry out our activities.

INTEGRATED POLICY IN THE FIELD OF QUALITY, ENVIRONMENT AND HEALTH AND SAFETY AT WORK

 Quality, environmental protection, health and safety at work are among the values we care about, being integrated into the long-term development strategy of our organization and are some of the aspects that represent us.

 We are aware that the quality of products and services, care for the environment, continuous improvement of working conditions and prevention of occupational hazards as well as involvement in the life of the community to which we belong, in full compliance with the requirements of applicable law, are essential for our success

 In this sense, we are dedicated to the continuous understanding of the needs of all stakeholders so as to ensure the long-term sustainability of our activities, throughout the value chain: procurement → production and associated services → customers, government authorities and the local society / community.

Procurements:

We take responsibility and are committed to ensuring sustainability for the entire life cycle of our products. We work closely with our suppliers to ensure the protection of the environment and the climate, the conservation and regeneration of the resources used, to respect human rights in our collaborative relationships and to ensure decent working conditions.

Production and associated services:

In the realization of our products and associated services, we are continuously committed to reducing energy consumption and the necessary resources, in this sense having implemented the most modern environmental management systems (ISO 14001). We are constantly concerned with improving the working conditions of our employees, being aware that they are our most important resource. For this, we strictly comply with the provisions of the latest standards in the field (ISO 45001). Promoting diversity and equal opportunities is another important aspect of our policies, considering that every human being can make a decisive contribution to the development and sustainability of the business, applying in this way

Clients, government authorities, society / local community:

One of our most important commitments is to guarantee our customers and government authorities products of the highest quality and with a high degree of safety of use, rigorously applying the highest standards in the field (ISO 9001 and IATF 16949).

We are an active member of society and the local community, being involved in a wide range of activities that support education, sports and environmental protection.

For the implementation of this integrated policy of quality, environment, health and occupational safety, we are guided by the following principles and values that we are firmly committed to:

Orientation towards thinking based on the identification, assessment and treatment of risks.

Customer orientation to demonstrate that its requirements and expectations are met.

Orientation towards our employees and partners by ensuring a friendly work environment and respecting an atmosphere of high professional ethics.

Orientation towards continuous improvement of effectiveness and efficiency integrated quality management system, environment, health and safety at work.

Orientation towards compliance with the legislation in force but also with the regulations and requirements of the interested parties which we assume and subscribe to.

Orientation towards society and the local community by voluntary involvement in providing the necessary support to increase living conditions.

Strategic directions in which we act to implement these policies throughout our value chain are the following:

COMPAS SA Sibiu has implemented an Environmental Management System according to the ISO 14001 standard.

This system was first certified in 2003 and recertified in 2015 by the German certification body TÜV Rheinland. A new recertification of the system by the same certification body, TÜV Rheinland, is planned for 2021.

The activities regulated by this system are maintained and continuously improved, being systematically supervised by internal audit, but also by the certifying authority.

Environmental aspects

The company identifies and evaluates the environmental aspects determined by the technologies used, the products made and the services offered:

The main technological processes widely integrate mechanical processing equipment (CNC type) associated with defect detection procedures and statistical control methods; in addition to these, laser processing technologies, surface coatings, heat treatments, hot or cold processing of materials (forging, pressing), welding, mechanical assemblies (partially or fully automated) are used;

The main product groups made in COMPAS are: injector subassemblies and components; windscreen wiper subassemblies and components; center housings, flanges and rollers for turbofans; steering gear sprockets; steering column components; arches; stamped, stamped parts; forged parts; cardan transmissions; mechanically welded metal fabrications; components for air conditioning installations; injection system components and valves, molds and tools.

The main services offered are: design and execution of industrial equipment, molds and tools, surface coatings, heat treatments, calibration services and repair of measuring instruments, tests and physico-chemical laboratory analyzes, cardan service (EDS), training courses.

Thus, the environmental aspects associated with these technologies, products and services take into account, as appropriate, air emissions, water discharges, soil contamination, waste management, resource consumption, noise, vibration, etc.

Environmental issues are assessed annually and whenever necessary, as a result of changes in execution technologies, the introduction of new raw materials / materials / equipment, changes in legal, regulatory and customer or other stakeholder requirements, specific conditions in points work, etc. Based on these analyzes, the ways of keeping under control the environmental aspects associated with the company's activities are updated.

The main environmental issues identified in 2020 refer to waste, accidental spillage of substances / mixtures, energy consumption and emissions into the atmosphere and noise, the rest of the environmental aspects being in a smaller share (Figure 1).

IDENTIFIED ENVIRONMENTAL ASPECTS - 2020

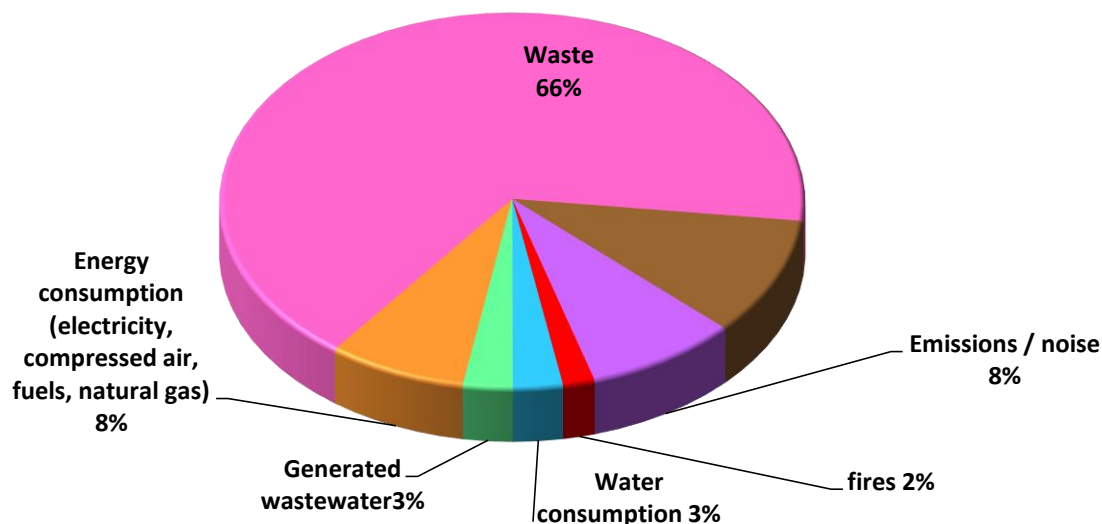


Figure 1

Of these, only 2% were identified as significant in relation to legal requirements and internal risk analyzes. These are those aspects that have or may have a significant impact on the environment and are included as a priority in the risk analysis as the main sources of risk generation (Figure 2).

IDENTIFIED ENVIRONMENTAL ASPECTS - 2020

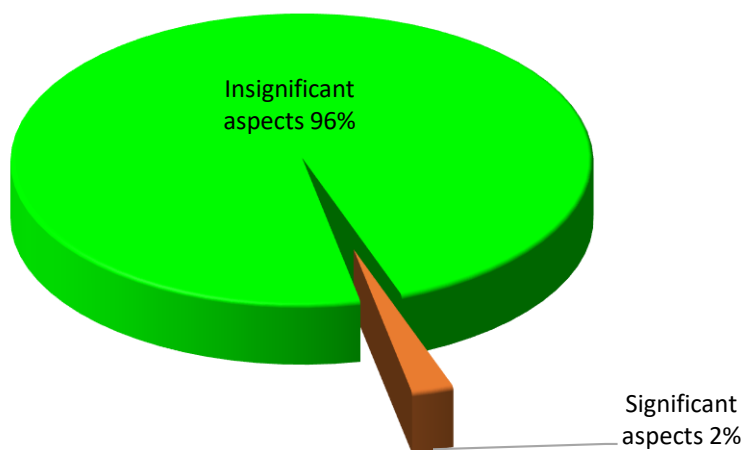


Figure No.2

Risks (negative / threats and positive / opportunities)

The analysis of environmental risks (threats and opportunities) is carried out twice a year or whenever necessary (for example following serious incidents or opportunities with a high positive impact). The main environmental risks identified at the level of 2020 are the following:

Non-compliance with compliance obligations related to waste management, namely:

- non-selectively collected waste
- waste delivered for recovery / disposal without compliant documents (approved transport annexes)
- risk of being left with waste on site (declared quantities no longer correspond to generated quantities)

Non-compliance with compliance obligations regarding wastewater management, namely:

- wastewater quality indicators discharged into the sewerage network above the maximum permitted limit

Non-compliance with compliance obligations on atmospheric emissions, namely:

- the risk of emitting quality indicators in the atmospheric air above the maximum allowed limit

Non-compliance with the requirements for the management of hazardous chemicals, namely:

- the existence of expired safety data sheets
- unauthorized use of hazardous chemicals with special regime (toxic, precursors, explosive substances, etc.)

Operation with expired regulatory acts due to the pandemic (COVID19)

Recurrence of non-conformities identified in environmental inspections / operational inspections

Lack of competent staff to respond to environmental problems at the manufacturing level (frequent change of environmental managers in manufacturing)

Extension of emergency response times

For all these, the analysis of the potential causes was carried out, taking measures that would lead either to the decrease of the criticality of the negative impact, or to the increase of the degree of capitalization of the identified opportunities.

Negative risks / threats:

RISK	POTENTIAL CAUSES	Initial criticality	ACTIONS	Estimated / current criticality
Potential non-compliance with legal obligations regarding waste management	Potentially low level of employees' knowledge of selective collection. Variety of waste types that could lead to failure to identify the expiration date on hazardous waste transport forms in a timely manner. New legal requirements potentially unidentified in time.	16	Awareness of staff through repeated training / Awareness of newly hired staff related to the importance of observing the method of selective collection Frequent verification of waste shipment approval forms. Verification of compliance obligations to identify new legal requirements more frequently.	8
Potential non-compliance with legal obligations regarding wastewater management	Potential damage to treatment plants. Potential improper handling of chemical means of transport. The potential lack of sufficiently aware staff.	16	Staff awareness through repeated training. Planning and performing simulations so that the intervention is performed in real time and with the necessary equipment, easily accessible.	8
Potential non-compliance with legal obligations regarding emissions into the atmosphere	Potential non-compliance with the change frequency of activated carbon filters. In the planned maintenance, potential inefficiency in identifying problems with the chimneys.	16	Timely replacement of filters. Performing preventive maintenance on the chimneys.	8
Potential non-compliance with the requirements for the management of hazardous chemicals	Potential non-compliance with the frequency of updating the documentation at the places of use. Potential ignorance of the regulatory requirements related to the chemical regime	12	Updating the documentation at the places of use Awareness of the regime of dangerous chemicals.	4
Potential recurrent non-conformities identified in environmental inspections / operational inspections / internal audits.	Ineffective potential in the analysis of actions by the team. Ineffective potential in rigorously establishing actions, potential ignorance of the correct way to identify root causes	12	Training staff on the correct way to analyze the root cause. Analysis of actions by the whole team.	4

Potential lack of competent personnel to respond to environmental issues at the manufacturing level	Potential frequent change of environmental managers / insufficiently trained staff from a professional point of view	8	Appointment of environmental officials with whom to be prepared to respond to environmental issues	4
Potential extension of the intervention period in case of emergencies	Potential lack of materials needed for the intervention	6	In internal audits, emphasis will be placed on monitoring the existence of intervention materials where necessary.	3

Positive risks / opportunities:

RISK	POTENTIAL CAUSES	Degree of initial capitalization	ACTIONS	Estimated / current degree of recovery
Existence of internal opportunities to design technologies to reduce air and soil pollution with metal powders	Existence of specialized personnel within the maintenance department able to design technologies to reduce air and soil pollution with metal powders	20	Design and implementation of a system for efficient capture and retention of dust from rectification springs using internal resources.	25

Objectives and targets. Environmental management programs

Annually, at the level of each department, environmental objectives are set that take into account the significant environmental aspects, the compliance obligations and the identified risks and opportunities.

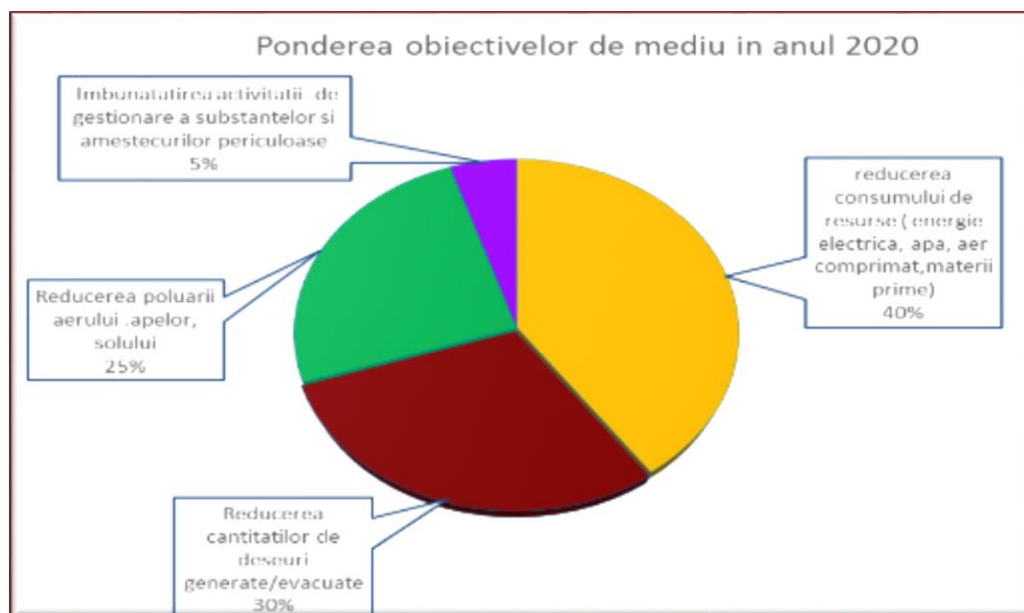
In setting environmental objectives and targets, the following are taken into account:

- the company's activities and services;
- compliance obligations;
- significant environmental issues;
- technological options;
- material, financial and human resources;
- the views of stakeholders

The planning of actions for achieving the environmental objectives is materialized in the Annual Environmental Management Program, whose main objectives at the level of 2020 were:

- Reducing resource consumption (electricity, water, compressed air, mineral oils);
- Reducing the quantities of waste generated / discharged;
- Improving the management of hazardous substances and mixtures;
- Prevention and systematic action towards the prevention of water, air and soil pollution;

The share of these objectives in the Annual Environmental Management Program is illustrated in Figure 3.



The general strategy for achieving these objectives and on the basis of which the specific actions of the Annual Environmental Management Program are defined includes the following points:

- programs for monitoring and measuring environmental indicators for the prevention and control of emissions into the atmosphere, wastewater, noise, soil pollution, hazardous substances and mixtures, hazardous and non-hazardous waste
- preventive maintenance programs for relevant facilities and equipment;
- methods of recording maintenance and overhaul requirements;
- environmental management programs with environmental objectives and targets for reducing and controlling pollution
- accidental pollution prevention and control plans;
- trainings (courses, operational meetings) through which all staff are aware of the implications of the regulation given by the integrated environmental permit for the company's activity, of all effects on the environment, resulting from normal and abnormal operation of facilities, awareness of the need to report deviation from the conditions of integrated environmental permit, prevention of accidental emissions and taking measures when accidental emissions occur, awareness of the need to implement and maintain training records;
- reports and notifications to the competent environmental authorities in accordance with the authorizations held by COMPA.

The main points of the Annual Environmental Management Program for 2020 are the following:

<i>Objective</i>	<i>Actions</i>
<i>Reducing resource consumption (electricity, water, compressed air, mineral oils);</i>	Replacement of mercury vapor bulbs with LED bulbs; Increasing the number of heat-treated parts in a batch; Reducing the consumption of oil used as a cooling fluid by filtering them from car tanks and recirculating them; Introduction of a flow meter and pressure reducer to reduce compressed air consumption
<i>Reducing the quantities of waste generated / discharged;</i>	Purchase of a new vacuum pump at the vacuum distillation plant for the treatment of emulsions and water from washing parts; Staff awareness of the importance of selective waste collection Significant reduction of the quantities of waste oils generated by their filtration and recirculation Arrangement of new areas dedicated to the selective collection of waste
<i>Improving the management of hazardous substances and mixtures;</i>	Arrangement of storage rooms for hazardous substances and mixtures with shelves and retention tanks
<i>Systematic prevention and action in the direction of preventing water and air pollution, soil</i>	Ensuring the control and repeatability of wastewater treatment processes for all treatment plants Systematic monitoring of environmental indicators in water, air, soil; Training and awareness of staff on actions to prevent pollution of environmental factors

Results of the Environmental Management Program

a. Results of water monitoring

The following categories of waters are monitored in COMPA:

- Sewage in the sewer system;
- Hydrocarbon separating effluent;
- Groundwater from the observation well

The table below lists the waters to be monitored, the number of indicators and the monitoring frequency

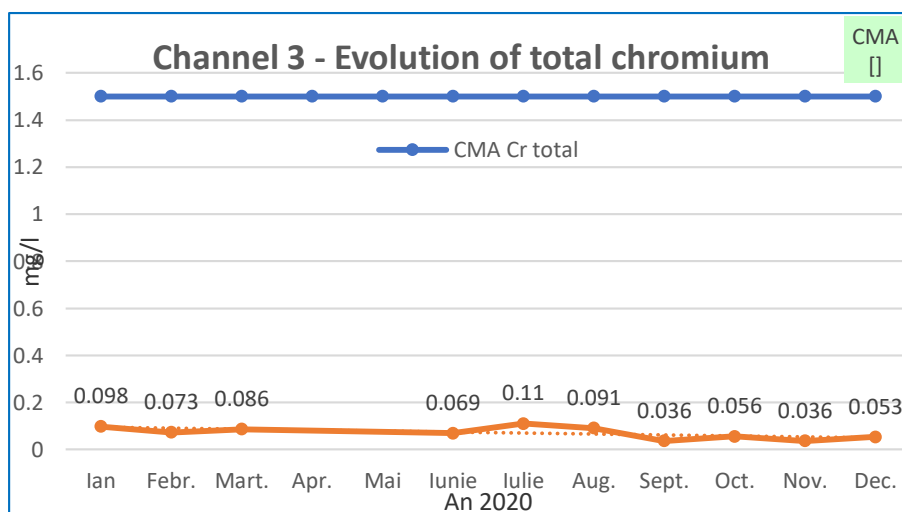
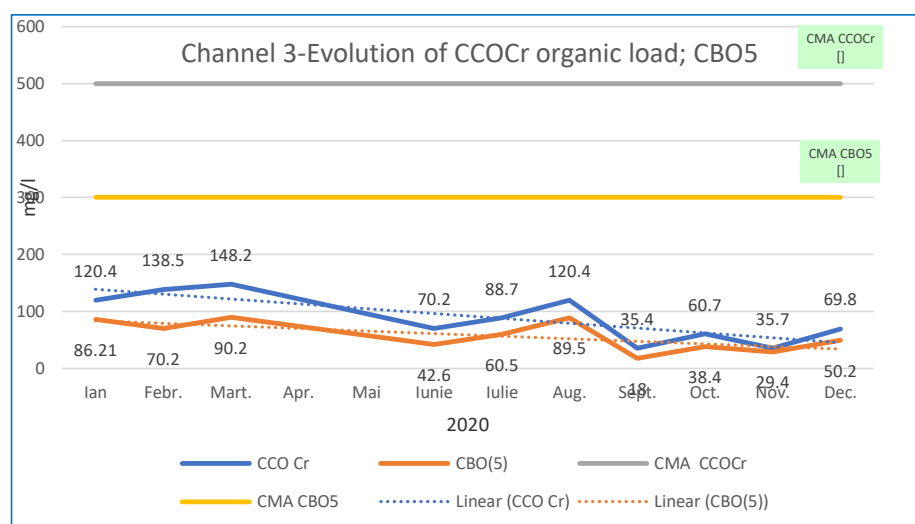
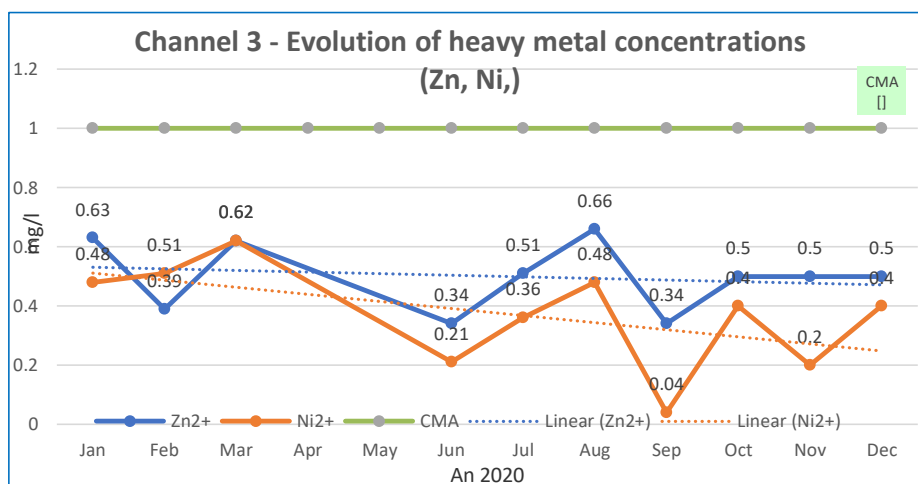
Water category	What is being monitored	Monitoring frequency
Wastewater in the sewer network	7 channels 15 indicators	Monthly with internal laboratory Quarterly with accredited laboratory
Hydrocarbon separating effluent	2 channels 3 indicators	Semester (2 samples / year) with accredited laboratory
Groundwater from the observation well	1 observation drilling 13 indicators	Semester (2 samples / year) with accredited laboratory The results of the chemical analyzes at the end of each semester, performed by an accredited laboratory, are sent to SGA Sibiu

The quality indicators of wastewater discharged into the sewerage network and the maximum allowed values are presented in the table below:

Water category	Parameter	Allowed values
Domestic and technological wastewater in the sewerage network	pH	6.5-8.5
	Total suspensions	350 mg / l
	CBO5	500 mg / l
	COD,	300 mg / l
	Extractable with organic solvents	30 mg / l
	Ammoniacal nitrogen	30.0 mg / l
	sulphides	1.0 mg / l
	Sulfates SO ₄ ²⁻	600 mg / l
	Zinc Zn ²⁺	1.0 mg / l
	Total chromium Cr ³⁺ ++ Cr ⁶⁺	1.5 mg / l
	Hexavalent chromium Cr ⁶⁺	0.2 mg / l
	Total manganese	2.0 mg / l
	Copper With 2+	0.2 mg / l
	Nickel Ni ²⁺	1.0 mg / l
	CN Cyanide	1.0 mg / l

The evolution of heavy metal indicators in wastewater discharged into the sewerage network, monitored by its own laboratory is presented below:

For heavy metals: Zn (zinc), Ni (nickel), Cr (total chromium) which come from the surface coating processes as follows: at channel 3 the waters of At. Galvanization and to channel 5 water from the painting workshop



In 2020, there were no overruns on wastewater quality indicators.

b. Results of monitoring emissions into the atmosphere

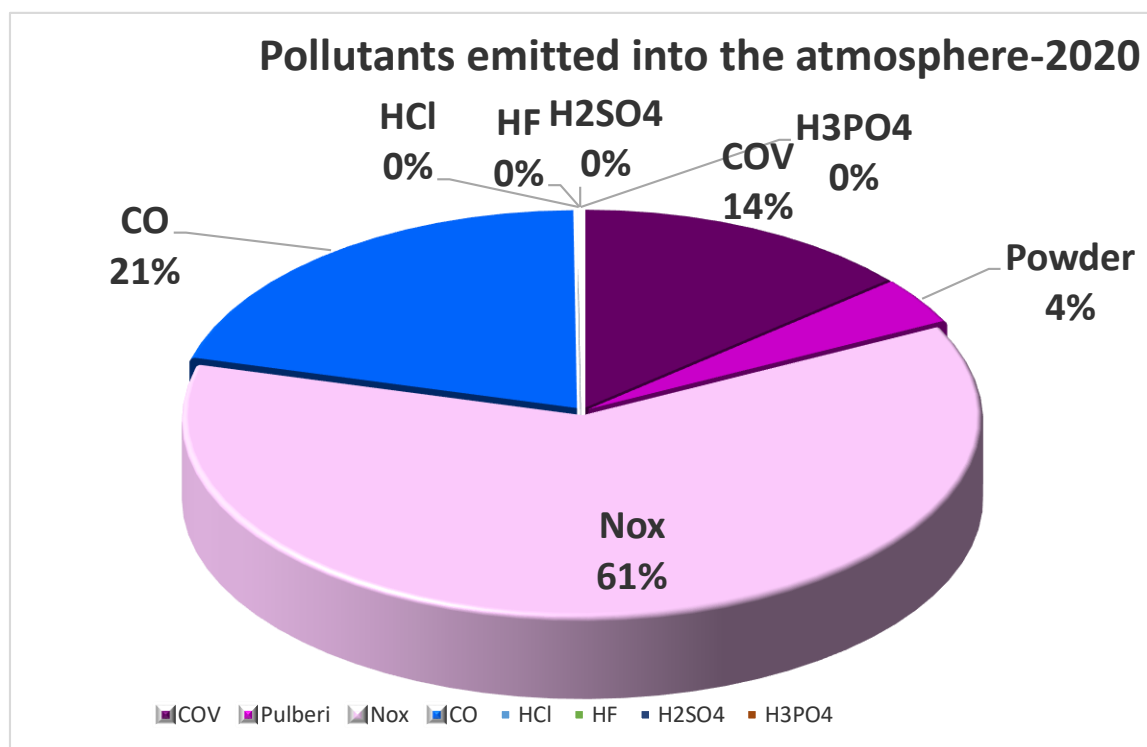
in 2020, a number of chimneys for the emission into the atmosphere were monitored.

The pollutants monitored were:

- Volatile organic compounds (VOCs);
- Powders;
- Nitrogen oxides (NOx);
- Carbon monoxide (CO);
- Hydrochloric acid (HCl);
- Hydrofluoric acid (HF);
- Sulfuric acid (H₂SO₄);
- Phosphoric acid (H₃PO₄);
- Chlorine (Cl₂);
- Trivalent chromium (Cr³⁺ +)

No exceedances were found in the concentrations of pollutants emitted into the atmosphere.

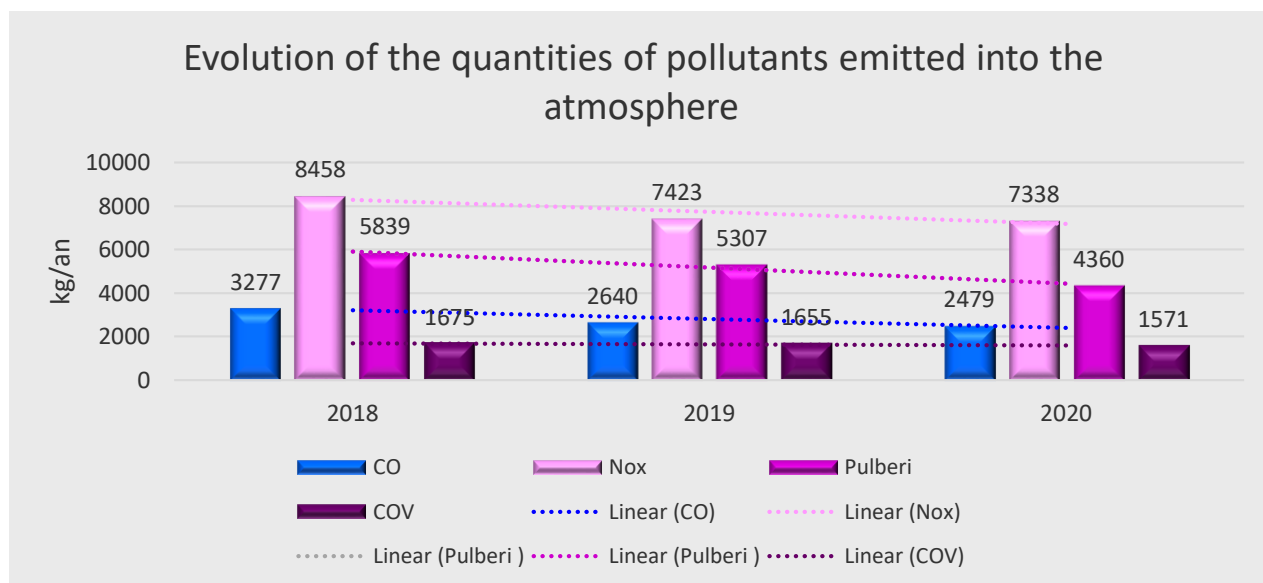
The graph below shows the share of pollutants emitted into the atmosphere.



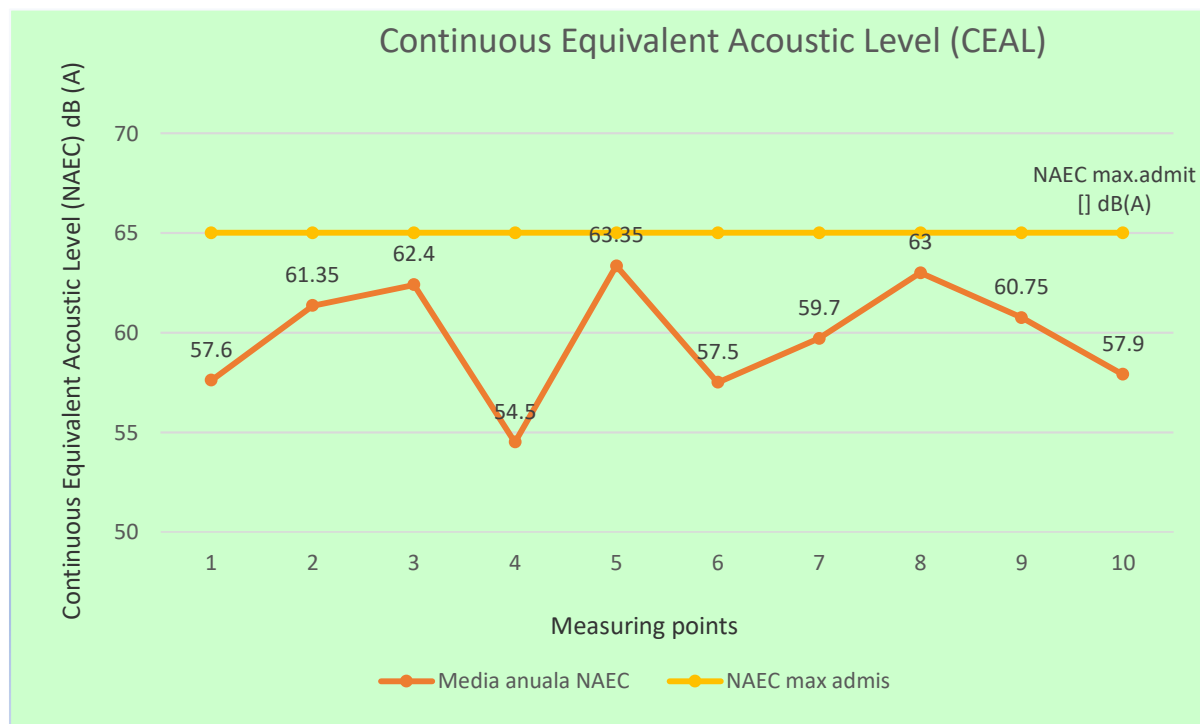
The evolution of the quantities of pollutants emitted into the atmosphere in the period 2018-2020 is presented in the graph below, observing a continuous decrease of these emissions:

c. Noise monitoring results

The main sources of noise are fans, cooling systems, machines plant transport, equipment, compressors, etc.



In general, noise sources are located inside halls or closed modules. Those that are exterior are provided with sound-absorbing panels so as to comply with the maximum continuous equivalent sound level (NAEC) allowed of 65 dB (A) at the limit of the company's functional space.



In fig. above are presented the results of the NAEC monitoring in 10 monitoring points located at the level of the functional limit of the company, observing a compliance with the imposed limits along the entire perimeter.

d. Results of soil monitoring

Monitoring of soil condition indicators is done once every 5 years.

