

# CONSOLIDATED ANNUAL REPORT



**compa**  
*beyond expectations*

# 2020

compa **it**



**TRANS C.A.S.**  
SRL SIBIU

transport intern si international

# CONSOLIDATED ANUAL REPORT - 2020



## CONTENT

- A) BOARD OF DIRECTORS REPORT**
  - 1. INTRODUCTION**
    - 1.1. LEGAL FRAMEWORK, PURPOSE AND NECESSITY OF PREPARATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**
    - 1.2. APPLICATION METHODS APPLIED**
  - 2. SHORT HISTORY**
  - 3. INFORMATION REGARDING THE ENTITIES WITHIN THE GROUP**
  - 4. MAJOR EVENTS IN THE GROUP'S ACTIVITY IN 2020**
  - 5. INTRA - GROUP TRANSACTIONS IN THE PERIOD 2018-2020**
  - 6. MAIN ECONOMIC - FINANCIAL INDICATORS OF THE COMPA GROUP**
  - 7. MAIN INDIVIDUAL INDICATORS OF GENERAL EVALUATION OF THE ACTIVITY OF THE ENTITIES WITHIN THE GROUP**
  - 8. THE BODY ASSETS OF THE GROUP**
  - 9. FINANCIAL ACCOUNTING STATEMENT OF THE GROUP**
  - 10. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2020**
  - 11. DECLARATION OF CONFORMITY OF THE FINANCIAL STATEMENTS**
- B) AUDITOR'S REPORT**
- C) CONSOLIDATED NON-FINANCIAL STATEMENT**

# CONSOLIDATED ANUAL REPORT - 2020



## 1. INTRODUCTION

### 1.1. LEGAL FRAMEWORK, PURPOSE AND NECESSITY OF PREPARATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

COMPAS S.A. Sibiu, whose securities are admitted to trading on the regulated market of the Bucharest Stock Exchange, has been applying the International Financial Reporting Standards (IFRS) since 2012.

In accordance with the accounting regulations in accordance with the 7th Directive of the European Economic Community, COMPAS S.A. Sibiu (parent company) meets the conditions according to point 12. Based on point 3 of these regulations, the consolidated annual financial statements have been prepared.

The set of accounting registration rules of the economic-financial operations for the preparation, approval and statutory audit of the consolidated annual financial statements of the companies are provided in the "Accounting regulations compliant with IFRS" approved by OMFP 2844/2018.

All these normative acts constituted the necessary legal basis for the elaboration of the consolidated financial statements of the Group for the year ended 31.12.2020.

The main consolidated annual report of the COMPAS Group has as main objective the information of the investors and business partners of the parent company, as well as of the affiliated companies.

The prepared documents highlight the results obtained by the COMPAS Group for 2020, a particularly difficult year (due to the effects of the evolution of the Coronavirus pandemic), which greatly affected both the activity of the parent company and its affiliated companies..

### 1.2. APPLICATION METHODS APPLIED

According to the legal regulations, the preparation of the consolidated financial statements is carried out by the entity hereinafter referred to as the parent company, which holds participation titles in another entity, called the subsidiary or affiliated company.

In this context, the company COMPAS S.A. Sibiu in its capacity as parent company 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.:

COMPAS I.T. S.R.L.	100,00 %
TRANS C.A.S. S.R.L.	99,00 %
RECASERV S.R.L.	70,00 %

COMPAS S.A. Sibiu, the parent company, exercises an effective power, having a dominant influence, respectively it has control over the Group companies. Given the accounting regulations as well as the existing recommendations in this field, the consolidation method used with these companies is the "Global Integration Method"

## CONSOLIDATED ANUAL REPORT - 2020



### 2. SHORT HISTORY

Although this chapter was presented in detail in the individual annual report of COMPA for 2020, we consider it necessary and appropriate that certain episodes in the history of the parent company be highlighted in the Consolidated Annual Report for 2020 of the COMPA Group.

**1886** - It is officially certified under industrial operation blacksmith workshop di Jozsef Datky, which produces leaf springs for carriages of weather and drop forged parts and tools.

The workshop was developed so that the products made in this family business were found at international exhibitions in the Austro-Hungarian Empire (Vienna and Budapest).

**1948** - It is the year in which private companies, such as the predecessor of Uzina Elastic, profiled at that time in the manufacture of sheet springs, helical springs wrapped hot or cold, were nationalized as a result of the installation in Romania of the communist regime..

**1969** - The Sibiu Auto Parts Company (IPAS) is established, by merging two large companies, which operated in Sibiu that year, respectively:

- Automecanica Sibiu Plant, which in turn had an impressive history, from an Arsenal of Sibiu Artillery, which ensures the repair and manufacture of weapons necessary for the defense of the Sibiu Fortress, to the construction of car equipment with advanced technology at the time of merger;
- Elastic Sibiu Plant, with a craft tradition since the founding of the Datky Workshop, which it permanently developed, making at the time of merging a varied and diversified range of lamellar springs for the manufacture of vehicles made in Romania and a wide range of springs helical, hot and cold wrapped, destined for the entire rural material industry (locomotives, wagons), of the car manufacturing industry from all over Romania.

**1991** - The car parts enterprise is transformed into S.C.COMPA S.A.Sibiu, as a result of the political and economic framework created by the transition of Romania from a totalitarian communist state to a state with a market economy.

**1999** - It is the year of the privatization of the parent company, S.C.COMPA S.A. by purchasing the majority stake of the State Property Fund (FPS). This historical stage ensures the premises for the development in conditions of competitiveness and profitability of the company, for the development of business partnerships with representative companies from the world industry, on the principles of equality and competence, of fair competition.

**2000** - The foundations are laid for the establishment of the COMPA Group by transforming the IT Service, which operated within the parent company with the activity of software design and internal network administration, into a separate company S.C.Compa IT S.R.L., with full capital COMPA. As a result of the establishment of this company in an economic unit with predominant activity in information technology (IT), the premises for the development of this sector of activity were created both for the realization of an integrated IT system of COMPA but also for software for other companies in outside the Compa Group.

**2001**- The second affiliated company S.C.TRANS C.A.S. LLC Sibiu, a limited liability company, with a predominant COMPA contribution, resulted from the transformation of the existing Transport Base within the parent company, into a separate company specialized in domestic and international road transport. By setting up this company specialized strictly in the transport activity, the conditions for the development of these companies were created, which provide transport services, not only for the parent company, but also for other companies in Romania and in Europe.

The company has developed a lot since its establishment, investing in the acquisition of mainly heavy trucks (TIR) used for transporting raw materials and materials from suppliers and transporting finished products, both for COMPA and for various companies in Romania but more resembles companies in Europe.

**2004** - The third affiliated company is established, respectively S.C. RECASERV S.R.L., by transforming the activity of the COMPA canteen into a separate company in which the COMPA company holds the control position, being the majority partner.

## CONSOLIDATED ANUAL REPORT - 2020



### 3. INFORMATION REGARDING THE ENTITIES WITHIN THE GROUP

#### COMP A S.A. Company

Social headquarters	No.8, Henri Coandă Street, Sibiu	
Registration no. in the Trade Register	J32/129/1991,	
Fiscal Code (VAT Code)	RO 788767	
The main activity	2932 - Manufacture of other parts and accessories for motor vehicles	
Share capital (RON)	21.882.103,8	
Board of Directors	Deac Ioan	- Chairman & CEO
	Miclea Ioan	- CFO/ administrator
	Maxim Mircea Florin	- Non-executive administrator
	Benchea Cornel	- Audit committee President/ administrator
	Velțan Ilie-Marius	- Audit committee member/ administrator

**Form of ownership:** COMP A S.A. is a company with 100% private capital. It was privatized in September 1999, by buying the majority stake in the Compa Sibiu Employees Association (PAS), which became the company's main shareholder.

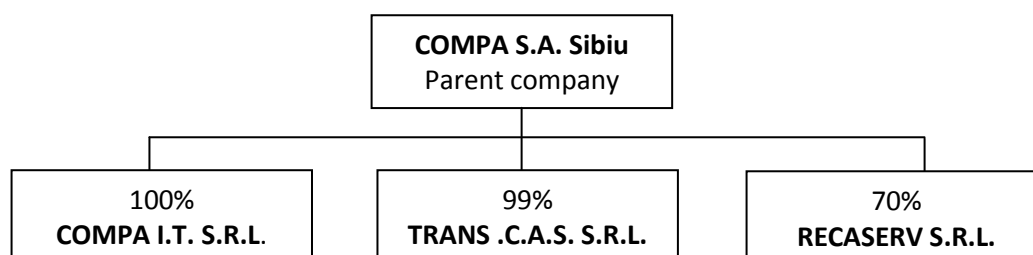
In 2018, the Compa Sibiu Employees Association (PAS) was dissolved, the shares being transferred to the members of the association, depending on the number of shares held and purchased by each.

As presented in detail in the Individual Annual Report 2020, the parent company is organized on Profit Centers, integrated units without legal personality with a decentralized activity, structured to make products for a single customer or to make similar products for several customers, such as: Forging, Heat treatment, Galvanization, Pressed - stamped parts, mechanical - welded subassemblies.

The financial investments of the parent company COMP A, which consist of participation titles and shares, in the other 3 affiliated companies, as follows:

COMP A holds titles / equity shares :	Social headquarters	The value of titles held by COMP A	% ownership
COMP A I.T. S.R.L.	Sibiu, 8 Henri Coandă, Sibiu county	200,000	100.00
TRANS .C.A.S. S.R.L.	Sibiu, 12 Henri Coandă Sibiu county	1,498,450	99.00
RECASERV S.R.L.	Sibiu, 51 Henri Coandă Sibiu county	70,000	70.00
<b>TOTAL</b>		<b>1,768,450</b>	

Schematically, the structure of the COMP A Group is:



The management of the parent company COMP A, as well as of the entire Compa Group is ensured by the Board of Directors elected by the Ordinary General Meeting of Shareholders, for a period of 4 years.

## CONSOLIDATED ANUAL REPORT - 2020



### COMP A I.T. S.R.L Company

The purpose of the establishment was to design and implement an integrated IT system for the parent company, to the existing international standards and to ensure the requirements imposed by the organization of profit centers of the company COMP A, as well as to ensure a computer network of computers extended throughout the company COMP A.

By implementing the integrated system in the parent company, COMP A-IT ensures the operation of this system at higher parameters, prepares reports and presents the new facilities of the system in order to capitalize at the highest possible level of opportunities that this very complex system can offer. competitive.

Social headquarters	Sibiu, No.8, Henri Coandă Street, Sibiu County
Recording no. in the Trade Register	J32/17/2001,
Fiscal Code (VAT)	CUI 13656016
The main activity	6201 - Computer programming activities
Share capital (RON)	200,000
Sole shareholder	COMP A S.A
Administrator	Acu Florin-Ştefan

### TRANS C.A.S. S.R.L. Company

The reason for setting up the company was to outsource the car transport activity initially existing within COMP A, in order to expand and develop this activity different from the activity profile of COMP A.

Some of these vehicles are owned by the parent company COMP A S.A., rented, and some are owned by TRANS C.A.S. LLC

TRANS C.A.S. SRL currently owns a number of over 60 vehicles, of which an important share is held by Mercedes tractor trailers, with a capacity of over 20 tons payload, intended for the transport of materials and finished products for both COMP A and other customers.

The overwhelming share of TRANS C.A.S. it is owned by international freight transport in almost all of Europe.

Social headquarters	Sibiu, No.12, Henri Coandă Street Sibiu County
Recording in the Trade Register Office	J32/633/2002
Fiscal Code(VAT Code)	CUI 14836511
The main activity object	4941 Freight transport by road
Share capital, of which:	1,500,000 RON
Shareholders: COMP A S.A.Sibiu	1,498,450 RON
Maxim Mircea Florin și Mihăilă Daniela	1,550 RON
Administrator	Maxim Mircea Florin

## CONSOLIDATED ANUAL REPORT - 2020



### RE CASERV S.R.L. Company

The purpose of setting up the company was to outsource from the parent company COMPA S.A. of some activities different from its main activity profile, activities such as: public catering made through the canteen and the micro-canteens that operate inside the COMPA company.

By establishing RE CASERV S.R.L. the conditions for the development of this activity were ensured by supplementing with secondary services: catering and cleaning services.

Social headquarters	Sibiu, 51 Henri Coandă Street Sibiu County
Recording no. in the Trade Register	J32/704/2004
Fiscal Code (VAT Code)	CUI 164408228
The main activity	5629 Other food service activities
Share capital, of which:	100.000 RON
Shareholders: COMPA S.A.Sibiu	70%
Boroş Daniela (individual person)	30%
Administrator	BOROŞ Daniela

#### 4. MAJOR EVENTS IN THE GROUP'S ACTIVITY IN 2020

On 15.01.2020, the Extraordinary General Meeting of Shareholders (EGMS) was convened in order to approve the participation of the parent company COMPA in the establishment of another affiliated company COMPA HOSPITALITY S.R.L., with main object of activity Hotels and other similar accommodation facilities, CAEN code 5510.

The legal regulations that appeared later, in the legal field and the latest requirements in the field but also of some appeals of some investors were the reasons why this company has not yet been registered at the Trade Register.

From 15.03.2020, the COVID-19 pandemic was triggered, caused by Coronavirus SARS CoV-2. This pandemic that generated a global health crisis affected both the parent company COMPA and its affiliates, one of them, RE CASERV with activity in the field of public alimentation, the company's main activity, had its activity suspended until the end of 2020. , operating only with the other activities in its field of activity.

All companies within the Group have taken the most effective measures, such as:

- Disinfection of common areas: halls, locker rooms, inside vehicles, canteens, spaces of the IT field;
- Protective masks and other hygienic-sanitary materials (gowns, gloves, etc.) were distributed;
- The daily control of the temperature of the personnel at the entrance on the gates of the Group was introduced
- Other measures specific to each company were taken, both within the parent company and in the affiliated companies.

As a result of the effects of the pandemic, both within the parent company and within the affiliated companies, the Individual Employment Contracts were temporarily suspended for a very large number of employees, in March and April 2020.

In April 2020, for the parent company COMPA and in May 2020, the General Ordinary and Extraordinary Meetings were convened for the affiliated companies, which approved:

- Financial results for 2019
- Distribution of profit / loss for 2019
- The budget of revenues and expenditures for 2020
- Appointment of the audit firm or auditors
- Other items on the agenda, according to the law.

## CONSOLIDATED ANUAL REPORT - 2020



On 12.11.2020, the Extraordinary General Meeting of Shareholders of the parent company COMPA was convened, which approved:

- The participation of the parent company COMPA as sole partner in the establishment of the limited liability company ARINI HOSPITALITY, with main object of activity Hotels and other similar accommodation activities, CAEN code 5510;
- Delegating the Board of Directors to decide on the number of shares, statute, contracting funds and signing documents related to the establishment of the affiliated company Arini Hospitality SRL.
- Reduction of the share capital of TRANS C.A.S. SRL, with the amount of 750,000 lei, by reducing the number of shares.

### 5. INTRA - GROUP TRANSACTIONS IN THE PERIOD 2018-2020

COMPANIES IN WHICH IT HOLDS SECURITIES	PURCHASES OF GOODS AND SERVICES (Affiliate Compa RON)			SALES OF GOODS AND SERVICES Compa to affiliates-RON)		
	2018	2019	2020	2018	2019	2020
TRASCAS S.R.L.	19,560,341	18,268,690	<b>13,123,015</b>	541,756	420,995	<b>463,161</b>
COMPA IT S.R.L.	2,452,052	2,983,330	<b>2,638,111</b>	65,743	42,985	<b>42,312</b>
RECASERV S.R.L.	1,722,849	1,629,561	<b>1,100,203</b>	175,915	58,696	<b>50,566</b>

The relations took place in commercial terms of the free market, their price being agreed by negotiation, within the levels practiced on the market.

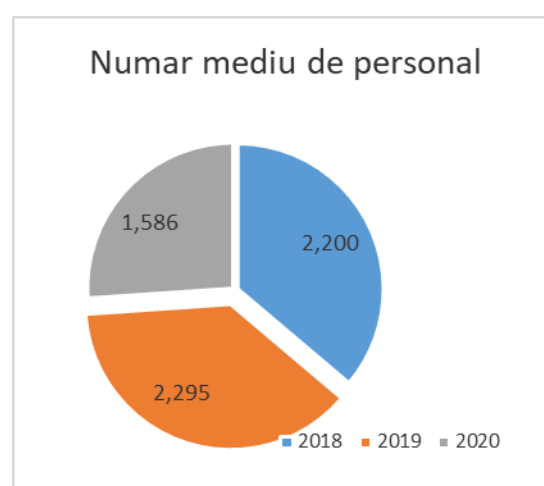
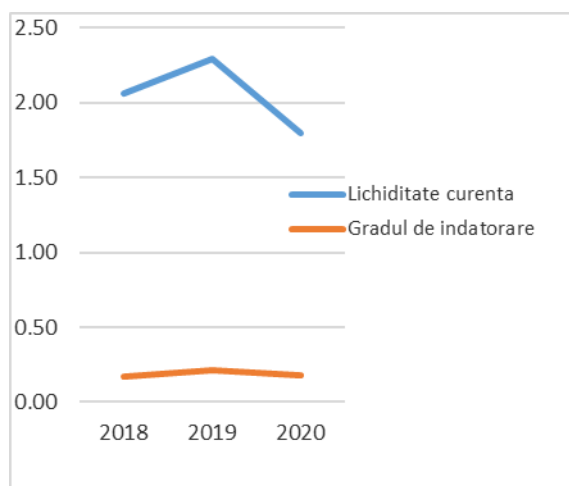
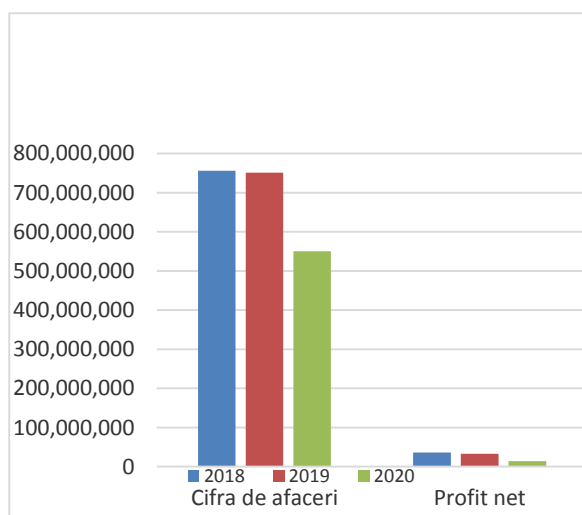
### 6. MAIN ECONOMIC - FINANCIAL INDICATORS OF THE COMPA GROUP

Indicator	2018	2019	2020
Turnover	756,505,986	751,175,663	<b>550,295,855</b>
Net profit	35,915,908	33,229,407	<b>14,027,877</b>
Investment volume	67,008,136	92,447,734	<b>89,405,393</b>
EBITDA	81,248,791	82,116,622	<b>68,182,731</b>
Current liquidity	2.06	2.29	<b>1.80</b>
Degree of indebtedness	0.17	0.21	<b>0.18</b>
Average number of staff	2,200	2,295	<b>1,586</b>

**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, 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.



# CONSOLIDATED ANUAL REPORT - 2020



## 7. MAIN INDIVIDUAL INDICATORS OF GENERAL EVALUATION OF THE ACTIVITY OF THE ENTITIES WITHIN THE GROUP

### a) COMPA S.A. Sibiu

INDICATOR	UM	2018	2019	2020
Turnover	RON	752,507,249	746,729,484	547,121,134
Net profit	RON	35,428,575	32,708,709	13,919,766
Total assets	RON	674,730,755	723,600,553	732,718,926
Total debts	RON	234,577,834	248,709,990	245,081,415
Average personal number	People	2,094	2,190	1,495

## CONSOLIDATED ANUAL REPORT - 2020



### b) COMPA I.T. S.R.L. Sibiu

INDICATOR	UM	2018	2019	2020
Turnover	RON	2,015,909	2,509,617	2,216,900
Net profit	RON	61,058	71,031	25,072
Total assets	RON	961,938	981,524	1,010,033
Total debts	RON	237,682	186,237	189,675
Average personal number	People	9	9	9

### c) TRANS C.A.S. S.R.L. Sibiu

INDICATOR	UM	2018	2019	2020
Turnover	RON	20,027,236	19,440,689	14,460,846
Net profit	RON	356,113	375,698	191,018
Total assets	RON	8,448,406	8,023,920	8,431,945
Total debts	RON	3,131,833	2,335,211	2,553,980
Average personal number	People	54	56	49

### d) RECASERV S.R.L. Sibiu

INDICATOR	UM	2018	2019	2020
Turnover	RON	2,140,479	2,179,623	1,146,979
Net profit	RON	70,161	73,970	-107,979
Total assets	RON	834,711	787,147	615,242
Total debts	RON	288,118	166,583	102,658
Average personal number	People	43	40	33

## CONSOLIDATED ANUAL REPORT - 2020



### 8. THE BODY ASSETS OF THE GROUP

#### 8.1. Tangible fixed assets and real estate investments

Within the Group, there are the following categories of property, plant and equipment and real estate investments presented in the table below (net value):

EXPLANATIONS	2018	2019	2020
Land and buildings	129,671,253	134,682,902	132,018,634
Equipment and vehicles	190,533,644	212,038,365	210,075,798
Other property, plant and equipment	213,202	593,592	519,619
Corporal immobilizations taking course	21,737,289	38,173,604	78,038,056
Real estate investments	40,768,728	65,494,195	66,242,388
<b>TOTAL INTANGIBLE ASSETS</b>	<b>382,924,116</b>	<b>450,982,658</b>	<b>486,894,495</b>

#### 8.2. Gradul de uzură al proprietăților Grupului

Gradul de uzură a imobilizărilor corporale ale Grupului, în perioada 2018 -2020 este prezentat în tabelul următor:

EXPLANATIONS	2018	2019	2020
<b>Constructions:</b>			
- Inventory value	99,412,956	90,834,202	94,365,644
- Remaining value	86,162,092	90,834,202	88,169,934
- Wear	13,250,864	0	6,195,710
- Degree of wear (%)	13.33	0.00	6.57
<b>Equipment and vehicles</b>			
- Inventory value	526,299,431	588,436,846	628,916,878
- Remaining value	190,533,644	212,038,365	210,075,798
- Wear	335,765,787	376,398,481	418,841,080
- Degree of wear (%)	63.80	63.97	66.60
<b>Other property, plant and equipment</b>			
- Inventory value	1,246,931	1,689,616	1,672,915
- Remaining value	213,202	593,592	519,619
- Wear	1,033,729	1,096,024	1,153,296
- Degree of wear (%)	82.90	64.87	68.94

The entire land area included in the accounting records is the property of the Group, being tabulated and registered in the Land Book, there are no problems related to the ownership of tangible assets, respectively land, buildings and equipment..