The list of soil monitoring points is presented in the table below

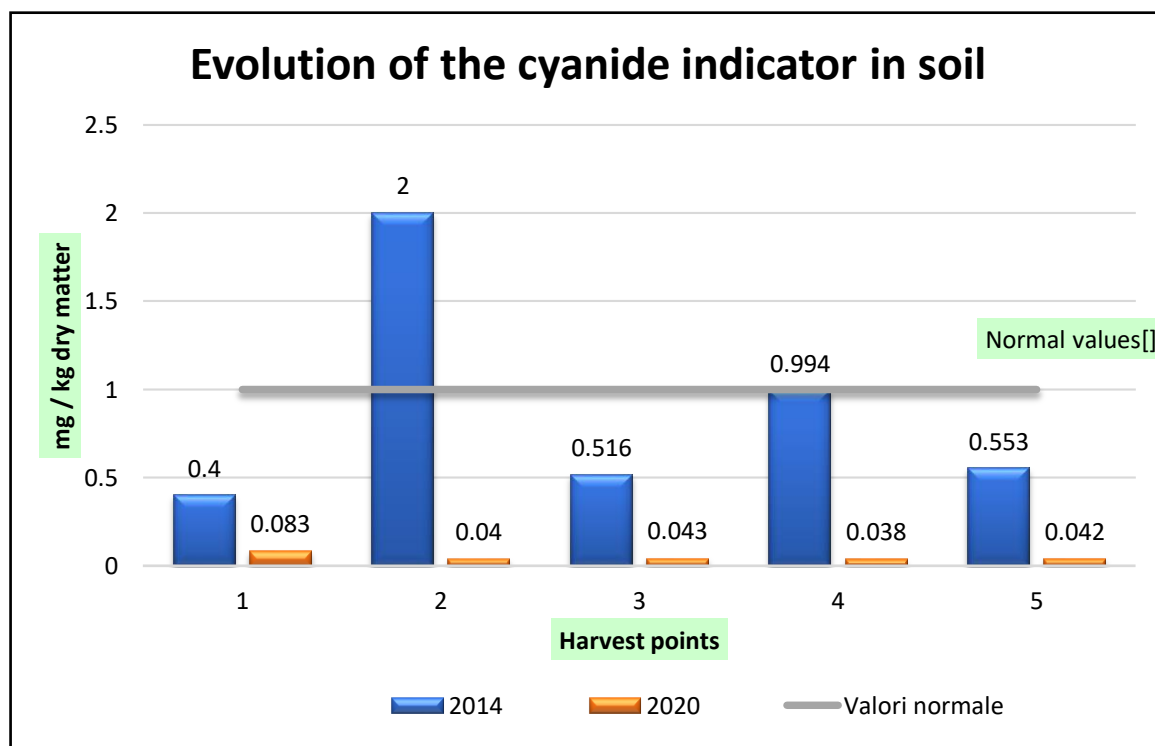
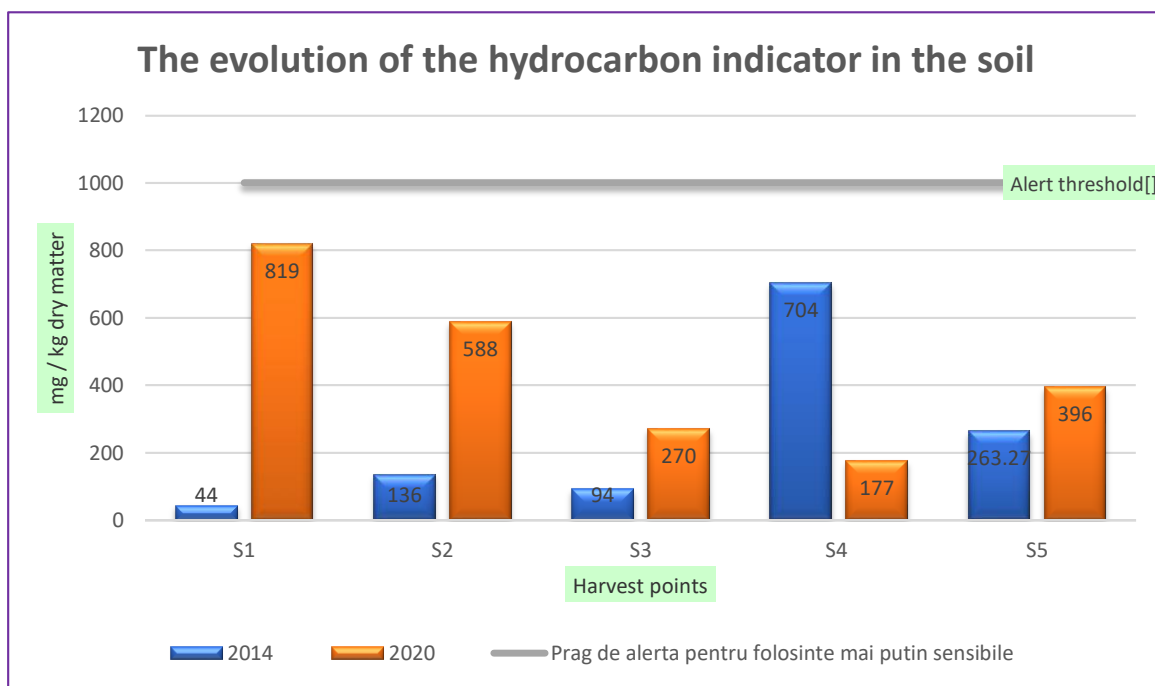
Nr. crt.	Point symbol	Monitored environmental factor	Location area	Geographical coordinates STEREO 70
1	S1	ground	the green space in the area of the administrative pavilion	X = 435715.29 Y = 477798.99
2	S2	ground	the green space located south of the galvanizing workshop	X = 435799.15 Y = 477625.43
3	S3	ground	the green space on the north side of halls 750 and 620	X = 435897.67 Y = 477718.20
4	S4	ground	mineral oil storage area	X = 435920.69 Y = 477576.50
5	S5	ground	unpaved land in the area of the workshop of mechanically-welded assemblies 220	X = 435761.11 Y = 477585.48

The indicators of soil quality and frequency of soil monitoring are presented in the table below:

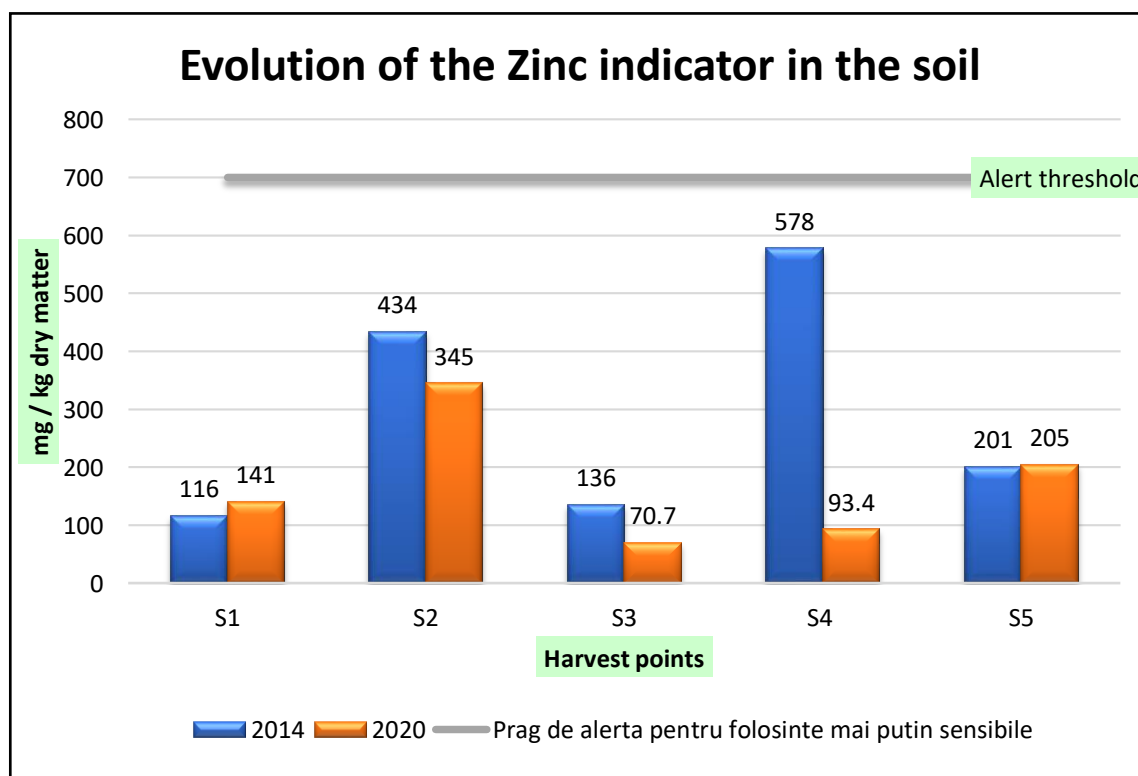
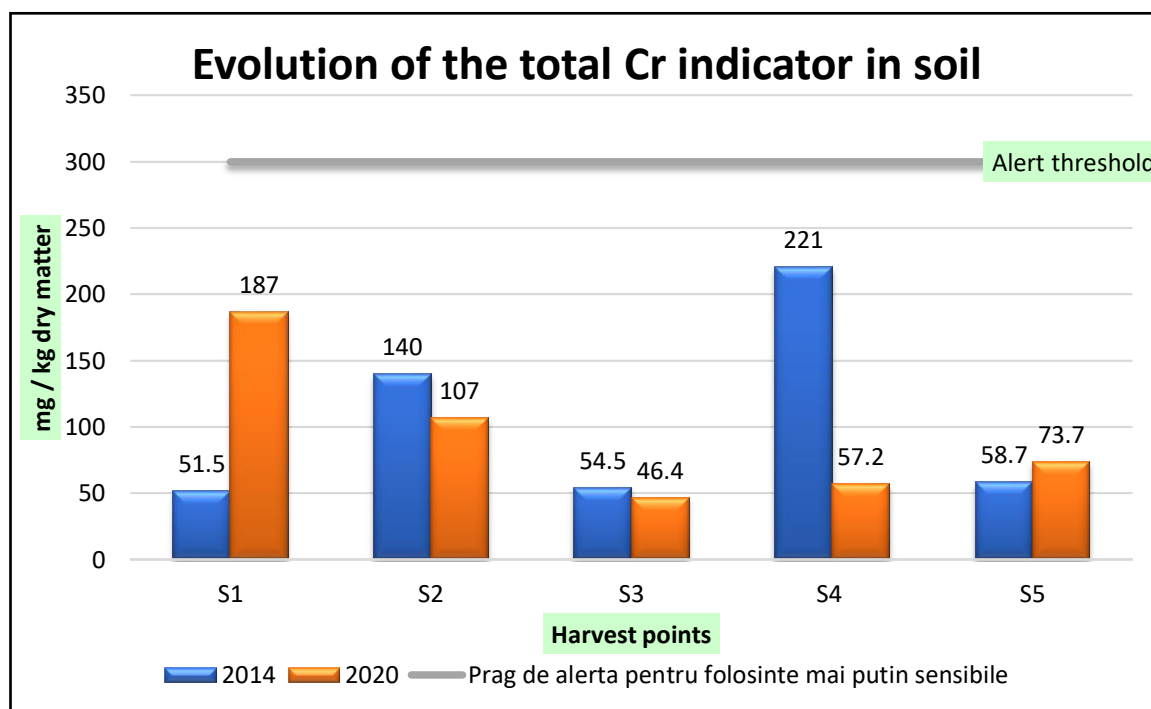
Parameter	The frequency of monitoring
Petroleum hydrocarbons	Once every 5 years In 2020 In the year 2025 In accordance with the Integrated Environmental Permit
pH	
Antimony	
arsenic	
Manganese	
Nickel	
Cadmium	
Total chrome	
Lead	
Zinc	
CN	
Copper	

In 2020, measurements were performed for all 5 collection points. The measured indicators were compared with those in the Site Report prepared in 2015 (soil analyzes were performed in 2014).

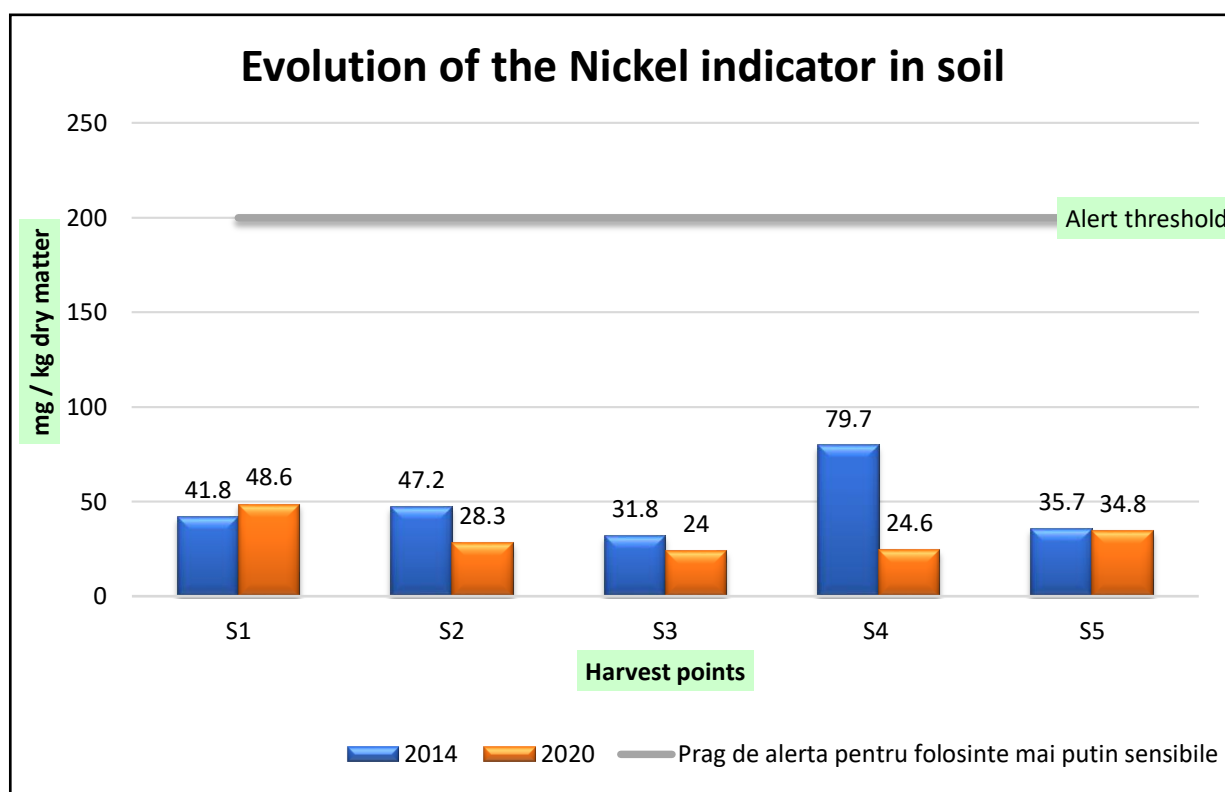
The comparative analysis of the level of pollutants in the soil reveals the decrease of concentrations for certain pollutants and the increase for other pollutants. However, the concentrations of pollutants measured in 2020 do not exceed the alert threshold for less sensitive used land according to MO no. 756/1997.



It is observed that the cyanide indicator in the soil has decreased a lot, being below the normal value for soils. This is due to the abandonment of cyanide galvanizing technology, the plant being decommissioned in 2015.



In 2020, the passivation technology with hexavalent chromium (Cr 6+) was abandoned in COMPA, a very polluting technology, which allowed the decrease of the total Cr concentration in some points. The increases in points S1 and S5 may come from the continuous development of the manufacturing sections where the high-alloy steels with chromium alloying element are processed..



The decrease of Zn and Ni concentrations in the soil is observed. This decrease was made possible by the fact that polluting technologies have been replaced by less polluting ones. In 2016, through the implementation of the "GREEN INNOVATION" project IN SURFACE COATINGS FOR THE CAR INDUSTRY - GREEN INDUSTRY - ROMANIA, the Zn-Ni alloy electrochemical deposition plant was put into use together with the related wastewater treatment plant, high-performance installation, provided with gas washing system so that the loading of air and soil with these pollutants has decreased considerably.

However, it is possible to increase the concentration of nickel in some areas due to the continuous development of manufacturing sites where high-alloy steels are processed that have as an alloying element in addition to chromium and nickel. Although there may be such increases, they are insignificant and well below the alert threshold for industrial use.

e. Results of monitoring substances and mixtures

In COMPA the management of hazardous substances and mixtures is regulated by the Environmental Procedure "Management of hazardous substances and mixtures in COMPA" which establishes the purchase, transport, handling, storage, use and management of hazardous substances and mixtures in COMPA SA, in order to ensure protection the environment, employee safety and the control and minimization of the risk of accidents involving hazardous substances and mixtures.

The purchase of hazardous substances / mixtures is done in accordance with the procedure "Market research, evaluation and selection of suppliers-Conclusion of the order / contract with suppliers". Before purchasing any substance or mixture, the supplier in the Order / Contract Safety

Data Sheet (SDS) is required in accordance with REACH Regulation (EC) No 1907/2006 and Regulation 830/2015 amending Regulation No 1907/2006 (REACH).

On the web-site www.compa.ro the necessary documents are uploaded to our suppliers, namely:

- General purchasing requirements of COMPA SA, where the environmental conditions and other requirements for COMPA suppliers are specified.
- The Green Procurement Guide setting out procurement policies and practices and the focus on procurement that has minimal impact on the environment.

COMPA expectations regarding purchased products and recommendations and requirements for our product suppliers are also specified.

Before requesting the purchase of dangerous substances and mixtures, check whether they are on one of the following lists:

- List of restricted substances (Annex XVII to the REACH Regulation);
- List of substances requiring authorization (Annex XIV to the REACH Regulation)
- List of Substances for Authorization with Very High Concern (SVHC List);
- List of toxic substances or on the List of precursors;
- List of restricted substances in the GADSL automotive industry (www.gadsl.com);
- List of restricted substances in the COMPA customer rules

On entry, it is checked whether the substances and mixtures are labeled in accordance with Regulation (EC) No 1272/2008 (CLP).

The company owns and updates annually the list of substances and mixtures used.

f. Results of waste monitoring

In COMPA, waste management is done according to a specific procedure that regulates the collection, storage, disposal, evidence, reporting and transport of waste generated in COMPA SA, to prevent environmental pollution.

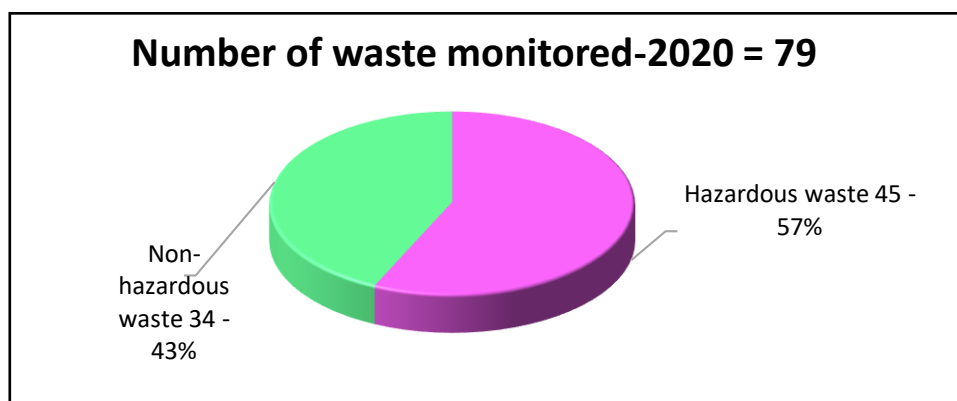
This procedure applies to all manufactures and compartments in the company.

Each waste is identified and coded with a 6-digit code according to the activity from which it comes, in accordance with GD 856-2002 on waste management records. The company has a list of all identified waste.

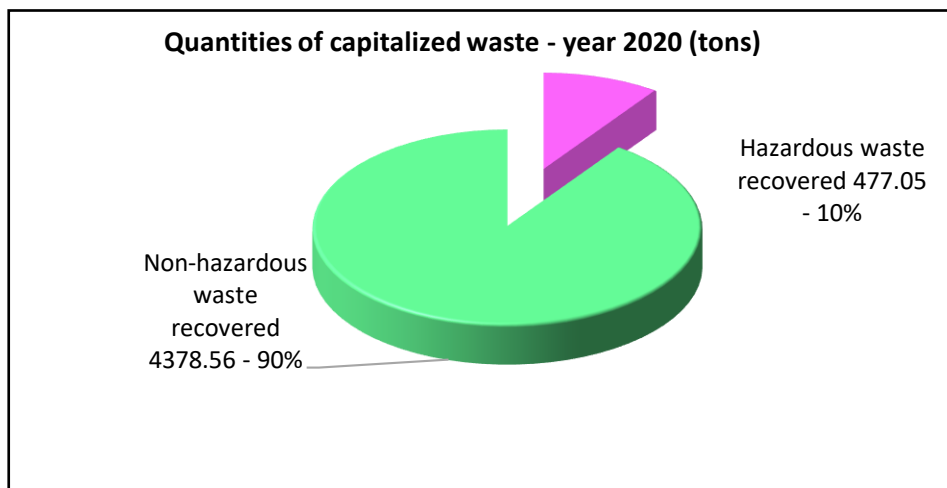
Each waste generated is recorded in the Waste Management Record Sheet and is monitored monthly: quantity generated, quantity remaining in stock, quantity recovered and quantity disposed of.

The waste identified in our company is non-hazardous waste and hazardous waste. Each waste is treated according to the waste management procedure.

In 2020, a number of 79 wastes were monitored.

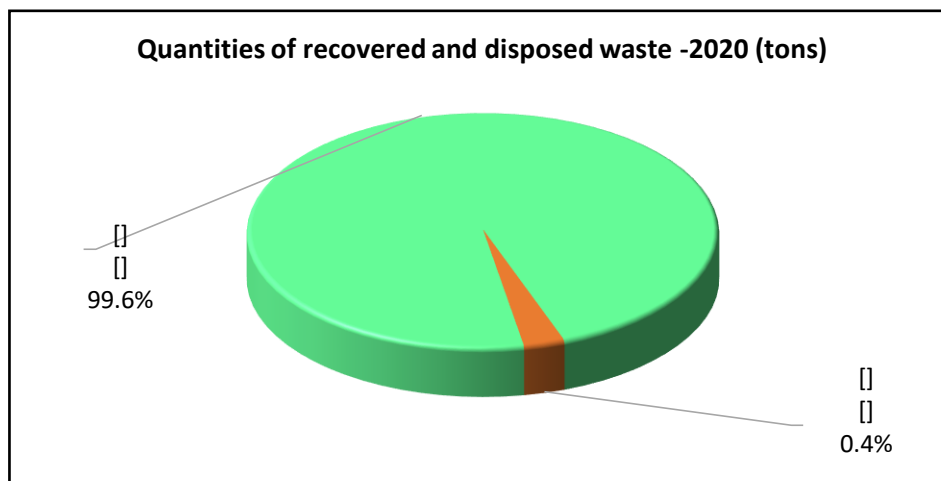


Of the total quantities of waste generated, 10% is hazardous waste



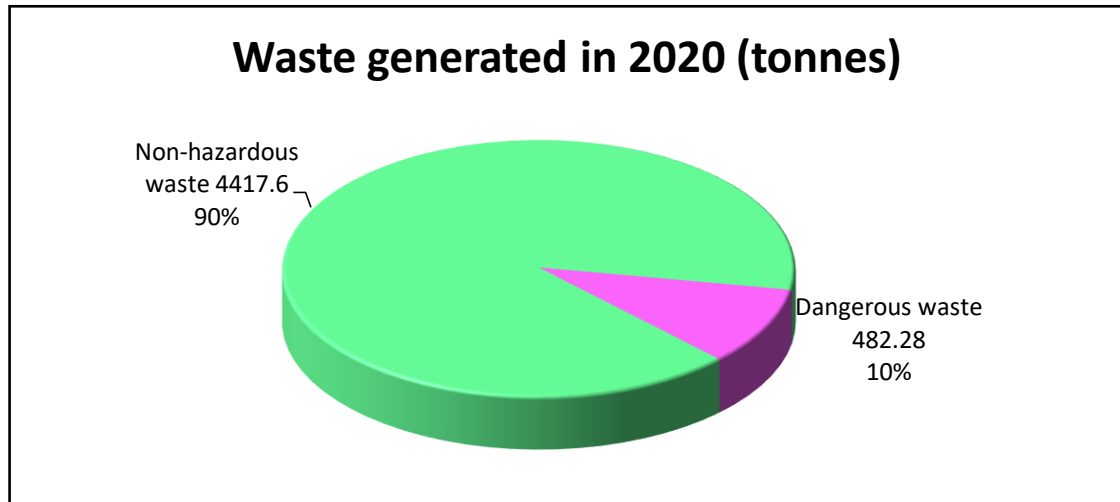
Of the total quantities of waste recovered, 10% is represented by hazardous waste and 90% by non-hazardous waste, in the same proportions as the waste generated.

Of the total quantities of waste generated, 99.6% is recovered and only a very small percentage of 0.4% is eliminated by controlled storage at authorized economic agents.



g. Results of global environmental performance

At the company level, an overall environmental performance indicator has been established that is calculated based on environmental management performance (provides information on management efforts to influence the environmental performance of the organization) and environmental operational performance (which provides information on results environmental performance of the organization's activities).



The Global Environmental Performance Indicator (GIP) is calculated annually as follows:

GEPI = 50% EMPI + 50% EOPI, where:

Where: EMPI = Environmental Management Performance Indicator. Provides information on management efforts to influence the environmental performance of the organization;

EOPI = Environmental Operational Performance Indicator. Provides information on the operational results of the environmental performance of the organization's activities.

The Environmental Management Performance Indicator (EMPI) is calculated as follows:

$EMPI = 35\% NA + 35\% NC + 30\% NIOB$, where

NA - aptitude level of the environmental management system resulting from the environmental audit = arithmetic mean of the aptitude levels obtained at the internal audit according to ISO 14001.

In 2020: NA = 93.85%

CL - level of compliance with the applicable compliance obligations = arithmetic mean of the compliance levels with the compliance obligations of the manufactures / directions.

In 2020: CL= 100%

LAEO - level of achievement of environmental objectives and targets in environmental management programs = number of objectives met / total number of objectives x 100.

(for this indicator there was a regression in 2020 due to the difficult international situation caused by the coronavirus pandemic; for a period of about 3 months the company had almost no operational activities and for a period of another 3 months they were at a level of about 50% compared to the period before the pandemic, these 6 critical months had a significant impact on the financial performance of the company which led the management to apply drastic measures to reduce and control costs, a significant impact on investment planned in the environmental management program which could not be fully realized, due to the improvement of the economic situation, part of these investments have been rescheduled for 2021 so that a global environmental performance IPGM = 95.5% is expected to be achieved by 2021)

The Environmental Operational Performance Indicator (EOPI) is calculated as follows

$EOPI = 33.3\% IPA + 33.3\% DCM + 33.3\% ID$, where

EMPI - degree of compliance with the maximum permitted level of pollutants in water = no. pollutants emitted in water that comply with CMA / no. total pollutants emitted into the water) x 100.

DCM - degree of compliance with the maximum level of pollutants in the atmosphere = no. of air pollutants complying with VLE / no. total pollutants emitted into the air x 100.

DC - degree of collection, recovery / selective disposal of waste = no. selectively collected waste (recovered / disposed of) / no. total waste generated x 100.

In 2020: EOPI = 100%

Thus, at 2020 the global environmental performance was IPGM = 93.92% level A (a good performance, but below the planned target due to the difficulties encountered in implementing the environmental management program in the conditions of the coronavirus pandemic).

We aim for our global environmental performance for 2021 to be at least 95.5%.

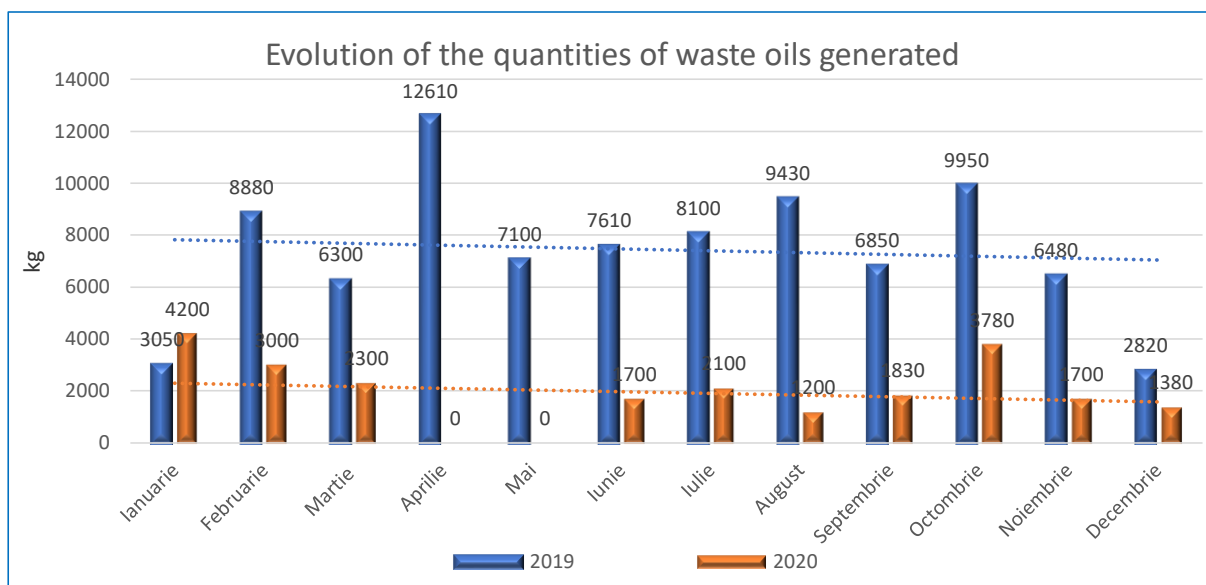
In 2020, there were no penalties for non-compliance with environmental compliance obligations.

The evolution of IPMG in the last 3 years is presented in the graph below:

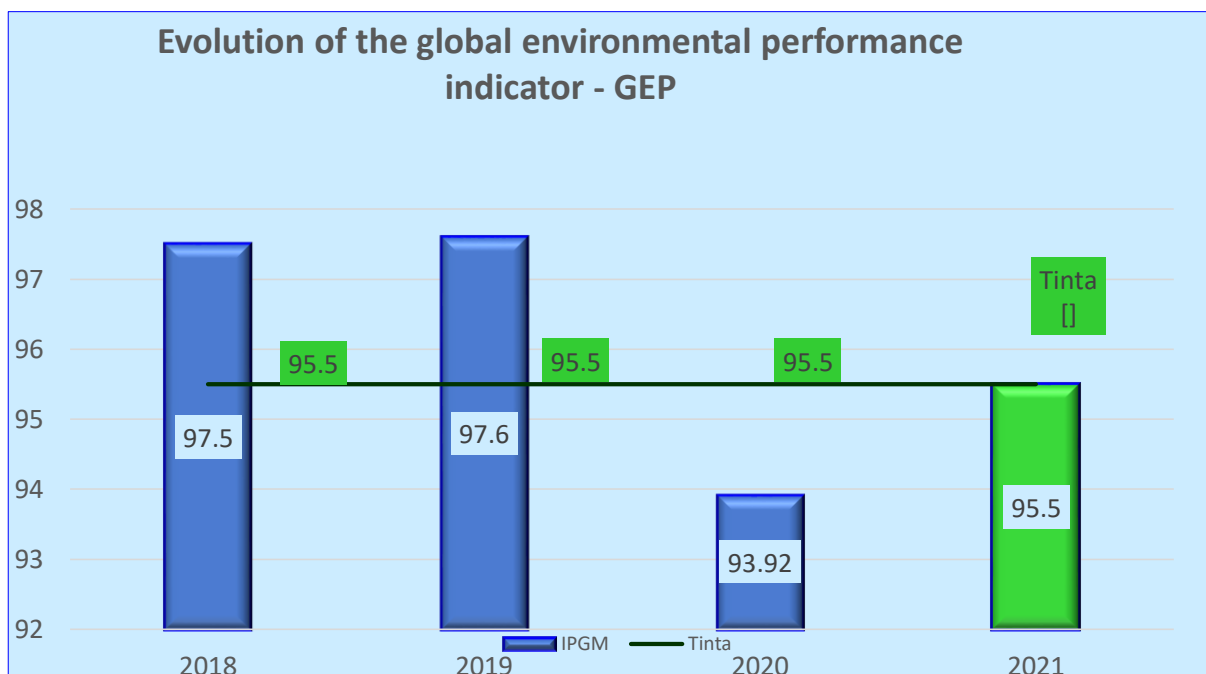
Environmental projects. Improvement

The main improvement project was to reduce the quantities of oils used as coolant by filtering the oils from the cooling tanks of the machines using the filtration system.

Through this project, as the quantities of fresh oils consumed decreased, the quantities of waste oils generated also decreased. The figure below shows the evolution of the quantities of waste oils generated in 2020 compared to 2019. We can say that this amount decreased by 74% compared to 2019.



2.6 Internal audit of the environmental management system



Internal audit of environmental management system**Internal environmental audit**

COMP A has implemented an environmental management system in accordance with the requirements of the international standard ISO 14001 from 2015.

The internal environmental audit is performed by the internal auditors of the "Systems Audit" department, every six months, to determine whether the requirements of the standard are implemented and maintained effectively and efficiently and to communicate to the top management the results of internal audits in analysis meetings.

The scheduling of the internal audit is done on the audit program prepared at the beginning of the year, and the manufacturing departments are announced through an audit plan on the elements to be audited. The actual conduct of the internal audit is carried out in accordance with the "Internal Audit" system procedure.

The results of the audits, the level of suitability, and the non-conformities identified / proposals for improvement are recorded on the audit report, which is sent to the auditee in order to establish the necessary measures.

The average level of aptitude of the environmental management system in relation to the requirements of the ISO 14001: 2015 standard was in 2020 of 93.85%.

External environmental audit

The environmental management system implemented according to the ISO 14001: 2015 standard is certified and supervised by the TUV Rheinland certification body.

The external supervision audit of the environmental management system takes place annually and once every 3 years the recertification audit takes place.

In 2021, the recertification of the environmental management system according to ISO 14001/2015 will follow.

Over the years, during the external audit of the environmental management system, no non-conformities were found, only proposals for improvement were identified.

THE IMPACT ON THE ENVIRONMENT GENERATED BY THE ENERGY CONSUMPTIONS IN THE COMPASIBIU
Measures to reduce energy consumption achieved and forecast to be achieved
in the next years

Through the production structure, COMPASIBIU is an important consumer of energy.
Thus, at the level of the COMPASIBIU platform, the following energy resources were consumed in 2020:

- Electricity = 36,286,801 Kwh, equivalent to 3,120.66 toe (tons of oil equivalent)
- Natural gas = 3,798,713 m³, equivalent to 3397.57 toe of which:
 - technological processes COMPASIBIU platform = 476.242 m³, the equivalent of 425.95 toe
 - combined production of electricity and heat = 3,322,471 m³, equivalent to 2971.62 toe
 - Thermal energy 13290 Gcal the equivalent of 1329 toe
 - Compressed air 50339 thousand cubic meters (produced in COMPASIBIU, the electricity consumption related to the production of compressed air is included in the total electricity consumption of the company)
 - Water 108349 mc

The consumption of these energy resources was released into the atmosphere in 2020

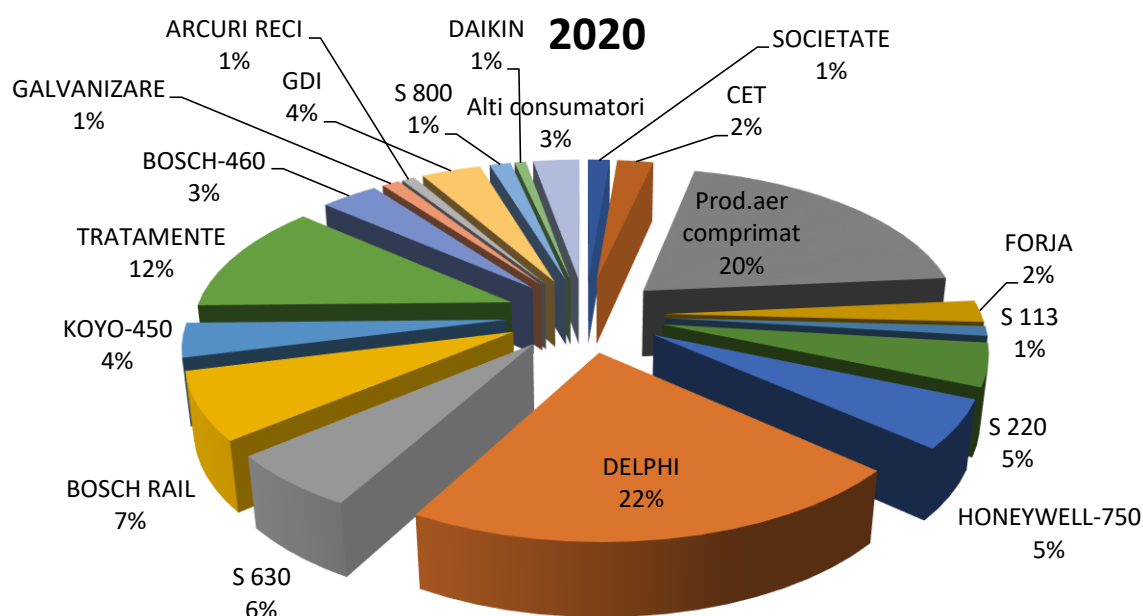
Electricity - 9604.75 tons of CO₂

Natural gas - 7006.82 tons of CO₂

Total 16611.57 tons of CO₂

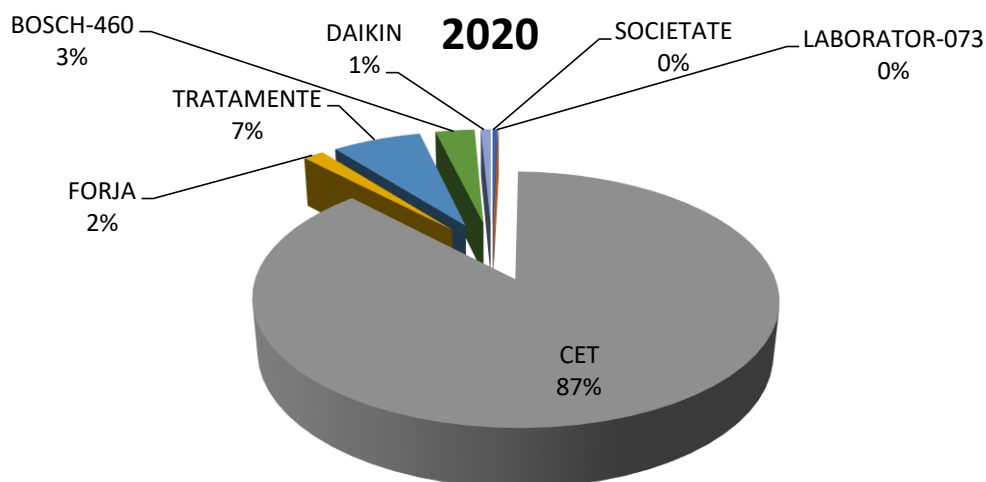
From the point of view of the distribution of electricity and gas consumption on the company's workshops at the level of 2020, they are as follows:

Electricity

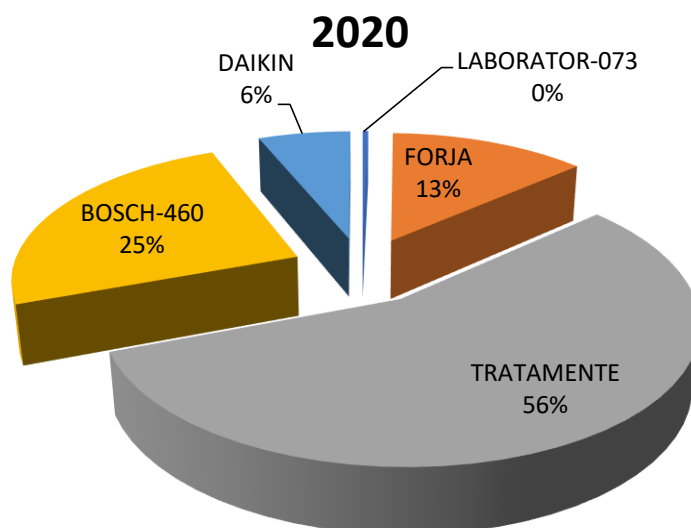


Natural gases

The structure of total natural gas consumption in COMPA in 2020 is as follows:



Regarding the consumption of natural gas for technological purposes, the structure of consumption in 2020 looks like this:



Aware that the reduction of energy consumption leads to a decrease in emissions into the atmosphere, COMPA Sibiu has established clear indicators of energy performance as well as a coherent policy of permanent implementation of measures to improve technologies (with reduced energy consumption and modernization of energy equipment).