## CONSOLIDATED ANUAL REPORT - 2020



### 9. FINANCIAL AND ACCOUNTING SITUATION OF THE GROUP

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

EXPLANATIONS	2018	2019	2020
Fixed assets	388,965,556	459,776,300	498,646,738
Current assets	289,012,546	267,980,731	235,719,119
Equity	444,861,023	479,712,445	492,969,097
Long-term debt	93,154,846	131,139,682	110,328,247
Current debts	139,962,233	116,904,903	131,068,513

**Note:** In 2020, the Group 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 the total amount of 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.

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

EXPLANATIONS	2018	2019	2020
Operating income	767,669,795	772,347,126	561,167,381
Operating expenses	725,875,558	734,779,645	542,920,930
<b>Operating result</b>	<b>41,794,237</b>	<b>37,567,481</b>	<b>18,246,451</b>
Financial income	1381	2,300	8,544
Financial expenses	525,042	3,401,616	3,125,286
<b>Financial result</b>	<b>-523,661</b>	<b>-3,399,316</b>	<b>-3,116,742</b>
Total income	767,671,176	772,349,426	561,175,925
Total expenses	726,400,600	738,181,261	546,046,216
<b>Gross result</b>	<b>41,270,576</b>	<b>34,168,165</b>	<b>15,129,709</b>
<b>Profit tax</b>	<b>3,497,195</b>	<b>938,758</b>	<b>1,101,832</b>
Net result	<b>37,773,381</b>	<b>33,229,407</b>	<b>14,027,877</b>
Attributable to non-controlling interests	21,416	22,579	-32,197
Attributable to the parent company	37,751,965	33,206,828	14,060,074

#### 9.3. Statement of cash flows in the period 2018-2020

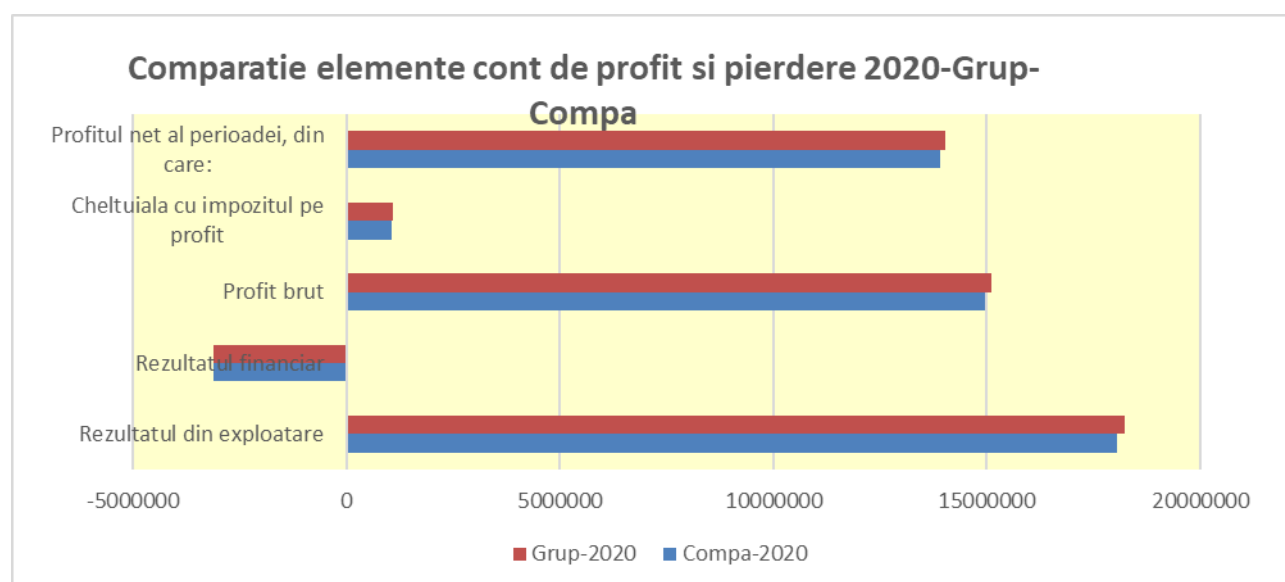
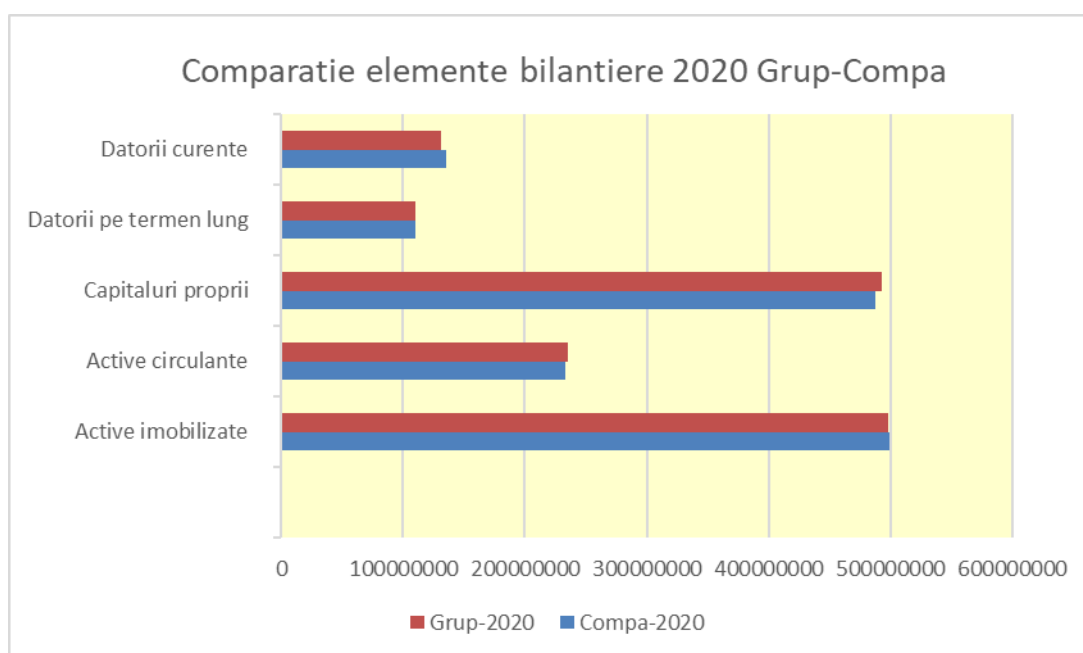
Indicator	2018	2019	2020
Net cash generated from operations	47,974,811	58,403,450	92,041,993
Net cash generated from investment activities	-67,008,136	-92,447,734	-89,405,393
Net cash generated from financial activity	19,433,852	39,738,281	-9,347,312
Net cash flow	400,527	5,693,997	-6,710,712
Cash at the beginning of the period	2,867,158	3,267,685	8,961,682
Cash at the end of the period	3,267,685	8,961,682	2,250,970

## CONSOLIDATED ANUAL REPORT - 2020



### 9.4. Comparison of the main group indicators - parent company in the period 2018-2020

INDICATORI	COMPA-2018	COMPA-2019	COMPA-2020	Grup-2018	Grup-2019	Grup-2020
Fixed assets	388,223,296	459,369,318	<b>499,027,837</b>	388,965,556	459,776,300	<b>498,646,738</b>
Current assets	286,507,459	264,231,234	<b>233,691,089</b>	289,012,546	267,980,730	<b>235,719,119</b>
Equity	440,152,922	474,487,208	<b>487,637,511</b>	444,861,023	479,712,445	<b>492,969,097</b>
Long-term debt	92,584,041	130,692,268	<b>110,156,394</b>	93,154,846	131,139,682	<b>110,328,247</b>
Current debts	141,993,792	118,421,077	<b>134,925,021</b>	139,962,233	116,904,903	<b>131,068,513</b>
Operating result	41,133,719	36,892,570	<b>18,072,460</b>	41,794,237	37,567,481	<b>18,246,451</b>
The financial result	-2,311,136	-3,366,604	<b>-3,098,764</b>	-2,381,134	-3,399,316	<b>-3,116,741</b>
Gross profit	38,822,583	33,525,966	<b>14,973,695</b>	39,413,103	34,168,165	<b>15,129,709</b>
Income tax expense	3,394,008	817,257	<b>1,053,929</b>	3,497,195	938,758	<b>1,101,832</b>
Net profit for the period	35,428,575	32,708,709	<b>13,919,766</b>	35,915,908	33,229,407	<b>14,027,877</b>



## CONSOLIDATED ANUAL REPORT - 2020



### 10. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2020

#### 10.1. Consolidated statement of financial position for the year ended 31.12.2020

All amounts are expressed in lei, unless otherwise specified)

Assets:	Note	31.12.2020	31.12.2019
<b>Fixed assets:</b>			
Tangible fixed assets	4.1.	420.652.107	385.488.463
Intangible assets	4.2.	8.672.020	7.432.457
Real estate investments	5	66.242.388	65.494.195
Other receivables (Subsidies and settlements from joint operations)	6	1.224.822	72.572
Other fixed assets	7	121.233	121.233
Deferred tax assets	11	1.734.168	1.167.380
<b>Fixed assets - total</b>		<b>498.646.738</b>	<b>459.776.300</b>
<b>Current asstes:</b>			
Inventories	9	91.644.187	105.426.190
Trade and other receivables	6	139.630.810	145.394.085
Other receivables (grants and settlement of ventures operations )	6	2.193.152	8.198.773
Cash and cash equivalentents	10	2.250.970	8.961.682
<b>Current asstes - total</b>		<b>235.719.119</b>	<b>267.980.730</b>
<b>Total assets</b>		<b>734.365.856</b>	<b>727.757.030</b>
<b>Equity :</b>			
Capital issued	12	21.882.104	21.882.104
Share capital adjustments	12	-250.338	-64.910
reserves	12	367.435.461	364.108.240
Reserve adjustment	12	23.151.094	23.151.094
Reported result	12	66.530.853	37.237.041
The current result	12	14.060.074	33.206.828
Minority interests	12	159.849	192.048
<b>Total shareholders' equity</b>		<b>492.969.097</b>	<b>479.712.445</b>
<b>Long-term debt:</b>			
Financial debts	13	80.989.753	96.569.036
Advance income (advance income, subsidies)	14	29.202.849	34.435.001
Provisions	15	135.645	135.645
<b>Long-term debts - total</b>		<b>110.328.247</b>	<b>131.139.682</b>
<b>Current debts:</b>			
Financial debts	13	12.506.659	5.506.241
Commercial and similar debts;	14	93.954.615	92.028.996
Other debts	14	13.610.672	12.312.826
Debts from contracts with clients		3.408.686	1.217.334
Current tax debts	11	921.847	448.372
Advance income (advance income, subsidies)	15	6.666.033	5.391.134
<b>Current debts - total</b>		<b>131.068.513</b>	<b>116.904.903</b>
<b>Total debts</b>		<b>241.396.759</b>	<b>248.044.585</b>
<b>Total equity and debt</b>		<b>734.365.856</b>	<b>727.757.030</b>

**Note:** In 2020, the Group 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 the total amount of 403,355 lei. The data for 2019 presented in the financial statements for the year ended 31.12.2020 have been adjusted.

## CONSOLIDATED ANUAL REPORT - 2020



### 10.2. Consolidated statement of profit or loss and other elements of overall result for the year ended 31.12.2020

	Nota	31.12.2020	31.12.2019
Revenues	15	550.295.855	751.175.663
Other revenues	15	10.871.526	21.171.463
<b>TOTAL REVENUES</b>		<b>561.167.381</b>	<b>772.347.126</b>
Changes in inventories of finished goods and work in progress	16	-2.916.666	10.243.352
Raw materials and consumables	16	-341.160.191	-497.150.305
Employee benefit expense	18	-120.720.209	-161.619.505
Depreciation and amortization expense	4,5,16	-52.284.574	-47.010.212
Third parties services	16	-20.180.927	-30.066.704
Other expenses	16	-5.658.362	-9.176.271
<b>TOTAL EXPENSES</b>		<b>-542.920.930</b>	<b>-734.779.645</b>
<b>Operating Results</b>	<b>17</b>	<b>18.246.451</b>	<b>37.567.481</b>
Financial income	19	8.544	2.300
Financial expenses	19	-768.447	-940.536
Other financial gains / losses	19	-2.356.839	-2.461.081
<b>Net financing costs</b>	<b>19</b>	<b>-3.116.741</b>	<b>-3.399.316</b>
<b>Profit before tax</b>		<b>15.129.709</b>	<b>34.168.165</b>
(Expenses) / Deferred income tax income	10	278.282	-428.983
Current income tax expense	10	-1.380.114	-509.775
<b>Total income tax expenses</b>		<b>-1.101.832</b>	<b>-938.758</b>
<b>Net profit for the period, of which:</b>		<b>14.027.877</b>	<b>33.229.407</b>
Attributable to non-controlling interests		-32.197	22.579
Attributable to the parent society		14.060.074	33.206.828
Other elements of the global result: Income tax related to other elements of the global result	10	288.506	-124.274
<b>Other income from comprehensive income, net of tax</b>		<b>288.506</b>	<b>-124.274</b>
<b>Total overall result for the year, of which:</b>		<b>14.316.383</b>	<b>33.105.133</b>
Attributable to non-controlling interests		-32.198	22.576
Attributable to the parent company		14.348.581	33.082.557
<b>Unbound result on basic / diluted stock</b>	<b>20</b>	<b>0,06</b>	<b>0,15</b>



## CONSOLIDATED ANUAL REPORT - 2020



### 10.3. Consolidated situation of changes in equity for the year ended 31.12.2020

Equity capital item	Registered Capital	Own shares	Losses related to own shares	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Reported result	Retained earnings	Minori-ty interests	TOTAL
Balance on January 1 <sup>st</sup> 2019	21.882.104	-64.910	-45.961	4.926.887	22.679.066	81.787.286	229.989.614	472.028	49.455.252	411.081.366	169.473	411.250.839
Net profit for the period									33.206.828	33.206.828	22.579	33.229.407
Other elements of the overall result, of which:	0	0	0	0	0	2.103.844	-120.712	0	0	1.983.132	0	1.983.132
Transfer to the carried forward result						-45.800				-45.800		-45.800
Revaluation of property, plant and equipment						2.149.644				2.149.644		2.149.644
Income tax related to other elements of the overall result							-120.712	0		-120.712		-120.712
Transactions with shareholders, registered directly in equity, of which:	0	0	0	22.237	0	0	45.445.045	0	-12.218.211	33.249.071	-4	33.249.067
Transfer of revaluation reserves									45.800	45.800		45.800
Profit distribution				22.237			45.445.045		-12.264.011	33.203.271	-4	33.203.267
<b>Balance on 31.12.2019</b>	<b>21.882.104</b>	<b>-64.910</b>	<b>-45.961</b>	<b>4.949.124</b>	<b>22.679.066</b>	<b>83.891.130</b>	<b>275.313.947</b>	<b>472.028</b>	<b>70.443.869</b>	<b>479.520.397</b>	<b>192.048</b>	<b>479.712.445</b>

Equity capital item	Registered Capital	Own shares	Losses related to own shares	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Reported result	Retained earnings	Minori-ty interests	TOTAL
Balance on 01.01.2020	21.882.104	-64.910	-45.961	4.949.124	22.679.066	83.891.130	275.313.947	472.028	70.443.869	479.520.397	192.048	479.712.445
Profit of the year									14.060.074	14.060.074	-32.197	14.027.877
Other elements of the overall result, of which:	0	0	0	0	0	0	288.506	0	0	288.506		288.506
Income tax related to other elements of the overall result							288.506	0		288.506		288.506
Transactions with shareholders, registered directly in equity, of which:	0	-185.428	-874.303	11.005	0	0	3.902.748	0	-3.913.751	-1.059.729	-2	-1.059.731
Equity element	Capital	Ajustari ale	Pierderi	Rezerve	Ajustari	Rezerve	Alte rezerve	Ajustari alte	Rezultatul	Total atribuibil	Interese care	Total



## CONSOLIDATED ANUAL REPORT - 2020



	social	capitalului social	legate de actiuni proprii	legale	rezerve legale	reevaluare	rezerve	reportat	actionarilor societatii	nu controleaza		
Repurchase of own shares		-185.428						0			-185.428	
Losses related to own shares			-874.303								-874.303	
Profit distribution				11.005			3.902.748	-3.913.751	2	-2	2	
<b>Balance on 31.12.2020</b>	<b>21.882.104</b>	<b>-250.338</b>	<b>-920.264</b>	<b>4.960.129</b>	<b>22.679.066</b>	<b>83.891.130</b>	<b>279.505.201</b>	<b>472.028</b>	<b>80.590.192</b>	<b>492.809.248</b>	<b>159.849</b>	<b>492.969.097</b>

### Note:

In 2020, the Group made records on account of the carried forward result, representing additional debts to the state budget in the total amount of 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

## CONSOLIDATED ANNUAL REPORT - 2020



### 10.4. Consolidated statement of cash flows for the year ended 31.12.2020

Explanations	2020	2019
Cash flows from operating activities		
<b>Profit before tax</b>	<b>15.129.709</b>	<b>34.168.165</b>
Adjustments for non-monetary items:		
Depreciation and amortization expenses	52.284.574	47.010.212
Adjust other non-monetary items	-5.092.443	28.088.784
<b>Operating profit before other changes in working capital</b>	<b>62.321.840</b>	<b>109.267.161</b>
(Increases) / Decreases in stocks	13.782.003	-6.235.558
(Increases) / Debt decreases	10.049.857	-21.086.385
Increases / (Debt decreases)	5.888.293	-23.541.768
<b>Net cash generated from operations</b>	<b>92.041.993</b>	<b>58.403.450</b>
Cash flows from investment activity		
Acquisitions of tangible assets	-87.479.149	-80.872.394
Acquisitions of intangible assets	-1.926.244	-11.575.340
<b>Net cash generated from investment activities</b>	<b>-89.405.393</b>	<b>-92.447.734</b>
Cash flows from financial activity		
(Increases) / Decreases in financial debts	-8.578.865	40.676.527
Interest rates	-768.447	-938.246
<b>Net cash generated from financial activity</b>	<b>-9.347.312</b>	<b>39.738.281</b>
<b>Net cash generated from total activity</b>	<b>-6.710.712</b>	<b>5.693.997</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8.961.682</b>	<b>3.267.685</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2.250.970</b>	<b>8.961.682</b>

### 10.5. Explanatory notes to the consolidated financial statements for the year ended 31.12.2020

#### 1. GENERAL INFORMATION

##### a) COMPA parent company

COMPA is a Joint Stock Company, based in Sibiu, str.Henri Coandă nr.8, CP 550234.

##### Domain of activity

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

##### Ownership of company

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

##### The company's evolution

By the Government decision nr.1296 / 13.12.1990 the company became COMPA, 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, COMPA was organized in factories workshops, established for product families as cost centers, which in time became profit centers in order to decentralize and facilitate the establishment of joint ventures.

## CONSOLIDATED ANUAL REPORT - 2020



Financial investments of company COMPA S.A. as “Parent Company”, representing equity securities as shares or stocks owned in commercial entities are presented in the table below:

Company where capital securities are held	Registered office	Value of securities held by COMPA (RON)	% Share capital
COMPAS I.T. S.R.L.	Sibiu, No 8Henri Coandă, Sibiu county	200.000	100,00
TRANS C.A.S. S.R.L.	Sibiu, No 12Henri Coandă, Sibiu county	1.498.450	99,00
RECASERV S.R.L.	Sibiu, No 51Henri Coandă, Sibiu county	70.000	70,00
<b>TOTAL</b>		<b>1.768.450</b>	

The management of the company was provided by a Board of Directors consisting of:

Deac Ioan	Chairman & CEO,
Miclea Ioan	Member of the Board & CFO
Maxim Mircea-Florin	Member of the Board
Baltes Nicolae	Member of the Board / Chairman Audit committee
Velțan Ilie- Marius	Member of the Board

### b) Subsidiaries

**Company COMPA IT S.R.L.** headquartered in Sibiu, 8, Henri Coandă Str., Sibiu County. The company was established in 2001, registered at the Trade Register under no.J32 / 17/2001, VATno. 13656016.

The purpose of establishing was design and implementation of an *Integrated Informational System* for the mother company complying with the existing international standards and ensuring the requirements imposed by the company's organization form on profit centers, as well as assurance of a computer network within the entire company COMPA.

The object of activity, according to CAEN code number is 6201 - "Activities of providing software on request"

The share capital of the company on 31.12.2016 was 200, 000 RON, fully owned (100%) by the Company COMPA S.A. The company's administrator is Mr. Acu Florin-Stefan.

**Company TRANS C.A.S. S.R.L.** with headquarters in Sibiu, 8 Henri Coandă Street, Sibiu County. The company was established in 2002, registered at the Trade Register under no.J32 / 633/2002, VAT no. 14836511. The company was intended for outsourcing the transport activity, initially existing within the company COMPA, with the purpose of extending and developing this distinctive activity from the profile of the company COMPA. TRANS C.A.S. S.R.L. currently holds a total of 60 vehicles, of which a significant share is represented by Mercedes tractor trailers, with payload capacity exceeding 20 tones dedicated for the transport of raw materials and finished products for both COMPA and for external customers.

The main activity of the company, according to CAEN code is 4941's "Road transport of goods"

The share capital is 150,000 shares amounting to 1,500,000 RON.

On 31.12.2018 shareholding structure was as it follows:

The company COMPA S.A. holds a number of 149,845 shares, amounting to 1,498,450 RON.

Maxim Mircea Florin and Mihăilă Daniela as individuals, hold a total number of 155 shares worth 1,550 RON.

The company management is assured by Maxim Mircea - Florin – as administrator.

**RECASERV S.R.L. company** headquartered in Sibiu, 51 Henri Coandă Str., Sibiu County, founded in 2004, registered at the Trade Register with no.J32 / 704/2004, VAT no. 164408228. The purpose of establishing the company was outsourcing within the mother company (COMPA SA) of some activities different from the main business activities such as catering and canteen achieved by operating the canteens inside the company COMPA. By setting the company RECASERV SRL with activity field catering – there were provided conditions for developing this activity by adding secondary services (catering and cleaning services).

# CONSOLIDATED ANUAL REPORT - 2020



The main activity, according to CAEN code is 5629 "Other food service activities", consisting of catering for employees in COMPA SA and other companies in Sibiu, organizing events with catering for companies and schools in Sibiu.

The share capital of the company is 100,000 RON owned by:

Company COMPA S.A. Sibiu, amounting to 70%

Boroş Daniela, amounting to 30%

Company RECASERV S.R.L. Sibiu has a number of 649100 shares worth 64,910 RON to COMPA SA Sibiu purchased by the BSE, registered in the company's financial statements from April 31.12.2017.

Administrator of the company is Mrs. Boroş Daniela.

## 2. BASIS OF PREPARATION

### Declaration of Conformity

The 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 Group adopted IFRS reporting from the financial statements of 2012.

### The principle of business continuity

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

### Basis of measurement

The 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 presented in Romanian lei (RON), rounded to the nearest value, which is the functional currency of the group.

### 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 Group'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.

Group 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 Group has entered into with customers, history of products sold, market information relating to Group'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

## CONSOLIDATED ANUAL REPORT - 2020



periods, the carrying value of the asset is increased to the net carrying amount that would have been determined had 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 be covered losses. The Group'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 Group has entered into with customers, market forecasts for the automotive and automotive components.

### - **Provisions**

Provisions are recognized when the Group 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 Group reviews its trade and other receivables at each financial position date to assess whether necessary to record in the income statement 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**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("EU")

### **3.1. New standards and interpretations in force during the current period and adopted by the Group since 1 January 2020**

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

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

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

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

## CONSOLIDATED ANUAL REPORT - 2020



### 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

### Basis for consolidation

#### **Business combinations**

Business combinations are accounted for using the purchase method at the acquisition date. The acquisition date is the date on which control is transferred to the buyer. Control is the power to determine the financial and operating policies so as to obtain benefits from its activities. In assessing control, the Group considers potential voting rights that are currently enforceable.

Professional judgment is applied to determine the acquisition date and whether the control transferring between the parties has occurred.

The Group assesses goodwill at fair value of the consideration transferred including the recognized value of interests without control in the acquired entity, minus the net amount recognized (fair value) of the identifiable assets acquired and liabilities assumed, all measured at the date of acquisition. The consideration transferred includes the fair value of assets transferred, liabilities assumed by the Group to the previous shareholders of the acquired entity and equity instruments issued by the Group.

The compensation transferred includes the fair value of contingent compensation. A contingent liability of the Acquiree is assumed in a business combination only if such liability is a present obligation resulting from a past event and its value can be measured reliably.

## CONSOLIDATED ANUAL REPORT - 2020



### **Controlling interests**

The Group assesses interests without control as part owned by minority shareholders in the Acquirer's identifiable net assets.

Transaction costs of the Group relating to a business combination, such as commission for brokering the transaction fees for legal consultancy services, the fees for the services of due diligence and other fees for professional services and consulting are recognized in profit or loss account when incurred.

The revised standard specifies that changes in shareholding of Parent Company in a subsidiary that do not result in loss of control must be recorded as equity transactions. Under the revised standard, acquisitions of interests without control are accounted for as transactions with equity holders in their capacity as owners and as a result of such transactions does not recognize goodwill. The result of these transactions is acknowledged by the Group within "Other reserves".

### **Branches**

Subsidiaries represent all entities which the Group controls. The group controls a wholly owned entity when the entity authority, is exposed and is entitled to variable revenues based on stake and has the ability to lead and authority over the entity to influence the value of these revenues. The subsidiaries included in the consolidation from the date on which control is transferred to the group. Subsidiaries are excluded from consolidation from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary, to be aligned with the policies adopted by the Group.

### **Investments in associates (investments accounted for using the equity method)**

Associates are those entities over which the Group exercises significant influence but not control over financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights in another entity. Joint ventures are those entities over whose activities the Group exercises joint control established by contractual agreement and requiring a unanimous agreement for taking decisions on financial and operational strategies.

Investments in associates are accounted for using the equity method and are initially recognized at cost. Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the share for the group of revenues, expenditures and changes in equity of investments accounted for using the equity method, after adjustments to align the accounting policies with those of the Group, from the starting date until the date on which it ceases significant influence or control.

When the share of losses related to the Group exceeds its interest in investment accounted for under the equity method, the book value of the holding, including any long-term investment is reduced to zero and recognition of further losses is discontinued unless the Group has an obligation or made payments on behalf of the investee.

### **Common commitments:**

A shared commitment is a commitment in which two or more parties have joint control.

The joint commitments are accounted for using the equity method. Based on the equity method, the investment in a joint arrangement is initially recognized at cost and the carrying amount is increased or reduced in order to recognize the group's profits or losses after acquisition and movement of other comprehensive income. When the part of losses within an association exceeds interests in association, the group does not recognize further losses, unless there are obligations or payments made on behalf of the association.

Earnings not coming from transactions between group and its associations are eliminated within the limit interest group in combination. Losses not realized are also eliminated unless the transaction proves prejudicial transferred asset.

### **Transactions eliminated on consolidation**

Balances and transactions within the Group, and any unrealized profits or losses resulting from intra-group transactions are eliminated from the consolidated financial statements. Unrealized gains on transactions with associates accounted for using the equity method are eliminated in return for investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no indications of impairment.



## Conversion into foreign currencies

When preparing individual financial statements of the Group, transactions in currencies other than the functional currency of the Group (currencies) are recognized 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 Group 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 Group 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 Group 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 Group'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 Group 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 Group 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



## CONSOLIDATED ANUAL REPORT - 2020



- 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 Group 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 Group's business model for managing financial assets**

The group 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 Group;
- 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 Group 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 Group 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 Group 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 Group 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 Group's historical experience and including prospective information.

## CONSOLIDATED ANUAL REPORT - 2020



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

- the borrower is unlikely to fully pay his credit obligations to the Group; 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 Group 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 Group expects to receive).

### ***Financial assets impaired as a result of credit risk***

At each reporting date, the Group 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 Group has no reasonable expectation of recovering a financial asset in whole or in part. For individual clients, the Group 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 Group makes an individual assessment of the timing and amount of the discount, depending on whether there is a reasonable expectation of recovery.

### ***Derecognition***

The Group derecognizes a financial asset when contractual rights expire to the cash flows from the asset or when the Group 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 Group recognizes an initial financial liability at its fair value plus, in the case of a financial liability that is not at fair value through profit or loss, the transaction costs that can be directly attributed to the acquisition or issue of the financial instrument.

The Group classifies financial liabilities as subsequently measured at amortized cost or fair value through profit or loss. A financial liability is classified as held at FVTPL if it is classified as held for trading, is a derivative instrument or is designated as such at initial recognition. The financial liabilities to FVTPL are measured at fair value and the net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at

## CONSOLIDATED ANUAL REPORT - 2020



amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Group recognizes a financial liability when the contractual obligations are concluded or when these obligations expire or are canceled. When a financial liability is derecognised, the difference between the carrying amount of a financial liability and the amount paid (including any unconsolidated assets transferred or liabilities assumed) is recognized in profit or loss.

Other financial liabilities include loans and borrowings, commitments, lines of credit and trade payables 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 group is redeemed, the amount paid, which includes directly attributable costs, net of taxes, is recognized as a deduction from equity. The group does not recognize gain or loss in profit or loss on the purchase, sale, issuance or cancellation of equity instruments.

### ***Tangible 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 Group 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.

Group 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 Group. 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 Group 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.

## CONSOLIDATED ANUAL REPORT - 2020



The estimated service lives for the current and comparative years of significant groups of property are:

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 Group 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 group or from other rights and obligations.

(b) Recognition criteria

- it is probable that future economic benefits expected to be assigned to asset will flow to the Group; 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:

- purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- 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 Group 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:

- the costs of materials and services used or consumed in generating the intangible asset;
- costs of employee benefits arising from the generation of the intangible asset;
- fees to register a legal right; and
- 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 research phase ;
- a development phase.

## CONSOLIDATED ANUAL REPORT - 2020



If the group cannot distinguish between the research phase and the development of an internal project to create an intangible asset, the Group 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**

Group 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 Group 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 Group 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 Group applies the IAS 16 provisions. At that date, the property becomes investment property and falls under the current standard.

After initial recognition, the Group 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.

## CONSOLIDATED ANUAL REPORT - 2020



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.

### **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 Group 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.

All Group employees are members of the Romanian State pension plan. Within the Group 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. Group recognizes benefits for termination of employment when it is obliged to terminate the employment contracts of current employees.

### **Provisions**

Provisions are recognized when the Group 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 Group 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 group 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

## CONSOLIDATED ANUAL REPORT - 2020



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 Group in exchange for compliance, past or future compliance with certain conditions relating to the operating activities of the Group. 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

Leases are presented as finance leases when substantially all the risks and rewards of ownership of the user are transferred under the terms of the lease.

All other leases are classified as operating leases. Initially, assets held under finance leases are recognized at the lower of their fair value at the beginning of the lease and the present value of the minimum lease payments. The corresponding obligation to the owner is included in the statement of financial position as an obligation associated with financial leasing.

Assets held under operating leases are classified as operating leases and are not presented in the statement of financial position.

Operating lease payments are recognized as expenses during the lease term.

The minimum lease payments are divided between financing expenses and the reduction of the obligation. Financial expenses are recognized in profit or loss under accrual accounting if they are not directly attributable to the assets, in which case they are capitalized in accordance with the Group's general borrowing costs policy.

### 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 December 31, 2018 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

## CONSOLIDATED ANUAL REPORT - 2020



some years and items that are never taxable or deductible. Group'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 Group 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 Group'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 financial information is available.

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

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

### **4.1. TANGIBLE ASSETS**

Evolution of tangible assets from 1<sup>th</sup> of January 2020 to 31<sup>th</sup> of December 2020 is the following:

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
<b>Inventory value</b>						
<b>01.01.2019</b>	<b>43.509.161</b>	<b>99.412.956</b>	<b>526.299.431</b>	<b>1.246.931</b>	<b>21.737.289</b>	<b>692.205.768</b>
Input 2019	339.539	16.226.172	62.871.225	442.685	87.316.825	167.196.446
Output 2019		-24.804.926	-733.810	0	-70.880.510	-96.419.246
<b>31.12.2019</b>	<b>43.848.700</b>	<b>90.834.202</b>	<b>588.436.846</b>	<b>1.689.616</b>	<b>38.173.604</b>	<b>762.982.968</b>
Inputs from revaluations 2020					81.907.723	81.907.723
Input internal generated 2020					4.823.232	4.823.232
Inputs from commissioning 2020		3.531.442	43.335.060	0		46.866.502
Input from transfers from other classes of fixed assets 2020		0	0		0	0
Input from transfers from other classes of fixed assets 2020		695.782	0		0	695.782
Output from the cancellation of depreciation on the occasion of the revaluation of the net values 2020			0		0	0
Output from transfers within the same class 2020		-693.027	0		0	-693.027
Outputs of transfers within the same class in 2020		0	0		-46.866.503	-46.866.503
Output of sales 2020		0	0			0
Output from cassation 2020		-2.755	-2.855.028	-16.701		-2.874.484
<b>31.12.2020</b>	<b>43.848.700</b>	<b>94.365.644</b>	<b>628.916.878</b>	<b>1.672.915</b>	<b>78.038.056</b>	<b>846.842.193</b>



## CONSOLIDATED ANUAL REPORT - 2020



Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
<b>Amortization, depreciation</b>						
<b>01.01.2019</b>	0	13.250.864	335.765.787	1.033.729	0	350.050.380
Expenditures 2019	0	5.765.562	41.364.781	62.295	0	47.192.638
Depreciation, amortization related outputs in 2019	0	-19.016.426	-732.087	0	0	-
<b>31.12.2019</b>	<b>0</b>	<b>0</b>	<b>376.398.481</b>	<b>1.096.024</b>	<b>0</b>	<b>377.494.505</b>
Expenditures 2020	0	6.195.710	45.297.627	73.973	0	51.567.310
Depreciation, depreciation related to entries from transfers within the same class 2020	0	38.464			0	38.464
Depreciation, depreciation related to departures from transfers within the same class 2020	0	-37.913			0	-37.913
Depreciation, depreciation related to cassation 2020	0	-551	-2.855.028	-16.701	0	-2.872.280
<b>31.12.2020</b>	<b>0</b>	<b>6.195.710</b>	<b>418.841.080</b>	<b>1.153.296</b>	<b>0</b>	<b>426.190.086</b>
<b>Remaining value</b>						
<b>01.01.2019</b>						<b>342.155.388</b>
<b>31.12.2019</b>						<b>385.488.463</b>
<b>31.12.2020</b>						<b>420.652.107</b>

The buildings and land were revalued at 31.12.2019 by an authorized independent evaluator. In the fair value hierarchy, the revaluation of the buildings and lands of the company at fair value is classified as level 2 data.

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 method 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. The fixed assets were reduced in 2020 by write-off and amortization.

The inventory value of fixed assets cashed in 2020 was 2,874,784 lei, and the unamortized value of fixed assets cashed was 550 lei.

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

The implementation of these projects has resulted in the acquisition of state-of-the-art technological equipment. Thus, within the project "Development of the research department of the company COMPA SA and obtaining innovative results in the field of the auto industry", the following equipments were purchased in 2020:

CNC multi-shaft with INDEX bar feed MS52C3

Multi-shaft CNC with automatic feeding and evacuation using INDEX robot MS52C3

Multi-shaft CNC with automatic feeding and evacuation using INDEX robot MS52C3

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

Within the project "Qualified employees for a safer future" were purchased equipment worth 18.902 lei, of which subsidized value 9.451 lei.

As at 31.12.2020, the net book value of the mortgaged assets in favor of banks was 160,277,155 lei, of which 118,903,298 lei consisting of technological equipment and 41,373,857 lei in constructions and land.

## CONSOLIDATED ANUAL REPORT - 2020



### 4.2. REAL ESTATES INVESTMENTS

Evolutia investitiilor imobiliare de la 1 ianuarie 2019 la 31 decembrie 2020 este urmatoarea:

Explicatii	Investitii imobiliare	Investitii imobiliare in curs de executie	Total
<b>Balance at 01.01.2019</b>	<b>31,842,245</b>	<b>8,926,483</b>	<b>40,768,728</b>
Inputs 2020	25,400,648	10,379,956	35,780,604
Outputs 2020	-890,799	-10,164,338	-11,055,137
<b>Sold la 31.12.2019</b>	<b>56,352,094</b>	<b>9,142,101</b>	<b>65,494,195</b>
Inputs from acquisition 2020		712,735	712,735
Input internally generated 2020		35,458	35,458
Inputs from transfers from other classes of fixed assets imobilizari 2020	253,025		253,025
Output of transfers within the same class of property assets in 20202020	-253,025		-253,025
<b>Balance at 31.12.2020</b>	<b>56,352,094</b>	<b>9,890,294</b>	<b>66,242,388</b>

Real estate investments are valued at fair value. A gain or loss generated by a change in the fair value of the investment property is recognized in profit or loss for the period in which it occurs. Fixed assets "Real estate investments in progress" are valued at historical cost.

### 5. INTANGIBLE ASSETS

The intangible assets held by the Group represent computer programs and software licenses  
Their evolution was as follows:

Explicatii	Cheltuieli de cercetare- dezvoltare	Programe informaticice si liicente soft	Total
<b>Cost</b>			
<b>01.01.2019</b>	<b>559.383</b>	<b>10.421.250</b>	<b>10.980.633</b>
Inputs 2019	3.557.633	1.032.998	4.590.631
Outputs 2019	-600		-600
<b>31.12.2019</b>	<b>4.116.416</b>	<b>11.454.248</b>	<b>15.570.664</b>
Inputs of acquisition 2020		1.261.122	1.261.122
Internally generated inputs 2020	597.765	67.357	665.122
Inputs from transfers within the other class 2020	0		0
Output from transfers within same class 2020	2.820.532	0	2.820.532
Outputs from transfers within the same class 2020	-2.820.532	0	-2.820.532
Outputs 2020			0
<b>31.12.2020</b>	<b>4.714.181</b>	<b>12.782.727</b>	<b>17.496.908</b>
<b>Depreciation, amortization</b>			
<b>01.01.2019</b>	<b>0</b>	<b>7.446.481</b>	<b>7.446.481</b>
Expenses 2019			
Depreciation, amortization related outputs 2019	0	691.726	691.726
<b>31.12.2019</b>	<b>0</b>	<b>8.138.207</b>	<b>8.138.207</b>
<b>Expenses 2020</b>			
Depreciation, amortization related outputs 2020	0	686.681	686.681
<b>31.12.2020</b>	<b>0</b>	<b>8.824.888</b>	<b>8.824.888</b>

## CONSOLIDATED ANUAL REPORT - 2020



Explicatii	Cheltuieli de cercetare-dezvoltare	Programe informatice si licente soft	Total
<b>Remaining value</b>			
<b>01.01.2019</b>			<b>3.534.152</b>
<b>31.12.2019</b>			<b>7.432.457</b>
<b>31.12.2020</b>			<b>8.672.020</b>

The group capitalizes the research and development costs due to the fact that the criteria for their recognition as an element of intangible assets are met, namely:

- it is likely that the future economic benefits expected to be attributed to the asset will revert to the Group; and
- the cost of the asset can be measured reliably.