I Energy performance indicators

Good management of energy resources also involves establishing specific energy performance indicators with precise targets and clear responsibilities for departments and individuals.

The established indicators are the following:

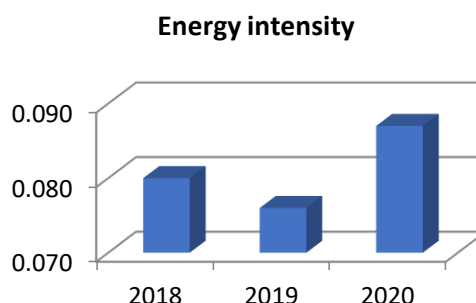
The energy intensity of the manufacturing processes at COMPA Sibiu, an intensity that is determined by relating the energy consumption recorded by COMPA Sibiu to the value of goods production.

Corresponding to the recorded production and energy consumption, the situation of this indicator is as follows:

-Energy intensity year 2018 ----- 0.080
tons of oil equivalent / thousand lei prod.
goods

-Energy intensity year 2019 ----- 0.076
tons oil equivalent / thousand lei prod. goods

-Energy intensity year 2020 ----- 0.087
tons of oil equivalent / thousand lei prod.
goods (preliminary)



Note: In 2020, there was an increase in energy intensity by 14% compared to 2019.

This increase is justified by:

- the impact of COVID19 on the manufacturing cycle, thus the productive activity was reduced, with a negative impact on energy efficiency (machines did not work at nominal capacity).
- the need to assimilate new products, justified by the decrease in demand for diesel engine components. These assimilations will allow the company to adapt to market requirements from 2021 and to produce equipment in the non-automotive area.

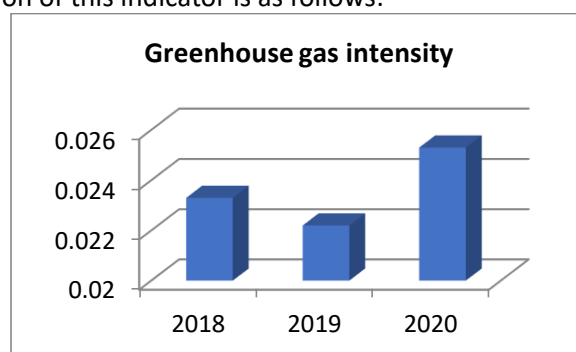
The intensity of greenhouse gases, which is determined by the ratio of CO2 emissions to the value of commodity production.

Corresponding to the recorded production, the situation of this indicator is as follows:

-greenhouse gas intensity year 2018 --- 0.0233
tons CO2 / thousand lei product goods

-intensity of greenhouse gases year 2019 ----
0.0222 tons of CO2 / thousand lei of goods

- greenhouse gas intensity year 2020 ----
0.0253 tons CO2 / thousand lei prod. cargo
(preliminary)



In the case of this indicator, too, there is an increase in the intensity of greenhouse gases (relative to commodity production) compared to previous years, an excess caused by the same factors mentioned above.

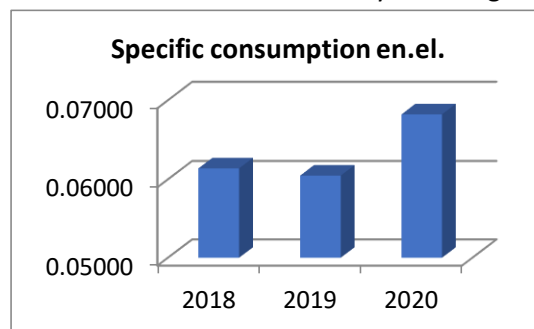
Specific electricity consumption, consumption which is determined by relating the consumption of electricity to the production of goods.

The situation by years is as follows:

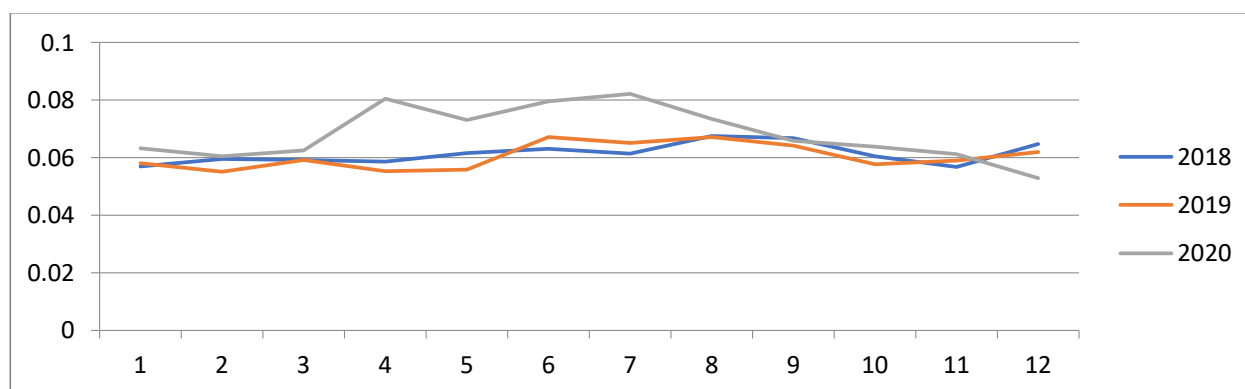
Specific consumption in 2018 ---- 0.06139 MWh / thousand lei of goods production

Specific consumption year 2019 --- 0.06048 MWh / thousand lei of goods production

Specific consumption year 2020 ---- 0.06822 MWh / one thousand lei production of goods



Break down by the months of the year, the specific consumption is as follows:

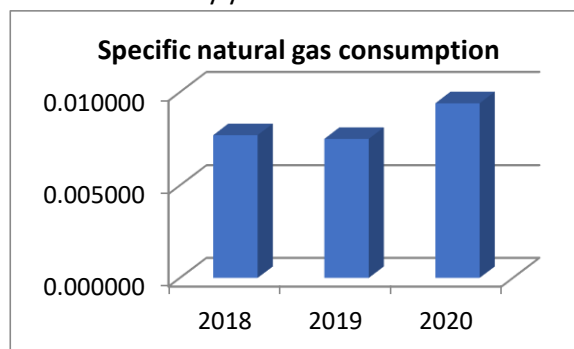


Specific gas consumption for technology, consumption which is determined by relating the consumption of natural gas to the production of goods. The situation by years is as follows:

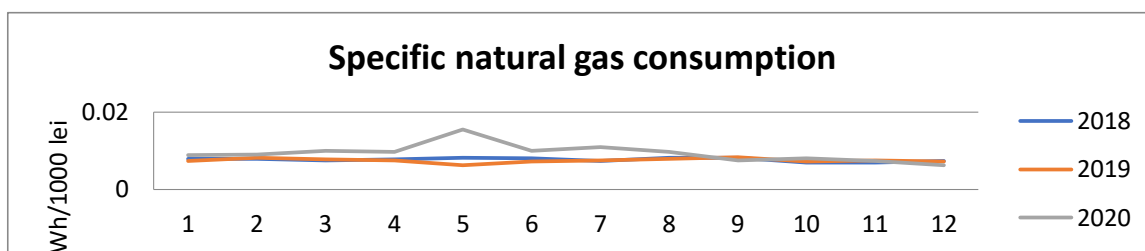
Specific consumption in 2018 0.007695 MWh / thousand lei of goods production

Specific consumption year 2019 0.007495 MWh / one thousand lei production of goods

Specific consumption year 2020 0.009404 MWh / one thousand lei production of goods



For the months of the year, the specific consumption is as follow



II Measures to reduce energy consumption taken so far

Realization of cogeneration installation

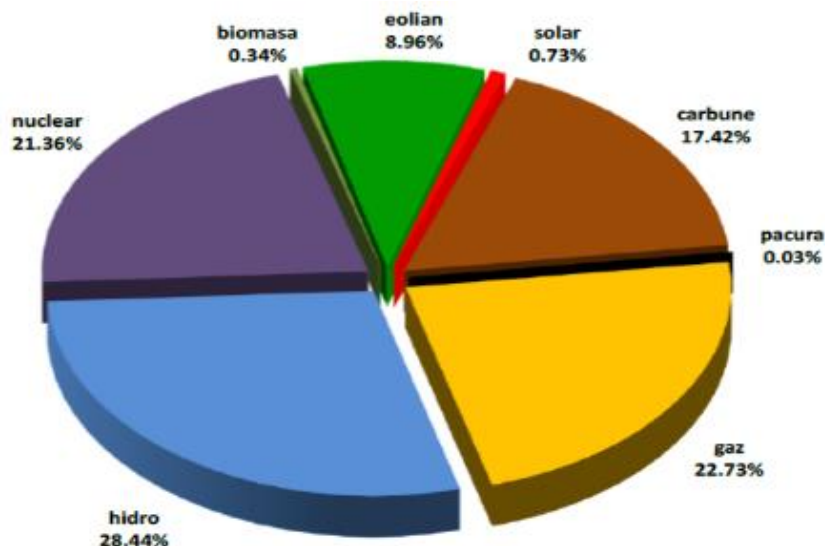
The combined production of electricity and heat is a concept that allows to obtain these energy resources at a high overall efficiency.

Considering the low efficiency of the boilers in the thermal power plant (put into operation in 1970) COMPAS Sibiu installed on the site of the thermal power plant a cogeneration installation with an installed capacity of 3 x 1.01 Mw electric and 3 x 1.343 Mw thermal.

This cogeneration plant was qualified by ANRE as a high efficiency plant, benefiting from the bonuses related to this production.

In 2020, 7250 Mwh of electricity and 7402 Mwh of heat were produced in this plant. By producing this electricity, 1.72 tons of CO₂ were released into the atmosphere - the specific emissions of CO₂ being 236.65 g / Kwh. It should be mentioned that in Romania the average CO₂ emissions is 264.69 g / Kwh (the reduction of emissions being in this case 0.203 tons of CO₂).

The average CO₂ emissions is determined in proportion to the quantities of electricity delivered to electricity networks by producers, so in November 2020 the structure of electricity production is as follows:



As can be seen from the attached graph, the structure of electricity production at national level is represented by electricity produced from hydro sources, followed by production on gas, nuclear and coal where CO₂ emissions are 809.13 g / Kwh.

Improving the energy efficiency of manufacturing processes at COMPAS Sibiu

In 2013-2014 COMPAS Sibiu through the POSCCE project Priority Axis 4 "Increasing energy efficiency and security of supply, in the context of combating climate change", the field of intervention "Efficient and sustainable energy", carried out the project "Improving energy efficiency manufacturing processes at COMPAS Sibiu".

This project allowed the implementation of extensive measures to improve the energy infrastructure of COMPA Sibiu, so the following measures were implemented:

Central heating modernization. Through this project:

- 2 hot water boilers with a capacity of 2 x 3.5 MW were installed
- 2 steam boilers with a capacity of 2 x 2.5 t / h were installed
- a high-performance heat pump system was installed

Rehabilitation of electricity transmission and distribution system. Through this project:

- 86 medium voltage cells were rehabilitated
- 4 transformers of 20 / 0.4 Kv of 1600 Kva were replaced (high consumption areas)
- the internal electricity distribution system in the main areas of the Company was rehabilitated

Rehabilitation of compressed air production system. Through this project:

- a 160 kW variable speed compressor was installed
- a 132 kW fixed speed compressor was installed
- a compressed air monitoring and control system was installed
- a compressed air dryer / refrigerator was installed

Rehabilitation of water pumping system. Through this project, high-performance water pumping systems were installed in the company's hydrophore stations.

Implementation of energy management system. An important step in the digitization of energy networks is the installation of smart metering systems. Through this project, the monitoring of energy resources on the profit centers in the company (electricity, methane gas, thermal energy, compressed air) was performed. Thus, all consumption is recorded locally and is taken over in the company's intranet network, allowing: real-time management of energy consumption, preparation of hourly reports, daily monthly and taking measures to reduce unjustified energy consumption in real time.

Realization of saving system on the lighting installations in the production workshops

Realization of microclimate installation and technological water cooling Bosch workshop.

The implementation of this project allowed, according to the audit carried out by an ANRE authorized company, the obtaining of annual savings of:

Electricity 2108.84 Mwh - corresponding to CO2 emissions of 558.19 tons / year

Natural gas 9215.86 Mwh - corresponding to emissions of 1809.89 tons / year

TOTAL EMISSIONS REDUCTION 2368.08 tons of CO2

According to the energy balance, it is observed that electricity consumption was reduced by 5.8%, and natural gas by 23%.

The significant reduction in natural gas is justified by the reduction of natural gas consumption in the thermal power plant, so the old thermal power plant of the company was designed and executed as a zone thermal power plant with very large installed capacities:

- 2 hot water boilers CAF 5 of 2 x 50 Gcal / h
- 1 hot water boiler CAF 6 of 25 Gcal / h
- 3 steam boilers CR 9 of 3 X10 tons of steam / h

With the abandonment of the companies connected to this thermal power plant to purchase more thermal energy from COMPA (including residential neighborhoods), the provision of thermal energy from old sources (put into operation in 1970) has become completely inefficient due to outdated technology and boiler charging. Well below rated capacity. The company's application to the POSCCE project Priority Axis 4 "Increasing energy efficiency and security of supply, in the context of combating climate change" allowed the modernization of the thermal power plant with the purchase of new, high-performance boilers sized according to the company's thermal energy needs.

III Projects generating energy savings with an impact on the reduction of CO2 emissions, preliminary to be carried out starting with 2021

Considering the energy efficiency of the local production of electricity for self-consumption and the opportunity to access non-reimbursable funds for the installation of such installations, COMPA Sibiu signed a

financing contract for such an installation through the Innovation Norway Program. By implementing this project with a power installed in direct current of 1.126 Mwp, respectively a power installed in alternating current of 0.96 Mw will produce a "green" energy of 1202.46 Mwh / year, which will lead to in addition to reducing energy acquisition costs and reducing CO2 emissions by 318.28 tons / year.

In the same idea of benefiting from non-reimbursable funds for the implementation of projects generating energy savings, COMPA Sibiu sent on 15.10.2020 to the Ministry of Economy and Business Environment a list of project proposals for financing from the Fund for modernization. The projects proposed to be carried out by COMPA are:

- photovoltaic power plant
- rehabilitation of compressed air production station
- power transformer replacement
- central modernization of cogeneration
- modernization of the thermal power plant
- realization of power supply on 110 Kv
- modernization and development of energy management system at COMPA Sibiu
- rehabilitation of internal compressed air distribution system

The implementation of these projects will lead to the expected savings of 2617 tons of CO2.

IV. Risks related to the provision of energy resources on the COMPA industrial platform

a) Electricity

By Romania's accession to the European Union, the entire energy system was put in front of the transition to free market conditions with the need to comply with the new environmental requirements / conditions. Under these new conditions, many of the old energy capacities have been reduced or closed. This fact has led to a decrease in production capacity, and according to Transelectrica studies in the next period if no new investments are made in the construction of new power plants (energy capacity) there will be a deficit of power (energy) in the system. This power deficit is observed especially in the periods when the energy demand is high in the national energy system, and part of the electricity is taken from the outside (Romania is interconnected with the countries of the European Community).

These influences have recently been observed in the market volatility of electricity trading prices with a negative impact on the manufacturing costs of COMPA. In order to reduce the impact of purchase prices on COMPA, in addition to the measures shown above (installation of photovoltaic panels, projects to improve energy-intensive technologies, cogeneration plant, etc.), the evolution of electricity trading prices is constantly monitored. on the market and negotiates / contracts electricity from suppliers with a significant market share and at fixed (guaranteed) prices for a period of one year.

b) Natural gas

As in the case of electricity, through Romania's accession to the European Community, the liberalization of the natural gas market and the interconnection of the national natural gas transmission system with the transmission networks in neighboring countries.

In the short and medium term due to:

- flexibility in electricity production
- the upward trend in the production of electricity from renewable sources
- the need to decarbonise the energy sector (especially coal production)
- making new interconnections of the gas transmission system
- complete liberalization of the natural gas market

We estimate that there will be no problems in providing natural gas at competitive prices.

In the long run, there is the possibility of introducing taxes for CO2 emissions, generated by technological consumption and from the power plant. In order to reduce this possible impact, in the future we will have to find alternative solutions for the consumption of gas from technology (electricity) and for the power plant (possibly hydrogen).

MANAGEMENT AND HUMAN RESOURCES ACTIVITY

1. BUSINESS MODEL

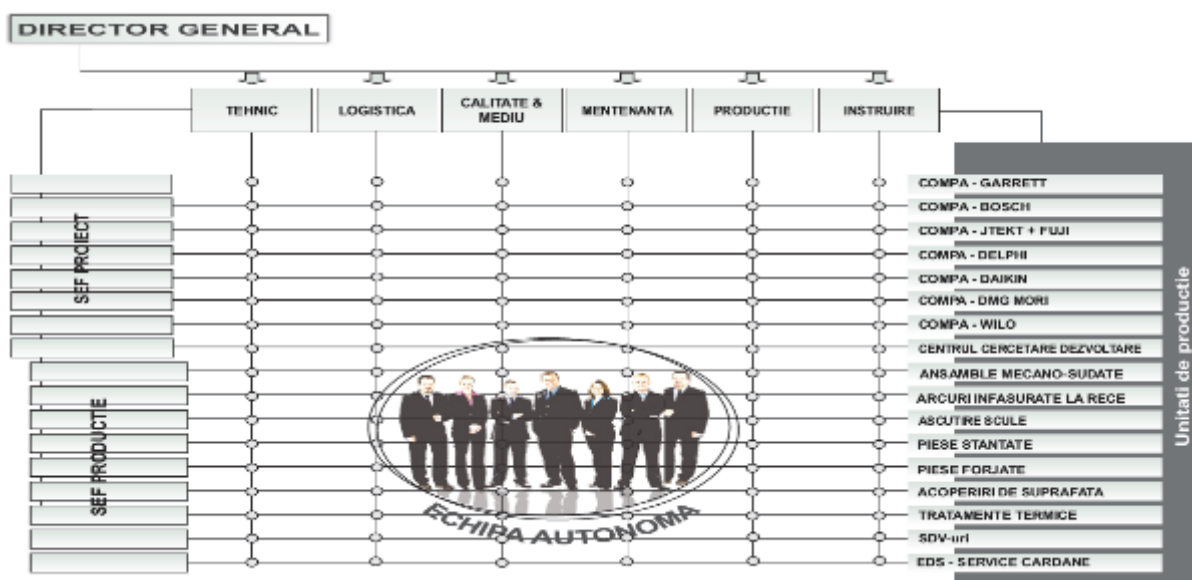
a). The organizational structure

The main elements that configure the organizational structure of COMPA are:

- ☞ defining and implementing the purpose and function of each compartment and workstation, as organizational subdivisions in a form as simple, flexible and easy to understand, endowed with clear objectives, broken down at the level of each relevant structural component and achieved through a synchronization of the three factors that form the golden triangle of a robust organization: the formal authority given by competence - task - responsibility;
- ☞ establishing and implementing in a documented way the way of communication between the compartments and the functions of the organizational structure as well as the collaboration relations between them.
- ☞ establishing and implementing the processes, technologies, and techniques used by the organization to transform internal organizational resources into products or services.
- ☞ defining and implementing management systems focused on quality, environment, health and safety of employees and continuous improvement of COMPA processes.

The organizational structure adopted by the company COMPA SA is a matrix structure, of mixed functional-divisional type. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is able to respond quickly to manufacturing changes and customer demands. It is a structure that is based on a wide autonomy of the multifunctional team.

On the other hand, this dual, functional and divisional system must promote a focus on operational performance.



The matrix structure presents vertically the flow of functional responsibility (logistics, technique, maintenance, quality) and horizontally the flow of operational responsibilities (manufacturing).

The role of the staff assigned to represent the functions is primarily that of being a member of a multifunctional team, under the leadership of the head of manufacturing, responding directly through performance indicators to the specific activities they coordinate.

The multifunctional team consisting of the staff assigned to the support functions is subordinated to the head of manufacturing in terms of daily tasks, and from a methodical point of view is subordinated to the director of the department / department to which it belongs.

The head of the function has administrative authority over the staff. He is the owner of all the processes specific to the function he leads. With regard to decentralized staff, it makes decisions of a technical, methodological nature, involving them in the development and improvement of processes.

The organizational structure requires not only control and monitoring by the head of manufacturing but also by directors and heads of departments, aimed in particular at identifying drifts from performance indicators, meeting the deadlines set for development stages and improvement projects, major non-compliances and environmental incidents, events that may affect the customer.

The head of manufacturing has full authority over the multifunctional team regarding the current tasks and is responsible for its performance following the achievement of the indicators specific to each function. He is consulted by the team heads on significant costs assigned to the cost center.

b). Processes and their interaction

In the systematization of the organizational structure, in our company was used the so-called "process-based approach" which takes into account the process as a succession of activities that transform certain input data (usually requirements) into output data (usually a product or service), using various categories of resources (as standard, machinery / equipment, processing methods, materials and human resources). The performance of these processes is measured using performance indicators. The interaction between the various processes of the organization is based on the principle that certain output data from certain processes are input data into other processes.

Based on this principle, the following categories of processes have been defined:

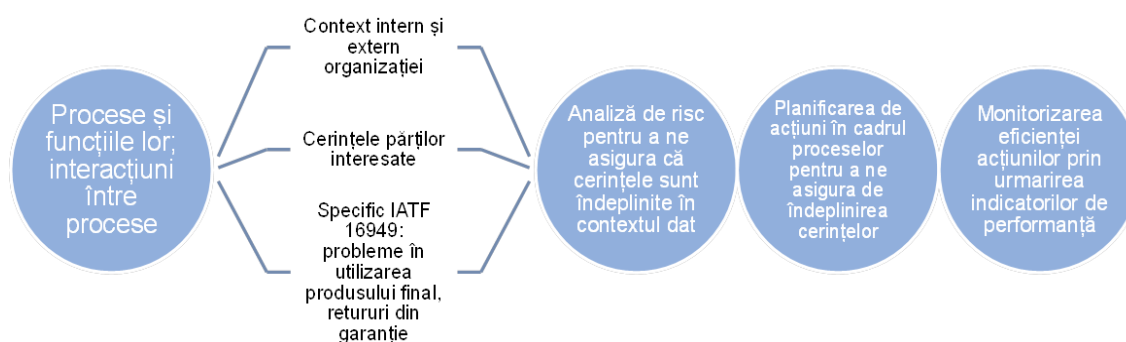
- management processes that refer to the activities of: coordination, analysis and decision, ensuring the necessary resources to carry out activities and improving activities and processes;
- the basic processes corresponding to the realization of the products (sale of products, supply, logistics of products, manufacture of products, design and development of products and processes);
- support processes (monitoring and control of compliant / non-compliant product, maintenance of equipment and machinery, internal audit);
- the interaction between processes and how to evaluate their performance.

The structuring of the processes and the interactions between them in a management system was done starting from the following principles:

Risk identification and treatment

Carrying out activities according to the PDCA principle

Therefore, our management systems addressed in COMPA are structured as follows:



In this iterative cycle of activities (according to PDCA) the emphasis is on continuous improvement, namely on the permanent identification of problems / potential problems and then on the implementation of the necessary corrections (immediate and provisional solution of problems) and subsequently on corrective actions (permanent solution problems, eliminating the possibility of their recurrence) and preventive actions (performing a risk analysis on the problems that have occurred in order to prevent the occurrence of these problems in other similar situations or other similar processes). The efficiency of the actions taken is constantly monitored, following, as a performance indicator, the recurrence of problems.

c). Staff, values and beliefs

Within COMPA, it is considered that the human factor is ultimately responsible for all the achievements of society, so it is particularly important to know and properly lead its values and beliefs, leading to the formation and development of a true cultures of our organization.

The following aspects are important and constitute development landmarks:

- the training and mode of action of managers in terms of values, beliefs and demographic characteristics (age, experience, education, social position);
- the formation and mode of action of the company's staff (personalities, attitudes, values, motivations, behaviors, beliefs);
- the culture of the organization and the adherence of the staff to it as a somewhat unitary way of manifestation, thinking, feeling, way of being and perceiving values and beliefs, responding to different attitudes and using the same language.

e) Management methods and techniques

COMPA usually uses modern management methods, such as:

- change and innovation management, to cope with competitiveness with a highly dynamic external environment, by implementing programs to improve the organization's processes and activities;
- goal-based management applied at all levels, to mobilize the intellectual and practical potential, in order to achieve the performance of the organization;
- strategic management, in order to make the connection between the opportunities of the environment and the possibilities of the company and the management of actions towards the fulfillment of the strategic goals;
- project management, to stimulate the development and efficient management of resources in order to quickly and efficiently assimilate new products, technologies;
- participatory management, in order to emphasize the active participation of employees in the functioning of the organization;
- the prospective dashboard, for measuring and keeping under control the critical parameters of the business (internal processes, human resources, customer satisfaction, economic and financial management, environment).
- cost management, by implementing cost reduction programs aimed at process improvement and optimization projects as well as monthly analysis and monitoring of cost categories.

MAIN RISKS AND THEIR MANAGEMENT

Risks identified in the Human Resources activity

In COMPA, there are ongoing coordinated actions to direct and control the organization regarding risks in all areas and at all levels.

Regarding the human resources activity, in the previous year the following risks were identified that could determine the non-fulfillment or defective fulfillment of the human resources insurance process:

- temporary lack of qualified staff for certain activities, either due to lack of supply in the labor market and lack of correlation of educational supply with labor market requirements, or due to emergencies (mass illnesses, quarantines, earthquakes, floods, etc.);
- high staff turnover, mainly due to incomplete identification of employees motivation needs and unpaid wages related to the local labor market;
- competences of the staff below the level required for the service, due to the educational offer not correlated with the market requirements as well as due to the non-observance of the stages of the training process;
- corruption in the recruitment, selection and employment of staff.

The potential effects of the identified risks can be, mainly: delays in the activity of the workshops, respectively delays in the delivery of the products to the clients as well as inadequate quality of the works performed by the employees.

Therefore, for the risks with high criticality, ie with high probability of occurrence or with a significant impact on the company's activity, a series of measures have been taken, such as:

- involvement in the development of local technical education by providing resources for dual education and for technological, high school education;
- apprenticeship programs for new employees;

- effective internships for pupils and students;
- qualifications / requalifications / post-secondary school;
- career management; succession management for key positions;
- implementation of telework;
- restricting staff mobility by transferring activities online;

Opportunities identified in the Human Resources activity

Regarding the opportunities identified in the process of securing human resources, they are:

- the existence of the COMPA Vocational Training Center, whose mission is to align with European training standards and which ensures professional qualification and retraining, the promotion of modern training techniques and methods as well as the development of the school-enterprise relationship;
- Training through the Vocational Training Center aims to reduce the integration period of new employees, the rapid accumulation of skills and experience, increase the performance of practical training, knowledge and adaptation to the industrial environment.
- involvement in correlating the educational offer with the requirements of the labor market.

COMPA, through the Management Director, is a member of the Local Development Committee of the Sibiu Social Partnership, a committee that deals with the administrative organization and policies in the field of education and training. In this capacity, COMPA is actively involved in the development of annual schooling plans for vocational and technical education, in facilitating the conclusion of agreements for the practical training of students, promoting actions aimed at the transition from school to work for socio-professional integration and in elaboration and implementation of projects for the development of vocational and technical education at national / regional / county level;

3. THEMATIC ASPECTS**(a) Social Responsibility Policy**

We define and assume the following principles as a way of understanding how to approach Social Responsibility within our organization:

Taking responsibility on the impacts we produce on society, the economy and the environment;

Transparency of decisions and of our activities, which can affect society and the environment;

Respecting and promoting ethical behavior: honesty, fairness and integrity, as values that concern us, in relation to people and the environment;

Respect for stakeholders of our decisions and activities;

Ensuring compliance to all applicable laws and regulations;

Compliance with international rules of conduct in business;

Respect and promotion of human rights, which we consider inalienable and having a universal character.

COMPA integrates the principles of Social Responsibility within the organization by conducting a management based on the principles of leadership and vigilant approach in relation to the impact of our decisions on society, the environment and economic factors.

With reference to the International Standard ISO 26000, as well as the Ten UN Compact Global Principles and the ILO Labor Standards, we adopt the following guidelines as main themes for action:

Ensuring organizational management as a way of conducting and conducting activities in an ethical and responsible manner; all COMPA employees and contractors will adopt the Social Responsibility considerations described in this policy in their daily work. COMPA managers will act as role models by integrating these considerations into the decision-making process and into all activities.

Respect and promotion of human rights in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights; COMPA will not tolerate human rights abuses and will not engage in or be complicit in any activity that uses, or encourages, any abuse of human rights;

Applying work practices adequate to ensure working conditions and social protection in accordance with applicable legal standards and regulations; COMPA is committed to providing equal opportunities in all aspects of employment and will not adopt or tolerate illegal behavior in the workplace. COMPA ensures a safe and healthy work environment and will not compromise the health and safety of any person. All employees are responsible for promoting safe work attitudes;

Environmental protection as a way to respond to current environmental challenges and as a commitment to apply and promote environmentally responsible practices, including by encouraging the development of green technologies; COMP A works to continuously improve its environmental performance.

Applying fair practices as a form of ethical conduct in relations with other organizations and individuals, in compliance with applicable national and international laws and regulations; COMP A is committed to maintaining standards of integrity and corporate governance practices applicable to the capital market, in order to promote the trust and coats of arms with which it works. COMP A engages in a timely dialogue with all stakeholders, including shareholders, customers, employees and their representatives, government and other entities.

Responsibility to customers and consumers to ensure their right to security of use, information, choice, expression, correction, education, in relation to the products and services provided by our organization;

Involvement in community development as a way of recognizing that we are part of the community, of the rights due to its members, but also of the elements of culture, religion, tradition and history or of the partnership with it. COMP A will contribute to the quality of life in the community to which it belongs by supporting innovative programs in the fields of health, education, social and environmental services as well as cultural and civil projects. This involvement will always ensure the independence of individuals and communities from COMP A.

COMP A managers constantly ensure that there are and operate efficiently, adequate organizational structures to effectively identify, monitor and manage the aspects of Social Responsibility and performance relevant to our business. COMP A is committed to measuring, auditing and reporting on the performance of its Social Responsibility actions.

The lines of action are implemented in a credible way, through a wide action of communication with the stakeholders of our programs in this field and by engaging the entire staff of our organization in this regard.

COMP A will inform its partners, contractors and providers of the Social Responsibility Policy and will involve them to achieve coherence with this policy.

(b) Social and related aspects workforce

In the context of the difficult labor market climate generated by the Covid-19 pandemic, COMP A has pursued a policy of increasing the adaptability of staff to the changes the company is going through. During this period, the company relies on the availability of employees to develop new skills as well as to take over additional responsibilities in case of restructuring certain activities.

With a staff of over 1800 employees, COMP A is one of the main employers in Sibiu County.

3.1. Employment workforce

Total numbers as of December 31, 2018 - 2020

Between 2018 and 2020, the number of staff decreased significantly until the beginning of the pandemic, after which it registered a rather drastic decrease, thus having at the end of 2020 a decrease of 10.4% compared to the end of 2019 and a decrease of 14.4% compared to the end of 2018, generated by the decrease of orders but also by the increase of labor productivity.

The reduction of staff was made with priority among the staff employed with fixed-term employment contracts, but also due to natural losses (resignations, retirees).

	2018	2019	2020
Employees with ILC for an indefinite period	1918	1962	1796
Employees with ILC for a determined period	260	120	69
TOTAL STAFF	2178	2082	1865

3.2. Gender diversity - Share of women in total employment as of December 31, 2018 - 2020

The number of women in the total number of employees between 2018 and 2019 remained relatively constant, marking as a share a slight increase at the end of 2020 to 33.6%, mainly due to technological changes but also confidence in the area of responsibilities and coverage of skills.

	2018	2019	2020
Share of women in total employees (%)	30.7%	30.6%	33.6

3.3. Age diversity

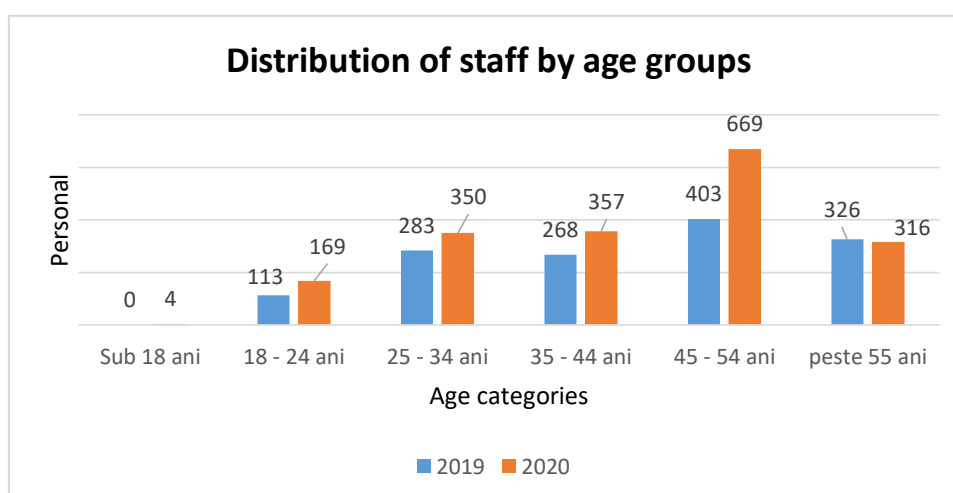
Breakdown by age and occupational category of the total workforce at 31 December 2020

The most representative age category, for both men and women, is the staff aged 45-54.