### 6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

Explicatii	2020	2019
Receivables from clients who have not exceeded the maturity	124.259.973	104.451.883
Debts which exceeded maturity, but there were no adjustments for depreciation	5.365.669	4.371.504
Debts which exceeded maturity, but there were adjustments for depreciation	417.224	856.281
Adjustments for impairment	-417.224	-856.281
<b>Total trade receivables</b>	<b>129.625.642</b>	<b>108.823.387</b>

At 31<sup>th</sup> of December 2020 and 2020 the situation of seniority of debts that exceeded due time and for which no adjustments were recorded for impairment, is as follows:

Explicatii	2020	2019
Past due by 90 days	5.172.982	2.914.720
Past due between 91 and 180 days	181.921	1.316.763
Past due from 181 days to 1 year	10.766	140.021
Past due more than 1 year	0	0
<b>Total receivables past due</b>	<b>5.365.669</b>	<b>4.371.504</b>

The Group has created impairment for clients' receivables as it follows:

<b>Balance at 01.01.2020</b>	<b>1.535.953</b>
Adjustment established in 2020	732.275
Reversed Adjustment in 2020	-1.411.947
<b>Balance at 31.12.2020</b>	<b>856.281</b>
Adjustment established in 2020	96.530
Reversed Adjustment in 2020	-535.587
<b>Balance at 31.12.2020</b>	<b>417.224</b>

The Group's commercial policy requires the recording of impairment adjustments exceeding 360 days, except those receivables registered at partners to which the Group is a debtor in its turn, the debts registering approximately the same age as uncollected receivables .

## CONSOLIDATED ANUAL REPORT - 2020



Situation of other receivables owned by the Group is as follows:

Explanations	2020			2019		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Advances paid to suppliers	6.416.008	0	6.416.065	32.041.021	0	32.041.021
Receivables related to staff	42.388	0	52.766	31.659	0	31.659
Claims about consolidated state and local budget	1.967.499	0	2.028.242	3.089.013	0	3.089.013
Sundry debtors	1.338.651	0	1.383.893	706.640	0	706.640
Impairment of debtors	-647.331	0	-647.331	-368.925	0	-368.925
Accrued expenses	708.262	0	771.533	1.071.290	0	1.071.290
Subsidies receivables (European funds projects)	3.417.974	1.224.822	2.193.152	8.271.345	72.572	8.198.773
<b>Total – other receivables</b>	<b>13.243.451</b>	<b>1.224.822</b>	<b>12.198.320</b>	<b>44.842.043</b>	<b>72.572</b>	<b>44.769.471</b>

The Group established Impairment of other receivables as it follows:

<b>Balance at 01.01.2019</b>	<b>301.611</b>
Adjustments in 2019	367.314
Reversed Adjustment in 2019	-300.000
<b>Balance at 31.12.2019</b>	<b>368.925</b>
Adjustments in 2020	278.406
Reversed Adjustment in 2020	0
<b>Balance at 31.12.2020</b>	<b>647.331</b>

The Group's commercial policy requires the recording of impairment adjustments for other receivables exceeding 365 days and for those receivables for which there are indications that they are uncertain. Receivables in foreign currency are valued in lei at the official exchange rate of the NBR on 31.12.2020

### 7. OTHER RECEIVABLES

Situatia altor creante immobilizate detinute de Grup este urmatoarea:

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	18.233	18.233	0	18.233	18.233	0
<b>Total other assets</b>	<b>121.233</b>	<b>121.233</b>	<b>0</b>	<b>121.233</b>	<b>121.233</b>	<b>0</b>

### 8. STOCURI

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

Explanations	2020	2019
Raw materials	33.346.550	46.319.432
Impairment of raw materials	-294.548	-295.044
Packaging materials	25.375.729	22.962.023
Impairment of materials and packaging	-77.922	-77.960
Semifinished parts and production in progress	23.703.476	19.063.886
Finished goods and merchandise	9.945.881	17.623.306
Impairment of finished products and goods	-354.979	-169.453
<b>Total stocks</b>	<b>91.644.187</b>	<b>105.426.190</b>

## CONSOLIDATED ANUAL REPORT - 2020



The Group made adjustments for the depreciation of stocks, as follows:

<b>Balance at 01.01.2019</b>	<b>561.406</b>
Adjustments in 2019	0
Reversed Adjustment in 2019	-18.949
<b>Balance at 31.12.2019</b>	<b>542.457</b>
Adjustments in 2020	185.527
Reversed Adjustment in 2020	-535
<b>Balance at 31.12.2020</b>	<b>727.449</b>

### 9. CASH AND CASH EQUIVALENTS

Available cash and cash equivalents are as follows:

Explanations	2020	2019
Bank accounts in RON	973.609	7.387.072
Foreign currency bank accounts	1.216.097	1.543.333
Cash equivalents	590	611
Money house in RON	60.674	10.169
Casa currency	0	20.497
<b>Total Cash and equivalents</b>	<b>2.250.970</b>	<b>8.961.682</b>

The Group owns domestic and foreign currency accounts at the following banks: BRD Group Societe Generale, BCR, RBS Bank, ING Bank, Treasury.

### 10. PROFIT TAX

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

In 2020 the Group calculated in addition to tax and income tax on microenterprises.

At 31 December 2020 and 202019 Profit tax consists of:

Explanations	2020	2019
The expense with the current profit tax	1.371.951	487.964
The expense with the tax on the income of micro-enterprises	8.163	21.811
Debt / (debit) with deferred tax assets	-278.282	428.983
<b>Total income tax</b>	<b>1.101.832</b>	<b>938.758</b>

The numerical reconciliation between the expense with the income tax and the result of multiplying the accounting result with the percentage of taxation in force is presented below:

Explanations	2020	2019
Profit before tax	15.216.114	34.072.676
Profit before taxation related to the tax on the income of micro-enterprises	816.300	2.181.100
Expenditure on income tax 16%	2.434.578	5.451.628
The expense with the tax on the income of micro-enterprises	8.163	21.811
Sponsorship expense deducted from corporate income tax	-260.294	-100.465
Income tax due	2.182.447	5.372.974

## CONSOLIDATED ANUAL REPORT - 2020



Explanations	2020	2019
The effect of non-taxable income	-84.780	-1.065.602
The effect of tax-deductible expenses and temporary differences	741.235	1.242.255
The effect of the tax exemption on the reinvested profit	-1.714.008	
Bonus granted for the payment of current profit tax	-23.062	-4.610.869
<b>Total profit / income / specific tax expense</b>	<b>1.101.832</b>	<b>938.758</b>
<b>Effective percentage of profit / income / specific tax</b>	<b>6,87</b>	<b>2,59</b>

The evolution of the deferred tax to be recovered in the period 01.01.2020 - 31.12.2020 is presented in the table below:

<b>Impozit amanat la 01.01.2019</b>	<b>-1.720.637</b>
<b>Impozit amanat prin contul de profit si pierdere 2019</b>	<b>428.984</b>
<b>Impozit amanat recunoscut prin alte elemente ale rezultatului global 2019, din care:</b>	<b>124.273</b>
Impozit amanat din reevaluare imobilizari	120.712
Impozit amanat din rezerve legale deductibile fiscal	3.561
<b>Impozit amanat la 31.12.2019</b>	<b>-1.167.380</b>
<b>Impozit amanat prin contul de profit si pierdere 2020</b>	<b>-278.282</b>
<b>Impozit amanat recunoscut prin alte elemente ale rezultatului global 2020, din care:</b>	<b>-288.506</b>
Impozit amanat din reevaluare imobilizari	-290.268
Impozit amanat din rezerve legale deductibile fiscal	1.762
<b>Impozit amanat la 31.12.2020</b>	<b>-1.734.168</b>

Significant components of deferred income tax included in financial statements at 31.12.2019, at a 16% rate, are the following:

Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which:	Attributable profit and loss account 2019	Attributable to the retained earnings account of changes in accounting policies 2019
Assets revaluation	33.606.431	0	5.377.029	<b>5.377.029</b>		120.712
Legal reserves	4.712.672	0	754.028	<b>754.028</b>		3.561
Differences tangible depreciation periods	-42.702.819	-6.832.451	0	<b>-6.832.451</b>	28.886	
Other liabilities	-2.912.410	-465.986	0	<b>-465.986</b>	400.098	
<b>Total</b>	<b>-7.296.126</b>	<b>-7.298.437</b>	<b>6.131.057</b>	<b>-1.167.380</b>	<b>428.984</b>	<b>124.273</b>

Significant components of deferred income tax included in financial statements at 31.12.2020, at a 16% rate, are the following:

## CONSOLIDATED ANUAL REPORT - 2020



Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which:	Attributable profit and loss account 2020	Attributable to the retained earnings account of changes in accounting policies 2020
Assets revaluation	31.792.258	0	5.086.761	<b>5.086.761</b>		-290.268
Legal reserves	4.703.949	0	752.632	<b>752.632</b>		1.762
Differences tangible depreciation periods	-45.427.096	-7.268.335	0	<b>-7.268.335</b>	-285.469	
Other liabilities	-1.907.659	-305.225	0	<b>-305.225</b>	7.187	
<b>Total</b>	<b>-10.838.548</b>	<b>-7.573.561</b>	<b>5.839.393</b>	<b>-1.734.168</b>	<b>-278.282</b>	<b>-288.506</b>

The Group recognizes deferred tax assets because it is estimated that there will probably generate profit in the future subject to taxation.

### 11. EQUITY

The shareholding structure as of 31.12.2020 is the following:

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%
<b>Total number of shares</b>	<b>218.821.038</b>	<b>100,00%</b>

The Group's shares have a nominal value of RON 0.1 / share, the value of the share capital being 21,882,104 lei. Since June 1997 the Group's shares are traded on the Bucharest Stock Exchange, and since July 2001 they are in the standard category

Starting with 13.08 2020, the Group started the redemption program of its own shares, in accordance with Hot.AGA 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 Group, 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 the members of the Group's management.

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

-nominal value of redeemed shares: 185,428 lei

-total redemption value of shares: 1,059,731.06 lei, resulting

- Loss related to the redemption of own shares in the amount of 874,303.06 lei

## CONSOLIDATED ANUAL REPORT - 2020



The Group's equity includes the following:

Explanations	2020	2019	Modification	Causes
Subscribed and paid-in capital	21.882.104	21.882.104	0	
Own actions	-250.338	-64.910	-185.428	Repurchase of own shares
Losses related to own shares	-920.264	-45.961	-874.303	
Revaluation reserves	83.891.130	83.891.130	0	
Legal reserves	4.960.129	4.949.124	11.005	Establishing legal reserves;
Adjustment of legal reserves	22.679.066	22.679.066	0	
Other reservations	279.504.466	275.336.184	4.168.282	Profit distribution to other reserves; Determination of deferred income tax on account of equity
Adjust other reserves	472.028	472.028	0	
Profit this year	14.060.074	33.206.828	-19.146.754	Decreasing the profit for the current year compared to the previous year;
Reported result	66.934.208	37.618.159	29.316.049	Unallocated profit; Transfer of revaluation reserves to retained earnings representing the surplus realized from revaluation reserves
Result carried forward from the correction of accounting errors	-403.355	-403.355	0	
Minority interests	159.849	192.048	-32.199	Decreasing the minority interests related to the current year compared to the previous year
<b>Total equity</b>	<b>492.969.097</b>	<b>479.712.445</b>	<b>13.256.652</b>	

### Note:

In 2020, the Group made registrations on account of the carried forward result, representing additional debts to the state budget in the total amount of 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.

### Managementul capitalului

The Group's capital management objectives relate to maintaining the Group's ability to continue to operate in order to provide shareholder compensation and benefits to other stakeholders, and to maintain an optimal capital structure so as to reduce capital costs and sustain further development of the group. There are no externally imposed capital requirements. The group monitors the capital based on the degree of indebtedness. This coefficient is calculated as net debt divided by total capital. Net debt is calculated as total loans (including current and long-term loans, as shown in the balance sheet), less cash and cash equivalents. The total capital managed is calculated as "equity", as shown in the statement of financial position.

In 2020, the Group continued to use the fiscal facility regarding the tax exemption on the profit reinvested in the mentioned technological equipment and, according to the legal regulations, distributed to its own development sources the profit for which the facility was applied, amounting to 10,712,555 lei.

Indebtedness evolution of the Group is as follows:



## CONSOLIDATED ANUAL REPORT - 2020



Explanations	2020	2019
Total debts	241.396.759	248.044.585
Cash and cash equivalents	2.250.970	8.961.682
<b>Net debt</b>	<b>239.145.789</b>	<b>239.082.903</b>
<b>Equity</b>	<b>492.969.097</b>	<b>479.712.445</b>
<b>Level of indebtedness</b>	<b>0,49</b>	<b>0,50</b>

The Group set as a target not to exceed the level of 0.99.

### 12. DATORII FINANCIARE

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

Currency - EUR		2020			2019		
Credit institution	Loan type	Total of which	Long term (< 5 years)	Short term	Total of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	1.745.991	1.745.991	0	6.970.805	6.970.805	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit for investment	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 investment	7.500.000	6.136.364	1.363.636	6.500.000	5.850.000	650.000
IMPULS-Leasing Romania I.F.N. SA	Financial leasing contracts	115.075	35.292	79.783	220.717	93.615	127.102
<b>Total datorii financiare-EUR</b>		<b>19.200.808</b>	<b>16.632.388</b>	<b>2.568.419</b>	<b>21.357.788</b>	<b>20.205.686</b>	<b>1.152.102</b>

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

Currency - RON		2019			2019		
Credit institution	Loan type	Total of which	Long term (< 5 years)	Short term	Total of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	8.501.926	8.501.926	0	33.315.569	33.315.569	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit for investment	36.520.500	31.042.428	5.478.073	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 investment	36.520.500	29.880.409	6.640.091	31.065.450	27.958.905	3.106.545
IMPULS-Leasing Romania I.F.N. SA	Financial leasing contracts	560.346	171.851	388.495	1.054.872	447.414	607.458
<b>Total datorii financiare-LEI</b>		<b>93.496.412</b>	<b>80.989.753</b>	<b>12.506.659</b>	<b>102.075.277</b>	<b>96.569.036</b>	<b>5.506.241</b>

As at 31.12.2020, the net book value of the mortgaged assets in favor of banks was 160,277,155 lei, of which 118,903,298 lei consisting of technological equipment and 41,373,857 lei in constructions and lands.

## CONSOLIDATED ANUAL REPORT - 2020



Also, there were concluded also "movable guarantees on receivables" as a guarantee for the credit commitments, proportionally with the value of exposure towards the financing banks.

Interest margin of loans from banking institutions engaged varies:

Euribor 1 month + 1,0 % per year and

Robor 3 months + 1,0 % per year.

The interest related to the financial leasing contracts is between Euribor at 3 months + 4.67% per year and Euribor at 3 months + 4.76% per year for the contracts concluded before 2017 and the fixed interest of 3.15% per year for the contracts concluded during 2017, respectively of 2.99% per year for the contracts concluded in 2019.

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

### 13. COMMERCIAL LIABILITIES AND OTHER LIABILITIES

The situation of commercial liabilities and other liabilities is the following:

Explicatii	2020			2019		
	Total, din care	Termen lung	Termen scurt	Total, din care	Termen lung	Termen scurt
Suppliers	93.800.637	0	93.800.637	91.890.438	0	91.890.438
Advance payments from customers	153.979	0	153.979	138.558	0	138.558
Debts related to staff	3.408.686	0	3.408.686	1.217.334	0	1.217.334
Debts to social security and unemployment	5.534.208	0	5.534.208	5.628.627	0	5.628.627
Other debts to the state budget	7.812.756	0	7.812.756	6.535.683	0	6.535.683
Current income tax debts	921.847	0	921.847	448.372	0	448.372
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
Subsidies for investment contracts AMPOSDRU and AMPOSCEE	33.783.636	28.431.161	5.352.475	38.355.443	34.303.190	4.052.253
Inventory pluses of fixed assets	41.473	41.473	0	59.239	59.239	0
<b>Total commercial liabilities and other payables</b>	<b>147.764.703</b>	<b>29.202.849</b>	<b>118.561.854</b>	<b>145.833.663</b>	<b>34.435.001</b>	<b>111.398.662</b>

In 2020, the Group made records 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.

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

### 14. PROVISIONS

The Group set up provisions as it follows:

Explanations	Provisions for guarantees to customers	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

## CONSOLIDATED ANUAL REPORT - 2020



In 2020, the Group did not constitute an additional provision for guarantees granted to customers and for employee benefits, considering that there were no changes compared to the existing situation on 31.12.2019.

### 15. INCOME AND SEGMENT OF ACTIVITY

Group revenues structure is as follows:

Explanations	2020	2019
<b>Explanations</b>	<b>550.295.855</b>	<b>751.175.663</b>
<b>Total turnover, of which:</b>	529.769.541	737.120.289
Sales of finished products	5.966.567	8.441.329
Services rendered	12.446.265	4.048.046
Sales of goods	640.809	751.494
Income from other activities (rental, sales of materials and packaging)	1.472.673	814.505
Income from grants related to turnover (European funds projects)	<b>10.871.526</b>	<b>21.171.463</b>
<b>Other operating income</b>	<b>561.167.381</b>	<b>772.347.126</b>

Other operating income consist of:

Explanations	2020	2019
Revenues from production assets	5.456.454	11.575.340
Income from investment subsidies (European funds projects)	4.830.715	4.392.357
Revenue from the revaluation of tangible assets and real estate investments	0	4.900.958
Other operating revenues	584.357	302.808
<b>Total other operating income</b>	<b>10.871.526</b>	<b>21.171.463</b>

### Business segments

The Group management regularly evaluates its work to identify operating segments for which information must be reported separately. The group operates in Romania. Group revenues presented above are entirely attributable to the country of residence. Assets other than financial instruments, deferred tax assets, post employment benefit for claims and the rights arising from insurance contracts are all located in Romania. The Group has no such fixed assets located in other countries. The Group does not have such fixed assets located in other countries. Revenues are attributable to activity in Romania

### 16. EXPENSES BY NATURE

Operating expenses during the years 2020 and 2019 and their nature are presented in the table below:

Explanations	2020	2019
Material expenses	341.160.191	497.150.305
Differences of stock	2.916.666	-10.243.352
Employee benefits expense, of which:	120.720.209	161.619.505
Wages and salaries	117.891.586	157.939.763
Expenditure on social security and welfare	2.828.623	3.679.742
Value adjustments on property	52.253.991	47.555.445
Value adjustments on current assets	30.583	-545.233
Expenditure on services provided by third parties	20.180.927	30.066.704
Other taxes, duties and similar	4.423.065	5.253.772

## CONSOLIDATED ANUAL REPORT - 2020



Explanations	2020	2019
Expenses with the reassessment of tangible assets and real estate investments	0	1.076.707
Other operating expenses	1.235.298	2.845.792
<b>Total operating expenses</b>	<b>542.920.930</b>	<b>734.779.645</b>

### 17. ANALYSIS OF OPERATING RESULT

Explanations	2020	2019
Operating income	<b>561.167.381</b>	772.347.126
Cost of sales	<b>-509.806.232</b>	-696.741.471
Sales and distribution expenses	<b>-1.379.434</b>	-1.975.647
Administrative costs	<b>-16.862.479</b>	-22.047.895
Expenditure on R&D	<b>-14.872.785</b>	-14.014.632
Operational result	<b>18.246.451</b>	37.567.481

### 18. EMPLOYEE BENEFITS EXPENSE

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

Explanations	2020	2019
Wages and salaries	130.082.935	157.939.763
Expenditure on social security and welfare	-12.191.349	0
Expenses with insurance and social protection	2.828.623	3.679.742
<b>TOTAL</b>	<b>120.720.209</b>	<b>161.619.505</b>

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.

The Compa Group 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, the Group 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 7,229,608 lei.

In June-August, for the employees whose contracts were reactivated, the conditions for applying for the subsidy representing 41.5% of the basic salaries corresponding to the hours provided for these employees were met. The value of the subsidy was 4,961,741 lei.