Age	TOTAL from which:	MDP	MIP	TESA execution	TESA management
Under 18	TOTAL, of which: 4	3	1	0	0
	Ladies 1	0	1	0	0
19 - 24 years	TOTAL, of which: 169	127	29	12	1
	Ladies 53	37	11	5	0
25 - 34 years	TOTAL, of which: 350	190	36	103	21
	Ladies 115	72	0	43	0
35 - 44 years	TOTAL, of which: 357	210	43	63	41
	Ladies 132	95	6	2. 3	8
45 - 54 years	TOTAL, of which: 669	512	78	64	15
	Ladies 254	209	10	34	1
Over 55 years	TOTAL, of which: 316	201	39	53	2. 3
	Ladies 71	43	3	2. 3	2

COMPA is concerned with the development of staff throughout its professional career, on the one hand helping young people to integrate as well as possible in society, but also ensuring and using the experience of the elderly.

The graph below shows the distribution of staff by age group in 2020, compared to 2019. The analysis of the evolution shows a higher increase in the share of experienced staff and especially in the age category 45 -54 years, due to the increasing level of technicality of the processes. Also, the decrease in the number of employees over the age of 55 is due to the encouragement of early withdrawals during 2020, as a result of the drastic reduction of orders.

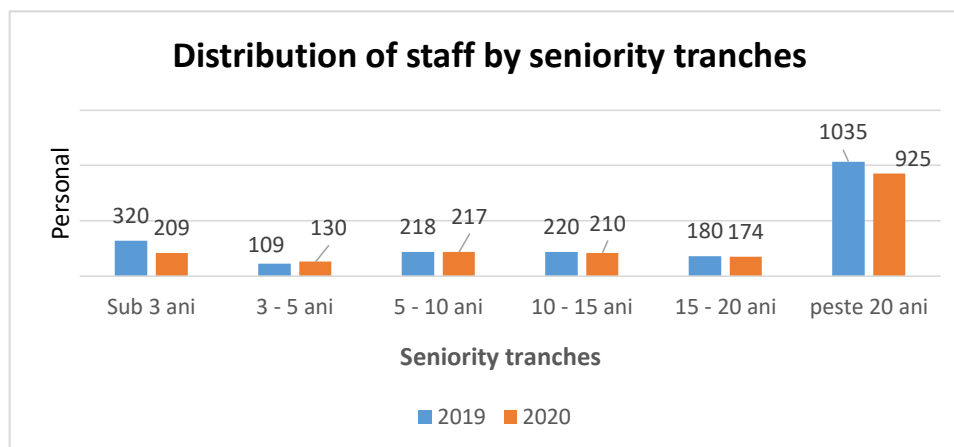


Distribution of the total workforce at 31 December 2020 by seniority and occupational categories

The seniority tranche that includes the most employees is that of employees with more than 20 years of experience (925 people - 49.6%).

Also, there is a significant change in the number of women in the total staff, in the category of those under 3 years of age, respectively of 58.3%.

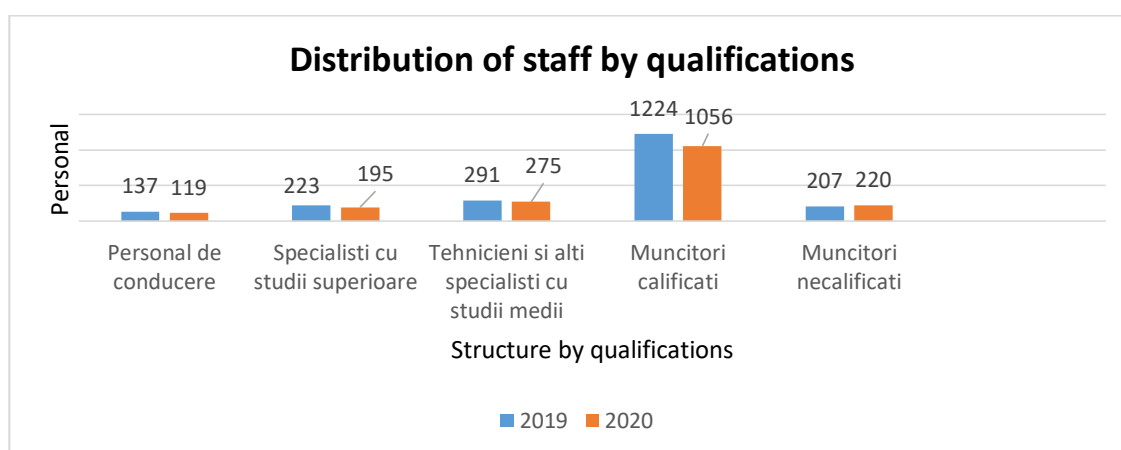
Seniority / persons		TOTAL which:	of	MDP	MIP	TESA execution	TESA management
Under 3 years	TOTAL, which:	209		173	19	15	2
	Ladies	73		57	10	6	0
3 - 5 years	TOTAL, which:	130		87	18	25	0
	Ladies	51		35	8	8	0
5 - 10 years	TOTAL, which:	217		128	28	46	15
	Ladies	72		42	13	14	3
10 - 15 years	TOTAL, which:	210		119	32	41	18
	Ladies	65		42	5	16	2
15 - 20 years	TOTAL, which:	174		95	20	31	28
	Ladies	55		40	3	8	4
In 20 years	TOTAL, which:	925		641	122	121	41
	Ladies	310		232	15	60	3



The graph above shows the evolution of staff by seniority, in 2019 compared to 2020. The reduction of staff during 2020 was made from all categories of staff, to the detriment of the very young and those of retirement age. It should be mentioned that in COMPAS, the increase in seniority in salary, respectively seniority in work is calculated taking into account all the work experience of employees and not only seniority in the company.

3.4. Distribution of the total staff at 31 December 2020 by a qualifications structure (according to COR)

	TOTAL, of which	Ladies
Management staff	119	13
Specialists with higher education	195	69
Technicians and other specialists in the technical and accounting field	108	54
Administrative officials	167	152
Service workers	13	1
Skilled and assimilated workers	1043	267
Unqualified workers	220	70



The distribution of staff by the above-mentioned qualifications structure, both in 2019 and in 2020, kept relatively the same weights, a strategy pursued by COMP A in terms of staff reductions.

3.5. Personnel fluctuation

Analyzing the evolution of staff turnover over the last 3 years, a constant improvement of this indicator was found, mainly due to the measures established by COMP A to remedy this situation aimed at reporting the level of salaries and benefits in the area, qualification / retraining courses offered to employees, concluding apprenticeship contracts, granting rent allowances, providing transport for commuting employees, settling the value of transport for other employees, improving working conditions (air conditioning, noise reduction, social spaces, etc.).

	2018	2019	2020
Personnel fluctuation	22.13%	19.43%	18.3%

The fluctuation number of staff decreased by 5.8% in 2020 compared to 2019, and by 17.3% compared to 2018.

3.6. People with disabilities on December 31, 2020

Number of disabled workers by staff category and by sex

The number of disabled employees in COMP A, of 22 people, was well below the figure of 4% of the total number of employees (75 people) required by law, despite the efforts that COMP A makes to attract people with disabilities.

Also, for the amount related to the difference in jobs in which no disabled persons are employed, COMP A purchased, on a partnership basis, products made from the own activity of disabled persons employed in authorized protected units.

		TOTAL		MDP	MIP	TESA execution	TESA management
		from which:					
People with disabilities	TOTAL, which	of 22	15	3	4	0	
	Ladies	7	4	0	3	0	

3.7. People on childcare leave

Number of employees on parental leave, by staff category and by sex

The situation presented below shows that the beneficiaries of parental leave are both among women and, in large numbers, among men.

		TOTAL		MDP	MIP	TESA execution	TESA management
		from which:					
Employed on parental leave	TOTAL, which	of 38	28	2	7	1	
	Ladies	28	19	2	7	0	

Currently, under Law 239/2020 for amending and supplementing the Fiscal Code, COMPA intends to bear the amounts paid for the placement of children of its employees in early education units, according to the legislation in force.

3.8 Continuous staff training

The continuous development of human capital through the training of skills to support the company's development strategy is a priority for COMPA.

Therefore, the training of all staff in the continuous training process aims to eliminate the gap between the skills required by the job and the existing ones, ensuring integrated, validated, certified staff at the job, acquiring / expanding the skills to meet the challenges posed by the new wave in technological evolution of production (Industrialization 4.0, digitization, etc.)

The training programs developed in COMPA aim to respond to the needs of each employee. In order to achieve this goal, the Vocational Training Center was set up in 2005. The programs developed by the center aimed at the qualification / requalification of employees in trades such as: operators of machine tools with control - numerical, welders, mechanical locksmiths, machine mechanics, toolmakers, metrologists, drills-threaders, etc. So far a number of 2837 people have acquired a qualification through this center. Next, we aim to diversify, adapt the educational offer by authorizing new programs required by the projects developed within COMPA.

The situation of the qualification / specialization courses carried out in the last three years is the following:

QUALIFICATION / SPECIALIZATION COURSE TYPE	NUMBER OF CERTIFIED PERSONS		
	2018	2019	2020
NUMERIC CONTROL MACHINE TOOL OPERATOR		17	17
WELDER	16	25	
METROLOGICAL TECHNICIAN		18	
STIVUITORIST	97	72	24
ROLLER DRIVER	31		
GAURITOR- FILLETATOR			24

In order to ensure / maintain the competencies of the employees at the annual jobs, the individual training needs are collected, which are centralized in the Annual Training Plan, structured on the following main areas in which COMPA employees participated as follows:

THE FIELD OF QUALITY	NUMBER OF PARTICIPANTS		
	2018	2019	2020
Requirements Integrated quality-environment-OSH compliant management	2152	2260	1965
IATF 16949: 2016, ISO 14001: 2015 and ISO 45001: 2018			
ISO 26000 social responsibility	2152	2260	1965
VDA process auditor 6.		15	
Requirements of IATF 16949: 2016		57	7
8D and 5 Why?	12	24	28
Basics of statistics - Minitab		14	
THE TECHNICAL FIELD			
Project Management	2.3	6	
Control of CQI heat treatment processes 9	12		
Certification for non-destructive examination	3		
Energy management		1	
ANNUAL CERTIFICATION OF SPECIAL PROCESS OPERATORS			
Thermists, galvanizers, painters, welders, brazers, etc.	186	139	123
TRAIN CUSTOMERS			
Core training in UR Robots	2		
Additive Manufacturing Formnext		2	
DMG training	8	4	
GDI Multispindle Index		5	
POSITION VALIDATION OF NEW EMPLOYEES *			
Number of people trained	786	289	213
Number of training / employee hours	103.65	105.57	73,117

* We mention that when calculating the indicator number of training hours / employee / year, these hours were not included.

The number of hours / employee / year indicator is monitored in the COMPA dashboard. We want to constantly increase this indicator in order to transform ourselves into an organization that learns continuously throughout life.

Analyzing the evolution of the indicator in the last 3 years, we notice its increases except for 2019 when the calculation formula changed and the hours allocated to the integration process were reported separately.

	2018	2019	2020
No. of training hours / employee / year	28.28	26.90	28.9

3.9 Apprenticeship

For new employees who want to acquire a qualification or retrain, COMPA develops apprenticeship programs that allow them to easily integrate into new jobs, obtain a recognized certification, raise their level of knowledge, satisfaction of responsibility. Currently, 9 COMPA employees follow these programs and at the end of the two years of study they will obtain the qualification of operator for numerically controlled machine tools. In the future we intend to increase the number of new employees who follow apprenticeship programs and who will obtain qualifications of level 2 (drill-threader) and level 3 (operator of machine tools with numerical control, mechanical locksmith, etc.).

3.10 Projects developed with European funds

In order to become increasingly competitive in terms of productivity, quality, customer satisfaction, conservation of resources and the environment, investment in human capital will continue to increase, including by attracting European funds or other sources.

So far, COMPA has implemented or is in the process of implementing projects designed to develop the skills of their employees, projects that aim to facilitate the transition from school to active life of pupils and students.

Project	Title	Implementation period
<p>The project is being implemented: POCU / 469/3/12/128888 Objective: Developing the skills of 142 employees in order to adapt staff to the dynamics of potentially competitive economic sectors. Target Group: 142 COMPA employees participating in qualification-retraining courses;</p>	Qualified employees for a safer future	02.09.2019-15.05.2021
<p>POCU / 90/6/13/6/14/107011 Aobjective: Facilitating the transition from education to working life for 70 students and 240 pupils through on-the-job learning programs in a sector of activity with high competitive potential. Target Group: -70 students -240 students</p>	Learn for a safe job!	07.06.2018-04.09.2020
<p>POSDRU / 161 / 2.1 / G / 140436 Aobjective: Developing the work skills of pupils and students through practical training at work, supporting them through guidance and professional counseling services, to improve their integration into the labor market. Target Group: - 120 Students enrolled in the national education system - 130 Students enrolled in the national education system</p>	Internships for potential employment, counseling and career guidance, support for pupils and students in the transition from school to working life	28.04.2014-27.10.2015
<p>POSDRU / 80 / 2.3 / S / 58072 Aobjective: Increasing the quality and productivity of organizations by qualifying human resources in the manufacturing sector in the field of "Mechanical processing technician" Target Group: -150 employees</p>	Increasing the competitiveness and productivity of organizations by qualifying human resources in the field of "Mechanical processing technician"	15.07.2011-14.09.2013

POSDRU / 80 / 2.3 / S / 57719 Objective: Increasing the internal capacity of organizations in the field of manufacturing to develop their own human resources through professional training in the field "Metrologist Technician" Target Group: -150 employees	Increasing the competitiveness and productivity of organizations by qualifying human resources in the field of "Metrologist Technician"	25.08.2011-31.12.2013
POSDRU / 80 / 2.3 / S / 59398 Aobjective: Increasing the internal capacity of manufacturing organizations to develop human resources own, through professional training in the field "Mechanical equipment and installations in industry", with emphasis on new technologies Target Group: -250 employees	Increasing the competitiveness and productivity of organizations by qualifying human resources in the field "Mechanical equipment and installations in industry"	18.07.2011-30.09.2013
POSDRU / 80 / 2.3 / S / 57974 Aobjective: Increasing the internal capacity of manufacturing organizations to develop human resources own, through professional training in the field of "Tool-die", with an emphasis on new technologies Target Group: -250 employees	Increasing the competitiveness and productivity of organizations by qualifying human resources in the field of "Toolmaker"	18.07.2011-30.09.2013
POSDRU / 80 / 2.3 / S / 59451 Aobjective: Increasing the internal capacity of manufacturing organizations to develop human resources through professional training in the field of "Mechanical locksmith maintenance and repairs", with an emphasis on new technologies Target Group: -250 employees	Increasing the competitiveness and productivity of organizations by qualifying human resources in the field "Mechanical locksmith maintenance and repairs"	18.07.2011-30.09.2013
POSDRU / 80 / 2.3 / S / 59498 Aobjective: Increasing the internal capacity of manufacturing organizations to develop human resources own, through professional training in the field of "Drill-threader", with an emphasis on new technologies Target Group: -400 employees	Increasing the competitiveness and productivity of organizations by qualifying human resources in the field "Drill-threader"	18.07.2011-30.09.2013
POSDRU / 90 / 2.1 / S / 57546 Objective: Development of work skills of pupils and students through practical training	Developing the skills of pupils and students	01.07.2010-30.11.2012

courses, to ensure rapid integration into the labor market at the end of the learning cycle. through internships at a potential job

Target Group:

- 60 students
- 120 students
- 14 people trained as tutors

PHARE / 2006 / 018-147.04.02.02.01.702

Objective: The development of professional skills of human resources at SC COMPA SA supports the company from the perspective of providing competent, requalified staff, able to serve modern means of production.

Development of SCCOMPA.SA staff skills in using state-of-the-art technologies and modern operational management methods

02.12.2008-
01.10.2009

Target Group:

- operative staff - 60 people from SC COMPA SA, whose training no longer corresponds to the requirements of the current positions and which will be reintegrated in the work process.
- operational managers - 30 people elected from among foremen, regulators, heads of elementary work units (UEL), who will ensure the training of operators in the workplace

3.11 Sustainable school-enterprise partnerships

The company's partnerships with the institutions of technical and vocational university education in Sibiu date back to the 70s with the establishment of the Institute of Higher Education, currently the Faculty of Engineering "Hermann Oberth" and IPAS High School and currently the Technological High School "Henri Coandă".

The proximity to university and vocational education institutions is part of COMPA's policy to train future generations of specialists, to develop the employment capacity of young people facilitating the transition from school to active life through internship programs, masters, private scholarships and more.

The partnerships are mainly aimed at involving COMPA in two areas related to improvement:

Theoretical training through contributions to the adaptation of the university curriculum and the adaptation of the curriculum in local development to the needs of the employer

Practical training by ensuring the access of pupils and students to modern work environments, to advanced technologies and equipment, to the knowledge and understanding of the processes developed on the production lines.

3.12. The practice of pupils and students in COMPA

The technological practice and laboratory hours of the pupils and students have been carried out since 2005 in the Vocational Training Center, a modern technical platform that is equipped with state-of-the-art equipment and in the production workshops.

The vocational training center is the place where the students from the final years carry out the laboratory hours in the discipline of Machining technology on numerically controlled machine tools, and the students discover the secrets of operating on numerically controlled machines, how to measure and maintain equipment. these equipments.

Starting with 2015, students with specialization in mechatronics, automation, electronics, electrical engineering have the opportunity to complete their knowledge and train the skills needed to troubleshoot electronic components and automation in the Laboratory for electronics and automation. This is the right place where practitioners have the opportunity to always learn something new, to experiment, to develop. Annually around 30 students and over 100 students can be met on production lines, laboratories or in design workshops.



3.8 COMPA and dual education

COMP A throughout its existence for over 135 years has been permanently based on vocational education, being one of the companies that anticipated the need to implement the dual education system. The beginnings of dual education in COMP A were in 2005 with the commissioning of the Vocational Training Center, a modern technical platform equipped with numerically controlled machines and which was made available to the Technological High School "Henri Coandă", a high school with which we still have partnerships since its establishment.

Every year they attended the courses of numerical control machine operator and mechatronist, a number of approximately 55 students who studied in a traditional educational system but with many dual elements: internships, laboratories, scholarships, various benefits financial (payment of dormitory, meal, transport, supplies) and job offers for all graduates.

The campaigns to promote the educational offer and the benefits brought by the dual education in which COMP A participated together with the Technological High School "Henri Coandă" in a sustained way materialized in the constant attraction of students to vocational and technical education.

The following classes and specializations currently operate in the high school:

CLASS IX				No students	SPECIALTY	Qualification level	Practice contract with COMP A
Dual education				40	Machine tool operator with numerical control	3	32
Technological education	high	school		27	Mechatronics technician	4	
CLASS X							
Dual education				35	Machine tool operator with numerical control	3	26
Dual education				11	Mold technician	3	6
Technological education	high	school		2. 3	Mechatronics technician	4	1
CLASS XI							
Dual education				24	Machine tool operator with numerical control	3	15
Technological education	high	school		25	Mechatronics technician	4	21
CLASS XII							
Technological education	high	school		21	Mechatronics technician	4	14

During the three years of study for students in dual education, specialization in machine tool operator with numerical control and tool-die maker, respectively 4 years of study for technical high school education, specialization in mechatronics technician, COMP A offers students the following package of benefits:

Financial support / Incentive / Form of support provided to students	Value / student (lei / student)
Monthly scholarship	200 lei / month
Occupational medicine examinations and compulsory medical tests in order to carry out the practical training stage (depending on the field of activity)	95 lei / student
Work equipment	152 lei / student
Protection equipment	66 lei / student
Providing a meal / day at the combined practice site	12 lei / day
Necessary supplies during practice	100
Accommodation for dormitory students	150 lei / month
Table for dormitory students	16 lei / day
Tools	828 lei / year / student
Semi-products	29 lei / year
The maintenance of the equipment from the COMPA Training Center is ensured	21 lei / student / year

Currently, 115 students from the “Henri Coandă” Technological High School have concluded internship contracts, COMPA committing itself to offer them educational support and a job suitable for training.

Some of them will graduate from dual education and will acquire the qualification of operator at machine tools with numerical control and tool-die and graduates of technological high school education will become mechatronic technicians.

Please note that for students in technological high school education, COMPA offers the same facilities and benefits as for dual education, although the methodological rules for this level of qualification are not yet approved.

Graduates who want a job in COMPA can fill positions that are in a wide range in the field of manufacturing, maintenance, control, etc. with a career development perspective that starts from the status of beginner operator / technician to that of regulator, line manager, production unit manager.

COMPA permanently supports the partner educational institutions, contributing substantially to their material base through sponsorships, machinery, SDVs, semi-finished products and equipment for practical training.

Thus, the “Henri Coandă” Technological High School benefited in:

- school year 2019-2020 of three fully equipped locksmith stands, equipped with 18 workstations
- school year 2020-2021 by a numerically controlled lathe equipped with the necessary SDVs
- school year 2021-2022 two welding simulators will be made available to students

and the support does not stop here.

In the future, we aim to identify working methods and tools to effectively increase practice, to improve student-instructor-tutor communication, to identify early deviations from performance standards set for students, to increase the role of representatives COMPA in the competence examination commissions.

3.13. Relationship with trade unions

Trade union membership on 31 December 2020

COMPA recognizes the free exercise of trade union rights, according to the legislation in force and the international conventions to which Romania has acceded, as well as the freedom of opinion of each employee. In order to exercise trade union rights, COMPA also provides, free of charge, the material basis necessary for the functioning of trade unions.

The representatives of the employees elected in the management bodies of the trade unions benefit from the reduction of the working time by 5 days every month, for trade union activities. This right is also enjoyed by the representatives of non-union employees.

Also, for them, the employer undertakes to guarantee the maintenance of the job for the entire period of maintaining the position and two years after the expiration of the term.

In order to communicate well with the unions, the company's management organizes weekly meetings with them in order to solve the current problems that have arisen in the activity.

Freedom of association can be suggestively exemplified in the table below.

From the presented data it results that the number of personnel belonging to a union is 70.3%.

	No union	Independent Free Trade Union	Arsenal union	TESA union
Nr. pers. / Union	553	1170	91	51
Trade union membership (%)	29.65%	62.74%	4.88%	2.73%

During 2020, two additional acts to the applicable Collective Bargaining Agreement were concluded between the Administration and the trade unions, regarding the following aspects:

- modification of the number of days off granted on the occasion of Orthodox Easter from 3 to 2 days, according to the provisions of the Labor Code;
- compensation for work performed on holidays by paying double-hour hours;
- indexation of the salary grid with a percentage of 2.70%;
- increasing the value of the meal ticket from 15 lei to 20 lei.

3.14. Human capital management

Regarding human capital management, we started from the premise that the achievement of strategic objectives depends primarily on the human factor. The development of the company involves elements that create long-term value and that can ensure the future performance of the organization.

COMPAS aims for the human resources policy to be in line with the general objectives of the company, in line with the existing values in the organizational culture, adapted to the current socio-economic context, focusing mainly on:

- Ensuring the availability and continuity of the workforce by preserving the values of the organization;
- Early recruitment of graduates with higher education;
- Increasing the level of versatility by broadening the scope of competencies;
- Reducing the integration period of new employees, graduates of technical vocational education, through internships;
- Focusing on individual training to increase staff skills and efficiency;
- Consolidation of the performance pay system;
- Capitalizing on the expertise of experienced employees through mentoring programs;
- Staff awareness of job responsibilities;
- Involvement in the implementation of the Social Responsibility management system;

Strategic objectives

The main strategic axes pursued in the projection of the following years are:

- Involvement in the development of university, high school and professional technical education, by supporting the integration of theoretical knowledge with practical ones, through internships at a potential job;
- Providing human resources through involvement in supporting dual education, apprenticeship, qualification programs, including through programs funded by European funds;
- Working conditions and climate to ensure a high level of satisfaction;
- Creating a culture of coaching and mentoring;
- Development of soft skills and specific skills;
- Development of the framework in which communication with employees is carried out to support performance and trust, as well as in special crisis situations;
- Encouraging telework as an employee-employer advantage;

- Partial transfer of the training activity in the online environment;
- Reassessment of motivation strategies, including for staff involved in on-the-job training;
- Digitization and efficiency of HR processes;
- Reprofessionalization and transformation of skills, including for digitization;
- Human resources development projects, financed from European funds;
- Career development programs.

Respecting the human rights

The human rights program implemented in COMPA includes an ensemble consisting of:

Code of business conduct

This code aims to define, for all COMPA affiliated entities - employees, shareholders, suppliers, customers, etc., the integrity standards and their observance in the company's activities. The code is an integrated element of the COMPA principles, which describes the basic rules of conduct, which we must follow and refers to: employees, company, customers, suppliers, shareholders, community and the world.

Procedure for receiving and resolving employee complaints

In COMPA there is a system for resolving employee complaints that regulates how they can address petitions filed in their own name. The petitions concern social issues related to work. and the system stipulates how these petitions are recorded, distributed for settlement and dispatch of responses to petitioners.

The procedure for reporting and sanctioning acts of corruption

During this year, in COMPA, a procedure was implemented where facts can be reported by employees, customers, suppliers, shareholders, third parties, etc., of corruption, acts of violation of laws and regulations, values, principles and applicable rules. in society.

There were no cases of corruption during COMPA 2020, but there is a constant concern in preventing such situations by making staff aware of ethical rules.

The procedure also establishes measures to protect those who report such violations. Its main purpose is to strengthen transparency and encourage the disclosure of actions giving rise to suspicions of serious breaches of the COMPA Policy, without fear of consequences.

Procedure for applying disciplinary sanctions

This procedure allows the sanctioning of the company's employees in case of violation of the legal norms, of the provisions of the Internal Regulation or of the applicable Collective Labor Agreement, of the instructions, orders or legal dispositions of the hierarchical managers. These issues are dealt with in the Rules of Procedure, which contain specific provisions regarding their application.

During 2020, a number of 172 disciplinary sanctions were applied for various disciplinary offenses, as follows:

Type of disciplinary misconduct	Nr. sanctions applied
Non-compliance with the work schedule and unmotivated absences	75
Promotion of non-compliant parts	44
Failure to observe the way of working	24
Failure to wear personal protective equipment	21
Other disciplinary offenses (alcohol consumption, attempted theft, smoking in illegal places, circumvention of the access system, etc.)	8

During the above-mentioned period, no disciplinary violation was reported related to the violation of the principle of equal treatment, respectively of discrimination of employees, of intimidating behaviors or of hostility towards any employee. Likewise, no acts related to sexual harassment or any other unwanted behavior at work were reported.

Type of sanction applied	Nr. sanctions applied
Written warning	80
Reduction of the basic salary for a period of 1 - 3 months by 5% - 10%	30
Disciplinary termination of the individual employment contract	62

Mainly, the latter were due to the fact that during the periods of reduction or interruption of activity, a fairly large number of people left the company, presenting themselves at work and accumulating unjustified absences.

Respect for freedom of association

The COMPA administration recognizes the free exercise of trade union rights, according to the international conventions to which Romania has acceded, as well as the freedom of opinion of each employee.

The COMPA administration undertakes to adopt an impartial position towards trade unions and their representatives in society.

The union is the official representative body of the union members, of the COMPA employees before the administration, and it recognizes the union as a democratic organization and a factor of progress and supports its activity. The connection with the unions is based on trust, good faith and promptness in informing.

Trade unions defend the rights of their members, arising from labor law, the Collective Bargaining Agreement within the company, individual employment contracts, before the courts, other institutions or state authorities through their own or elected defenders. The employer has the obligation to invite elected delegates of the representative trade union organizations to participate in the boards of directors or in other bodies assimilated to them, in discussing the issues of professional, economic, social, cultural or sports interest.

4. OCCUPATIONAL HEALTH AND SAFETY

Maintaining good health, improving safety and ensuring motivating working conditions for COMPA employees is a legal and social obligation, and is also an essential element of the company's success.

The benefits of good occupational safety and health:

- helps to demonstrate that the company is socially responsible,
- protects and improves brand image and brand value,
- helps to maximize worker productivity,
- improves employees' devotion to the company,
- builds a more competent and healthier workforce,
- reduces costs and downtime,
- allows the company to meet customer expectations regarding OSH and
- encourages the workforce to stay active longer.

The main principles of applicable OSH are:

- Commitment and leadership to improve OSH
- Active OSH policies and procedures
- Proactive risk assessments
- Trained and competent workers
- Effective measures to keep young people under control
- Continuous monitoring and review processes

a. Accidents at work (with ITM > 3 days)

	2018	2019	2020
No. of work accidents complicated	2	0	1

The organization has established, implements and maintains a process of reporting, investigation and taking concrete actions to control and correct all incidents.

Accidents at work with temporary incapacity for work are investigated by a commission that established the circumstances and causes that led to the occurrence of the event, the violated regulations and the measures that must be taken to prevent the occurrence of other similar cases. Corrective action is appropriate to the effects or potential effects of the incident.

b. Distribution of accidents at work by causes

	2018	2019	2020
No. of accidents related to serious risks	0	0	0
No. of accidents related to uneven areas complicated, slip uneven areas	0	0	0
No. of accidents caused due machines malfunction	1	0	0
No. of traffic accidents - handling - storage of materials	0	0	1
No. of accidents due inadequate workload	0	0	0
Nr. of accidents due to wrong actions of the worker	1	0	0

The work accidents in 2018 had as main causes: non-compliance measures for the correct and safe operation of the assembly press in order to prevent the access of the worker to the dangerous area and non-compliance with the rules on the safe use of the forklift.

The work accident in 2020 had as a cause the imbalance of the worker during the manual transport of some work devices.

c. Slight accidents without ITM or with ITM < 3 days

	2018	2019	2020
Head injuries	1	1	1
Eye injuries	1	0	0
Injuries to the trunk	0	0	0
Injuries to the upper limbs	4	2	0
Injuries to the lower limbs	1	1	0
No. of accidents really	7	4	1

Most minor accidents (50%) resulted in injuries to the upper limbs. The main cause is contact in the upper limbs with objects with sharp or moving edges (moving parts or components of moving machines, tools, chips). Actions have been taken to eliminate or control the causes that led to the accidents.

d. Occupational diseases

	2018	2019	2020
Nr.de occupational diseases	0	0	0

In the last three years, no occupational diseases have been reported due to the appropriate environmental conditions that comply with occupational health and safety requirements.

e. Number of days of temporary incapacity for work due to accidents at work

Temporary incapacity for work - temporary reduction of physical, psycho-sensory or intellectual potential due to an accident.

	2018	2019	2020
No. of days temporary incapacity of work	78	0	80
No. of incapacity temporary work	2	0	1

f. Number of permanent disabilities (partial and total) reported

Permanent, partial / total disability (disability) - permanent reduction of the physical, psycho-sensory or intellectual potential due to an accident.

	2018	2019	2020
No. of days incapacity partial permanent	0	0	0
No. of incapacity partial permanent	0	0	0
TOTAL incapacity permanent	0	0	0

Accidents at work did not have serious consequences

g. Number of fatal accidents: work, road

	2018	2019	2020
No. of fatal work accidents	0	0	0
No. of fatal road accidents	0	0	0
TOTAL fatal accident	0	0	0

h. Control and monitoring of activities in high and specific risk areas

High and specific risk areas are those areas where risks have been identified that may lead to accidents or occupational diseases with serious, irreversible consequences, respectively death or disability (eg explosion hazard, noise above the permissible limit and electrocution).

	hazards	Nr. workers
Boiler room	explosion, hearing loss	7
Cogeneration station	noise	6
PA8 etand transformation points	electrocution	4
Pressure receptacle storage areas	explosion	0
Noise areas above the permissible limitcomplicated	hearing loss	67
TOTAL		84

Based on the risk assessment, technical and / or organizational measures are established and applied for these areas to reduce the exposure of workers such as: appropriate signaling of the area, delimitation of the area and limiting access to them. Actions to implement the measures established following the risk assessment for high and specific risk areas are a priority in the prevention and protection plan.

i. Number of accidents whose victims were employees of personnel leasing companies or companies providing services in the company

	2018	2019	2020
No. of accidents of temporary employees or service providers	0	0	0

j. Emergency situations and ability to respond

Possible emergencies are identified and plans are implemented for the planned response to these situations, including first aid. Measures are taken to train workers for planned responsiveness and for regular testing and exercise of responsiveness.

Number of fires

	2018	2019	2020
No. of fires recorded	1	4	1

The causes of the fires were non-compliance with legal regulations on smoking and improper operation of work equipment.

In order to increase the response capacity, according to the legal provisions, a Private Service for Emergency Situations (SPSU), type P2, is set up, equipped with two intervention trucks.

k. Ensuring consultation and participation of workers in OSH issues

The organization has established and implemented a mechanism for consulting workers' representatives and which allows their balanced participation in discussing all issues related to safety and health at work. Emphasis is placed on consulting and participating in workers who do not hold managerial positions.

Consultation involves two-way communication based on dialogue and exchange of ideas

Participation allows workers to contribute to OSH decision-making processes

	2018	2019	2020
No. of CSSM meetings	4	4	2

The lower number of OSH meetings in 2020 is due to the pandemic during 2020

l. Monitoring the health of workers

Occupational medicine ensures the surveillance of the health of workers in order to ensure the prevention, detection, dispensary of occupational and occupational diseases, as well as the maintenance of the health and working capacity of workers.

1) Number of clinical examinations, by type of examination

	2018	2019	2020
Nr. clinical examinations at employment	870	395	183
Nr. transfer clinical examinations	80	162	200
Nr. exams consult occupational medicine	16	20	8
Nr. periodic clinical examinations	2192	1943	1767

2) Number of employees declared fit / unfit for employment by the occupational physician

	2018	2019	2020
No. employees declared "conditioned fit" on the job	188	157	131
No. employees declared "unfit" for the job	-	3	3

Workers declared "fit" were made by the occupational physician recommendations on dispensary care to specialists, avoiding risk factors for workers' health.

m. Sensitive groups

Specific risk-sensitive groups, such as: pregnant women, young people under 18 and people with disabilities, are protected against the dangers that specifically affect them, according to the legislation in force.

1) Number of pregnant women and young people under 18 years

	2018	2019	2020
Nr. pregnant women	11	21	23
Nr. young people under 18	1	17	9

The working conditions, nature, degree and duration of exposure of persons belonging to sensitive groups and carrying out activities likely to present specific risks for them generated by chemical agents, processes and working conditions shall be assessed.

n. Hazard identification and risk assessment of occupational injury and illness

A continuous and proactive process for identifying hazards is established and implemented in the organization, a process that takes into account:

- non-routine activities and situations
- human factors
- relevant past incidents, including potential emergencies
- design of workspaces, processes, installations, machines / equipment, operational procedures and work organization, including their adaptation to the needs and capabilities of workers
- existing and proposed changes in organization, operations, processes, activities and OSH management system.

The essence of the method consists in identifying all hazards in the analyzed system (job, activity) based on predefined checklists and quantifying the size of the hazard based on the combination of severity and frequency of the maximum foreseeable consequence.

The hazards were identified and the risks related to all activities carried out in COMPA were assessed.

In order to eliminate, reduce or control the risk factors, measures have been proposed that are an integral part of the prevention and protection plans related to the compartments / workshops.

Level of occupational safety and health risk:

Global risk level	little	medium	big
Risk level by compartments / workshops (no.)	27	3	0

In conclusion, the results obtained from identifying and assessing the levels of safety risk at work and at the level of compartments / workshops indicate a good level of safety and health at work.

o. Working conditions

COMPA pays constant and sustained attention to the conditions of the working environment with regard to measures to eliminate or minimize the risks posed by exposure to noxious substances, in particular by:

- compliance with the exposure limit values;
- the design of work processes and the use of appropriate equipment and materials in such a way as to avoid or minimize the emission of noxious substances which may present a risk to the safety and health of workers at work;

- the application of collective protection measures at the source of the risk, such as: adequate ventilation and appropriate organizational measures;
- the application of individual protection measures if exposure cannot be prevented by other means

Annually the determinations of the quality indices of the work environment are made: mineral oil vapors, aliphatic hydrocarbons, powders, fumes, acids, bases, noise, microclimate (temperature, currents, lighting, humidity, CO), etc., and in the SSM management programs reduction targets are planned.

No exceedances of the quality indices of the working environment were found, except for the noise level in the processes of stamping, polishing or generated by some installations (eg boilers, compressors, etc.).

COMMERCIAL ACTIVITY

Purchasing strategy / Purchasing activity

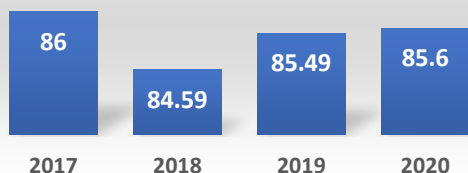


The purchasing activity has developed continuously in recent years, with the development of the company. The company's focus on large customers in the automotive industry but also on those in the non-automotive industry, has led to a considerable expansion of the database of suppliers as well as an increase in the share of suppliers in imports, in total purchases. This is due to the high level of specialization required of suppliers.

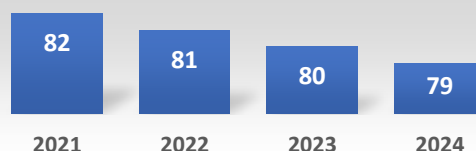
COMPAS has gone from the purchase of mainly basic materials to the purchase of imported semi-finished products, due to the increase of the technological level of the company and implicitly of the specialization in certain fields. In the context of the current market, a continuation of the trend for the coming years can be estimated.

However, the company's strategy is to increase the share of domestic procurement in order to minimize transport costs and ensure better integration of suppliers. This has not been possible in the past, as the high degree of specialization of most of the products supplied has made it impossible to insure them domestically.

The value of import purchases in total purchases 2017-2020



The value of import purchases estimated in total purchases 2021-2024



1. Estimated evolution of the purchase of semi-finished products

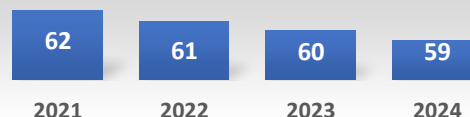
In the next period it can be estimated that the value of semi-finished products in total purchases will decrease in favor of basic materials, largely due to the development of new processes in both the automotive and non-automotive sectors for which most operations are done in-house.

The development of these projects will lead to an increase in raw material purchases, especially forging raw materials. The purchasing strategy is also based on finding internal suppliers, to shorten delivery times and reduce delivery costs.

The value of semi-finished products in total purchases 2017-2020



The value of semi-finished products estimated in total purchases 2021-2024



Risks and opportunities identified within the purchasing department:

Risk and opportunity have one thing in common: uncertainty - Both are unpredictable events that can have negative or positive effects.

Risk is an uncertain event that, if it occurs, has effects on the organization's objectives and strategy.

Opportunities can lead to the adoption of new practices, the launch of new products, the opening of new markets, the approach of new customers, the development of viable partnerships to address the needs of COMP A or its customers.

At the level of the Purchasing department, the following risks and opportunities are identified and treated:



RISKS:

- The likelihood of entering a new global recession, which will affect the car industry more than in the past in the context of a global epidemic.
- Economic instability of certain suppliers as well as insolvency of some suppliers.
- Increased flexibility is required of suppliers, reference quantities are fewer and variety is greater; the accuracy and quality requirements are increasing and complex.
- Monopol position on the market of suppliers of components and raw materials with special characteristics.
- Quality problems generated by suppliers with an impact on end customers that affect the image of COMP A.
- Large number of suppliers at company level to be managed.
- Long supply times from some suppliers and minimum quantities imposed by them.

OPPORTUNITIES:

- Strengthen trade relations with existing suppliers.
- Development of local suppliers for both ongoing and new projects.
- Expanding the supplier base on existing products in series production or new projects.
- Know-how in a wide range of processes and areas that offer a strategic advantage.
- Development of specific knowledge for the staff within the department, by participating in various training courses, workshops, etc.

Risks and opportunities are analyzed and treated periodically within each department of COMP A, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialisation and development of opportunities.

The main objectives of the purchasing department are:

In the context of market globalization - the need to align the market with stock quotes for most products by obtaining a price index with 100% inclusion in MEPS. (Management Engineering and Production Services - price indicator on the metallurgical market, which provides price estimates).

Finding sources of supply to ensure the highest possible competitiveness of the prices of raw materials and materials supplied, stability and sustainability of the supply chain.

Market research and finding new supply solutions as well as the development of suppliers with whom there are collaborations in order to obtain the best level of price and quality in the supplied products.

Collaborate with suppliers that respect COMPA standards, principles and vision in the field of quality, environment and occupational health and safety by holding certifications, such as:



ISO 9001 (Formalized system that documents the structure, responsibilities and procedures needed to achieve quality management effectively).

Certification to the ISO 9001 standard is a minimum requirement, mandatory for all suppliers of COMPA products and services, this being an exclusion criterion in the market prospecting phase.

IATF 16949 (International Automotive Task Force - this standard aims to develop a quality management system that ensures continuous improvement, focusing on preventing defects and reducing variations and waste in the supply chain, regulations applicable and valid in the automotive industry).

COMPA wants all its suppliers of raw materials and materials whose products are part of the automotive sector to improve their quality management system by joining the IATF. To this end, COMPA provides support to its suppliers through the supplier development program.

COMPA annually promotes a supplier development program, through which it selects an existing supplier, which it provides support in improving quality-environment systems by optimizing production and control processes, training on techniques applied in lean-manufacturing, 6sigma, quality core tools, Kaizen (continuous improvement), 5S, etc.

ISO 14001 (eco-management standard that allows organizations to minimize environmental effects and compliance with laws, regulations and other environmental requirements as well as the continuous improvement of these aspects).

COMPA suppliers must adopt a similar environmental policy by attesting to ISO 14001, this is one of the main criteria for selecting suppliers.

ISO 45001 (standard for occupational health and safety management systems, the objective of ISO 45001 is to reduce accidents at work and occupational diseases, but also to promote and protect physical and mental health). COMPA providers must adopt a similar occupational health and safety policy, by attesting to ISO 45001. This is a second main criterion applied in the selection of suppliers.

Collaborate with suppliers that respect the principles and vision of COMPA in the field of quality, environment and occupational health and safety by adhering to and implementing policies and regulations that address these issues, such as:



Environment

COMP A gives priority to environmentally friendly purchases and raw materials, materials, chemicals, parts, components, equipment and protective materials. A particularly important aspect for the protection of the environment is the proper management and management of chemicals and hazardous waste. For this reason, COMP A has aligned itself and requires its suppliers to align with a number of requirements in the field, such as:

REACH 1907/2006 (Regulation, Evaluation and Authorization of Chemicals) - a regulation of the European Union, adopted to improve the protection of human health and the environment against the risks posed by chemicals, while increasing the completeness of the EU chemical industry. It also promotes alternative methods for assessing the hazards of substances, in order to reduce the number of animal tests.

In principle, REACH applies to all chemicals; not only those used in industrial processes, but also in our daily lives, for example in cleaning products, paints, as well as in items such as clothes, furniture and electrical appliances. Therefore, the regulation has an impact on most EU companies.

CLP 1272/2008 (Classification, Labeling and Packaging of substances and mixtures) The Regulation on Classification, Labeling and Packaging is based on the United Nations Global Harmonized System (GHS) and aims to ensure a high level of protection of health and the environment; free movement of substances, mixtures and articles.

Conflict Minerals - a regulation aimed at stopping the financing of armed groups through trade in minerals from conflict zones. The regulation obliges EU companies to responsibly choose the source of their imports of tin, tantalum, tungsten and gold and to ensure that their supply chains do not contribute to the financing of armed conflicts.

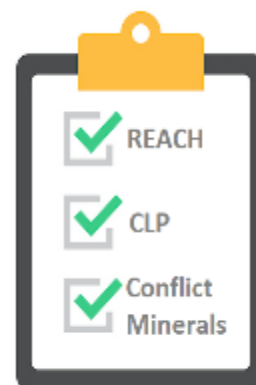
COMP A suppliers must comply with these requirements and provide information on the products supplied, such as the content of elements and chemicals, the components of the products and the quantity and hazardous effects of the elements and chemicals contained, safety data sheets, warranty periods and regulatory compliance. to which COMP A aligned (REACH, CLP, Mineral Conflict, etc.).

All this information must be transmitted by COMP A as well as by COMP A suppliers throughout the supply chain.

COMP A promotes and recommends its suppliers to promote voluntary activities to protect the environment, biodiversity, the natural environment, the conservation of energy and irrecoverable natural resources, reduce the amount of waste generated by their organization and improve the means of transport of their own materials and products. It also recommends reducing and streamlining packaging for products to be delivered to COMP A, especially the use of reusable packaging, the use of substitutes for single-use wooden pallets, and the implementation of the design and use of environmentally friendly packaging.

COMP A suppliers must align themselves with a number of clear environmental protection objectives that COMP A requires, through the Green Procurement Guide:

- Compliance with legal and environmental requirements.
- Selection of raw materials and materials with low impact on the environment.
- Purchase of products with low energy consumption and natural resources, low pollution risks.
- Design of ecological / recoverable packaging eg: reusable boxes, reusable pallets.
- Use of recyclable materials with high energy efficiency.
- Establishment of a system for the collection / recovery of waste from the packaging provided.
- Selection of authorized companies for the recovery / disposal of waste from the packaging provided.



- Designing processes that generate small amounts of waste and scrap.
- Reducing the loss of materials and energy resources used.
- Promoting sustainable procurement.

COMP A is working diligently to further integrate environmental sustainability into all aspects of its supply chain functions, requiring suppliers to take a similar approach in this direction. COMP A and its suppliers maintain a collaborative supply chain that minimizes environmental impact and improves long-term sustainability for the planet and the communities it serves through innovation and performance. (A recent example of the change in sustainable packaging has been the provision of durable products for protective masks in response to the COVID-19 pandemic. COMP A, together with a local partner, has replaced disposable masks with reusable face masks. , the environmental impact of this type of waste has been considerably reduced).



COMP A ensures a continuous supply flow by using its own transport fleet, correlating deliveries with product supply, reducing the impact on the environment by reducing the carbon footprint.

COMP A providers must adopt progressive labor, health and safety, ethics and environmental policies that meet or exceed all applicable international human rights laws, norms and standards. Policy guided by the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the principles set out in the International Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

COMP A providers must have a policy that covers employees, suppliers, partners and communities. This policy must include ethical recruitment practices, diversity, anti-harassment, discrimination, support for women's rights and equal pay, individual confidentiality, reporting and anti-retaliation policies. Do not tolerate the use of child labor, forced labor or trafficking in human beings in any form - including slave labor, imprisonment, corporal punishment in its operations or in the supply chain.

Suppliers and business partners of COMP A must comply with the laws on safety, individual security, prohibitions on trafficking in human beings and the use of minor children, together with the laws ensuring freedom of association and collective bargaining rights and comply with the relevant minimum wage and maximum regulations. , including overtime pay, as appropriate, and provide decent living conditions.

All COMP A suppliers must comply with applicable laws and regulations. They must not have been sanctioned / penalized by law enforcement for non-compliance with the law or the occurrence of incidents that significantly affected the environment, or social incidents (work without legal forms, discrimination, etc.), these aspects being regulated in the policy of COMP A procurement.

To increase the impact on the local community, COMP A works and encourages its suppliers to work with protected unit entities as well as ECOVADIS certified suppliers. An example in this direction is given by the COMP A print fleet, which comprises over 90% EPSON equipment (platinum winner ECOVADIS 2020 - a verification tool for companies covering a wide range of non-financial management systems such as: environment; work and human rights; ethics but also the impact of sustainable procurement).

COMP A also works with suppliers in both the top CSR Romania 2020 and the top CSR Europe. (CSR - Corporate Social Responsibility).

The specific requirements for responsible supply chain practices are also found in the IATF 16949 quality standard through the item "Corporate governance". These requirements include an employee code of conduct, an anti-bribery policy and an ethics-raising policy ("warning policy"). Adopting the requirements for responsible supply chain practices and transmitting them throughout the supply chain as well as adopting the requirements of the IATF 16949 management system is a priority for COMP A and its suppliers.



The selection of COMPA suppliers, their monitoring and evaluation, is done in accordance with the rules of IATF 16949 and following a market prospecting and a comparative analysis. To this end, suppliers of products and services must demonstrate that they have adopted, or are willing to adopt, an approach similar to that of COMPA, in relation to the environment and social responsibility, and are achieving good results in this regard. This proof is made by certification to ISO 14001 and ISO 45001 and verification is done by completing the self-assessment questionnaires that COMPA sends annually to suppliers, through which suppliers declare whether there have been environmental or occupational health and safety incidents within their company. .

Through quality contracts and agreements concluded with its suppliers, COMPA ensures the transmission throughout the supply chain to suppliers and sub-suppliers of the requirements of quality, environment, social responsibility of

both COMPA and its customers.

Suppliers are monitored in a database of accepted suppliers in order to maintain ISO and IATF certifications and are required to notify COMPA in advance if they wish to waive one of the certifications registered at the beginning of the collaboration. COMPA will analyze and make a decision on the continuation of the collaboration with the supplier in question.

COMPA has developed and requires its suppliers to develop a contingency plan for key suppliers by diversifying the supply chain that can be put in place in case of emergencies. By implementing this requirement in the supply chain to suppliers as well, a constant production flow is ensured in order to meet customer requirements throughout the supply chain.

The evaluation of service providers is made taking into account the problems of quality, environment, health and safety at work and emergencies, related to the respective provider. The final score in the evaluation is given according to these indicators.

The monthly monitoring and evaluation of suppliers of products and services and their information on a quarterly basis by issuing a scorecard on the level of fitness recorded ensures an approach based on the principles and values of the quality of the automotive sphere. If the supplier is in the yellow or red zone, it will be placed in the database of suppliers with problems, requiring the preparation and follow-up of a corrective action plan with clear actions, deadlines and people responsible for solving problems and relocating the supplier to the green zone.

COMPA maintains and requires its suppliers to take a proactive approach to environmental impact management by maintaining and continuously aligning internal procedures and regulations with legal / environmental requirements regulated by national and international bodies as well as transmitting these requirements throughout the supply chain. In order to verify the alignment of suppliers to these procedures, the annual re-verification of COMPA suppliers is done on the basis of self-assessment questionnaires that include sections on environmental issues, occupational health and safety, local factors, transparency, etc.

COMPA suppliers must comply with the requirements of quality, environment and social responsibility, COMPA ensures compliance with these aspects by drawing up an audit plan, which seeks to conduct audits of suppliers of raw materials and materials, as well as by annual survey of all suppliers. of products and services.

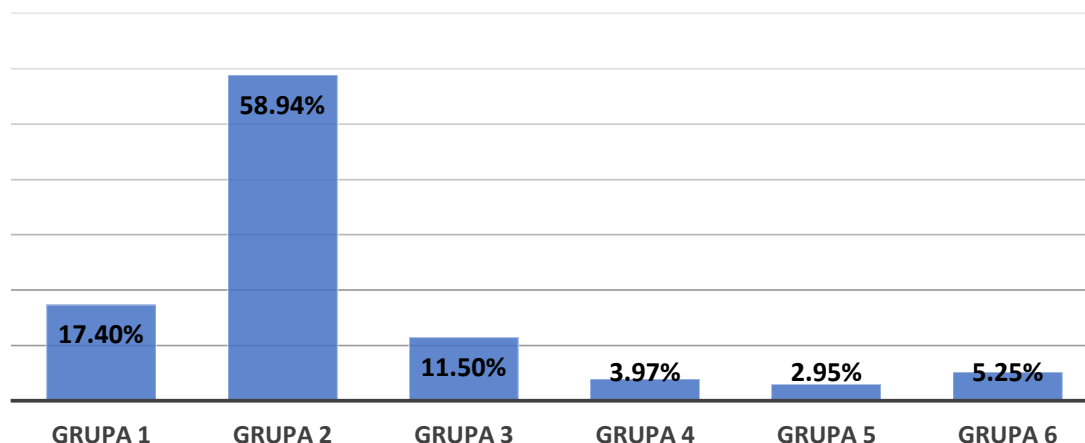
By annually recertifying approximately 100 suppliers of raw materials and supplies, COMPA ensures that product quality is maintained throughout the supply chain.

COMPA encourages and supports the local business environment through existing business relationships, existing contracts and new / future projects in which these partners are / will be involved. It prioritizes where possible business development with local partners and encourages its suppliers to do the same.



The distribution of COMPA suppliers is as follows:

Share of purchases by groups of materials



Group description:

Group 1 - Sheet metal, Tape, Bar, Pipe, Wire, Stainless steel

Group 2 - Components & Semi-finished products

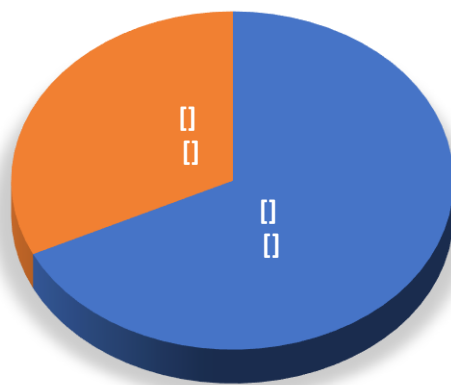
Group 3 - Tools & devices

Group 4 - Plastics, Rubber, Abrasives, Verifiers, Rubber parts, etc.

Group 5 - Chemicals, Lubricants, Paints, Gases, etc.

Group 6 - Miscellaneous, Packaging, Services, Maintenance, Labor Protection etc.

SUPPLIER CERTIFICATIONS



Future strategy:

In order to increase confidence in the Mineral Policy in conflict areas, starting with 2021, COMPA will require suppliers to prove their adherence to the Conflict Minerals policy by completing the "Responsible minerals initiative" questionnaire regulated by the relevant authorities.

In order to manage a responsible supply chain, COMPA will implement in 2021 a "Guide to social responsibility" which aims to encourage its partners and suppliers in terms of

compliance with the principles of social responsibility. The terms and conditions of COMPA shall clearly provide for a prohibition against any use of child labor or any other form of forced or involuntary labor, ill-treatment of employees or corrupt business practices in the provision of goods and services. COMPA contracts with suppliers will set out the expectations regarding the legal observance of data protection and privacy, salaries, hours and conditions of employment, selection of subcontractors, anti-discrimination, health and safety at work.

COMPA will integrate ethical, social, environmental and gender criteria, including occupational health and safety, into purchasing, distribution and contracting practices and policies to improve coherence with social responsibility objectives. .

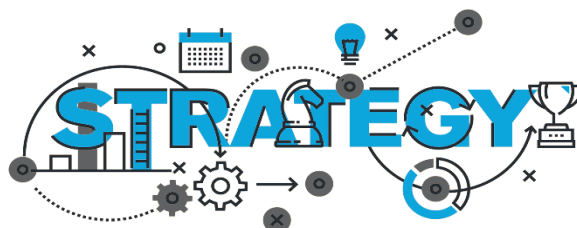
COMPA will also support the encouragement of supply chain organizations to adopt similar policies, without allowing anti-competitive behavior. These points will be included in the conditions of purchase and contracting of COMPA. Monitoring of supply chain organizations in order to prevent compromising the organization's social responsibility commitments will be done annually by completing a self-assessment questionnaire by suppliers that will include a set of questions assigned to social responsibility, as well as by direct audit of suppliers.

COMPA aims to support SMEs by raising awareness of the areas of action of social responsibility and good practice and providing additional assistance in achieving socially responsible goals. The organization's commitment to pay fair compensation for the goods it purchases or uses through contracts / purchase orders.

For better information on the social and environmental conditions in which the purchased goods and services are produced, COMPA will request the completion of a Self-Assessment Questionnaire of the potential supplier for products or services that will include issues related to social and environmental conditions.

In addition, COMPA suppliers will certify by survey the following points:

- Applying the company's business practices in accordance with the COMPA Supplier Code of Conduct or a similar code of conduct published by their company.
- Adopt your own code of conduct or similar document expressing a commitment to conduct business ethically, honestly and in accordance with all applicable laws.
- Distribution to suppliers of the COMPA Supplier Code of Conduct or a similar code of conduct published by their company.
- Adopt a security policy that is in line with the principles set out in the COMPA Supplier Code of Conduct.
- Suppliers' responses to the survey will be reviewed and scaled, if necessary, to address the risk.



Sales strategy / Sales activity

The activity of the sales department consists in promoting the products and services offered in order to develop the company in an efficient, sustainable way and to of course increase the company's profitability.

Particular attention is paid to the promotion of new technologies in the field of hot forging and surface coating with ZnNi alloy in order to assimilate new products to cover existing production capacities.

COMP A currently operates in the automotive sector with a share of approximately 86%.

The partnerships developed with the major Tier 1 suppliers in this industry (BORG WARNER, BOSCH, GARRETT, JTEKT, DACIA-RENAULT, SCHAEFFLER, ZF, etc.) ensure a continuous and sustainable development of the company. The great variety of existing processes in COMP A ensures the constant expansion of the products offered. The resulting positive effect is to increase the level of know-how on each process and maintain a high degree of diversity in terms of products made.



However, the car industry is sensitive to global economic change. In response to the negative effects of the decline of diesel engines, COMP A, with relatively high exposure to component production for this application, has already established strategies to win new projects completely independent of diesel engines.

An important and noteworthy project in the above context is the manufacture of high pressure injection pump components for petrol and hybrid engines. It is a project that counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the company. Other new types of products for the transmission system for 100% electric cars or steering gear have also been assimilated, products that are outside the diesel sphere and are of the future.

It is well known globally that the production of automotive components for diesel vehicles has decreased, due to the trend to encourage the production and use of petrol or electric vehicles. The pandemic caused by COVID 19, accelerated this process, transforming the automotive industry and, consequently, decreasing the demand for internal combustion engine components, especially diesel.

It is therefore a certainty that the car industry is currently undergoing a transformative process and a massive restructuring. A range of components that COMP A produces today have an uncertain future in the medium and long term. In this sense, our strategy must follow two directions:

Thanks to its experience in this field, COMP A will continue to invest in the production of future car components that align with the requirements of this new car industry with all its challenges.

Given the volatility of this industrial segment in the coming years, COMP A strategy must be one of diversification. Continuous efforts are being made by society to identify industrial areas that have potential in the future. In recent years, COMP A has started a series of production activities for other industrial segments, such as: the CNC machine building industry, water pump components, etc.

Given the high percentage of activity in the automotive sector, a strategic direction has also been established to ensure the reduction of dependence on this industry. In this context, the organization has also established a performance indicator that aims at an annual increase in turnover in the non-automotive sector.

The Marketing-Sales Department is directly responsible for this indicator, and with the support of the other functions involved, it has a continuous concern in identifying and developing new projects with clients from other industries.

Another strategic direction that COMP A places great emphasis on is development as an integrated supplier.

Integrated supplier means the possibility to offer customers complex products and assemblies that involve the use of as many processes as possible in COMP A, these being listed here:

- Hot forging
- Mechanical processing (turning, milling, gearing, grinding)
- Machining on multi-axis machines
- Tool manufacturing
- Processing on special materials
- Manufacture of metal components through a 3D printing process

- Embossing
- Electrochemical deburring and abrasive paste deburring
- Welding
- Laser cutting of tubes, pipes and sheets
- Cutting sheets with large thicknesses up to 50mm with Oxigaz
- Spring Manufacturing
- Brazing
- Heat treatments
- Cathaphoretic, liquid and powder coating
- Galvanic coatings (Zinc plating, ZnNi)
- Washing on special machines, including in a vacuum environment
- Automated cell assembly
- Measurements and control of parts on machines in 3D coordinates

By developing as an integrated supplier, more added value is generated, the level of know-how is automatically increased and implicitly the company's profitability. Starting from this strategy, considerable investments have been made in recent years in the hot forging process and in its optimization. Hot forging is a technological process that underlies many components required by the automotive industry and beyond. Having this technological process in the factory, we can offer complete / integrated solutions for making products to customers.



Some examples of forged parts, made in COMPA:

To ensure a prosperous business relationship with its partners, COMPA also strictly pursues another important indicator aimed at customer satisfaction. This activity or line of action is also imposed by the specific quality standard for the automotive industry, namely IATF 16949. Through this indicator, all customers in the automotive industry and all important customers of the company that generates a turnover are monitored on a monthly basis. significant. The main aim is performance in terms of quality, logistics, etc.

This indicator monitors the collaboration with each client in real time and can intervene quickly if certain problems are detected that may damage the business relationship with that client or, on the contrary, actions can be taken to improve the collaboration.

Another aspect worth mentioning regarding the satisfaction of customers requirements is the one related to social responsibility. COMP A's main customers are multinational companies with a minimum of 10,000 employees and who are aware of the role and impact of their business in society. Each of these customers has a code of conduct that defines their ethical and social responsibility principles to be respected throughout the supply chain. Thus, COMP A has also integrated these social responsibility requirements into its working procedures, acting accordingly.

RISKS AND OPPORTUNITIES IDENTIFIED WITHIN THE SALES DEPARTMENT

Risk and opportunity have one thing in common: uncertainty - Both are unpredictable events that can have negative or positive effects.

Risk is an uncertain event that, if it occurs, has effects on the organization's objectives and strategy.

Opportunities can lead to the adoption of new practices, the launch of new products, the opening of new markets, the approach of new customers, the development of viable partnerships to address the needs of COMP A or its customers.

At the level of the Sales department, the following risks and opportunities are identified and treated:



RISKS:

- Volatility of the car market (eg Diesel decline where COMP A has a large product portfolio). Global decline in component orders for the automotive industry due to the COVID pandemic 19.
- The likelihood of entering a new global recession, which will affect the car industry more than in the past in the context of a global epidemic.
- Economic instability of certain customers as well as the insolvency of some customers.
- Increased flexibility of deliveries is required, the quantities per reference are less and the variety is greater; the quality requirements being more and more complex.
- Quality issues generated with impact on end customers affect the image of COMP A.

OPPORTUNITIES:

- Strengthen business relationships with existing customers.
- Identification and development of business with customers in the field of hot forging on specific HATEBUR, where COMP A has free production capacities.
- Expansion in other industries outside the automotive sphere, in order to diversify the range of customers (eg WILO, DMG MORI, VESTAS customers).
- Extension of the customer range on products already existing in series production (eg: sprockets, forged axles and parts for the steering box, mechano-welded assemblies for various industries, etc.)
- Focus on the execution of parts-parts in order to increase the added value.
- Know-how in a wide range of processes and areas that offer a strategic advantage.
- Development of specific knowledge for the staff within the department, by participating in various training courses, workshops, etc.

Risks and opportunities are analyzed and treated periodically within each department of COMPA, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialisation and development of opportunities.



EXISTING NON-AUTO PROJECTS AND NEW NON-AUTO PROJECTS

Starting with 2018, the partnerships with various renowned companies from other industries have intensified. These new businesses bring a number of benefits to the company such as: increasing turnover, reducing dependence on a single industry, developing new technologies, increasing the level of know-how, increasing the level of flexibility, creating new jobs, and so on



1. THE HAULOTTE PROJECT - TRADITIONAL NON-AUTO PARTNER



A successful non-auto project that has developed in recent years in COMPA is the one with the French company HAULOTTE. It is a world leader in the production of lifting equipment and materials. No less than 235 different mechanically-welded components and structures are made in COMPA, generating an annual consumption of > 6,000 tons of steel.

Several dedicated production areas have been allocated in COMPA for this type of product.

2. THE DAIKIN PROJECT - TRADITIONAL NON-AUTO PARTNER



The partnership with DAIKIN started in 2005. The company is one of the world's largest manufacturers of air conditioning systems, and COMPA produces a wide range of copper pipes, through a special brazing process. This customer is delivered annually a number of ~ 185,000 pieces made from 23 different references. And in this relationship with DAIKIN, COMPA has set up a dedicated production workshop.

3. VESTAS AIRCOIL PROJECT - NEW NON-AUTO PARTNER

During 2020, a new business was started with VESTAS AIRCOIL, a Danish manufacturer, a leader in the production of cooling systems for the marine industry and other industrial applications. In COMPA, various precision mechano-welded assemblies are produced, which are then processed on CNC machines and protected against corrosion by a process of liquid painting or thermal galvanizing, depending on the final application.

The turnover on the non-automotive sector has doubled in value in the last 5 years. COMPA's intention is to maintain this trend in the future so that production for non-automotive components represents at least 25% of total turnover.

4. DMG-MORI PROJECT - NEW NON-AUTO PARTNER



A large-scale project was concluded between COMPA and DMG MORI, one of the world leaders in the production of CNC machinery and equipment.

COMPA has already arranged 2 dedicated workshops where both the complete cabins and a number of > 160 different components that are part of the CNC machines are produced, and the development plan continues. During 2021, a new, automated electrostatic painting line will be installed to ensure quality at the highest standards in an environmentally friendly process.

COMPA enjoys the recognition of efficiency from customers, the most recent event of this kind being the award of the strategic partner award in 2019 by DMG MORI during the 22nd edition of the EMO (Machine Tool World Exposition) in Hanover.

5. THE WILO PROJECT



Another important project outside the automotive sphere and which strongly strengthens the business and the future of COMPA is the partnership developed with WILO, one of the world's largest manufacturers of high-tech pumps and pump systems for residential and commercial construction, management water and other industries. This company offers innovative solutions and smart products for water transport in an intelligent, efficient and environmentally friendly way. Through the sustainability strategy and together with its partners, the company makes an important contribution to the protection of the climate and the environment.

COMPA has set up a production workshop dedicated to this customer, in which over 150 types of pumps are produced on lathes and state-of-the-art CNC machining centers, and then the parts are phosphated and painted cathodically for corrosion protection.

It is very important to mention that despite the global economic crisis generated by the pandemic, COMPA's production for this customer was stable. WILO, due to the fact that it serves several industries, was very little affected.

Both of the above-mentioned customers are directly following global carbon reduction trends and have strong commitments in this regard.

6. DEVELOPMENT RESEARCH CENTER



The research - development activity, component of the COMPASS strategy on medium and long term, knows a significant intensification and allocation of resources in the last years. In this sense, a new Research & Development center was inaugurated. The main objectives of the center are to carry out machinability studies in order to optimize current technological processes and to test alternative processing technologies to be implemented in mass production.

By using state-of-the-art technologies, such as 3D printing of metal components and ultrasonic processing on advanced materials, COMPASS aims to develop new products.

Within the research and development center, various prototypes are produced using a wide range of processing processes.

QUALITY - ENVIRONMENT ACTIVITY

1. ACTIVITY



Quality and environmental management is the set of activities of the general management function, which determines the policy in the field of quality and environment, objectives and responsibilities that it implements within the system, through means such as: planning, control, quality assurance and continuous improvement

The Quality-Environment Department has in its composition the following departments:

- Environmental Process Product Control, with the following processes:
 - product / process monitoring and measurement
 - treatment of quality and environmental non-conformities
- Product Audit Process with the internal product audit process - process
- Physical-chemical laboratory having as process the performance of analyzes and tests at the level of qualitative requirements
- Measurement laboratory, having as process the performance of dimensional measurements

In order to comply with the requirements of the legislation in force, in the system documentation of the Quality - Environment Department, a quality system was implemented according to the requirements of IATF 16949: 2016 and ISO 9001: 2015, and adapted to customer requirements, needs and expectations.

In accordance with the requirements of IATF 16949: 2016 point 10.2.5, the NTF (No Trouble Found) analysis has been integrated into the COMPA guarantee management system by updating the specific instructions. The reference documents for NTF analysis are: the AIAG CQI 14 Warranty management manual and the VDA Field Failure Analysis manual.

The Quality - Environment Department carries out the following activities:

- Monitoring and control of manufacturing products and processes
- Carrying out final checks before delivery;
- Analysis and treatment of materials / products supplied, non-compliant products and manufacturing processes, those claimed by the customer as well as environmental ones;
- Waste monitoring and control;
- Identifying and collecting non-quality costs

Starting with November 2018, two new elements were introduced in the collection of non-quality costs, namely internal sorting and reshuffling, and the internal procedure was updated in accordance with the new way of collecting non-quality costs.

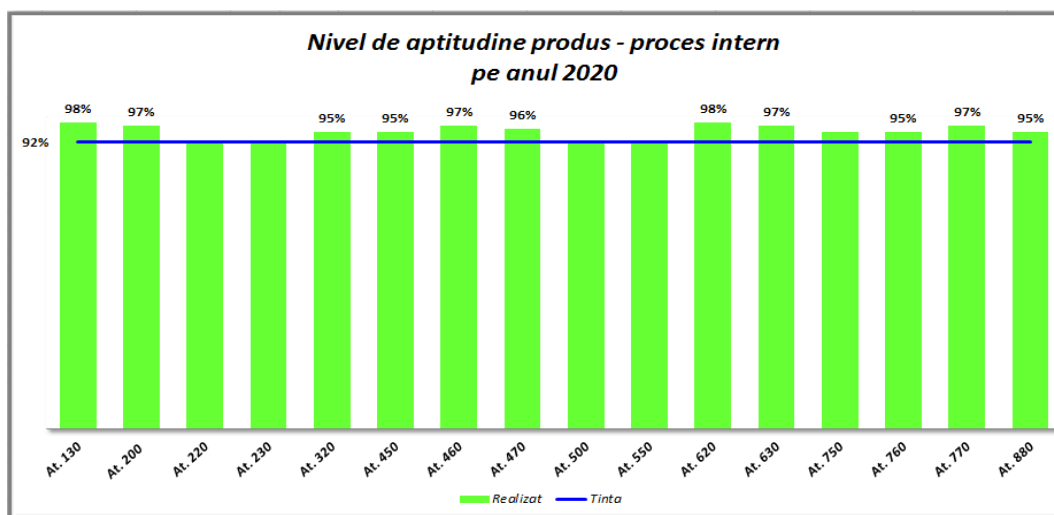
- Carrying out the process product audit on the manufacturing flows and at the end

Internal product-process audits are performed in accordance with VDA 6.3 and VDA 6.5 standards

The purpose of the process audit is to examine the processes in relation to the applicable regulations and the quality of the manufacture in accordance with the documentation in force.