### 19. LOSSES (GAINS) FINANCIAL

Structure losses (gains) financial statements is presented below:

Explanations	2020	2019
Gain from exchange differences relating to monetary items denominated in foreign currency	-1.841.627	-2.000.420
Loss of interest	-759.902	-938.238
Other financial gains	-515.212	-460.658
<b>Total losses / gains</b>	<b>-3.116.741</b>	<b>-3.399.316</b>

## CONSOLIDATED ANUAL REPORT - 2020



### 20. EPS (Earnings per share)

The calculation of earnings per share for the years ended December 31, 2020 and 2019 can be summarized as follows::

Explanations	2020	2019
Number of shares at the beginning of the year	218.821.038	218.821.038
Shares issued during the year	0	0
<b>Number of shares at the end of the year</b>	<b>218.821.038</b>	<b>218.821.038</b>
<b>Net profit</b>	<b>14.027.877</b>	<b>33.229.407</b>
<b>Earnings per share (in RON per share) basic / diluted:</b>	<b>0,06</b>	<b>0,15</b>

In 2020, 6,407,697 own 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 the earnings per share with the right to vote and the right to a dividend is presented as follows:

Explanations	2020	2019
Number 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
Number of shares with voting rights and dividend rights at the end of the year	<b>216,966,758</b>	<b>218,821,038</b>
Net Profit	<b>14,027,877</b>	<b>33,229,407</b>
Earnings per share with voting right and right to dividend (in RON per share) basic / diluted:	<b>0.06</b>	<b>0.15</b>

### 21. AFFILIATED PARTIES

Affiliated entities are:

Affiliated parties	% detained	Object of activity
COMPAIT SRL	100,00	Activities of providing software on request
TRANS C.A.S. SRL	99,00	Road transport of goods
RECASERV SRL	70,00	Catering activities for different events

Affiliated entities of company COMPA S.A. Sibiu were established over time, due to the need of outsourcing some specific activities such as: software design, domestic and international auto transport, catering, etc. Outsourcing was done to streamline these activities and to benefit from some facilities granted by the state for some activities (IT activity, transport licenses, etc.)

Most of transactions, contracts with these affiliated entities represent provision by COMPA (owner of special and specific installations), of utilities like: electricity, heating, tap water, phone services, compressed air, rental of premises and equipment necessary for the activity, as well as contracts for the supply of goods and services.

On the other hand, these affiliated companies provide goods and services to COMPA which represent their object of activity and for which the outsourcing was intended.

Relations were governed by commercial terms of free market, prices were established by negotiation within the frame of market indicated levels.

## CONSOLIDATED ANUAL REPORT - 2020



Transactions made between 2020 and 2019 with companies where COMPA holds shares, were the following (the amounts include VAT) :

Explanations	2020		2019	
	Purchases of goods and services	Sales of goods and services	The company to which the securities are held	Purchases of goods and services
TRANSCAS S.R.L.	13.123.015	463.161	18.268.690	420.995
COMPAS 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 liabilities and receivables recorded at 31.12.2020 and 31.12.2019 are the following:

### COMPAS S.A. 's receivables from:

Explanations	2020	2019
S.C. TRANS C.A.S. SRL	101.947	36.157
S.C. COMPAS-IT SRL	3.842	3.770
S.C. RECASERV SRL	3.689	11.067

### Datorii de achitat de COMPAS SA catre:

Explanations	2020	2019
S.C. TRANS C.A.S. SRL	5.073.929	2.510.259
S.C. COMPAS-IT SRL	966.195	913.325
S.C. RECASERV SRL	381.367	282.214

Outstanding balances are not guaranteed. No guarantees were established, nor were received for receivables or payables to related party.

### Company management

List of administrators of the parent company:

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

Lista membrilor conducerii executive a Societății:

NUMELE ȘI PRENUMELE	FUNCȚIA
DEAC Ioan	CEO
MICLEA Ioan	CFO
FIRIZA Ioan	Organizational Management & HR Director

## CONSOLIDATED ANUAL REPORT - 2020



NUMELE ȘI PRENUMELE	FUNCȚIA
BĂIAȘU Dan-Nicolae	Commercial Director
ACU Florin-Ștefan	Technical Director
MUNTENAȘ Bogdan-Vasile	Logistics Director
ȚUICU Liviu-Laurențiu	System management & Continuous improvement Director
HERBAN Dorin-Adrian	Quality and Environment Director
ȚUȚUREA Mihai	Production Director
FIRIZA Sorin Ioan	Deputy Production Director
MORARIU Mircea	Deputy Production Director ( until 01.10.2020 when he was retired)
DRAGOMIR Marius C-tin	Head of Maintenance

Tranzacțiile cu membrii conducerii Societății se limitează la salarii și indemnizații.

### 22. EMPLOYEE BENEFITS

The Group makes payments on behalf of its employees to the Romanian state pensions system, health insurance and unemployment benefit in the normal course of business. All Group employees are members and have a legal obligation to contribute (through social security contributions) to the State pension plan (a State defined contribution plan). All related contributions are recognized in the result of the period in which incurred.

The Group is bound by the collective labor agreement to provide benefits upon termination of the labor contract when employment is terminated for reasons not attributable to employees Benefits are valued at 0,5 - 5 base salaries , depending on length of service of employees in the Group.

Also, according to legal regulations and collective labor contract, employees who retire at age limit are entitled to an indemnity end career worth an average salary corresponding to the position occupied at the retirement date, adjusted with seniority employees in the Group

### 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - is described in Chapter 10 in Separate Annual Report 2020

### 24. CONTINGENT DEBTS AND COMMITMENTS

The group is the subject of a number of lawsuits resulting in the normal course of business.

The Company's management considers that apart from the amounts already described in these financial statements as provisions or adjustments for impairment of assets and described in the notes to these financial statements, other lawsuits will not have significant negative effects on the Company's economic results and financial position.

In Romania, there are a number of agencies authorized to carry out controls (audits).

These controls are similar in nature to tax audits carried out by tax authorities in many countries, but may extend not only to tax issues but also to other legal and regulatory issues in which the agency may be interested. The Group is likely to continue to be regularly subject to such controls for breaches or alleged breaches of new and existing laws and regulations.

Although the Group may challenge alleged violations and related penalties when management believes it is entitled to do so, the adoption or implementation of laws and regulations in Romania could have a material effect on the Company.

The Romanian tax system is constantly evolving, being subject to many interpretations and constant changes, sometimes retroactively. The prescription term of the fiscal controls is 5 years.

Romanian tax legislation contains rules on transfer pricing between affiliates since 2000. The current legislative framework defines the principle of "market value" for transactions between affiliates, as well as methods for setting transfer pricing. As a result, the tax authorities are expected to initiate thorough checks on transfer pricing to ensure that the tax result and / or customs value of imported goods are not distorted by the effect of prices in relations with related parties. The group cannot quantify the result of such a verification..

## CONSOLIDATED ANUAL REPORT - 2020



### 25. EFFECTS OF THE COVID PANDEMIC 19 ON COMPA ACTIVITY

Regarding the impact of the Coronavirus COVID 19 pandemic on the COMPA Group on the production activity, the commercial activity (purchasing, sales) as well as on the human resources operating within the Group, information and details were also presented in the content of the Annual Report consolidated for 2020 .

In the explanatory notes to the 2020 financial statements at the level of the COMPA Group, we will briefly present the effects of the pandemic on the main indicators, as follows:

Turnover - at the level of Group companies was influenced by the effects of the COVID 19 pandemic as follows:

- o At the level of the parent company COMPA, the level of achievements of this indicator represents 72.3% of the level provided by BVC for 2021;
- o In affiliated companies, the effects of the pandemic on turnover were different from one company to another:
  - Within the company TRANS CAS SRL the achievements of 2020, the year affected by the health crisis, the level of turnover represents 74.3% of the level achieved in the previous year 2019;
  - At the affiliated company Compa IT SRL the turnover achieved in 2020 represents 88.3% of the level achieved in the previous year 2019;
  - At the affiliated company (strongly affected in the catering activity) the activity during April - December 2020 was completely closed, the level of turnover was only 52.6%;
- The net profit achieved in 2020 was strongly affected by the level of the Covid Coronavirus - 19 pandemic, as follows:
  - At the level of the COMPA Group, the net profit achieved in 2020 represents 42.2% of the level achieved in the previous year 2019, and the percentage achieved at each of the companies in the Group (compared to the level of this indicator achieved in the previous year) is:
    - 42.6% to the parent company COMPA
    - 35.3% to the affiliated company Compa IT SRL;
    - 50.8% to the affiliated company TRANS CAS SRL
  - The affiliated company RECASERV SRL (with an important share in activities in the catering field) not only did not make a profit in 2020, but recorded a loss of -107,979 lei, a loss higher than the profit of 73,970 lei made in 2019

### 26. EVENTS AFTER THE BALANCE DATE

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 company of COMPA SA, as sole shareholder, for the establishment of a limited liability company, in accordance with the legislation in force. The purpose of setting up this company is to take over and continue the activity started in COMPA in the field of the 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 as follows:

- 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 + Attic, having a value of 17,703,000 lei established based on an evaluation report prepared by an authorized appraiser.

**In numele Consiliului de Administrație, prin:**

**Președinte CA / Director General,**  
Ioan DEAC

**Administrator/ Director Economic,**  
Ioan MICLEA



## 11. DECLARATION OF CONFORMITY OF THE FINANCIAL STATEMENTS

### THE STATEMENT OF THE BOARD OF DIRECTORS

---

The Board of Directors assumes responsibility for the preparation of the consolidated financial statements of the Group, for the financial year ended on 31.12.2020 and confirms the following:

- a) The consolidated financial statements for 2020 are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.
- b) The accounting policies used in preparing the consolidated annual financial statements are in accordance with the applicable accounting regulations.
- c) The consolidated annual financial reports provide a true and fair view of the financial position, financial performance and other information relating to the activity carried out.

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

---

**On behalf of the Board of Directors, by:**

**Chairman & CEO,**

Ioan DEAC

**Administrtor/CFO,**

Ioan MICLEA

## Independent auditor's report

To the Shareholders of COMPA S.A. Sibiu

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

- 1 We have audited the accompanying consolidated financial statements of COMPA S.A. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
- 2 The consolidated financial statements refer to:

- Net Assets/Total equity:	492.969 thousand lei
- Net profit of the year:	14.028 thousand lei
- 3 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements*

---

#### The key audit matter

The Group has recognised deferred tax assets for deductible temporary differences considered recoverable.

The recoverability of recognised deferred tax assets is dependent of the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences.

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.

---

#### How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Using our own professional judgement to evaluate measures taken by the Group 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 consolidated financial statements*

---

#### The key audit matter

The management of the Group 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.

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 Group expects to recover the value of the equipment.

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.

---

#### The key audit matter

Our audit procedures in this area included, among others:

- 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 Group'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 Group may be adversely affected. It is difficult to estimate at present the extent of the effects on the industry in which the Group operates, respectively on the demand for the Group'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 Consolidated Administrator's Report

- 7 The administrators are responsible for the preparation and presentation of other information. This other information includes the Consolidated Administrator's Report, but do not include the 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 as at 31 December 2020 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 consolidated 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 consolidated financial statements, or with the knowledge we gained during our audit of the consolidated financial statements, or if this other information appear to be significantly distorted.

We have read the Consolidated 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 26-28.

Based exclusively on activities that need to be carried during the audit of the financial statements, in our opinion:

- a) Information in Consolidated 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 consolidated financial statements as at 31 December 2020;
- b) the Consolidated 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 26-28.

In addition, based on our knowledge and understanding concerning the Group and its environment gained during our audit of the consolidated financial statements as at 31 December 2020, we are asked to report if we have identified information included in the Consolidated 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 Consolidated Financial Statements**

- 8 Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.
- 9 In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.
- 10 Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

- 11 Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group'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 Group'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 Group 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.
  - Obtain sufficient and adequate audit findings regarding the financial information of the entities that comprise the Group or the activities within the Group, in order to express an opinion on

the consolidated financial statements. We are responsible for the coordination, supervision and carrying out the audit of the group. We only are responsible for our audit opinion.

- 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 consolidated 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 extremely rare circumstances, we consider that a certain aspect should not be communicated in our audit report because it's reasonable to assume that the benefits of the public interest are overcome by the negative consequences of this communication.

#### **Report on other legal and regulation directives**

- 16 We were appointed by the General Meeting of Shareholders on the 27th of April 2020 to audit the consolidated financial statements of COMPA S.A. and its subsidiaries for the period ending on the 31 December 2020.

We confirm that:

- Our opinion is in accordance with the supplementary report presented to the Company's Audit Committee, which 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

# CONSOLIDATED NON-FINANCIAL STATEMENT 2020

## COMPA GROUP



**compa**  
*beyond expectations*

**compa**  **it**



**TRANS C.A.S.**  
**SRL SIBIU**

transport intern si international



**CONTENT**

<b>COMP A GROUP.....</b>	<b>2</b>
<b>1. COMP A SA .....</b>	<b>12</b>
<b>2. COMP A IT .....</b>	<b>119</b>
<b>3. TRANS CAS SRL .....</b>	<b>122</b>
<b>4. SC RECASERV SRL.....</b>	<b>126</b>





---

## COMPA GROUP

COMPA SA Sibiu, a prestigious brand of the Romanian industry, has gained its reputation over time due to the quality and diversity of its products, car and railway subassemblies, technological equipment, springs and car trailers. Formed by the merger of two companies: Sibiu Automecanica Plant and Elastic Factory Sibiu, COMPA becomes one of the most powerful car-building economic units in the country and continues the industrial tradition of the forerunners by harmoniously combining the experience of the forerunners with the new advances in technology and management. The first of the two companies - Automated Plant comes from the Sibiu Artillery Arsenal whose development is due and overlaps with the historical development of the city of Sibiu. The second enterprise - Factory Elastic has deep roots in the craft tradition of the fortress, being from the century 19th as a blacksmith's workshop, which later developed into a body shop and later into a factory for springs and forged products. A milestone in the development of the company is the year 1969 when, through the unification of the two factories, a new economic entity is born, the Sibiu Auto Parts Company (IPAS).

In 1970, following the contracting of the "MAN" license for trucks and buses, the Sibiu Auto Parts Company entered a national development program and started a very diversified production of automotive components, manufactured under various licenses: shock absorbers, appliances brake, cab subassemblies, cardan transmissions, steering boxes, springs, becoming the main supplier of components for the Romanian automotive industry. In 1991 the company was transformed into a joint stock company with the name of S.C. COMPA S.A.

Throughout its 130 years of existence, the COMPA Group has steadily progressed technically and technologically, constantly investing in the quality of its products and services. COMPA Group is among the first companies with Romanian capital, present in the top 100 of Romanian exporters. COMPA Group map covers 23 countries on 3 continents. The top processes applied in the projects of the COMPA Group, widely integrate CNC equipment (centers with numerical control) associated with defect detection procedures and statistical control methods that allow constant quality assurance. Use of modern cutting technologies, use of laser for cutting or control, metal or film coatings, heat treatments, robotic cells,

COMPA Group collaborates with renowned partners in the automotive and non-automotive industries, the company's focus has recently been on increasing turnover in the non-automotive field by attracting and developing projects in this regard. Major projects such as the construction of cabins for a reputable numerically controlled machine manufacturer, the manufacture of industrial pumps for one of the world's largest manufacturers of high-tech pumps and pump systems for residential and commercial construction, water management and other industries. The manufacture of parts for the shipbuilding industry or for air conditioning installations or equipment for lifting people and materials are just some of the company's successful examples in this direction. 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 for the steering box were also assimilated, products that are outside the diesel sphere and are of the future. 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 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 for the steering box were also assimilated, products that are outside the diesel sphere and are of the future.

Another strategic direction that the COMPA Group places great emphasis on is development as an integrated supplier, offering customers complex products and assemblies that involve the use of as many existing processes as possible within the COMPA Group. 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.

The non-financial statement for 2020 contains information through which the management of COMPA Group communicates, in a transparent manner, to the stakeholders represented by business partners, employees, investors, the local community and other stakeholders, the actions taken to improve the quality system of environmental management, health and occupational security as well as corporate governance.

COMPA together with the other three companies within the COMPA Group constantly acts in the field of continuous improvement of product and service quality, environmental protection, occupational health and safety, human resources, social responsibility, business ethics and integrity and the prevention / fight against corruption. .

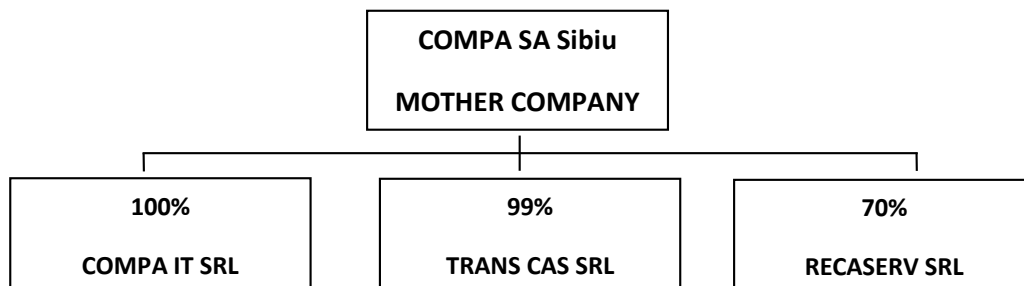
In the period 2000-2004, COMPA underwent an organizational restructuring in order to better adapt to the changes produced by the fulfillment of the strategic objectives. As a direct consequence, some ancillary activities were detached from the object of COMPA's activity, being outsourced. This was a successful model that allowed outsourced companies to focus on providing superior quality in the core field. Following the outsourcing, the COMPA Group was set up, which means the parent company, COMPA, from which the following emerged:

#### **1. COMPA S.A.**

It is a company with 100% private capital. It was privatized in September 1999, by buying the majority stake in the COMPA Sibiu Employees Association (PAS), which became the company's main shareholder. In 2018, the COMPA Sibiu Employees Association (PAS) was dissolved, the shares being transferred to the members of the association, depending on the number of shares held and purchased by each. COMPA SA is the mother company, organized on Profit Centers, integrated units without legal personality with a decentralized activity, structured for the realization of products for a single customer or for the realization of similar products for several customers, such as: Forging, Heat Treatments, Galvanization , Pressed - stamped parts, mechanical - welded subassemblies, etc



**The structure of the COMPA Group**



The management of the mother company COMPA, as well as of the entire COMPA Group is ensured by the Board of Directors elected by the Ordinary General Meeting of Shareholders, for a period of 4 years.

Social headquarters	Sibiu, Str. Henri Coandă no.8
The main object of activity	2932 "Manufacture of other parts and accessories for motor vehicles and their engines"
Social capital	21,882,103.8 lei
Fiscal value	547,121,134 lei
Number of employees	1865

**2. COMPA I.T. S.R.L.**

It was established in 2000 for the purpose of designing and implementing an integrated IT system for the parent company and third parties, at international standards. The company offers IT solutions, services and software maintenance. By implementing the integrated system in the parent company, COMPA-IT ensures the operation of this system at higher parameters, prepares reports and presents the new facilities of the system in order to capitalize at the highest possible level of opportunities that this very complex system can offer. and competitive.



Social headquarters	Sibiu, Str. Henri Coandă Nr.8
The main object of activity	6201 "Custom software development activities"
Share capital (lei)	200,000 lei
Fiscal value	2,216,900 lei
Needlesole shareholder	COMPA SA company
Number of employees	9

### 3. TRANS C.A.S. S.R.L.

Founded in 2002, by outsourcing the car transport activity within COMPA, the company offers freight and passenger transport services domestically and internationally. Some of the owned vehicles are the property of the parent company COMPA SA, rented, and some of them are the property of TRANS CAS SRL.

TRANS CAS SRL currently owns a number of over 60 vehicles, of which an important share is held by Mercedes-type trailer trucks, with a capacity of over 20 tons payload, intended for the transport of materials and finished products for both COMPA and other customers.

The overwhelming share of TRANS CAS's transport is held by international freight transport in almost all of Europe.



Social headquarters	Sibiu, 12 Henri Coandă Street
The main object of activity	4941 "Freight transport by road"
Share capital, of which:	1,500,000 lei
Needle: COMPA SA Sibiu	1,498,450 lei
Fiscal value	14,460,846 lei
Number of employees	49

#### 4. RECASERV S.R.L.

It was established in 2004 by outsourcing within the parent company activities such as: public catering made through the canteen and micro-canteens operating within the company COMPA, catering and cleaning services.