The purpose of the product audit is to verify the conformity of the product during the manufacturing and delivery process as well as to investigate the possibilities for improving the quality of the product.

The level of compliance resulting from these audits is in line with the target set for 2020.



- Participation in the development and validation of new or modified products and processes;
- Identification and evaluation of environmental aspects; Elaboration of the list of environmental aspects and of the environmental management program; Operational environmental inspection
- Ensuring the performance of physico-chemical analyzes for the company's workshops and for external applicants at the level of qualitative requirements and deadlines.

The Physico-chemical laboratory ensures the analysis for the company's workshops and for the external applicants at the level of the qualitative requirements and the imposed terms.

The chemical laboratory performs:

- ferrous and non-ferrous chemical analyzes;
- chemical analysis of protective coatings;
- analysis of layer thickness protective coatings;
- tests for resistance to salt spray protective coatings;
- chemical analysis of wastewater, technological and environmental;
- The physical laboratory performs:
- physical-mechanical analysis of metallic materials;
- metallographic analysis;
- heat treatment tests;
- fractographic analysis;
- functional and endurance tests.

The electrothermal power plant laboratory performs: analysis of feed water, boiler water, steam

RISKS AND OPPORTUNITIES

At the level of the Quality - Environment Department are also identified treated the following risks and opportunities:

RISKS:

Potential increase in the number of scraps in 2021 as a result of the implementation during the year 2020 of the new ones projects with a high degree of complexity (Pump body GDI, Valve etc).



Potential repetitive complaints / complaints from end customers caused by non-identification of certain root causes.

Potential downtime in the case of the development of subassembly products and in the case of those of high complexity.

Potential claims on products under warranty as a result of the implementation of new projects with a high degree of complexity;

Potential degradation of processes in existing products in series production;

Potential delayed responses to customer requests

Potential non-compliance with non-quality costs;

Potential accidents at work, caused by products that do not comply with the requirements and standards in force;

Potentially inadequate training of operators;

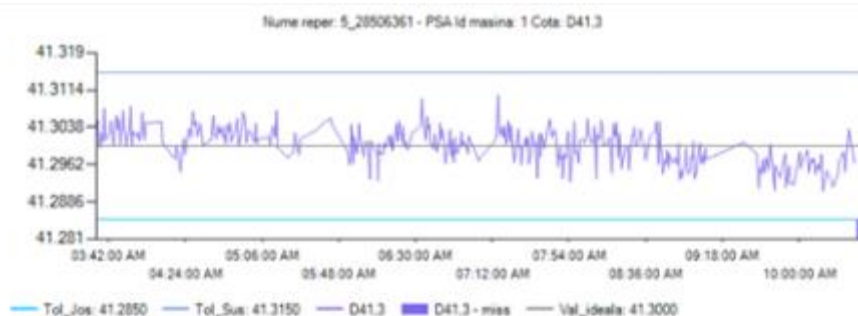
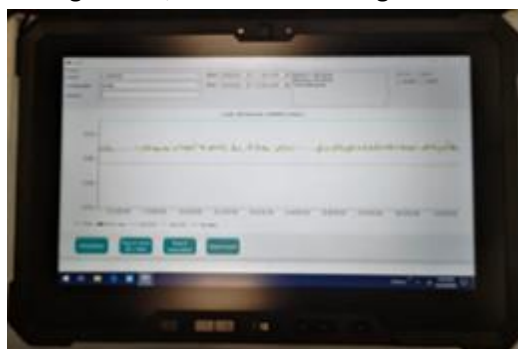
Potential lack of technical skills of operators;

Potential non-achievement of the objectives proposed in the environmental management program;

Potential delay in timely closing of 8D reports and quality complaints.

The risks and opportunities are analyzed and treated periodically within the Quality-Environment Department, according to the procedure. In order to keep them under control, action plans and action plans shall be drawn up to address, prevent and mitigate the impact of risks, as well as action plans and deadlines for the development of a strategy for the materialisation and development of opportunities.

For example, to prevent the risk of increasing the number of complaints, preventive actions have been put in place to increase reactivity to non-compliance. In this sense, process automations have been implemented, methods to visualize the evolution of the process in real time that favor a fast reaction, minimizing the number of non-compliant parts. The processes are monitored on industrial tablets directly on the production flow by regulators, trained in this regard.



In new projects, certain verification equipment is included in the robotic process. The products are marked with Data Matrix codes, thus ensuring the traceability of checks to the end customer. In this way, the time required for investigations and response to complaints is reduced to a minimum.



OPPORTUNITIES:

Possibility of continuous development of detection and prevention systems with the help of the design / automation team and the Tooling (aspect noticed by many customers)

Improving the statistical monitoring software of the processes.

Various opportunities to change production processes that can eliminate the risk of certain quality complaints.

Digitization of quality management data (Pareto diagrams, process performance, capabilities, etc.)

Introduction of the Process Flow Control system to products marked with Data Matrix. Under this system, if a non-compliant product is accidentally promoted, the next job will automatically isolate that product.

Cross-referencing effective detection solutions to similar products.

OBJECTIVES OF THE QUALITY - ENVIRONMENT DEPARTMENT

The objectives of the Quality - Environment Department are the following:

Reduction no. of scrap

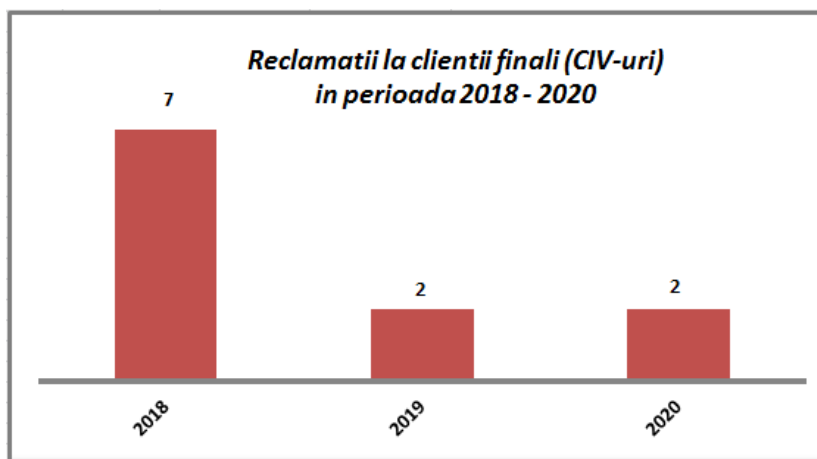
In 2020, using quality specific tools (control statistics, capability studies, reports, laboratory analyzes, dimensional measurements, specific software, etc.) were implemented improvement projects that had an impact significantly in reducing the consumption of raw materials.

The main goal was to reduce the number of scraps resulting in the manufacturing process, by improving processes and by establishing reshuffle technologies.

Reducing the number of in-service complaints for products under warranty, complaints received from end customers and repetitive complaints.

In the period 2018 - 2020, the requirements of the IATF 16949: 2016, VDA 6.3 and VDA 6.5 standard, regarding the management of falls in operation, were deepened and implemented. Due to the ongoing concern in this area, during the last 5 years, COMPA has not registered any complaints for the products under warranty.

Complaints received from end customers (CIV) have been significantly reduced over the last 2 years.



Minimizing negative risks and maximizing positive risks

For 2021, risk identification and minimization activities were planned using specific tools (PARETO, FMEA);

In order to prevent the degradation of the processes, an audit plan was established according to the standard VDA 6.3. for all production processes in COMPA;

In order to verify the conformity of the product during the manufacturing and delivery process as well as to investigate the possibilities of improving the quality of the product, an audit plan of the products according to VDA standard 6.5 was performed.

Improving the way of collecting costs with non-quality starting with November 2018 in the collection of non-quality costs, two new elements were introduced, namely the costs of visual inspection operations and remodeling, and the specific procedure was updated in accordance with the new way of collecting non-quality costs.

Zero accidents caused by the use and realization of the product

In the in the field of product and process safety in 2020, the following actions have been established:

Validation of raw materials and evaluation of suppliers in accordance with the standards specific to the automotive industry.

Periodic inspection of raw materials to reduce the risk of defects that may cause accidents during use of the products.

Implement visual inspection with specific detection equipment, for example non-destructive testing with metallic powders or penetrating liquids, in the case of COMPA processes where significant risks of defects have been identified that may cause accidents during end-use of the product non-compliant (example: forging or heat treatment). The staff involved in these activities were trained according to specific standards: SR EN ISO 9712, SR EN ISO 17638, SR EN ISO 23278).



Verification according to a control plan validated by customers of the characteristics of the products subjected to heat treatments. The frequency of sampling and inspection was defined based on a risk analysis. Identification and implementation of technical solutions to remove sharp edges resulting from the processing and methods of their inspection to prevent accidental injury to operating personnel.

Regulation and insurance of protective equipment.

Preparation of instructions and training on how to handle products.

Implement and use safety systems to minimize risks.

Risk analysis and compliance with legal requirements related to product safety, protection of human health and the environment throughout the production flow and related activities.

Due to the permanent concern in this field, during 2020 there were no incidents caused by the use during production or in operation of the products executed in COMPA.

Reducing the negative impact on the environment.

In 2020, laboratory analyzes that had a negative impact on the environment or were no longer in line with the new legal requirements were eliminated.

Methods of analysis with low environmental impact on the safety and health of staff have been identified.

PROCESS MONITORING

Monitoring the quality of COMPA products and processes is done with the help of state-of-the-art measuring equipment.

In recent years, equipment needed for the process has been purchased capable of accurately verifying the quality of products as follows:

Zeiss coordinate measuring equipment:



COMPA has 20 coordinate measuring equipment.

Precision optical measuring equipment:



Deviation measuring equipment (accuracy 0.5 microns)



Gear measuring equipment



Product quality assurance is essential in the activity of the Quality - Environment department and aims to obtain a high level of customer satisfaction which can determine its loyalty.

LOGISTICS ACTIVITY

The activity of the Logistics Department within COMPA SA is subject to clear rules, in order to contribute to the achievement of the general objectives of the company and at the same time responding to the specifications requested by the customer.

The Logistics function currently integrates the activities on the logistics flow: Supply, Production Logistics, Warehousing / internal flow, Sales.

Among the most important activities within the departments of the Logistics Department we can list:

Supply

Orders of raw materials, materials, semi-finished products to COMPA accredited suppliers;

Reducing stocks of raw materials and materials by optimizing orders to suppliers.

Organizing the timely and safe transport of raw materials.

Customs Service.

Production Logistics

Production planning according to orders received from customers

Launch of products in manufacturing

Elaboration of the necessary materials for the realization of the manufacturing program

Production Tracking

Inclusion in the production costs of raw materials and materials

Delivery of finished products on time

Storage. Internal flow

Preparation of entry documents for raw materials and supplied materials

Storage / storage of products according to well-established rules, depending on their nature in specially designed spaces and using appropriate means of handling in order to preserve their integrity.

Release of raw materials and materials to production departments

Transport of raw materials and materials to production sections

Disposal of waste from production sections to the landfill service and the RVMR service

Sale

Launching orders received from customers in the SAP computer system

Delivery of products according to delivery terms agreed with customers

Organizing the timely and safe transport of finished products.

Ensuring the timely collection of receivables

Description of potential risks associated with these activities

The results and activity of the Company may be influenced by specific operational risks, including within the Logistics Department the following risks:

➤ **Risks with major impact**

- Degradation of materials during transport
- Delay in production due to lack of raw materials, materials.
- Risk of accidental spillage of liquid hazardous substances / waste into the sewer system due to improper handling or uncontrolled storage

➤ **Risks with medium impact**

- Supply of non-compliant material
- Incorrect stocks in the integrated inventory system.
- Failure to achieve the scheduled quantities on the manufacturing flow
- Risk of waste generation of hazardous substances and mixtures if the expiry date expires.
- Risk of accidental spillage due to improper handling or uncontrolled storage of hazardous waste

Efficient risk control has materialized through:

- measures to implement and comply with the documented procedures of the integrated system
- staff training,

- internal audits and controls of the integrated management system with verification of compliance with documented procedures;
- providing with human resources skills necessary to carry out the activities and processes within the company

➤ Low impact risks

- degradation of materials / goods as a result of inadequate storage spaces
- stealing some materials / valuables

These risks have been minimized by measures to rehabilitate storage spaces as well as discouraging the criminal phenomenon through video monitoring and security.

Description of the objectives, targets and responsibilities established for the performance in conditions of performance of the activity of the Logistics Department

The objectives and targets of the logistics activity are mainly derived from the company's objectives and refer to:

- realization of the programmed BF (business figure) .
- achieving the turnover rate of trade receivables
- reduction of stocks of raw materials, tools and finished products
- delivery performance

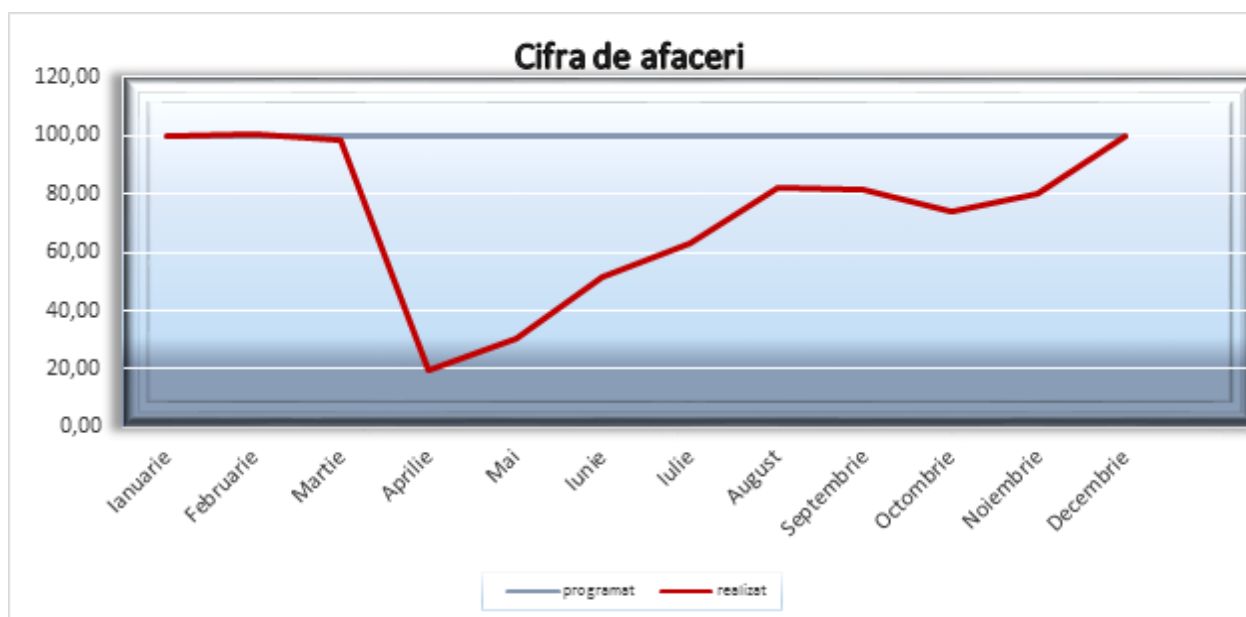
The targets for the objectives of the Logistics Department were set following the decisions of the managerial analysis performed at the beginning of the year.

For 2020, the challenges of targeting were higher, due to the health-economic situation we faced, mainly in the second quarter, but as can be seen in the evolution of the indicators presented in the graphs below, the trend of was increasing in the third and fourth quarters, in December we even reached 50% of the indicators.

All objectives, related indicators and their target performances were analyzed during the monthly analysis sessions and monitored according to the graphs.

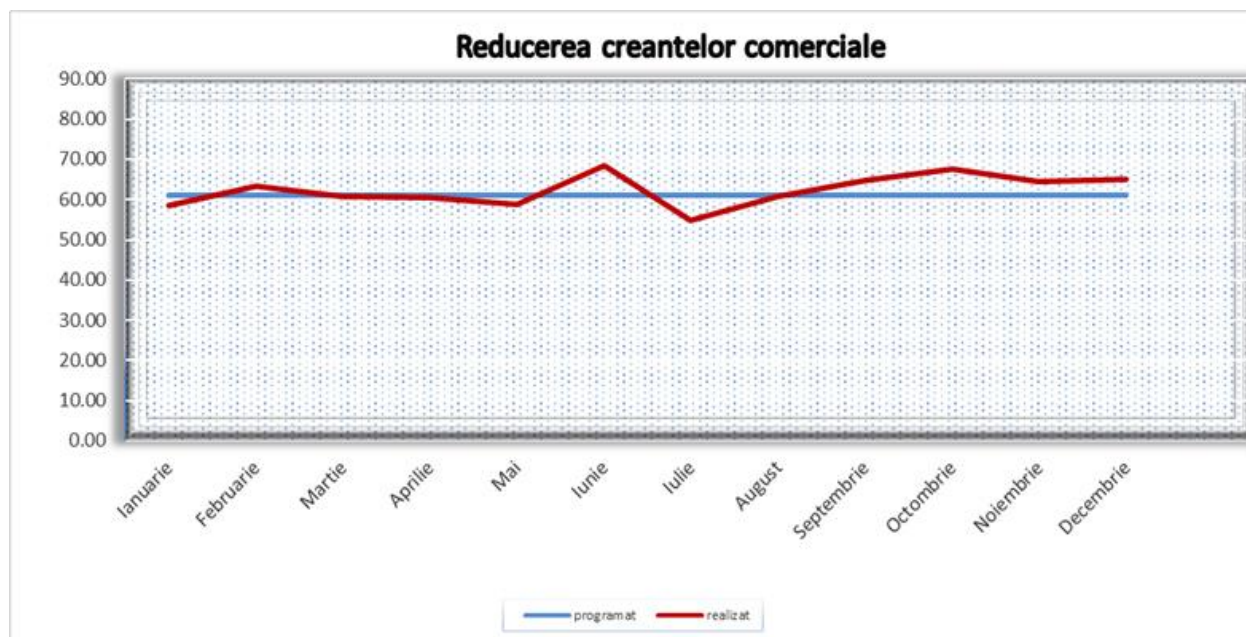
For the indicators that did not have acceptable performances, action plans and changes in the system were established so that their result is a positive one that tends to fit into the proposed target.

D1.1 Turnover



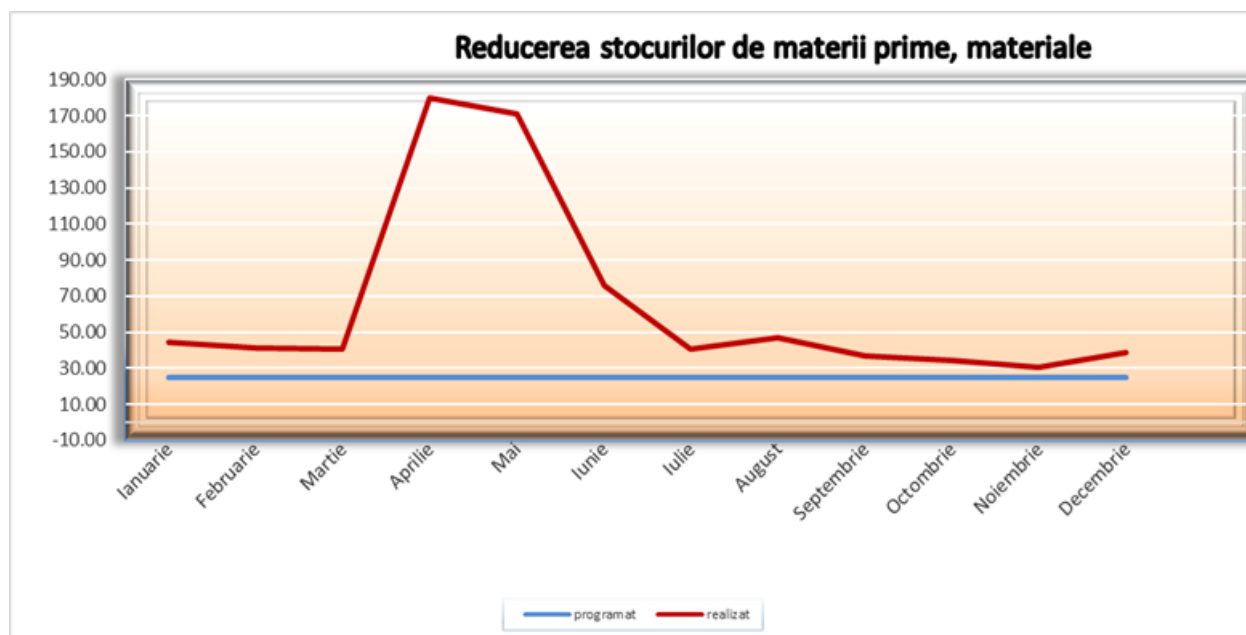
The realization of the turnover had a negative impact in the targeting period during March, April 2020, but starting with May it had an increasing trend even being targeted in December 2020.

D1.4 Turnover rate of trade receivables

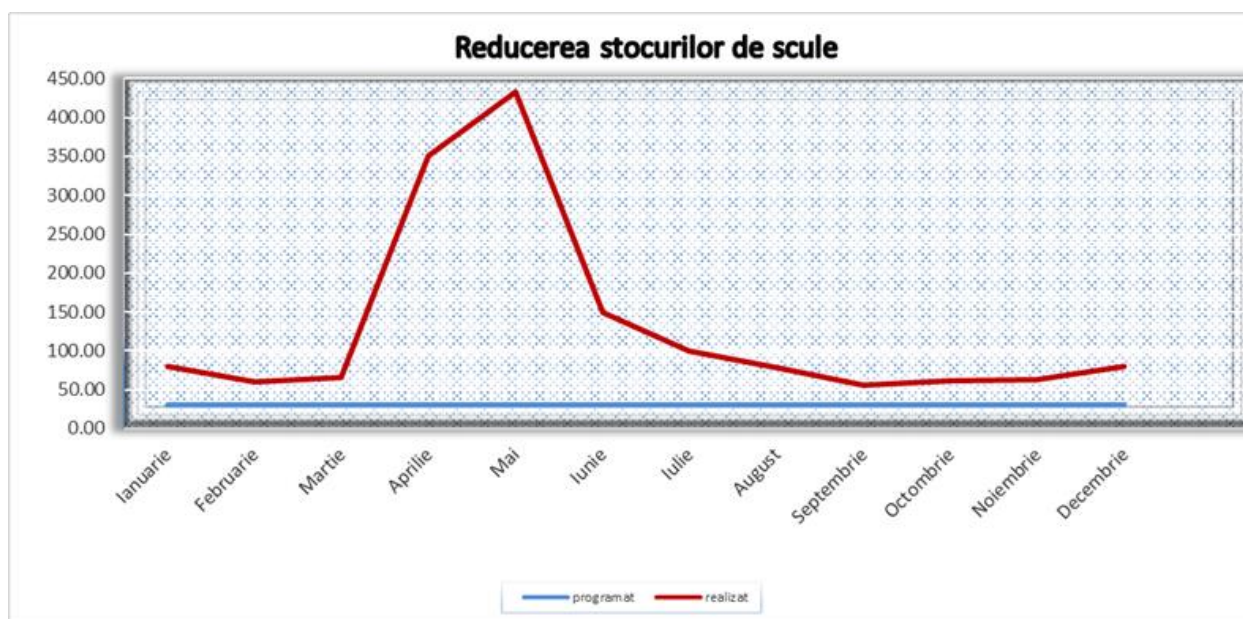


The turnover rate of trade receivables remained very close to the target set throughout 2020, which means that the current working model for maintaining it in the target is a good one but will need to be slightly improved in 2021 to not exceed the values established.

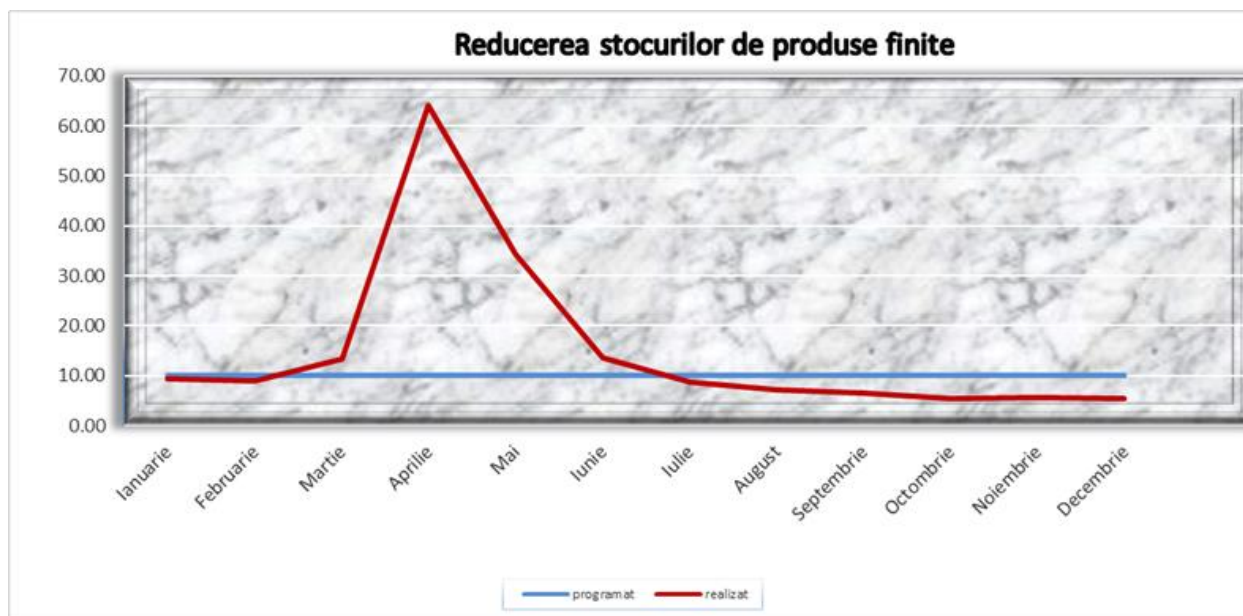
D3.9.1 Reduction of stocks of raw materials, materials



D3.9.2 Reduction of tool stocks

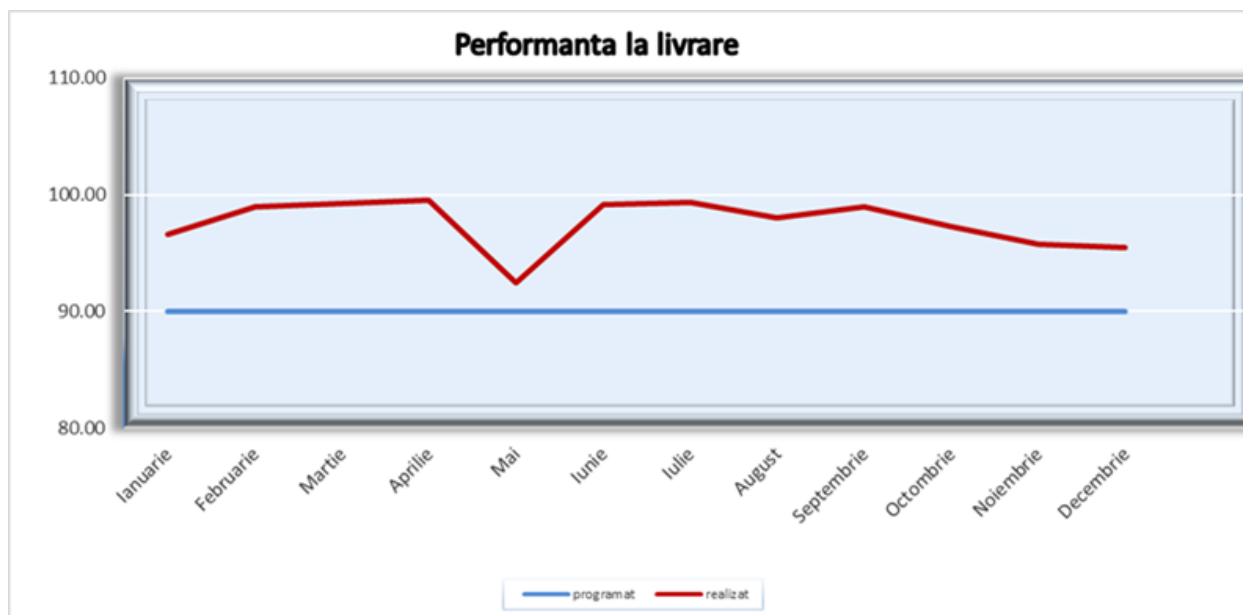


D10.1 Reduction of stocks of finished products



The level of stocks at COMPA level in 2020 suffered the most due to the sanitary economic situation. Like the other indicators, the stocks registered very high values during March, April, May, June and July, and starting with August through analyzes, adjusting orders to suppliers, optimizing the flow of materials at the level of workshops, to reach a level close to framing target by the end of 2020.

D10.3 Delivery performance



Delivery performance is the only indicator that has been targeted throughout 2020, which indicates an intense concern of all those involved in customer satisfaction.

Means and methods used by the Logistics Department

In 2014, COMPA implemented the Applications and Products System (SAP), a high-performance management system, more reliable and more capacitive than the previous IT system. The SAP applications related to the Logistics Department aim at a better control of the logistics processes, as follows:

Materials management:

Elaboration of reports of necessity for auxiliary materials

Correct estimation of the need for raw materials, materials, which must be ordered from the supplier taking into account several variables, such as: stock, technological consumption, customer orders or supply period.

Accurate management and monitoring in real time, on all stocks of raw materials, materials.

Performing fast entries, exits and transfers of goods.

Warehouse management:

Defining and organizing complex storage structures with locations.

Optimizing the flow of goods by entering raw materials, materials in stock and collecting them from stock.

Production planning:

Production planning and necessary materials in the long, medium and short term. This is where both supply and production proposals are created, as well as their planning over time.

Operational production scheduling by allocating production orders to production lines and leveling production capacities.

Monitoring the execution of production orders, confirmation of activities performed and material consumption and their closing and settlement functions.

Cost control on each production order.

Sales and distribution:

Development and maintenance of nomenclatures: customers, contacts, products, services, etc

Creating sales orders for products or services based on orders received from customers

Creation and maintenance of delivery agreements for finished products.

Delivery of products with the following secondary activities:

- creating the delivery
- product packaging (if applicable)

- highlighting the removal of materials from stock
- issuing specific documents (packing list, shipping notice, etc.)

Preparation of the shipping notice and the tax invoice.

The creation and maintenance of delivery agreements is done automatically through EDI at the moment only for the Bosch customer, but its extension is intended for other customers as well.

For customers where there is no automatic interface, a specific interface will be used. Delivery requests will be downloaded from the customer's portal (Supply ON, Covisint, Garrett) and will be centralized by COMPA in a file that will be uploaded to the system through a transaction developed for this purpose.

Objectives 2021

Proposing and implementing plans to improve the results of the Logistics Department's activity is an ongoing process that is reviewed annually, thus setting new objectives and targets.

For 2021, the targets for the strategic objectives have been set according to the scoreboard:

No. crt.	The trial	The objective	indicator	UM / Target	Collection source	Measure ment level	Measure ment frequency
1.	Production logistics	Achieving 100% turnover.	D1.1 Fiscal value	% / 100%	realized value / programmed value x 100	direction	monthly
2.	Production logistics, purchasing logs and warehouses internal flow-sales	Reducing the turnover rate of trade receivables	D1.4 Turnover rate of trade receivables	Days / 61 days	Economic Director	section	monthly
3.		Reduction of stocks of raw materials, materials and components	D3.9.1 Raw material stocks	Stock days / 25 days	final material stock value / output value x 30 days	section	monthly
4.		Reduction of tool stocks	D3.9.2 Tool stocks	Stock days / 30 days	final stock value of tools / value of outputs x 30 days	section	monthly
5.		Reduction of stocks of finished products	D3.10 Stocks of finished products	Stock days / 10 days	final stock value management / turnover value x 30 days	section	monthly
11.	Supply Logistics And Sales Logistics	Reducing the cost of additional transport	D10.1 Additional transport	% / 0.1% of turnover	Achieved value / target value x 100	direction	monthly
12.	Sales Logistics	Compliance with delivery quantities agreed with customers	D10.3 On-time deliveries	% / 90%	Total pieces delivered / Total pieces ordered x 100	section	monthly

Health, safety and environmental aspects.

Underlying the occupational health and safety and environment policy is the identification and control of environmental issues and risks associated with all activities carried out within the Logistics Department, to ensure compliance with legal and other applicable requirements, pollution and accident prevention, occupational diseases, but also respect for the right of stakeholders to live in an unpolluted environment.

According to the laws, government decisions as well as the orders in force regarding health and safety at work, the list of legal requirements for SSO has been drawn up, from which we extract some of the most important obligations of the Logistics Department:

- measures for the operation of protection systems and devices, ventilation systems and other installations for the control of noxious substances in the work environment, as well as alarm, warning, emergency signaling and safety systems, if applicable
- first aid measures by designating workers applying first aid measures
- measures to maintain the technical condition of Logistics areas and premises, work equipment and related devices
- achieving a level of hygiene corresponding to the logistics areas and premises
- equipping the Logistics areas with medical kits for first aid
- signaling of emergency routes and exits, fire extinguishers, first aid kits related to Logistics areas
- making available to workers only work equipment appropriate to the work performed, which can be used by workers without endangering their safety
- training of workers in occupational safety and / or health in accordance with their own OSH instructions and the OSH training program
- maintenance and use, for the purpose for which they were made, the fire protection equipment provided
- compliance with fire protection rules, specific to the activities they organize or carry out
- ensuring the existence at each workplace of specific technical instructions for the normal use of the installation / equipment

The Logistics Department is committed to supporting actions aimed at limiting environmental risks by complying with applicable legislation, compliance with instructions and procedures, as well as training staff to know and learn their responsibilities regarding environmental issues and legal requirements.

Thus, the Logistics Department contributes to the positive change by supporting the staff to permanently improve their environmental practices.

The use of hazardous chemicals or biocides, the handling and storage of hazardous substances shall also be carried out in accordance with the safety data sheets submitted by suppliers and in compliance with the mandatory measures governing the purchase, transport, handling, storage, use and management of hazardous mixtures in COMPA, in order to ensure the protection of the environment, the safety of employees and to control and minimize the risk of accidents involving hazardous substances and mixtures.

The storage of various dangerous chemical substances and preparations is done taking into account the compatibility between the substances.

The record of hazardous substances and mixtures used is kept in the SAP (System of Applications and Products) program.

Persons handling, using, storing and transporting dangerous substances / mixtures are trained quarterly and know the measures to be taken in case of emergencies.

The Logistics Department carries out its activities in accordance with the environmental legislation, reflected in the company's environmental policy.

TECHNICAL ACTIVITY

1. Description of the activities carried out by the Technical Department

The technical and development function within COMPA has an important role in the company's gear for the development of new processes and products in step with the market.

During 2019, new products were assimilated in manufacturing for which the necessary production capacities were ensured, with an impact on production in the following years. In 2020, it entered the Ramp Up phase, with the impediments imposed by the restrictions of the COVID pandemic 19.

The share of new products was at a level of:

2018 first semester = 8%

2018 second semester = 5%

2019 first semester = 2.5%

2019 second semester = 2.5%

2020 first semester = 1%

2020 second semester = 1.5%

For the WILLO customer, during 2019 the validation of the housings and flashlights was completed, and in 2020 it entered the series production regime.

For the Bosch - Valvs steering customer, in 2020 it entered the ramp-up phase, and in the first quarter of 2021 it will enter series production.

For the Delphi customer, the end of 2019 meant the commissioning of the first production capacities of the Pump Body, 2020 meant a ramp-up with the installation of the entire production capacity, following that in the first quarter of 2021 to enter series production.

For the ZF customer, the references were in the Ramp-up phase during 2020, and they will enter series production starting in 2021.

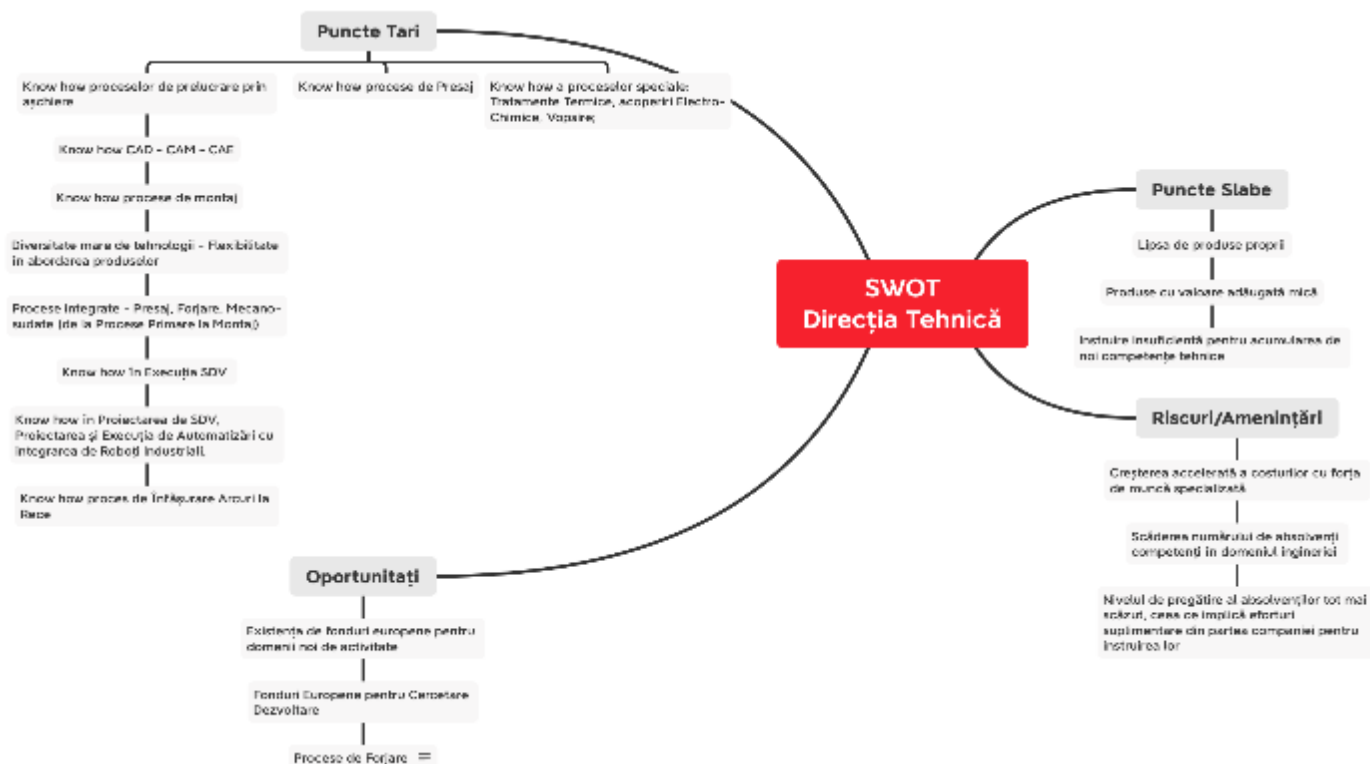
The main activities of the Technical Directorate go in the following directions:

1. Process development for:
 - 1.1. Cold pressing: successive dies and transfer dies
 - 1.2. Vertical and horizontal hot forging
 - 1.3. Cold wrapped springs
 - 1.4. Welded - mechanics
 - 1.5. Machining - the ones that occupy the largest share
 - 1.6. Special technologies: Heat Treatments, Painting, Electro-Chemical Coatings; Welding,
2. Development and design of SDVs and other non-standard components for the processes developed by COMPA;
3. Development and design of industrial automation and robotics for the processes developed by COMPA;
4. R&D - Research and Development
5. Continuous improvement of existing processes in COMPA;
6. Digitization of production
7. Creating and implementing the Industry 4.0 standard

The most important projects carried out during 2020 aimed at:

- A. Pump Body Manufacturing Process: process based on multi-shaft lathes, interoperable transfer with robots and verification of dimensions and characteristics during the process.
- B. CCD realization: with Additive Manufacturing technologies; Ultrasonic; Multi-ax lathes
- C. Forging processes, especially horizontal, but also vertical with large volumes of parts.

2. The potential risks of these activities



Objectives, targets, responsibilities

One of the major objectives is to diversify the type of products made by targeting non-diesel products for the automotive industry and targeting other non-automotive industries.

Medium and long term strategy:

- Implementation of the Industry 4.0 Standard;
- Robotization of cells and production lines, both for handling parts in machining and for welding, assembly, etc.
- Implementing technologies with the lowest possible CO2 footprint. The CO2 footprint will need to be calculated for each process, new or old. It becomes an important point in the nomination of a project.
- Increasing the precision of processing and the accuracy of the products made.
- Digitization of manufacturing processes.
- Increasing the skills of process engineers and design engineers - the proposed way of working (PP presentation).

The Research - Development activity is a component of the COMPAS strategy in the medium and long term. It has received significant resources in recent years, creating the COMPAS Development Research Center, designed to test, validate, optimize and validate new technologies and improve existing technologies.

Research and Development Center - Cutter Tools area:



Research and Development Center - machining area and measurements:



Internal research plans for 2020 and 2021:

Attached as an .xls file: [INTERNAL RESEARCH DEVELOPMENT AND INNOVATION PLAN OF THE DEPARTMENT.xls](#)

Objectives:

1. Machining:

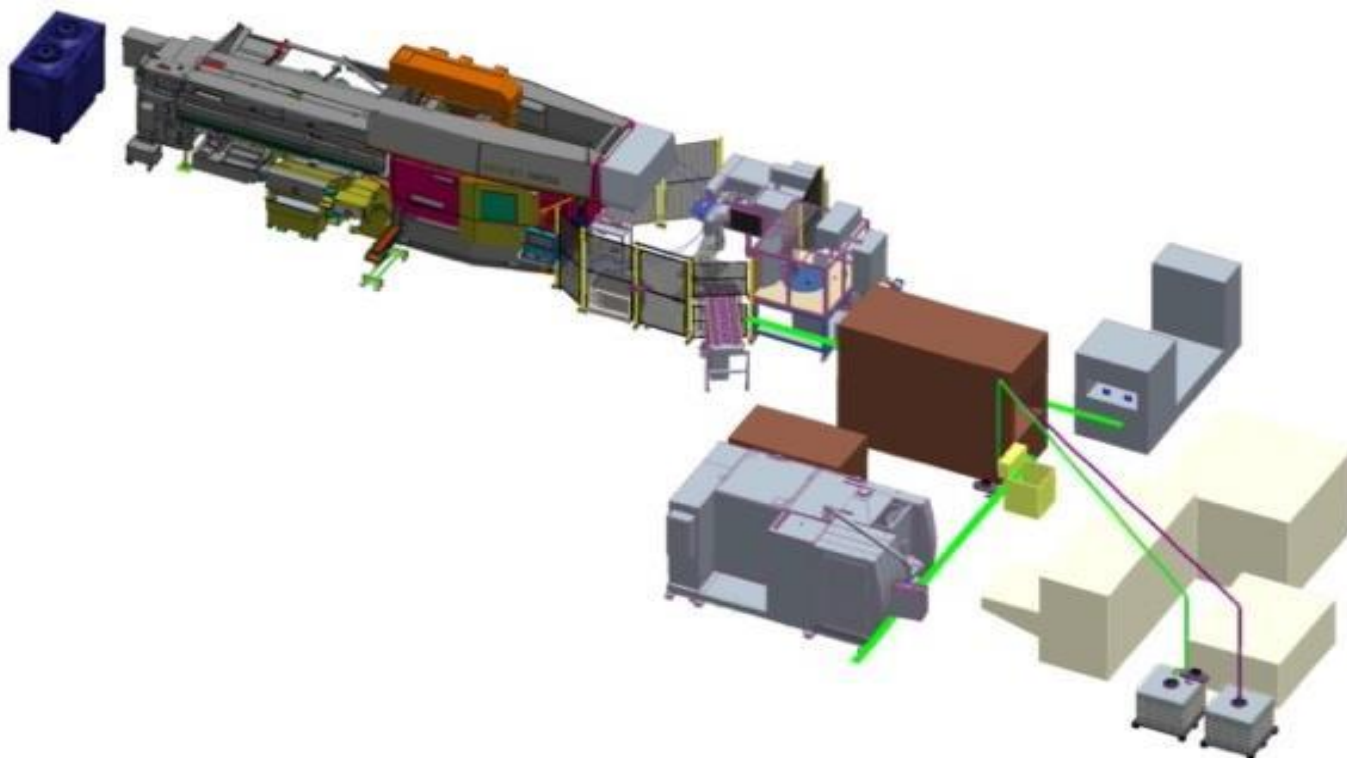
1. Achieving negotiated process variables (cycle time, cutting tools, productivity, servicing, etc.) annually for the first 5 processes in which they are not met.
2. Annual PRODUCTIVITY improvement by at least 3% for the main (5) processes as CA of each section

2. Forging:

1. New and Reprofiled Active Parts Execution Technology
 1. Increasing the number of possible Profiles;
 2. Manufacturing technology as simple as possible;

2. Optimization of Forging Tool Design;
 1. EF analysis - Forge - application facilities we do not know (ticket optimization, Die Analysis; Mastering the software, etc.)
 2. Geometric optimization of Active Parts.
3. Optimization of Forging Tool Execution. Defining concepts to minimize the number of operations and execution time.
4. Decreasing the consumption of semi-finished products (ticket optimization)
5. Manufacturing change optimization (reference):
 1. Change of Active Parts;
 2. Change of Reference;
6. Use of emulsifiable oil in horizontal forging.
7. Study of fiberglass in Forging (also required by ZF).
3. Press:
 1. Use of specific carbides and surface coatings in the production of PA.
 2. Study of increasing cadence in press.
 3. Manufacturing change optimization (reference):
 1. Change of Active Parts;
 2. Change of Reference;
 4. The principle of calculating the sustainability of the active parts.
4. Automation and Robotics
 1. The study of making a collaborative robot or assistant for the machine operator.

Bosch Steering Valves is another product in Ramp-Up in 2020. The basis of the process is based on a multi-shaft machine with 8 shafts for simultaneous processing.



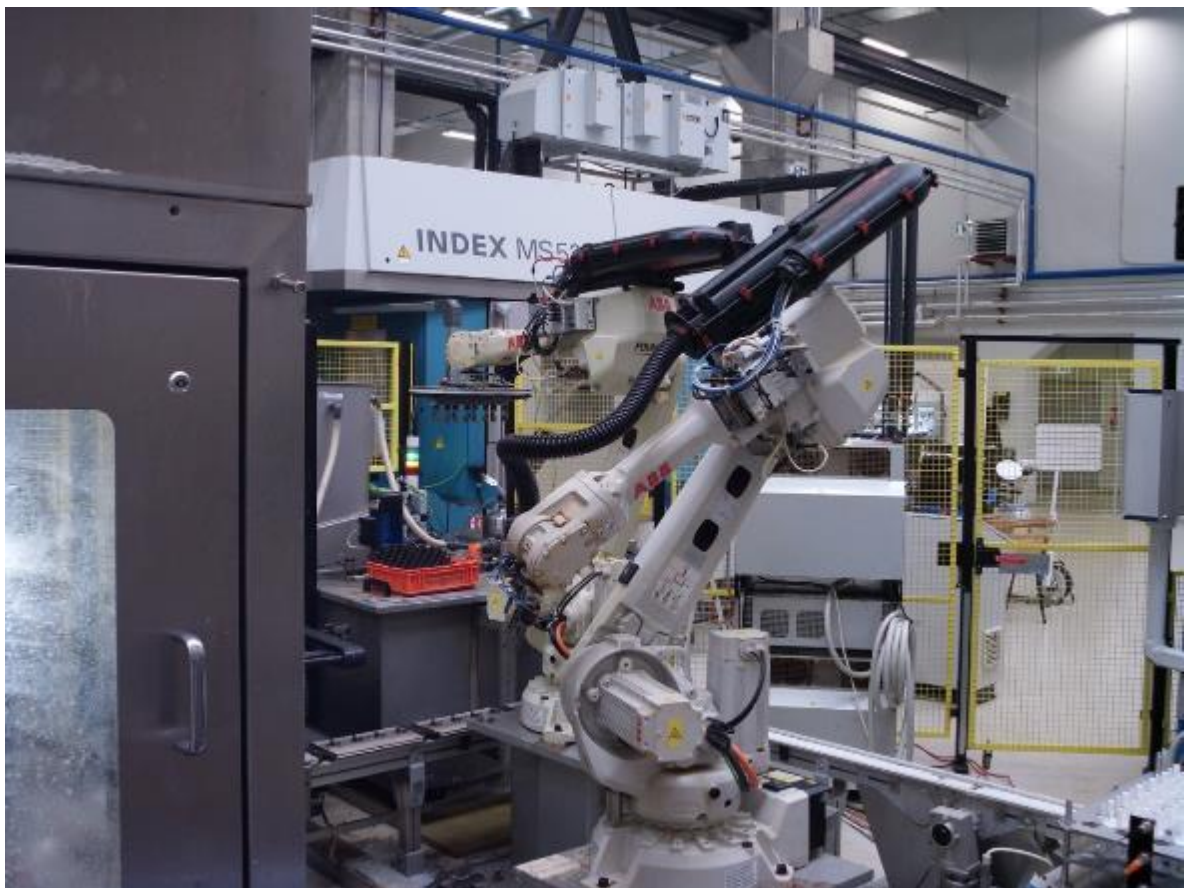


Ramp UP 2020 - Wilo - non- auto products:





Another process in Ramp Up in 2020 is the Pump Body for the Delphi customer. This new implemented process is the first Digital Manufacturing that COMPAA aims to implement in current production.



MAINTENANCE ACTIVITY

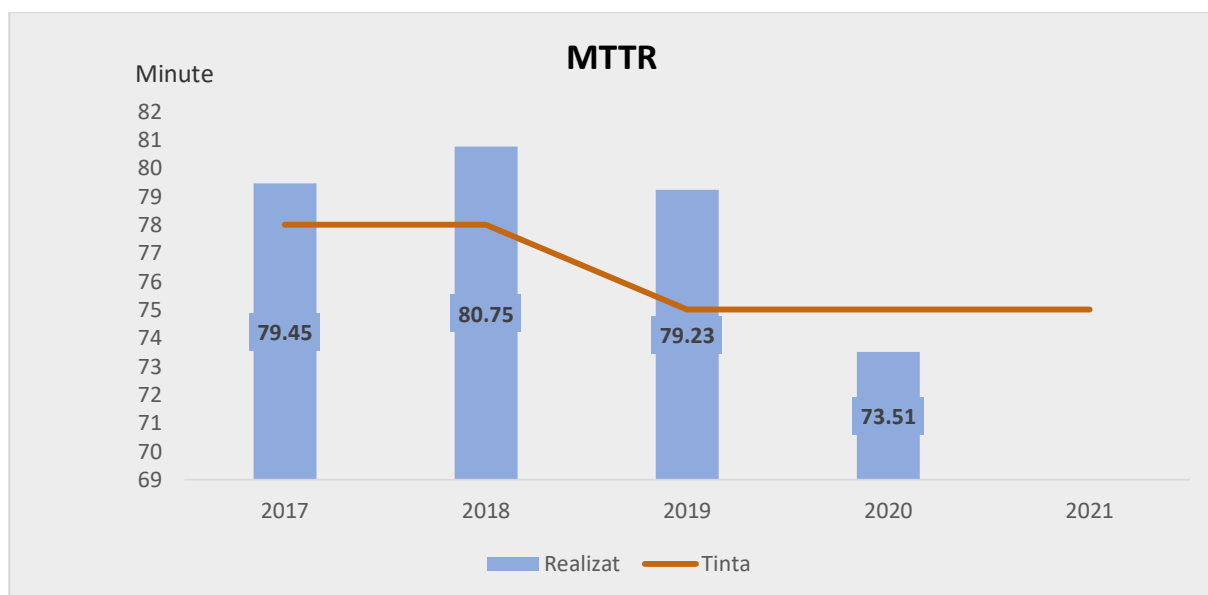
Description of the activities of the Maintenance department

The main objective of the Maintenance Department is to keep in good working order the technological machinery and equipment from COMPA. The maintenance activity is ensured for a number of approximately 1600 means of production, with a very wide variety, given by the different production processes existing in COMPA. Among the types of equipment that we find in COMPA are:

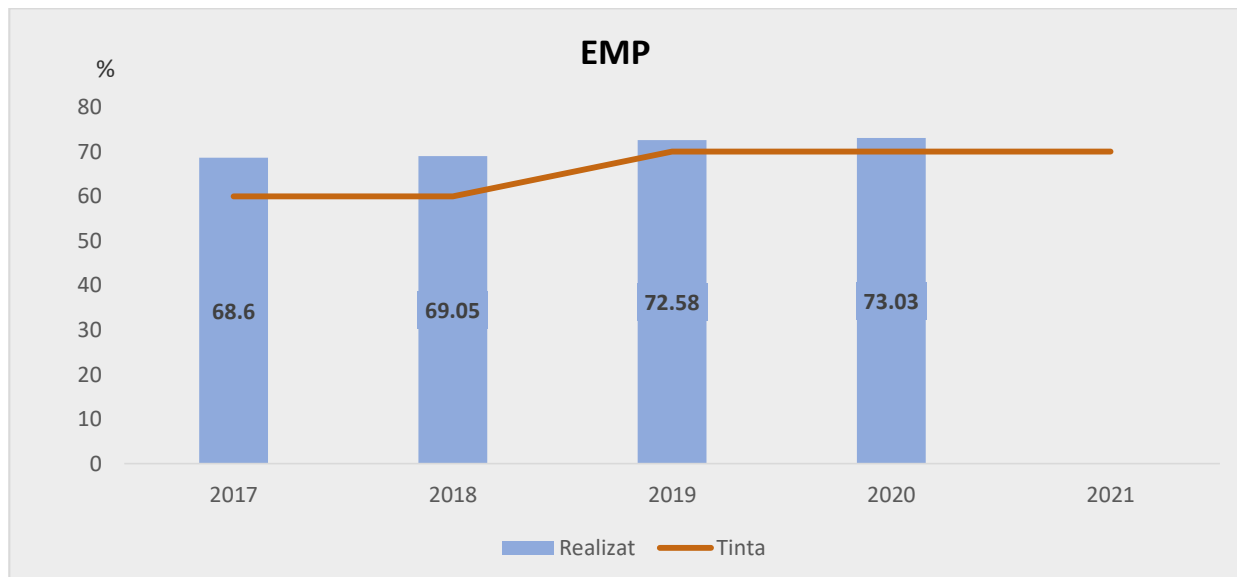
- Machining centers with numerical control Mazak, Spinner, DMG, Okuma, Chiron, Traub, Index;
- Vertical drills with numerical control Rene Clement and Mollart
- Numerically controlled grinding machines Studer, Thielenhauss
- Gleason Pfauter numerically controlled gear milling machines
- Profiroll groove rolling machines
- Laser cutting machines
- Automatic presses
- Welding robots
- KTL electrostatic painting installations
- Heat treatment lines
- Galvanizing and phosphating lines, etc.

The maintenance activities that ensure the realization of the planned production on these machines are:

Corrective maintenance monitored by the indicator Average total repair time - MTTR



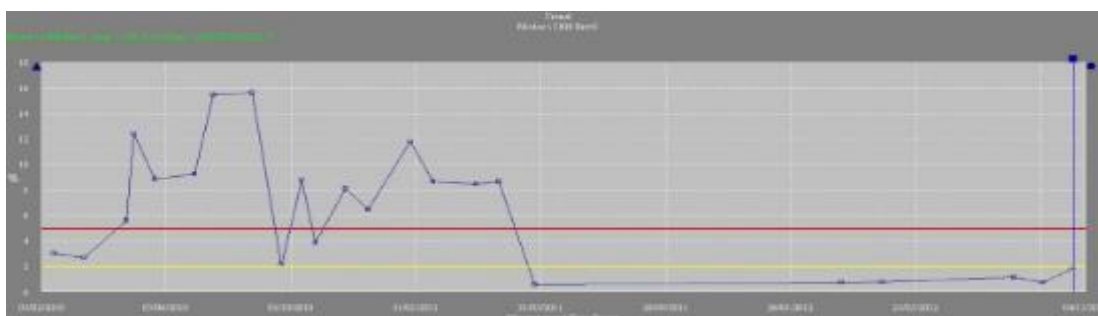
Preventive maintenance monitored by the indicator Efficiency of preventive maintenance - EMP

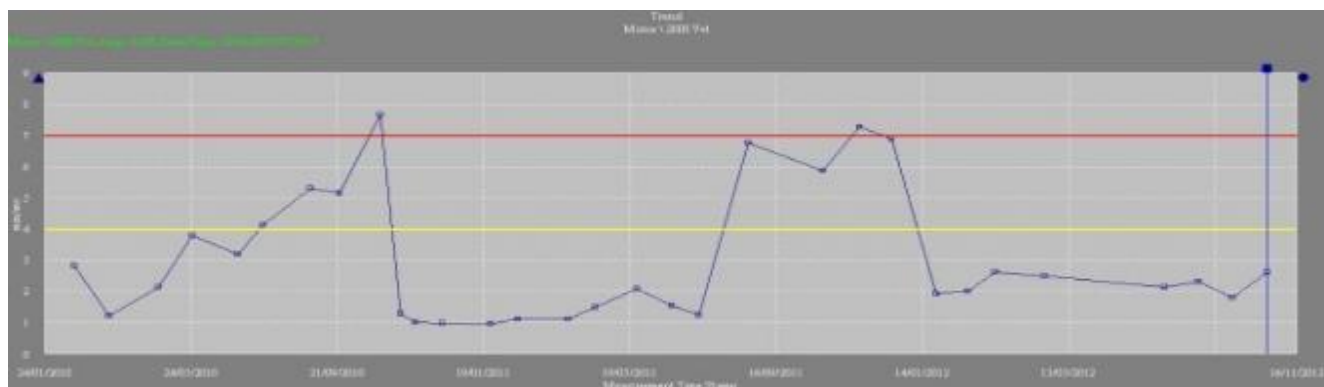


Predictive maintenance for critical technological machinery and equipment, made with: SKF kit for vibration analysis of moving mechanical assemblies.

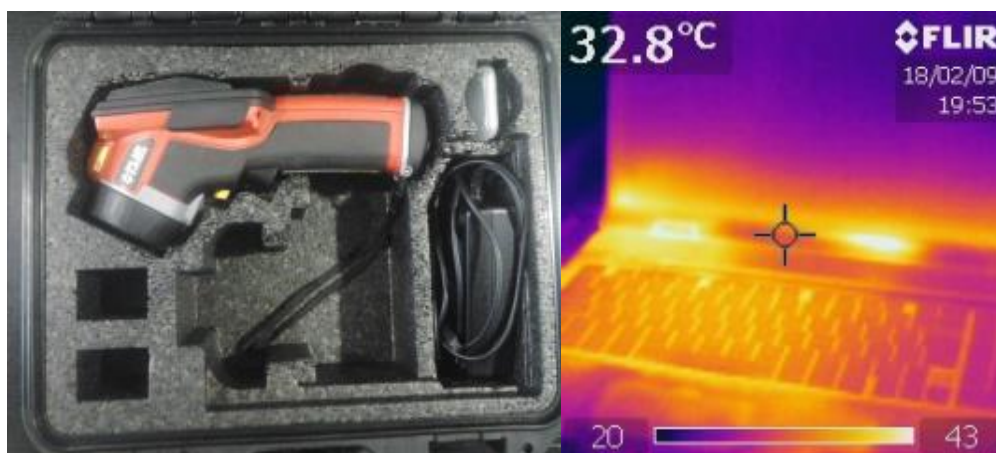


With vibration analysis reports in the following form:



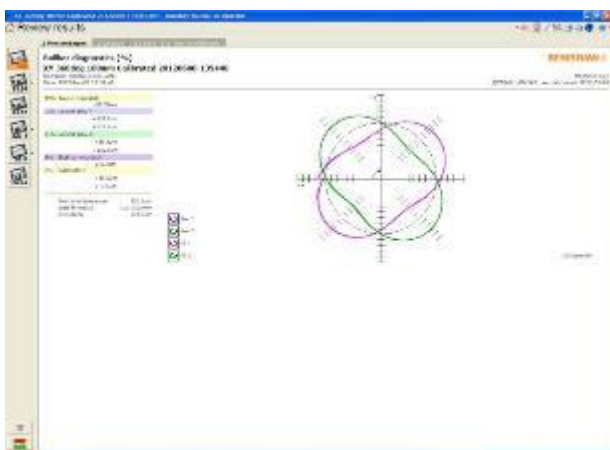


b. Thermographic analysis, performed with the thermal imaging device

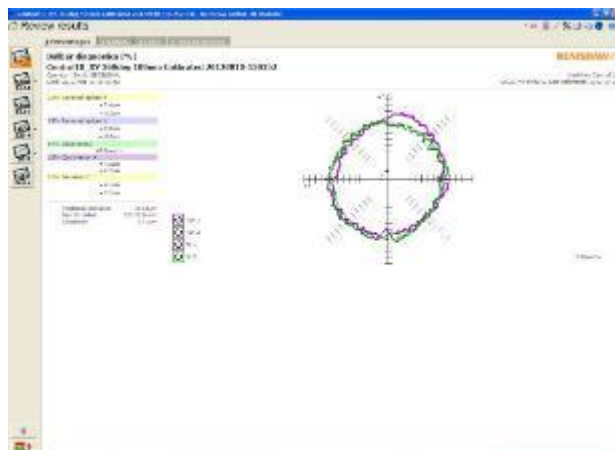


c. Qualitative analysis of the geometry of the machine tool axes, performed with the help of the BallBar kit Renishaw QC20.





Problem



Revised

And services:

Electronic equipment repairs in the Electronics Laboratory that benefits from the following facilities:

-11 workbenches equipped with tools and equipment for the maintenance of electronic automation equipment



-1 mechanical bench for disassembly and assembly of electronic automation equipment

-1 washing and drying line consisting of:

- 2 washing machines (the first based on the use of a solution with microorganisms, the second based on the use of alkaline solutions in the ultrasonic field);
- 2 drying installations (the first based on hot air draft, the second based on a dehumidification installation)



- 1 station for soldering-detaching components with infrared heating, with precise positioning of components



- 1 microscope for visual inspection of electronic circuits



- Data acquisition interfaces for diagnosing encoder and optical ruler measurement systems, namely Heidenhain's PWM20 and IK215 and Sick's PGT11



-Kits for predictive maintenance: SKF vibration kit, thermography chamber and Renishaw QC20 ballbar kit

Activities carried out in the laboratory:

-Repairs of electronic automation equipment regardless of type and manufacturer. Types of repaired equipment: voltage sources, frequency converters, servo drivers, measuring systems, optical rulers, encoders, distributed I / O modules, keyboards, display and operating panels, computers, numerical controls, PLCs, motors with systems attached (measuring), and others, the most represented manufacturers being Siemens, Fanuc, Mitsubishi, Rexroth (Bosch), Sew, Danfoss, Yaskawa, Heidenhain, Sick, Staubli, etc.

-Software troubleshooting, parameterization and program loading in equipment.

Equipment testing.

Training of maintainers.

Organizing workshops with collaborators from our suppliers.

Predictive maintenance by performing vibration measurements, thermographic measurements and axis geometry testing.

Brooch repairs and balancing for machines such as Mazak, Chiron, Grinding cone, etc .;



Transfer and relocation of equipment and production lines, over time being transferred equipment and manufacturing lines from: France - Delphi Blois. See below the picture of the Grinding and Deburring Line transferred to COMPA, from a section that has been transferred in its entirety to COMPA



England-Delphi Sudbury, Germany-Bosch Rexroth and Wilo-Dortmund,
Italy - DMG- See below the photo with DMG numerically controlled centers, from a section in Bergamo, which has been moved entirely to COMPA

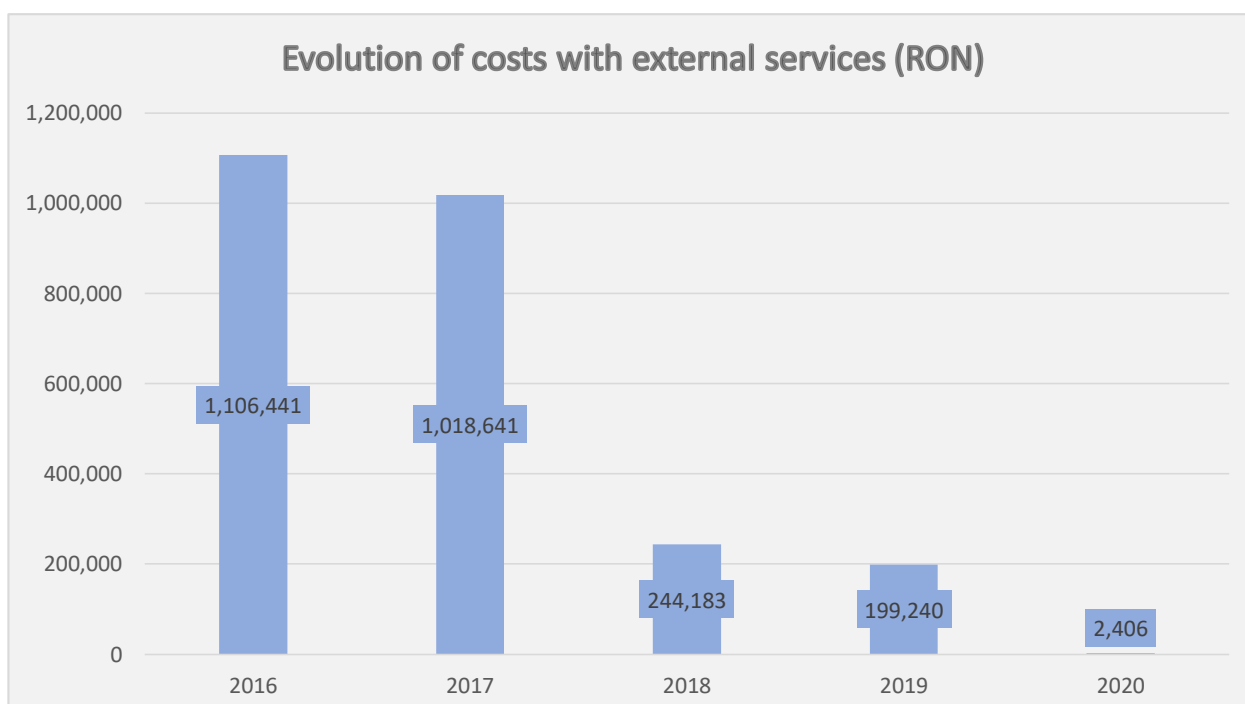


ISCIR repairs and checks for lifting equipment and internal transport;

Activities that have an influence on social, environmental or resource saving aspects, such as the installation of air conditioning and filtration systems in COMPA workshops to create a better climate

The Maintenance Department of COMPA SA, had an average number of 140 employees in 2020.

A result of the takeover and execution of these services in COMPA can be seen in the following graph:



The objectives of the maintenance department for 2021

The objectives of the maintenance department regarding the maintenance activities are within the targets set for maintenance indicators, namely:

MTTR-75 minutes

EPM -70%

Compliance with planned maintenance budgets.

The objectives of the maintenance department regarding the services for 2021 are:

- completion of the assembly of the line transferred from Wilo-Dortmund - April 2021
- completion of the installation of the Durst painting line - March 2021
- realization of the transfer of some production lines from Izmir-Turkey -September -October 2021
- COMPA authorization for the verification of fire prevention and extinguishing installations for equipment equipped with these systems - January 2021
- construction of an exhaust and filtration installation for spring grinding machines to be relocated-March 2021

Description of policies regarding the quality of maintenance department activities, risk factors, key performance indicators and the effect of policy implementation:

The quality policy of the Maintenance Department ensures full compliance with the explicit requirements and expectations of employees, but also takes into account their implicit expectations, with maintaining the certifications of the Integrated Management System according to the standreference burnersfor the permanent observance of the legal regulations and provisions. as the products and services put to dithe commitment of employees to be maintained at the same level of quality throughout their development.

The Maintenance Department mainly aims at the following objectives:

- Maintaining the certifications of the Integrated Management System according to the stand reference burners
- Continuous improvement of the level of employee satisfaction
- Maintaining maintenance costs in the area of efficiency for the activities carried out

In the field of quality of maintenance activities, the following risks have been identified:

Risks with a high initial impact (in the hypothetical case of risk occurrence, they would have a major impact). This category includes the risk of concluding quality audits with major non-conformities, which could lead to the suspension / cancellation of some certifications and the loss of some contracts.

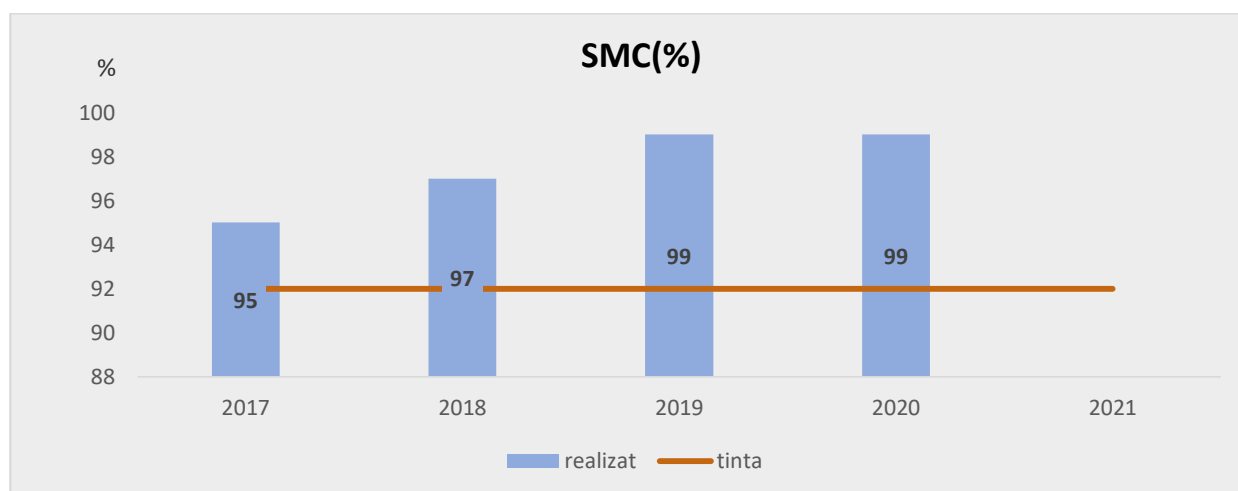
Risks with medium initial impact (in the hypothetical case of risk occurrence, they would have a moderate impact). This category includes the following risks: decreased effectiveness of the Integrated Quality Management System. In case of occurrence of these risks, the activity may be affected by the decrease of the employees' satisfaction, the loss of competitiveness, production losses, etc.