Social headquarters	Sibiu, Str. Henri Coandă No.51
The main object of activity	5629 "Other food service activities nec"
Share capital, of which:	100,000 lei
Needleionaries: COMPA SASibiu	70%
Boroş Daniela (individual person)	30%
Fiscal value	1,146,979 lei
Number of employees	22

#### EMPLOYMENT

Between 2018 and 2020, the total staff of Grup COMPA decreased in 2020 by 10.98% compared to 2019 and by 14.92% compared to 2018, decreases generated mainly by the reduction of orders to the "parent company" but also by increasing labor productivity.



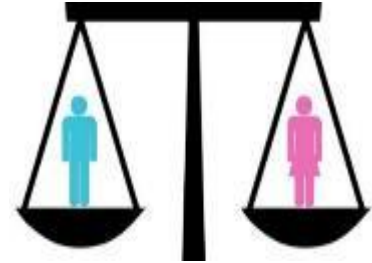
Staff on December 31st	2018	2019	2020	2020/2019	2020/2018
COMPA SA	2178	2082	1865	89.58%	85.63%
COMPA IT SRL	9	9	9	100.00%	100.00%
TRANSCAS SRL	54	56	49	87.5%	90.74%
RECASERV SRL	45	38	22	57.89%	48.89%
<b>TOTAL GROUP</b>	<b>2286</b>	<b>2185</b>	<b>1945</b>	<b>89.02%</b>	<b>85.08%</b>

**GENDER DIVERSITY**

(Share of women in total employment as of December 31, 2020)

Within the COMP A Group, the share of female employees represents approximately one third, a share due mainly to technological changes but also to the trust given in the area of responsibilities and coverage with skills.

Share of women in total employees (%)	2020
COMP A SA	33.6%
COMP A IT SRL	22.2%
TRANSCAS SRL	12.24%
RECASERV SRL	90.9%
<b>TOTAL GROUP</b>	<b>33.62%</b>


**TOTAL STAFF DISTRIBUTION**

(As of December 31, 2020 on a qualifications structure (according to COR and by gender))

Analyzing the structure of qualifications within the COMP A Group, it is found that the share differs from one company of the Group to another, depending on the specifics of the activities carried out.

Thus, if at COMP A IT SRL the dominant weight is of the personnel with higher education, at COMP A SA and at TRANSCAS SRL the main category is that of qualified workers, instead at RECASERV SRL the weight is held by unskilled workers.

Qualifications structure of COR		COMP A SA	COMP A IT SRL	TRANSCAS SRL	RECASERV SRL	TOTAL GROUP
1. Leading staff	<b>TOTAL, of which</b>	<b>119</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>123</b>
	Ladies	13	0	0	1	15
2. Specialists with higher education	<b>TOTAL, of which</b>	<b>195</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>209</b>
	Ladies	69	1	5	0	75
3. Technicians and other specialists in the technical and accounting field	<b>TOTAL, of which</b>	<b>108</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>110</b>
	Ladies	54	0	0	0	54
4. Administrative officials	<b>TOTAL, of which</b>	<b>167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167</b>
	Ladies	152	0	0	0	152

Qualifications structure of COR		COMPA SA	COMPA IT SRL	TRANSCAS SRL	RECASERV SRL	TOTAL GROUP
5. Service workers	<b>TOTAL, of which</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>15</b>
	Ladies	1	0	0	0	1
6. Skilled and assimilated workers	<b>TOTAL, of which</b>	<b>1043</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>1081</b>
	Ladies	267	0	0	0	267
7. Unskilled workers	<b>TOTAL, of which</b>	<b>220</b>	<b>0</b>	<b>1</b>	<b>19</b>	<b>240</b>
	Ladies	70	0	1	19	90

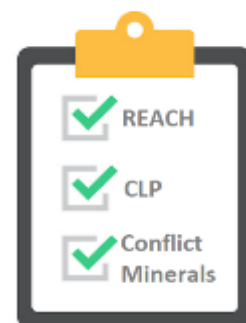
**MEASURES APPLIED TO PROTECT THE ENVIRONMENT**



COMPAS Group promotes and recommends throughout the supply chain the promotion of voluntary activities for the protection of the environment, biodiversity, the natural environment, the conservation of energy and non-recoverable natural resources, reducing the amount of waste generated and improving the means of transport of materials and products. COMPAS Group also promotes and recommends the reduction and efficiency of packaging for products to be delivered to the entire COMPAS Group, especially the use of reusable packaging, the use of substitutes for disposable wooden pallets, and the implementation of the design and use of environmentally friendly packaging.

COMPAS Group is working diligently to further integrate environmental sustainability into all aspects of its supply chain functions. COMPAS Group, together with its suppliers, maintains 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 protective masks in response to the COVID-19 pandemic, COMPAS Group, together with a local partner, has replaced disposable masks with reusable face masks. Thus, the environmental impact of this type of waste has been considerably reduced).

COMPAS Group has regulated hazardous substances and mixtures that regulate and determine the purchase, transport, handling, storage, use and management of hazardous substances and mixtures, in order to ensure environmental protection, employee safety and to control and minimize the risk of accidents in which involve hazardous substances and mixtures. In this regard, COMPAS Group aligns and transmits throughout the supply chain alignment with the requirements in terms of quality, environment and health and safety at work on the products supplied, such as the content of elements and chemicals, product components and quantity and hazardous effects. of the elements and chemicals contained, the safety data sheets,



Achieving the set objectives is done by adhering to ISO 45001 and ISO 14001, as well as adopting the United Nations Practices and Objectives for Sustainable Development - <https://www.un.org/sustainabledevelopment/>

COMP A Group also aligns and requires all its Suppliers to comply with a number of principles and requirements in the field of quality, environment and health and safety at work by adhering to and implementing policies and regulations that address the following issues:

- REACH 1907/2006 (Regulation, Evaluation and Authorization of Chemicals) - <https://echa.europa.eu/legislation>
- CLP 1272/2008 (Classification, Labeling and Packaging of substances and mixtures) - <https://echa.europa.eu/legislation>
- Conflict Minerals - <https://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/>

The handling and storage of dangerous substances is carried out in compliance with the mandatory measures governing the activity of purchase, transport, handling, storage, use and management of dangerous substances and mixtures within the Group. This ensures the protection of the environment, the safety of employees and the control / minimization of the risk of accidents involving hazardous substances and mixtures.

The storage of various dangerous chemicals 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. The companies within the Group have the support provided by the managers of COMP A SA The persons who handle, use, store and transport dangerous substances / mixtures are trained and know the measures to be taken in case of emergency situations.

COMP A Group is considering the implementation of a Co2 fingerprint monitoring system issued by each machine / production line for all processes / products.

Annually, environmental management programs plan targets to reduce flue gas consumption from technological processes in order to reduce flue gas emissions (carbon emissions). The flue gases (CO, dust) from the technological processes and from the electrothermal power plant are annually measured, in emission, in the chimney, by an accredited laboratory.

#### **MEASURES APPLIED TO PROTECT OCCUPATIONAL HEALTH AND SAFETY.**

Occupational health and safety is an integral part of COMP A Group's mission to improve the quality of life. COMP A Group makes a sustained effort to achieve an organizational culture of occupational health and safety and performance in this field.

COMP A Group adopts 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 Group applies a Business Conduct Guide, which describes a progressive work policy towards employees, suppliers, partners and local communities. This policy includes ethical recruitment practices, diversity, anti-harassment, discrimination, support for women's rights and equal pay,



individual confidentiality, reporting and anti-retail policies. The use of child labor, forced labor or trafficking in human beings in any form is not tolerated - including slave labor, imprisonment, corporal punishment in its operations or in the supply chain. This policy of the COMPA Group is transmitted throughout the supply chain through the COMPA Supplier's Guide of Conduct.



COMPA Group complies with the laws on safety, individual security, prohibitions on trafficking in human beings and the use of minors, together with the laws ensuring freedom of association and the rights to collective bargaining, and to comply with the relevant regulations on minimum wage and overtime, including overtime, as appropriate, and provide decent living conditions.

COMPA Group respects the right of employees to join or not to join a union of their choice and the right to collective bargaining, without any form of retaliation, intimidation or harassment. Adopts policies and practices that guarantee that employees can freely associate at work in accordance with applicable laws and regulations, ensure that employee representatives are elected freely, without interference from management, and that they are recognized by management in accordance with applicable law.

Freedom of association can be suggestively exemplified in the table below.

From the presented data it results that the percentage of personnel belonging to a union is 69.25%. The Group's management undertakes to adopt an impartial position towards trade unions and their representatives

	<b>Staff on 31.12.2020</b>	<b>Nr. employees affiliated to a union</b>	<b>Trade union membership (%)</b>
COMPA SA	<b>1865</b>	1312	70.35%
COMPA IT SRL	<b>9</b>	0	0%
TRANSCAS SRL	<b>49</b>	17	34.7%
RECASERV SRL	<b>22</b>	18	81.82%
<b>TOTAL GROUP</b>	<b>1945</b>	<b>1347</b>	<b>69.25%</b>

During 2020, two additional acts to the Collective Labor Agreement applicable at the level of the COMPA Group 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 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.

The Group integrates the principles of Social Responsibility through the conduct of a management based on the principles of leadership and vigilant approach in relation to the impact of decisions on companies, the environment and economic factors.

**PROCEDURE FOR RECEIVING AND RESOLVING COMPLAINTS**

Within the Group, there is a system for resolving employee complaints that regulates how they can address the management of affiliated companies, petitions made in their own name. The petitions concern social issues related to work. The system stipulates how these petitions are registered, distributed for settlement and sending the answers to the petitioners.



**COMBATING CORRUPTION AND BRIBERY**

During this year, in the COMPA Group, a procedure was implemented regarding the possibility of reporting by employees, customers, suppliers, shareholders, third parties, etc., acts of corruption, acts of violation of laws and regulations, values, principles and norms. applicable in society.



During 2020, the COMPA group did not register cases of corruption, but there is a constant concern in preventing such situations, by making staff aware of the rules of ethics.

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 that give rise to suspicions of serious breaches of the COMPA Group's Policy, without fear of consequences.

**COMMUNITY INVOLVEMENT**

To increase the impact on the local community, the COMPA Group works with protected unit type entities as well as ECOVADIS certified suppliers. An example in this direction is given by the print fleet of the COMPA Group, which includes 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, labor and human rights, ethics but also the impact of sustainable procurement). COMPA Group also works with suppliers in both the top CSR Romania 2020 and the top CSR Europe. (CSR - Corporate Social Responsibility).

COMPA Group is actively involved in the community to which it belongs, with a history of over 130 years, COMPA has been permanently present in the consciousness of the community of which it is part and which it constantly supports in various ways:

- Providing the technical and technological support necessary for professional and specialized training in pre-university and university education.
- Supporting sports competitions: cycling, car, cross country, etc.
- Contributions to the provision of resources for projects in the field of public health, culture and cults.



**1. COMPA SA****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:

COMP A 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.

### **2.1. 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 COMP A 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**

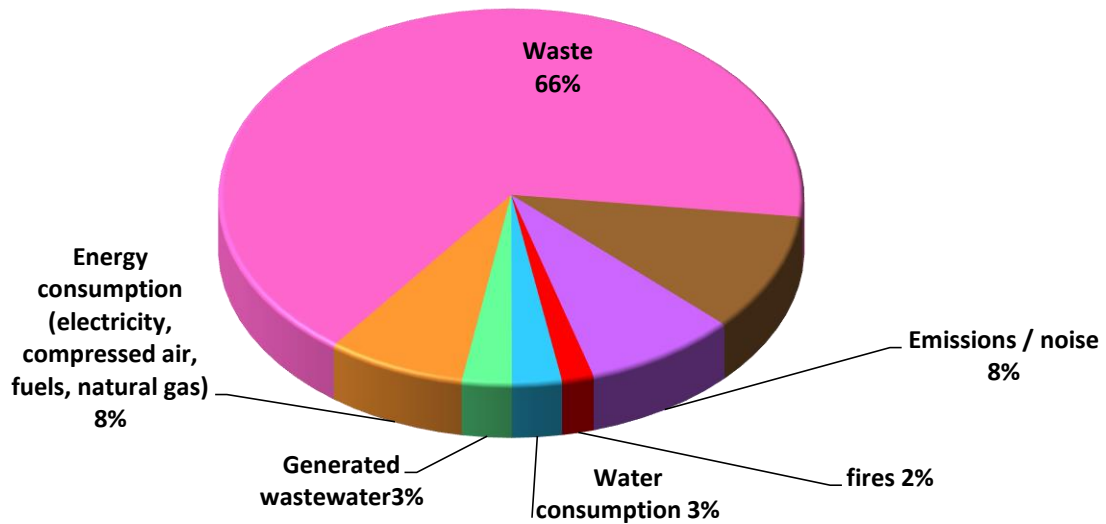


Figure 1

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**

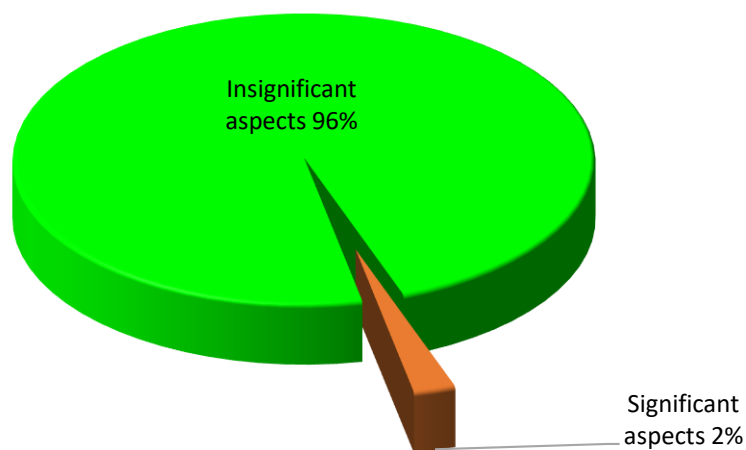


Figure No.2

## **2.2 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:**

<b>RISK</b>	<b>POTENTIAL CAUSES</b>	<b>Initial criticality</b>	<b>ACTIONS</b>	<b>Estimated / current criticality</b>
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

**2.3 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.

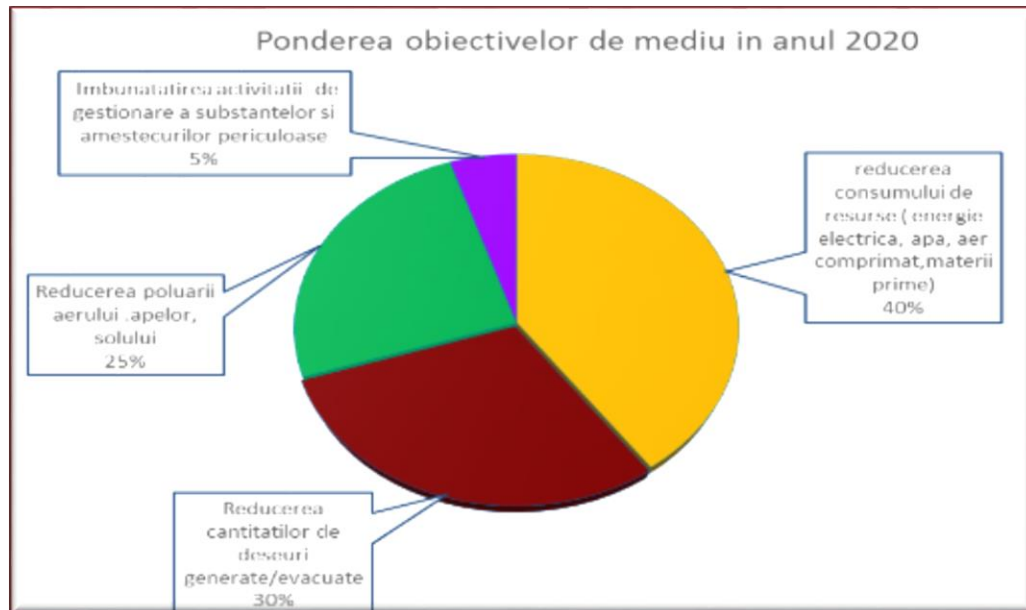
In setting environmental objectives and targets, the following are taken into account:

- 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

## 2.4 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

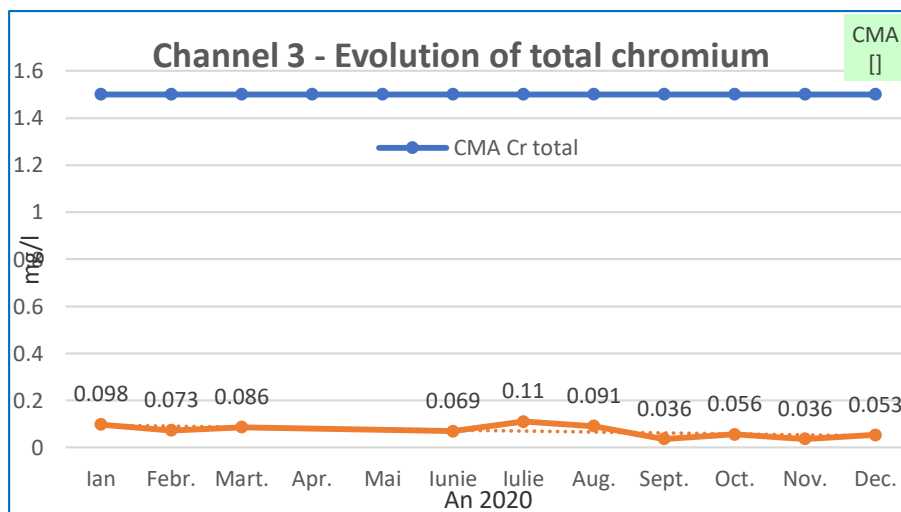
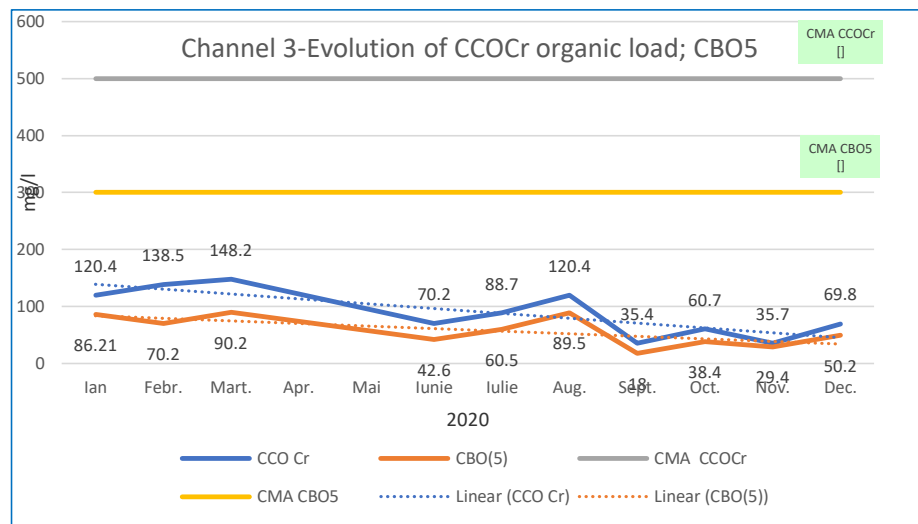
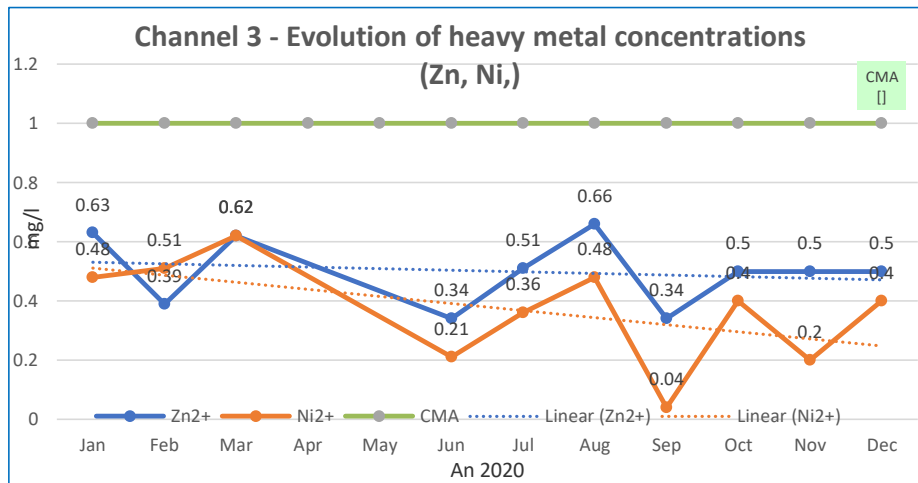
<b>Water category</b>	<b>What is being monitored</b>	<b>Monitoring frequency</b>
Wastewater in the sewer network	7 channels 15 indicators	Monthly with internal laboratory Quarterly with accredited laboratory
Hydrocarbon separating effluent	2 channels 3 indicators	Semester (2 samples / year) with accredited 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:

<b>Water category</b>	<b>Parameter</b>	<b>Allowed values</b>
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 <sub>4</sub> <sup>2-</sup>	600 mg / l
	Zinc Zn <sup>2+</sup>	1.0 mg / l
	Total chromium Cr <sup>3+</sup> ++ Cr <sup>6+</sup>	1.5 mg / l
	Hexavalent chromium Cr <sup>6+</sup>	0.2 mg / l
	Total manganese	2.0 mg / l
	Copper With 2+	0.2 mg / l
	Nickel Ni <sup>2+</sup>	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**

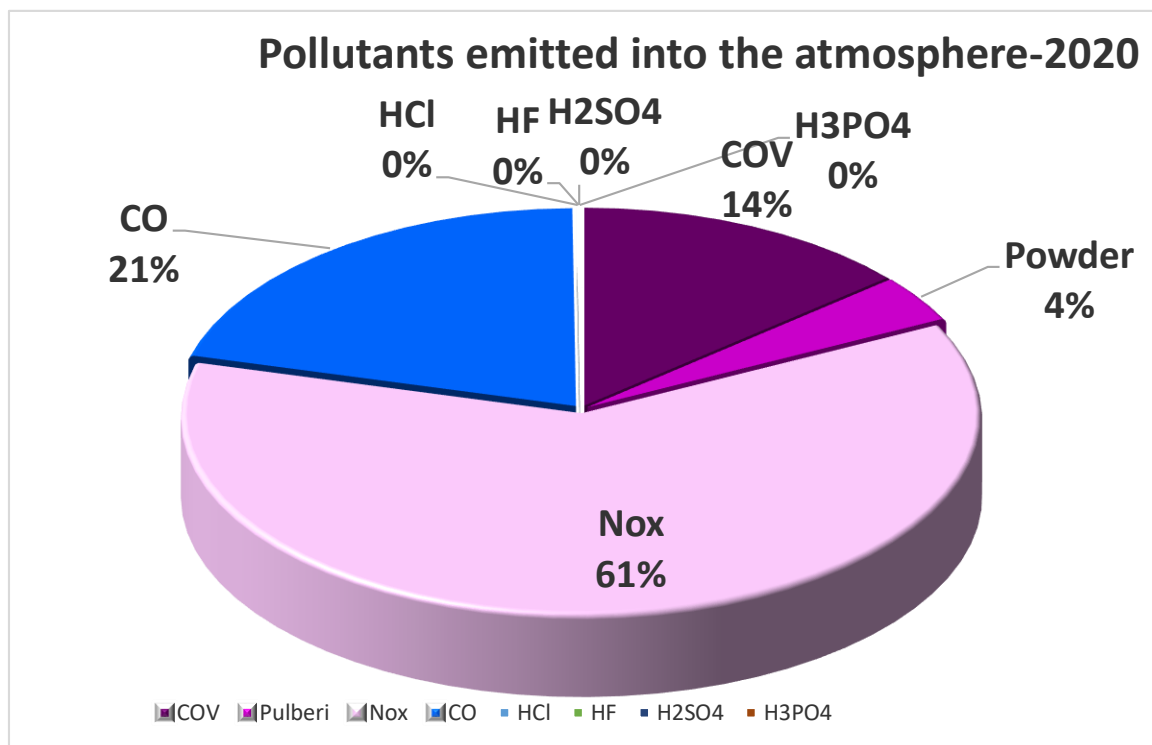
in 2020, a number of chimneys for the emission into the atmosphere were monitored.

The pollutants monitored were:

- Volatile organic compounds (VOCs);
- Powders;
- Nitrogen oxides (NO<sub>x</sub>);
- Carbon monoxide (CO);
- Hydrochloric acid (HCl);
- Hydrofluoric acid (HF);
- Sulfuric acid (H<sub>2</sub>SO<sub>4</sub>);
- Phosphoric acid (H<sub>3</sub>PO<sub>4</sub>);
- Chlorine (Cl<sub>2</sub>);
- Trivalent chromium (Cr<sup>3+</sup>)

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

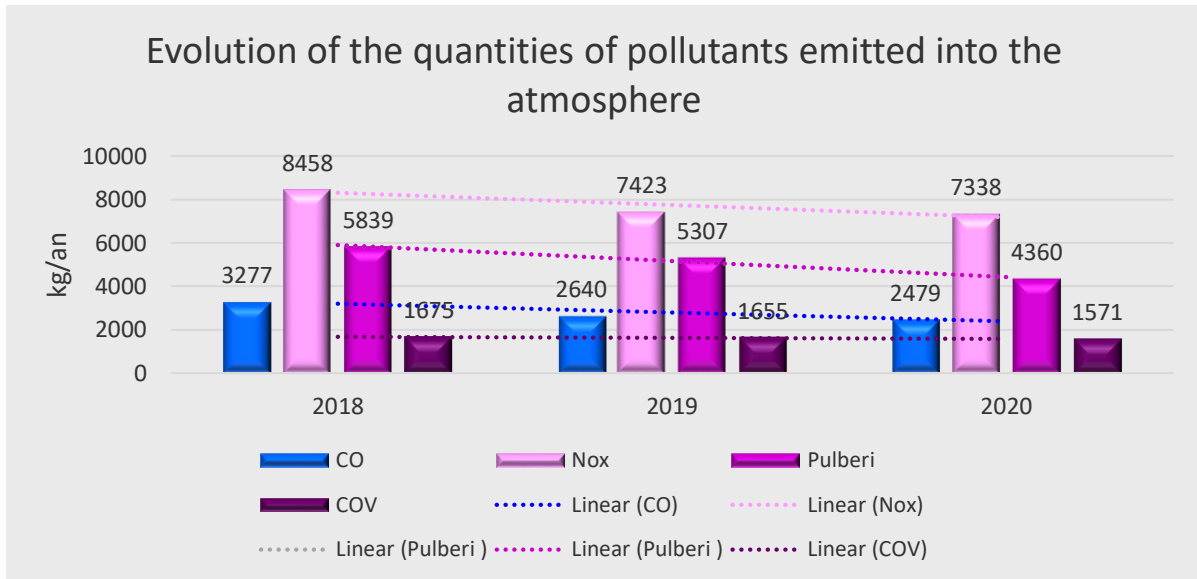
The graph below shows the share of pollutants emitted into the atmosphere.



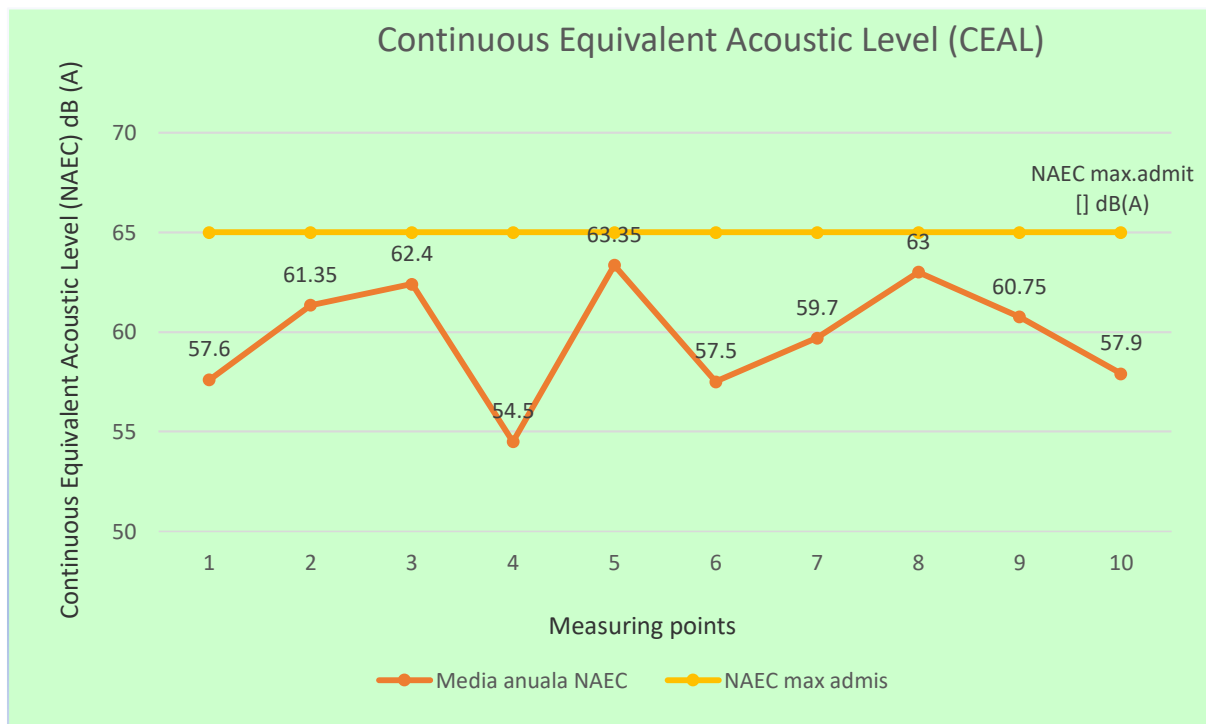
The evolution of the quantities of pollutants emitted into the atmosphere in the period 2018-2020 is presented in the graph below, observing a continuous decrease of these emissions:

**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

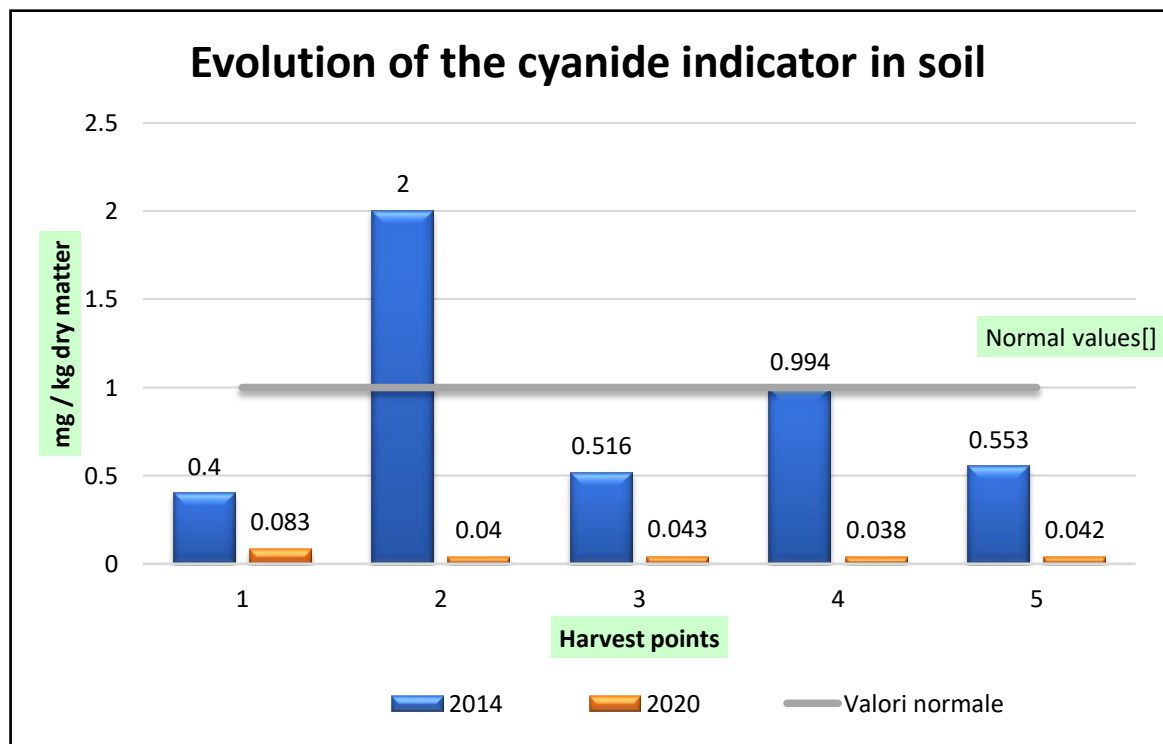
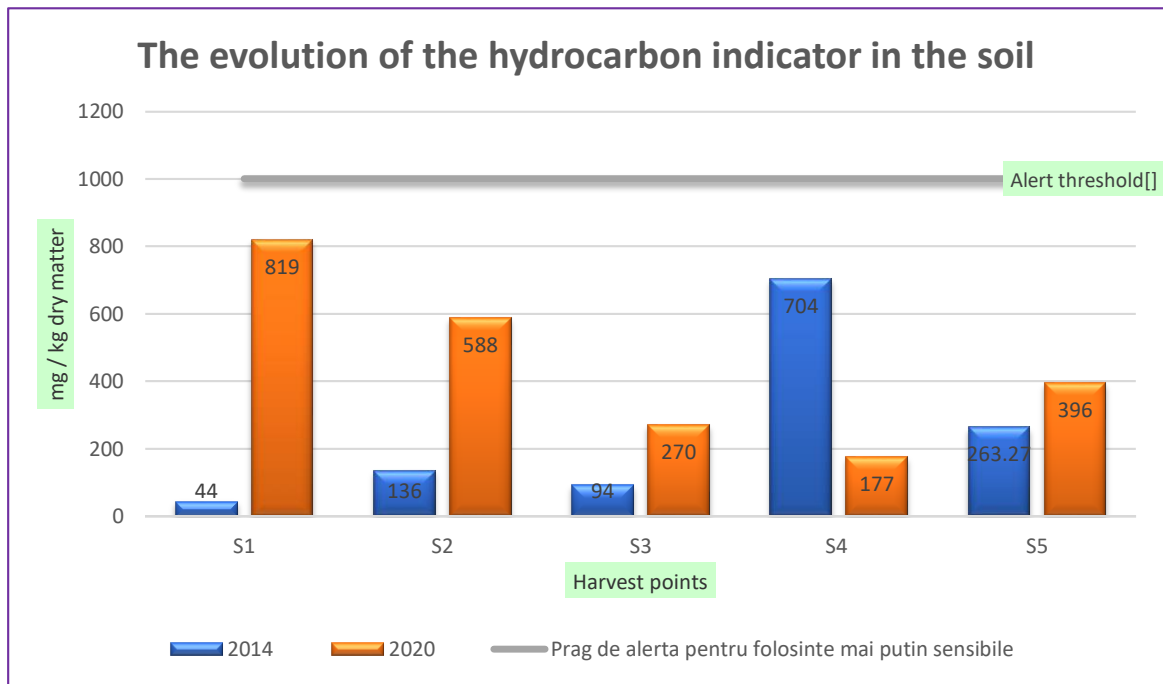
Nr. crt.	Point symbol	Monitored environmental factor	Location area	Geographical coordinates STEREO 70
1	S1	ground	the green space in the area of the administrative pavilion	X = 435715.29 Y = 477798.99
2	S2	ground	the green space located south of the galvanizing workshop	X = 435799.15 Y = 477625.43
3	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:

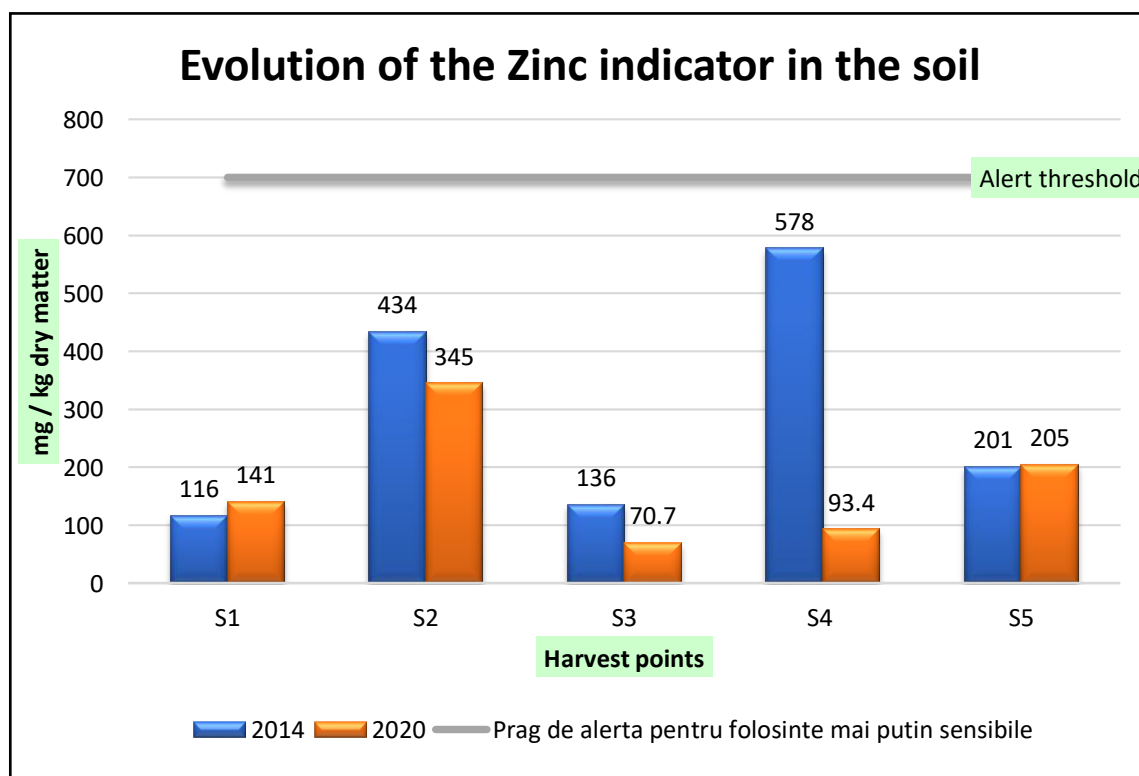
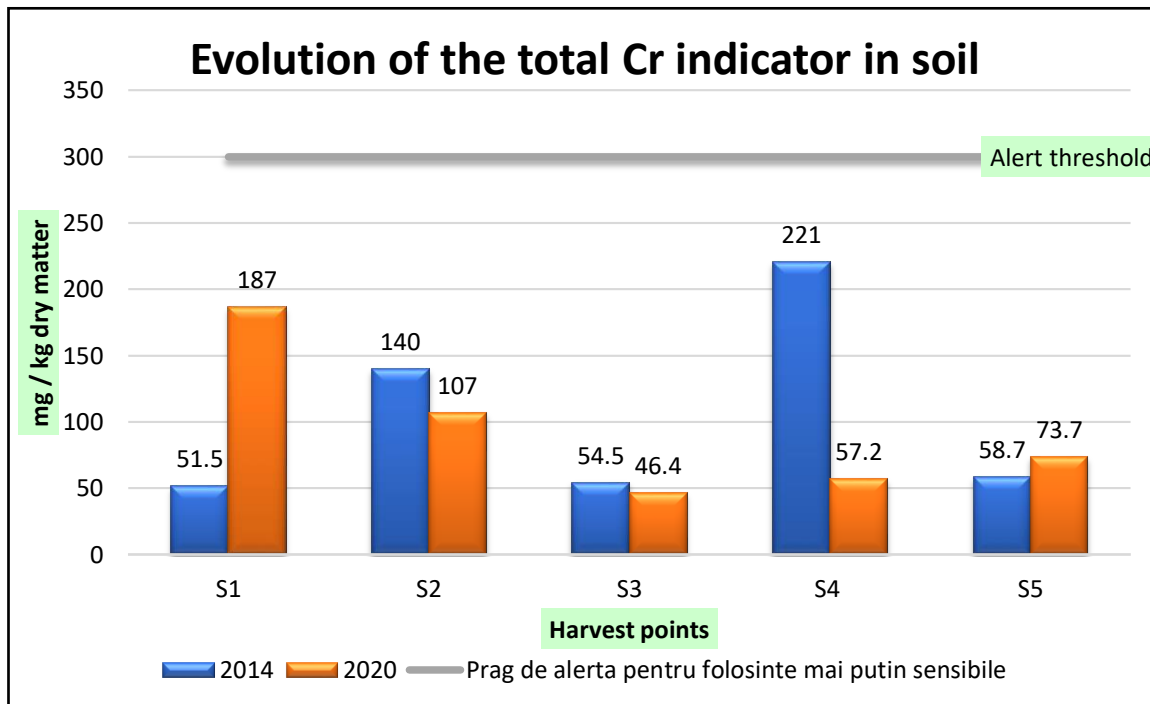
Parameter	The frequency of mONITORING
Petroleum hydrocarbons	Once every 5 years  In 2020 In the year 2025 In accordance with the Integrated Environmental Permit
pH	
Antimony	
arsenic	
Manganese	
Nickel	
Cadmium	
Total chrome	
Lead	
Zinc	
CN	
Copper	

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).