Risks are kept under control by: implementing and complying with the analysis procedures performed by the company's management and internal audit; monitoring and measuring customer satisfaction; fulfilling the training program.

Following the successful audits, the Maintenance Department did not create problems in maintaining in 2020 the Integrated Management System certifications (according to ISO 9001, ISO 14001, OHSAS 18001, IATF 16949) valid for the period 2018-2021.

System audits of the quality of maintenance activities did not find major non-compliances.

PThe main key performance indicator in the field of maintenance quality is: SMC aptitude level



Description of policies on Environment and Occupational Health and Safety, risk factors, key performance indicators and the effect of implementing these policies.

Underlying the environmental and occupational health and safety policy is the identification and control of environmental issues and risks associated with all activities in the organization, to ensure compliance with legal and other applicable requirements to which the organization subscribes to the prevention of pollution and accidents at work, occupational diseases, but also respect for the right of stakeholders to live in an unpolluted environment.

The policy of the Maintenance Department in this field aims at:

- Minimize the amount of waste generated and manage it safely when it cannot be avoided;
- Reducing consumption of natural resources;
- Reducing the impact on the environment associated with the activities of the maintenance department, present and future, by gradually replacing some technologies with others that have a low environmental impact;
- Prevent emergencies with an impact on the environment and occupational health and safety, by establishing and implementing coherent and effective measures to prevent major accidents involving dangerous substances;
- Adopt a preventive behavior against environmental pollution to continuously improve environmental performance;
- Make sure providing an optimal working environment for employees in order to maintain, primarily through preventive activities, the health and safety of employees;
- Ongoing monitoring of employee health and taking action to improve their health and for the prevention of accidents and occupational diseases;

The following risks have been identified in the field of environmental protection and SSO:

- Risks with a high initial impact (in the hypothetical case of risk occurrence, they would have a significant impact). In this category includes: emergencies with an impact on the environment and SSO; unsafe waste management; unpreventive behavior and increases bad impact on the environment through equipment wear.
- Risks with medium initial impact (in the hypothetical case of risk occurrence, they would have a moderate impact). This category includes: unjustified increase in consumption of natural resources; lack of measures to monitor the health of employees, to prevent accidents and occupational diseases;

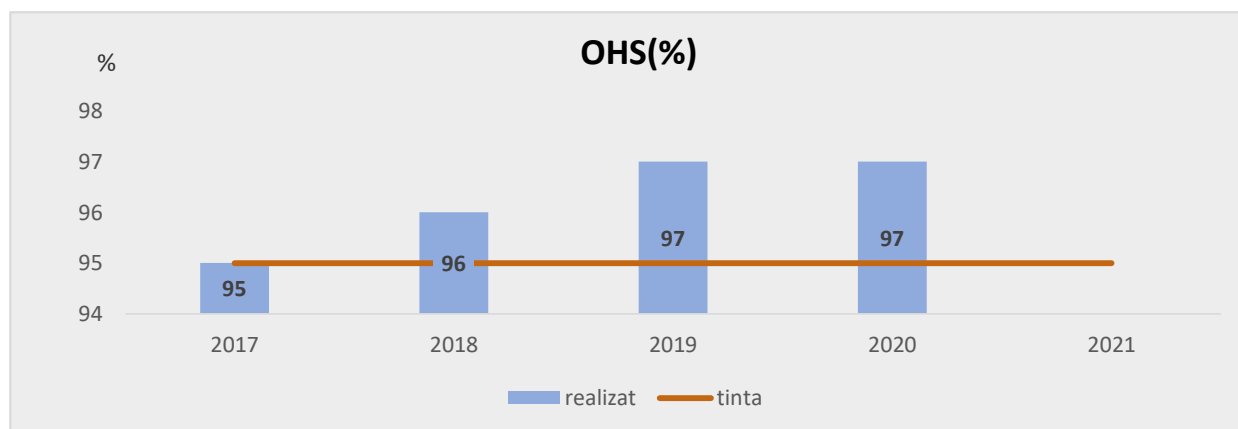
In the event of these risks, it is possible to apply sanctions for breaches of environmental regulations, endangering the safety of the health of employees and stakeholders, restricting production capacity by reducing the number of able-bodied employees.

Following the measures taken in 2020, all the risks presented above have been kept to a low level of impact. This effective control of environmental and SSO risks was made possible by: implementing and complying with

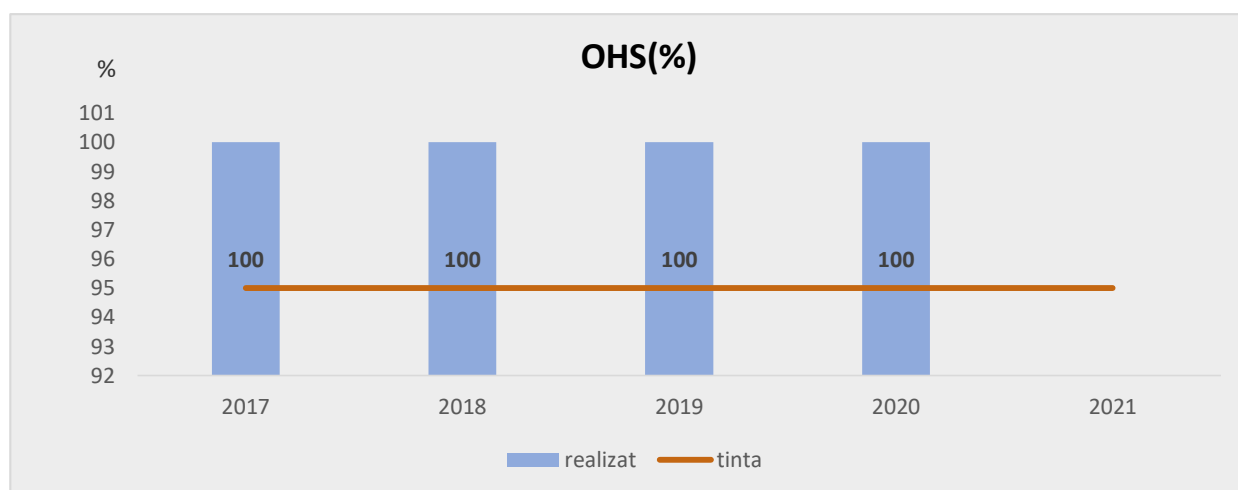
waste management procedures, implementing and complying with emergency procedures, maintaining a company medical office and performing regular specific medical tests.

The main key performance indicators of the maintenance department in the field of environmental protection and SSO are:

Level of aptitude of the OHS



OHS aptitude level -100%



No new cases of occupational diseases were found in the department, events with a major impact on the environment or incidents with major effects on human health and safety. - The audits carried out did not find any major non-conformities.

Description of social and personnel policy, risk factors, key performance indicators and the effect of implementing these policies

The Maintenance Department through the Human Resources Department, develops and implements a system of internal regulations through which organizes the activities within the department so that they are executed efficiently, by allocating the necessary resources, identifying the risks and taking the necessary measures to cancel / reduce them to an acceptable level. The most important resource needed to achieve the goals is well-trained, motivated, honest and well-equipped employees. From a social point of view, the aim is to maintain a constructive collaboration relationship with the employees' organizations within the department and with the other interested parties, based on the legislation in the field, by:

- supporting a constructive trade union activity and concluding a Collective Labor Agreement specific to the employees of COMPA SA;

- permanent communication on all major aspects of the evolution of the organization and business with trade unions, considering employees as a third party interested in the success of the business;
- establishing and implementing ways to help disadvantaged and / or disadvantaged peoplespecial family responsibilities;
- establishing and implementing different facilities for all employees, depending on the potential of the organization and the needs identified;
- monitoring the health of employees by periodically performing specialized checks;
- supporting employees and their families when they are in difficult health situations;
- coverage of at least 50% of the costs of spa treatment tickets for employees;
- granting meal vouchers;
- supporting disadvantaged people and / or communities through sponsorships and at the request of COMPA SA employees;
- COMPA SA ensures equal opportunities for its current or potential employees by:
 - recruitment / promotion of staff in a transparent manner, taking into account the necessary competence and professional experience and the integrity of candidates;
 - ensuring the conditions for continuous training and improvement in the professions in which they work, but also for the protection of the environment and occupational health and safety;
 - evaluating the activity and skills only on the basis of objective, sustainable, measurable, purposeful, consistently monitored and transparent performance criteria for all employees.
 - creating optimal working conditions for staff stabilization.

The risks in this sector are at an average initial level(In the hypothetical case of risk occurrence, they would have a moderate impact).

In 2020, the following risks were identified: a decrease in the retention rate of existing staff or new employees, the allocation of an insufficient number of training hours. In the event of realizing these risks, the company may face increased recruitment costs, decreased quality of activities and maintenance services provided.

Through the measures adopted, most of the risks identified above have been kept to a low level, with the exception of the risk of retention of existing staff and new employees, which is at a medium level, being influenced by the shortage of candidates in the labor market, in especially with regard to qualified personnel.

To control the risks in this field, measures were taken to motivate staff through financial incentives and create a pleasant working environment, the implementation of the annual training and vocational training plan, the implementation of a training plane training and integration of new employees. The trade union organization has a high degree of staff representation, is a party to the collective bargaining agreement and is a partner in the implementation of social and personnel policies.

Among the actions of interest for the local community we mention the agreement concluded several years ago with Henri Coanda and Energetic high schools, and with Lucian Blaga University Sibiu for performing a number of practice hours by students, within the company, and granting scholarships for the best of them, and conducting professional retraining courses through European projects with the participation of qualified staff from the Maintenance Department.

The main performance indicators met in 2020 in this field will be presented by the Human Resources Department

Description of the policy on respect for human rights, risk factors, key performance indicators and the effect of implementing this policy

The Maintenance Department within COMPA SA guarantees the observance of human rights, in accordance with the legal provisions, for its employees and collaborators, but also for the interested parties through:

- the provision of working conditions that respect the dignity of the individual and appropriate jobs in terms of safety and health at work;
- prohibiting any form of language intimidation, gestures, any other form of attack on the person;
- elimination of any form of discrimination based on sex / age / race / religion / political beliefs;
- firm rejection of child exploitation;

- rejection of collaboration with human rights organizations.

Violation of human rights can have as an impact the fall under the law, protests from employees or the public, the decline of prestige in society.

The risk of human rights violations has a medium initial impact, but through control measures, these risks have been kept to a low level. Provisions related to respect for human rights have been included in the internal regulations and in the collective act of work.

In 2020, no cases of intimidation or assault on a person were reported, nor were cases of discrimination based on sex / age / race / religion / political beliefs for staff in the maintenance department.

CNM ACTIVITY (Construction and Network Maintenance)

The Construction and Networks Maintenance Department is a support structure for all processes and activities that take place within the company.

Description of the activity of the CNM Department

The CNM department operates and is organized in three workshops:

- maintenance, repairs and modernization of buildings, roads, sidewalks, platforms and parking lots
- maintenance, repairs and modernization of water networks, compressed air, domestic hot water, heating, hydrants and sewers
- maintenance, repairs and modernization of telephone networks, data, video, lighting, gates.

The most important achievements according to the Performance Indicators refer to:

- permanent maintenance of the production platform and all the company's functions in optimal working condition and conditions.
- resolving emergency situations and requests and maintaining the functional parameters of buildings, networks, installations, roads and access roads, to streamline logistics, allow the production process to be carried out in appropriate conditions and provide staff with optimal working conditions.

In this respect, the following achievements should be highlighted in the last period:

At the level of the production platform Unit I, str. H. COANDA, 268 maintenance, repair, modernization and investment works were carried out, among which we mention a few:

- asphaltting of roads and access alleys to the production hall of the workshop 220
- repair of entrances and access in the logistics area to the workshops in the one-piece hall
- modernization of access gate number 2 and asphaltting of the entrance area
- execution of the concrete platform in the entrance and dispatch area at hall 900
- completion of construction and installation works at hall 900 and in the office area
- execution of access staircase and extension of the canopy of the new hall (under construction)
- modernization of the three halls and the facilities of workshop 220 in the maintenance area
- arranging the offices and the social group on the second floor of the central pavilion
- rearrangement of social groups from at. Sharpening, at. 620, at 220, at 630
- arranging the Bosch - Valve production workshop of the offices and the social group
- arranging and extending the Fire Department of the related spaces and installations
- arrangement, installation and monitoring of fire warning systems
- insulated pipes and external networks (small portions are still in operation)
- replaced old drinking water pipes (at 220 and at galvanizing)
- extension of the cooling water network in the one-piece hall to the Bosch - Valve workshop
- executed air conditioning system (fan coils and ciller) at the central pavilion
- arrangement of production space, facilities and social groups at the Daikin workshop
- clean room space arrangement, doors, and repaired floors with epoxy resins at ZF workshop
- spring rearrangement workshop, moving installations, compressed air, cooling water tank
- arrangement of the post-combustion furnace structure and the installations related to the Willo painting
- installed and PIF fire extinguishing system at Hatebour hall with specialized company.
- replaced, completed and installed new hydrants in the production halls - work in progress
- repaired skylights and replaced polycarbonate on 30% of production halls - under construction
- repaired and replaced 40% of the total number of drains in the halls - it continues
- repaired and replaced waterproofing on halls and buildings in damaged areas - under construction
- cleaned epoxy resins at the Research Center, Sharpener, Bosch-Valve - continued
- replaced incandescent luminaires as they malfunction with LED lighting
- repaired and replaced gates and access doors and related automations to halls and buildings
- fixed, replaced and monitored data networks, telephony, video and GSM access

- At the level of the production platform Unit II, B-dul Victoriei Nr. 42-44
 - the unit was dismantled and the buildings and halls were demolished to receive another destination.
 - The project is approved and the works for the reconversion of the production space into a space for housing, offices and hotel complex have started.
- At the level of the production platform Unit III, Cismădiei
 - the unit was dismantled and the buildings and halls were demolished to receive another destination.

1. The main risks and their management

The activity of the ICR department can sometimes be negatively impacted by the long periods of supply of materials necessary for the works due to:

- SAP supply circuit from the time of request to the approval and ordering of materials or services
- Supply delays due to suppliers
- Supply chain
- The supply chain does not have a major impact on the execution of the works that are executed according to plans, but for emergency works the decision-making supply chain and actual delivery can often negatively impact the development of the production process and the deadlines for completion of the works.

Medium and long term short term prospects

- No other measures are required for normal supply through SAP, but a different approach should be found for materials to be supplied in an emergency.

Remedial measures

- A remedial measure could be to ensure a minimum buffer stock of materials with the greatest emergency impact and to be refreshed as consumption is generated by these works.
- Another measure could be a direct line with a supplier and an open order within a capped amount for materials with an emergency impact and to be checked weekly by the purchasing department and the general manager.

Description of the objectives, targets and responsibilities established for the performance of these activities **Strategy and objectives:**

- The strategy and objectives of the ICR Dept. follow the general strategic line of the company and within it it considers the following staged objectives. (short, medium and long term)
- Clarification of the legal, cadastral and topical situation of the company's premises.
- Digitization of data of drawings, situation plans and documentation Dept. ICR
- Modernization, maintenance and remediation of fences and access gates
- Modernization and rehabilitation of roads, sidewalks, parking lots and platforms
- Maintenance and modernization of buildings, halls, warehouses and warehouses
- Maintenance, repair and renovation of all water, air, thermal and sewer networks
- Modernization and repair of data networks, telephony, video, lighting and access gates
- The main factors that may affect future development.
- The main factors that may affect future development are related to the general situation of the Romanian economy, the automotive industry, but also internally, especially related to the lack of staff and especially qualified and technical equipment that must be permanently completed and modernized.

2. Programs carried out during this period to achieve these objectives

In order to clarify the cadastral situation, the registration activity in the eTerra platform of OCPI Sibiu - Land Book of all the company's spaces was initiated.

All spaces on the Unitatea I Str. H. Coanda are registered and we still have two positions on the list that are being processed and for which we have not yet received the registration.

The digitization of documentation and data is nearing completion, work is being done on the latest situation plans and drawings so that this objective can be completed by mid-2021.

The modernization, maintenance and remediation of the fences and access gates will be done in stages following a project that is being prepared by the architect.

The modernization and rehabilitation of roads and access roads is underway and the road and alleys around workshop 220 and the platforms at Hall 900 have recently been asphalted and renovated, and the activity will continue with connecting alleys, sidewalks and parking lots that require interventions.

The maintenance and modernization of buildings, halls, warehouses and warehouses is part of the permanent concern, but it is finalizing an architectural project to modernize the central pavilion, the entrance gates and the administrative building with the meeting room.

The maintenance, repair and renovation of all water, air, heating and sewerage networks is also a permanent activity, but also involves the phased replacement of old or morally used pipes, especially drinking water.

Modernization and repair of data networks, telephony, video, lighting and access gates is in full swing and constantly considered a priority.

3. Ongoing monitoring of results and employment policy

All programs, projects and works executed are constantly monitored at the level of the three heads of workshops as well as by the head of the ICR department.

Analysis reports and proposals are made monthly, highlighting the problems that have arisen, the stage of their solution, those responsible for their follow-up and completion, and measures and proposals for the future.

The workplace policy takes into account the company's regulations, but also takes into account the specifics of the department which is related to the fact that each work is performed in different locations and each intervention is specific (has a very low repeatability) and requires different dimensional and distinct materials. each intervention.

5. Environmental, health and safety issues

Pollution prevention and control information

With regard to pollution prevention and control, the aim is to equip and install specific equipment (for example - a new hydrocarbon separator has been fitted to the roof of hall 900) and to act as a matter of urgency to stop any damage and preventive replacement of defective parts; remedying them and removing the causes that could generate events, so that the soil is not affected or the substances with the potential for pollution do not reach the sewerage network.

Health and safety at work

The health and safety of staff is a constant concern both at the level of society and the ICR Department.

To this end, the ICR department monitors and verifies periodically the provision of workers with protective and work equipment and compliance with labor protection rules, taking into account that the works are carried out at height or in hard to reach places (sewers), it is performed in various locations in the vicinity of the machines while they are operating and must be done without affecting the continuity of production processes.

-Regarding the safety of buildings and halls, the ICR Department has generated a program for monitoring behavior over time, intervention where appropriate and reporting to the State Inspectorate for Construction, to ensure the smooth running of the company's activity.

This current tracking program covers functionality, status, and integrity:

- Facades, plinths and walls
- Resistance structure (pillars, beams, caissons)

- Concrete floors
- Covers, skylights and drains
- Doors, gates, windows and access roads
- Drinking, industrial and cooling water installations and networks
- Heating, steam and domestic hot water installations
- Compressed air installations
- Plumbing
- Electrical installations, lighting, telephony and data networks
- Fire prevention and alarm installations
- Hydrant installations
- Roads, sidewalks, alleys, platforms and parking lots

All activities were carried out in accordance with the program and requirements and there were no delays in monitoring, evaluating and reporting their condition or events affecting or affecting the health and safety of staff.

Starting from these assessments of their condition and functionality, preventive intervention was carried out through routine maintenance, repairs or modernizations that ensure safe working conditions and health for all company staff.

Unforeseen situations also arose during the production processes that required emergency interventions. They were executed each time in a timely manner, without affecting the smooth running of production.

Special attention has been and is being paid to sanitary installations related to social groups, toilets, showers and changing rooms, which are executed according to norms and standards and permanently maintained to quality parameters through routine maintenance, repairs and renovations.

7.Objectives, targets and those responsible for the 2021 program.

All this is part of the overall strategy and objectives proposed:

- Clarification of the legal, cadastral and topo situation of the company's premises

Until the middle of 2021, the legal situation of all the spaces on the platform Unit I Str. H. Coanda will be registered in eTerra at the OCPI Sibiu Land Book

Responsible - Forsea Alexandru and Boabeş Nicolae

- Digitization of data of drawings, situation plans and documentation Dept. ICR

We are working on the latest situation plans and drawings so that this objective can be completed by May 2021.

Responsible- Forsea Alexandru

- Modernization, maintenance and remediation of fences and access gates

A project to renovate the access gates in the company is being studied together with the architect.

Responsible - Forsea Alexandru and Architect Cristian Alexandru

- Modernization and rehabilitation of roads, sidewalks, parking lots and platforms

They are proposed for the phased rehabilitation of two alleys connecting with the main road.

The first next to the research center and the second between. Delphi and Galvanization.

Responsible - Forsea Alexandru and Stolnicu Emilian

- Maintenance and modernization of buildings, halls and warehouses

Current works are being carried out and the approval of the renovation of the Central Pavilion is in the decision phase

Responsible - Forsea Alexandru, Arch. Cristian Alexandru and Stolnicu Emilian

- Maintenance, repair and renovation of water, air, thermal and sewer networks

Current works and commissioning works are being carried out at Durst and Willo Paintings

Responsible - Forsea Alexandru and Boabeş Nicolae

- Modernization and repair of data networks, telephony, video, lighting and access gates

It is a permanent concern especially when replacing incandescent luminaires with LED luminaires as current luminaires fail.

Independent auditor's report

To the Shareholders of COMPA S.A. Sibiu

Report on the Audit of the Separate Financial Statements

Opinion

- 1 We have audited the accompanying separate financial statements of COMPA S.A. ("the Company"), which comprise the Separate statement of financial position as at December 31, 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.
- 2 The separate financial statements refer to:

- Net Assets/Total equity:	487.638 thousand lei
- Net profit of the year:	13.920 thousand lei
- 3 In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

Basis for Opinion

- 4 We conducted our audit in accordance with International Standards on Auditing (ISAs), EU Regulation no. 537 of the Parliament and of the European Council („Regulation”) and Law no. 162/2017 („Law”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

- 5 Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Separate financial statements of the current period. These matters were addressed in the context of our audit of the Separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of deferred tax assets

See Note 10 to the Separate financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has recognised deferred tax assets for deductible temporary differences considered recoverable.</p> <p>The recoverability of recognised deferred tax assets is dependent of the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>Due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences, we consider that evaluation of deferred tax assets to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none">- Using our own professional judgement to evaluate measures taken by the Company that should be able to allow the recovery of deferred tax assets.- Assessing the accuracy of forecast future taxable profits by evaluating the accuracy of previous estimates and by comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit.- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Tax exemption for profits reinvested in technological equipment

See Note 10 to the Separate financial statements

The key audit matter	The key audit matter
<p>The management of the Company expects to retain the technological equipment for a period of at least five years and to not use the reserves created as a result of using the tax exemption for a period of at least five years.</p> <p>The additional deduction for reinvested profits depends on retaining in the patrimony of the technological equipment. Evaluating deferred tax debt and deferred tax assets reflect the tax consequences arising from the way the Company expects to recover the value of the equipment.</p> <p>Due to the inherent uncertainty in estimating the retention period of at least five years, we consider that evaluation of deferred tax assets to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none">- Using our own professional judgement to evaluate the assumptions and judgements of management. In doing so we evaluated technical specifications of the equipment, information from commercial contracts, market information about the Company's products and the equipment's adaptive capability.- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Our procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the matters described above, and the findings described do not express a separate opinion on these individual matters.

Other aspects

- 6 Considering the information presented in Note 25. Effects of Covid 19 Pandemic on the activity of Compa and the evolution of the international epidemiological situation caused by the spread of SARS-CoV-2 coronavirus in more than 150 countries, declared "Pandemic" by the World Health Organization, on 11.03.2020, as well as the uncertainty related to the spread in time and magnitude of the effects on the world economy, the future activities of the Company may be adversely affected. It is difficult to estimate at present the extent of the effects on the industry in which the Company operates, respectively on the demand for the Company's products, but also on the possible deficiencies in the supply chain or the effects of any restrictions imposed by the authorities in the next period.

Other information – the Separate Administrator's Report

- 7 The administrators are responsible for the preparation and presentation of other information. This other information includes the Administrator's Report, but do not include the Separate Financial Statements and the Auditor's report on the financial statements and neither the Non-financial Statement, this being presented in a separate report.

Our opinion on the financial statements does not cover this other informations and except when we explicit mention this in our report, we are not expressing any statement of assurance regarding this other information.

In connection with our audit of the separate financial statements as at 31 December 2020, our responsibility is to read this other informations and, doing so, to assess whether this other information is not consistent, in all material respects, with the information presented in the separate financial statements, or with the knowledge we gained during our audit of the separate financial statements, or if this other information appear to be significantly distorted.

We have read the Administrator's Report and report that it includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 15-19.

Based exclusively on activities that need to be carried during the audit of the financial statements, in our opinion:

- a) Information in Administrator's Report for the period that the financial statements were prepared is consistent, in all material respects, with the information presented in the accompanying separate financial statements as at 31 December 2020;
- b) the Administrator's Report identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 15-19.

In addition, based on our knowledge and understanding concerning the Company and its environment gained during our audit of the financial statements as at 31 December 2020, we are asked to report if we have identified information included in the Administrator's Report that contains a material misstatement of fact. We have nothing to report on this aspect.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

- 8 Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 9 In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 10 Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

- 11 Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 12 As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 13 We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 14 We also provide to those charged with governance a declaration regarding our conformity with the ethic requirements referring to independence and we communicate all relations and other aspects which can reasonably be considered, that it might affect our independence and, if applicable, the associated safety measures.
- 15 Out of all aspects we communicated to those charged with governance, we determine those aspects that had an increased importance during our audit on the Separate financial statements as at 31 December 2020 and, consequently, represent key audit matters. We describe this aspects in our audit report, except when legislation or regulations forbids the public presentation of a certain aspect or, in extemly rare circumstances, we consider that an certain aspect should not be communicated in our audit report because it's resonable to assume that the benefits of the public interest are overcome by the negative concequences of this communication.

Report on other legal and regulation directives

- 16 We were appointed by the Genereal Meeting of Shareholders on the 27th of April 2020 to audit the separate financial statements of COMPA S.A. for the period ending on the 31 December 2020.

We confirm that:

- Our opinion is in accordance with the supplimentary report presented to the Companiy's Audit Comitee, which we we issued at the same date as this Report. We also, during our audit, we have kept our independence from the audited entity.
- We have not provided forbidden **non-audit services**, mentioned at article 5 paragraph (1) from the EU Regulation no. 537/2014.

On behalf of

AuditCont SRL

Registered with the Chamber of Financial Auditors in
Romania with no. 321/2003

Daniela Benga

Registered with the Chamber of Financial Auditors in
Romania with no. 1169/2001

Sibiu, March 22, 2021

2021

REVENUES

AND

EXPENSES

BUDGET

2021








C O N T E N T S

- 1. SPECIFIC PREMISES**
- 3. SUBSTANTIATION OF THE PRODUCTION INDICATORS**
- 4. SUBSTANTIATION PROFIT AND LOSS ACCOUNT**
- 5. SUBSTANTIATION OF MAIN HERITAGE ELEMENTS**
- 6. INVESTMENTS AND FINANCING SOURCES**
- 7. ECONOMIC AND FINANCIAL INDICATORS**

**SUBSTANTIATING
OF
REVENUES AND EXPENSES BUDGET
2021**

1 SPECIFIC PREMISES

The Substantiation of Income and Expenses Budget for 2021 was based on the following premises:

-  Recently updated forecasts and orders received from the main COMPAS partners for 2021, for the products for which there are signed Contracts, Nomination Letters and other partnership agreements..
-  The new businesses that started in 2020 were also taken into account, for which the level of production capacities will reach maturity in 2021.
-  The investment program to be carried out during 2021, oriented mainly towards the acquisition of machines and equipment both for the expansion of existing production capacities and for the replacement of used machines and equipment
-  Cost Reduction Program established through projects to improve the activity in all areas of activity of the company in order to cover cost increases and price reductions granted to partners through productivity.
-  Programele de asimilare în producție a unor produse noi, demarate cu clienții cu impact asupra activității anului 2021.
-  The exchange rate taken into account for the substantiation of the REB for 2021 is 4.87 lei / euro.
-  The inflation taken into account in BVC 2021 is 3%.

2 SUBSTANTIATION OF THE PRODUCTION INDICATORS

The main production indicators based on 2021 according to the Contracts concluded with traditional partners, orders and forecasts recently received from partners, in conjunction with programs and measures for sizing the necessary human resources, ensuring the necessary material base, are found in the table below.

INDICATORS	U/M	Achievement 2020	Provisions BVC 2021	% col.4/col.3
1	2	3	4	5
Turnover				
- current prices of the period	th RON	547.121	715.000	130.68
Average number of employees - Total	pers.	1436	1832	130.71
Productivity				
- - current prices of the period	th.RON/ pers	381.59	390.28	102.28
Export production				
- RON	th RON	364.559	455.700	125.00
- Euro	th E	75.259	93.573	124.33
Necesarul de import materiale				
- Euro	th E	43.744	56.900	130.07

3 SUBSTANTIATION OF THE PROFIT AND LOSS ACCOUNT

In the projection of the Profit and Loss Account for 2021, the following were taken into account:



Orders and contracts corrected with the latest developments and information on the level of volumes ordered by partners in order to substantiate the turnover and respectively the revenues from the sale of products in 2021.



In order to dimension the operating costs, the following were taken into account:

- ✓ Degree of wear of buildings, machines and equipment with an impact on the cost of depreciation;
- ✓ Evolution of the price of utilities (electricity, natural gas, water, etc.)
- ✓ The evolution of the price of the raw material, especially of the price on the steel market;
- ✓ Increasing labor costs in this geographical region where there is a lack of skilled workers, especially workers serving numerically controlled machines and other categories of personnel: welders, electricians, plumbers.
- ✓ Measures to reduce costs as a measure to counteract the effects of increasing some categories of costs, but also to ensure higher profitability of the company's activity in 2021.

The table below contains a summary indicators of Profit and Loss Account Structure.

INDICATORS	Achievement 2020	Provisions BVC 2021	% col.4/col.3
1	3	4	5
TOTAL INCOME, of which:	557.886	724.900	129.93
- operating income, from wich:	557.878	723.000	129.60
- turnover	547.121	715.000	130.68
- financial incomes	8.5	1.900	
TOTAL EXPENSES, of which:	542.913	694.633	127.95
- operating expenses	539.806	691.300	128.06
- financial expenses	3.107	3.333	107.27
TOTAL GROSS RESULT, of which:	14.974	30.267	202.13
- operating result	1.054	2.600	246.68
- financial result	13.920	27.667	198.76

4 BACKGROUND OF THE MAIN ELEMENTS OF HERITAGE

The patrimony elements will not register a significant evolution in 2021 compared to the previous year. It can be highlighted the increase of financial assets as a result of cash participations and mainly in kind (building and land) at the establishment of the affiliated company ARINI HOSPITALITY S.R.L. Sibiu, in which the company COMPA S.A. holds 100% of the share capital, being a sole shareholder.

A summary of the projection of the main groups of heritage elements for 2021 is presented in the table below.

SPECIFICAȚIE	Achievement 2020	Provisions BVC 2021	% col.2/col.1
A	1	2	3
TOTAL FIXED ASSETS, of which:	499.028	503.645	100.93
1. Intangible assets	8.672	9.000	103.78
2. Tangible assets	417.180	420.000	100.68
3. Financial assets	71.290	53.925	75.64
CURRENT ASSETS of which:	1.886	20.720	1098.69
1. Inventories	233.691	263,743	99,8
2. Receivables	91.495	93.000	101.64
3. Petty cash (cash in banks)	141.308	145.000	102.62
DEBT LESS THAN ONE YEAR	888	890	100.22
DEBT OVER ONE YEAR	134.925	132.097	97.90
CAPITAL AND RESERVES	110.156	109.950	99.81
TOTAL FIXED ASSETS, of which:	487.638	500.488	102.64

5 INVESTMENTS AND FINANCING SOURCES

In the projection of the Budget of the investment activity for the year 2021 are provided on the one hand the expenses expected to be realized this year, and on the other hand the own resources of the company destined to finance the investment activity are taken into account..



Investment expenditures are based on the requirements included in the Investment Program for 2021, which is significantly lower than in 2019-2020, when major investments were made in: new production hall, automated line for pump body manufacturing for injection of petrol engines.



Own and attracted resources:

- Own resources:
 - ✓ Depreciation included in the price of products;
 - ✓ profit allocated to the development fund;
- attracted resources:
 - ✓ Investment loan committed in 2019 with repayment starting with Q1 2021.

6 ECONOMIC AND FINANCIAL INDICATORS

The most representative economic indicators related to BVC for the year 2021 compared to 2020 are presented in the Table below:

DENUMIRE INDICATORI	U/M	Realizări 2020	Prevederi BVC 2021	% col.4/col.3
1	2	3	4	5
Financial rate of return	%	2.50	3.82	152.80
The rotation speed of assets		1,02	1,01	99.02
The labor productivity	Th.RON/ pers.	381.59	390.28	102,28
Trade receivables turnover rate	day	68.12	69.27	101.69
Trade turnover rate debt	day	47.63	47.29	99.29
Turnover rate debt stocks	day	44.11	44.43	100.73
Indebtedness ratio	%	0.50	0.48	96.00
The current liquidity		1.73	1.81	104.62
Direct liquidity		1.05	1.10	104.76

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

INVESTMENT PROGRAM FOR 2021

COMPA SA SIBIU

No. crt.	Investment objective	Supplier	2021				
			Total	Q1	Q2	Q3	Q4
1	Painting line Durst	Durst	7.426.750	1.485.350	5.941.400		
2	Structure and platform Durst	Compa	628.230	628.230			
3	Machining center Chiron DZ12W Fx	Chiron	2.800.250	560.050	1.120.100	1.120.100	
4	Lathe Emco EMCOTURN E45 SM	Allmetech	779.200	194.800	194.800	389.600	
5	Star equipment - Transfer England	Delphi Diesel System	97.400		97.400		
6	Durst hall crane - long section	Cranes	97.400		97.400		
7	Durst hall crane - short section	Cranes	97.400		97.400		
8	S220 hall overhead crane - over the Oxy car	Cranes	97.400		97.400		
9	Rolling equipment	Weather in Faccini	301.940		301.940		
10	Retrofit oven Uttis	UTTIS	210.043	210.043			
11	New UTTIS oven	UTTIS	1.009.551	403.820		403.820	201.910
12	Milling, drilling, boring machine	Hidromar	1.655.800			827.900	827.900
13	Transfer Vestas	Vestas	701.381	701.381			
14	Automatisation Compa	Compa	974.000			974.000	
15	Mazak Multiplex W200	Mazak	2.629.800			788.940	1.840.860
16	ECM machine	Inmaacro	4.821.300			1.928.520	2.892.780
17	Gleason machine	Gleason Pfauter	2.678.500			1.071.400	1.607.100
18	Studer grinding machine	Inmaacro	3.092.450			1.236.980	1.855.470
19	Arrangements and constructions of buildings	Farben	7.305.000	3.409.000	974.000	1.461.000	1.461.000
20	Equipment modernization	Hidromar, Atlas Copco	8.279.000	2.922.000	1.948.000	1.704.500	1.704.500
21	Other investments	Summit, etc.	3.408.205	851.326	852.160	852.240	852.480
	Total		49.091.000	11.366.000	11.722.000	12.759.000	13.244.000

CEO,
Ioan Deac

CFO,
Ioan Miclea