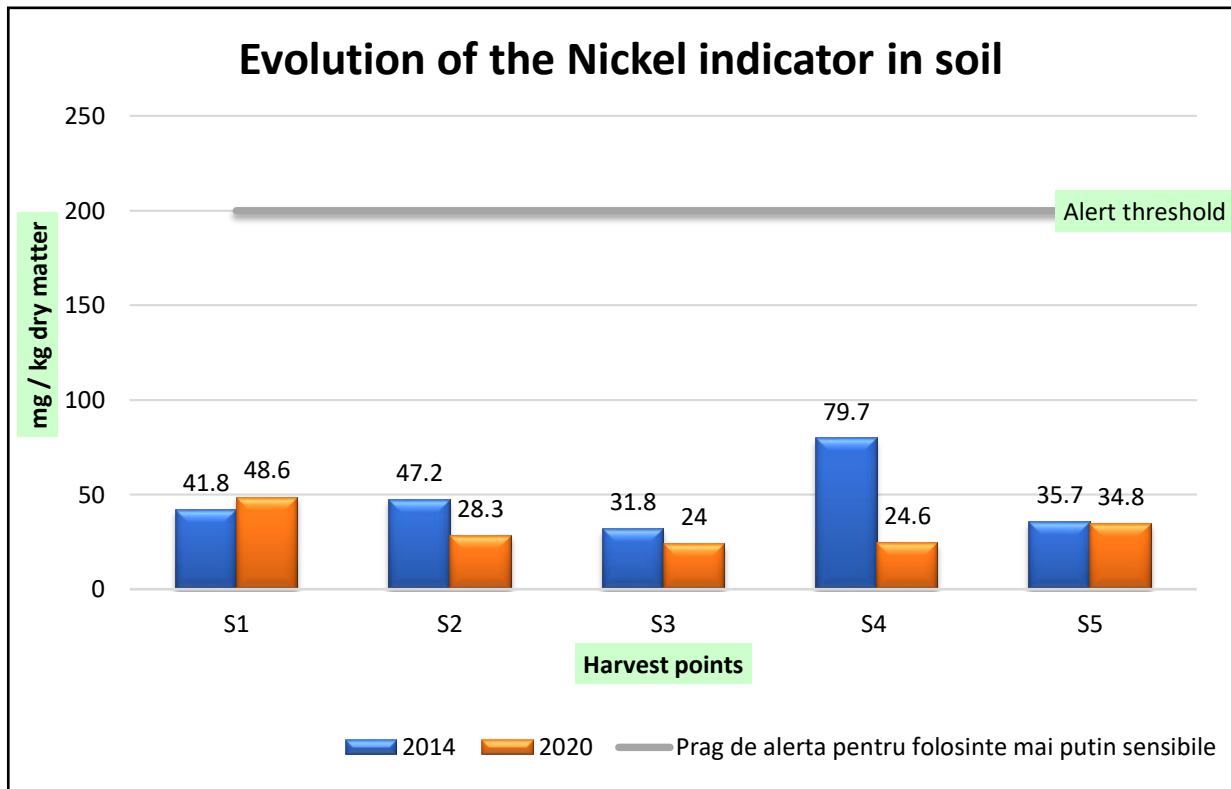
The comparative analysis of the level of pollutants in the soil reveals the decrease of concentrations for certain pollutants and the increase for other pollutants. However, the concentrations of pollutants measured in 2020 do not exceed the alert threshold for less sensitive used land according to MO 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](http://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](http://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.

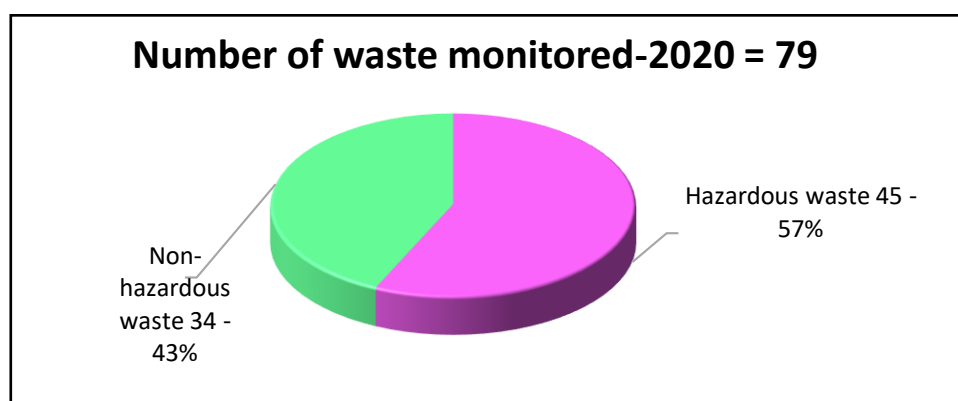
This procedure applies to all manufactures and compartments in the company.

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.

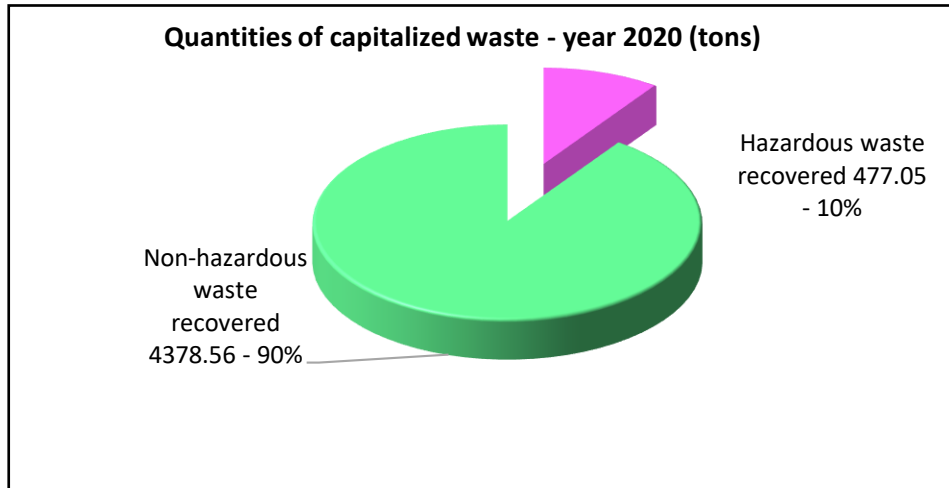
Each waste generated is recorded in the Waste Management Record Sheet and is monitored monthly: quantity generated, quantity remaining in stock, quantity recovered and quantity disposed of.

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.

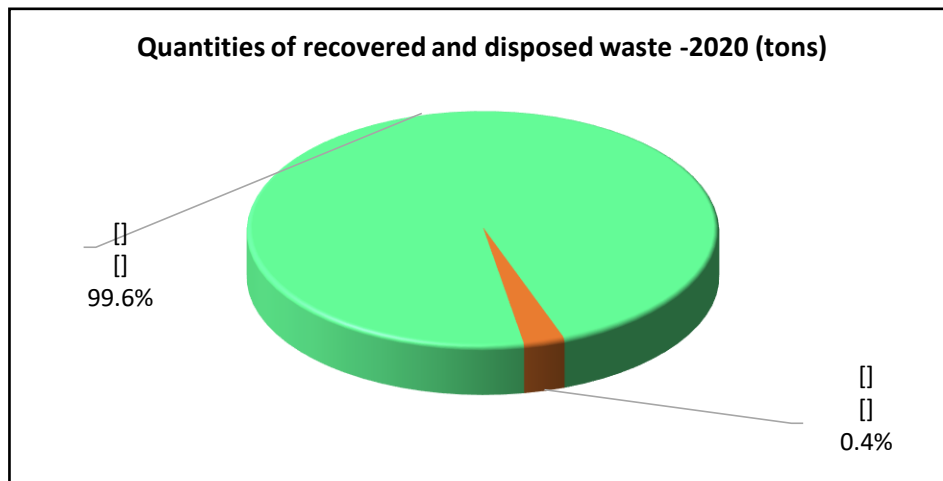


Of the total quantities of waste generated, 10% is hazardous waste



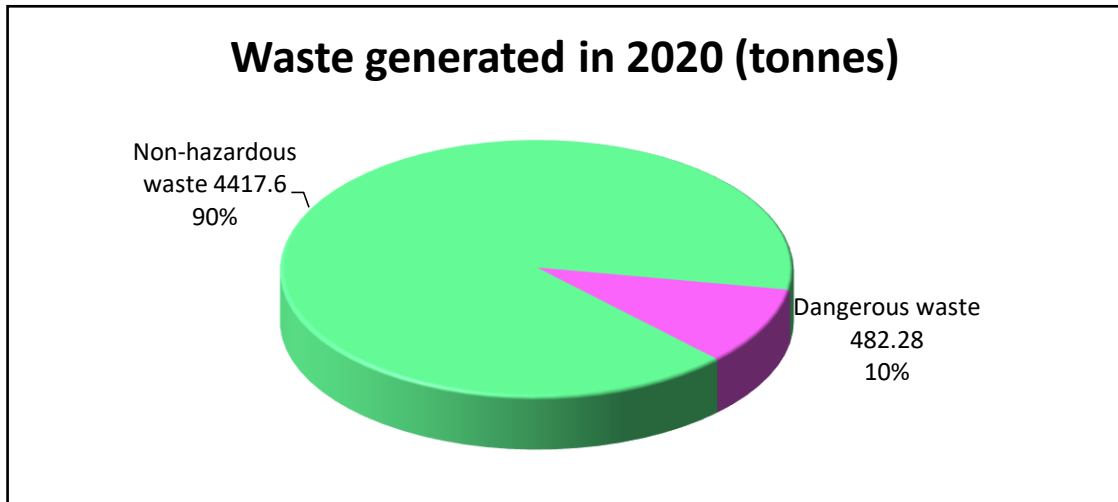
Of the total quantities of waste recovered, 10% is represented by hazardous waste and 90% by non-hazardous waste, in the same proportions as the waste generated.

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%.**

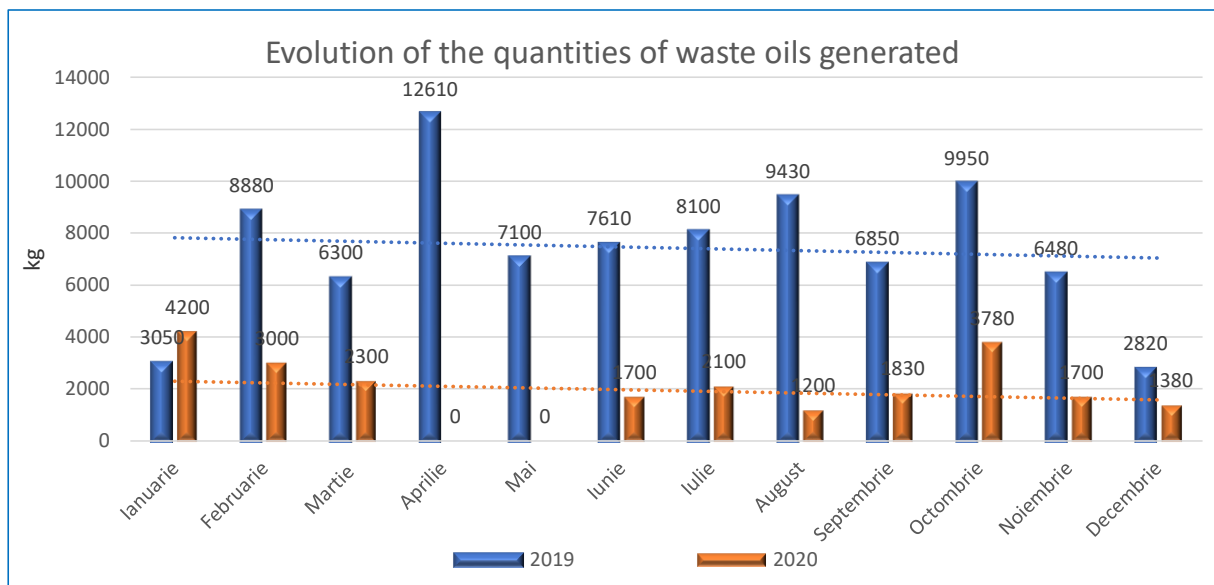
In 2020, there were no penalties for non-compliance with environmental compliance obligations.

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

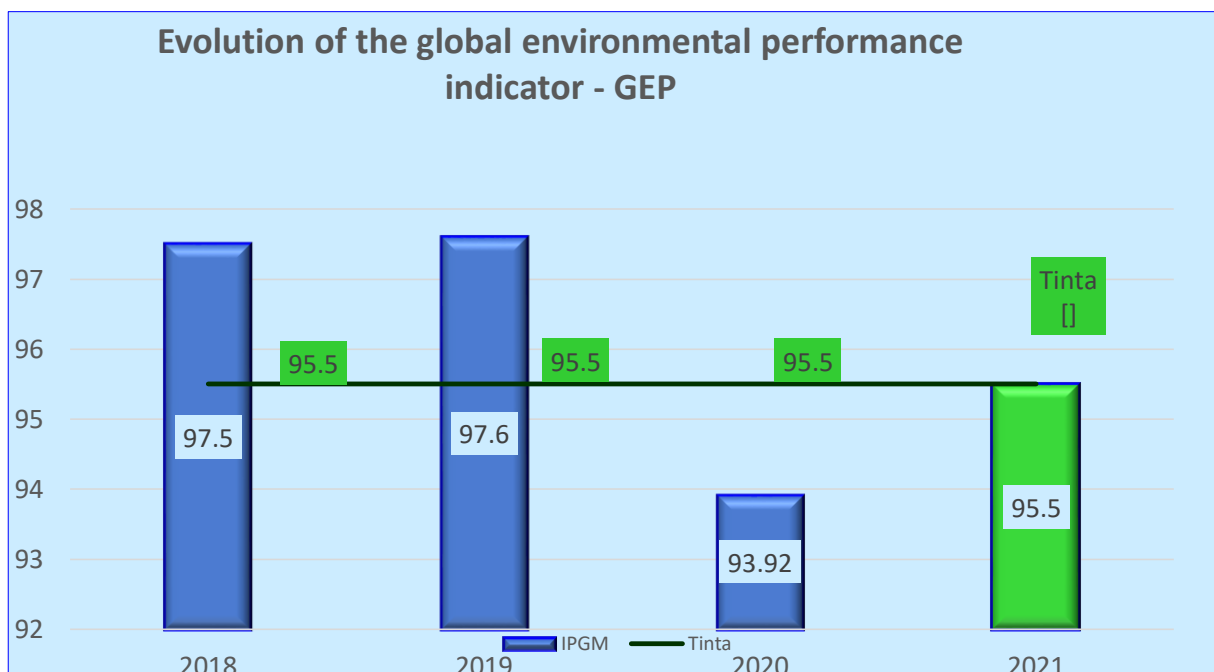
**2.5 Environmental projects. Improvement**

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 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 COMPA**  
**Measures to reduce energy consumption achieved and forecast to be achieved**  
**in the next years**

Through the production structure, COMPA Sibiu is an important consumer of energy. Thus, at the level of the COMPA 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 COMPA 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 COMPA, 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

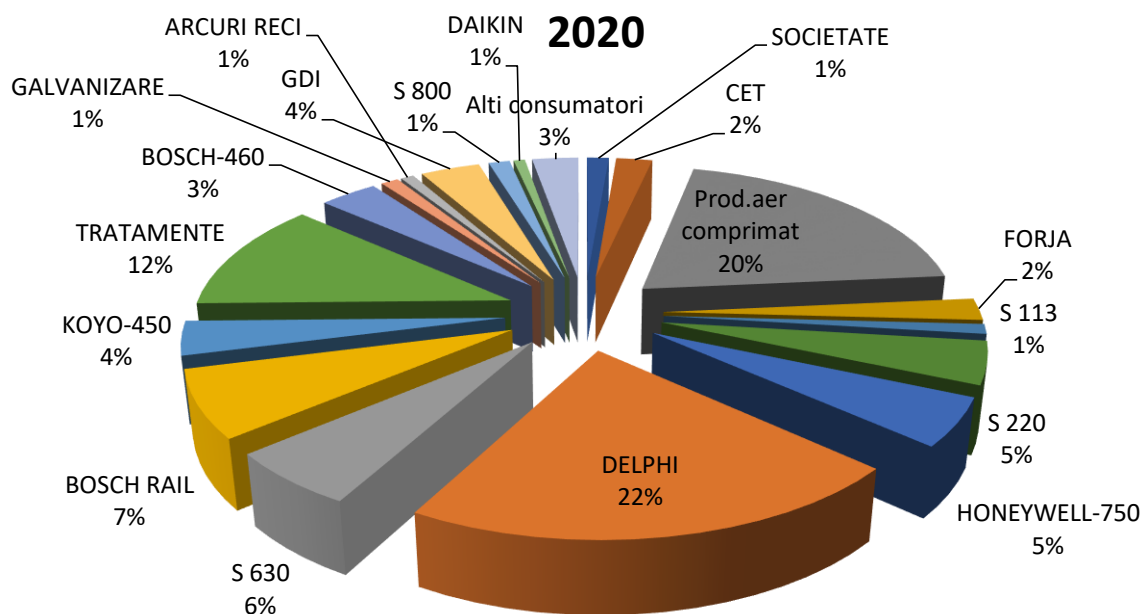
Electricity - 9604.75 tons of CO2

Natural gas - 7006.82 tons of CO2

Total 16611.57 tons of CO2

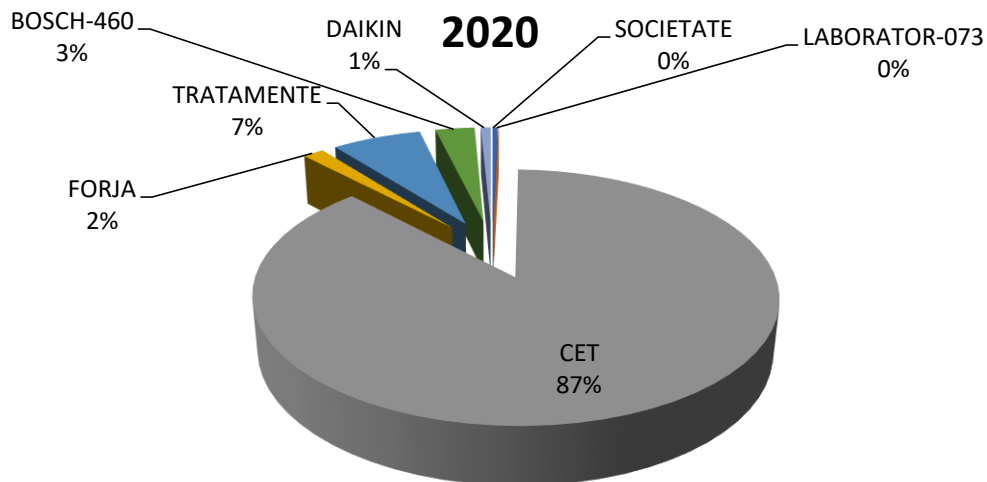
From the point of view of the distribution of electricity and gas consumption on the company's workshops at the level of 2020, they are as follows:

**Electricity**

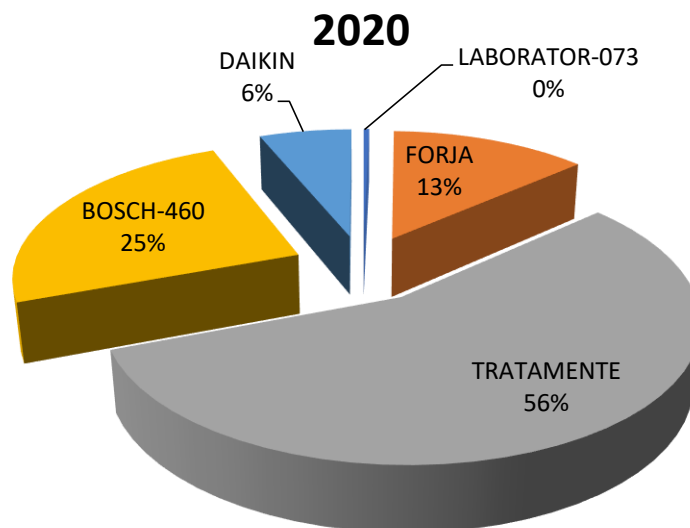


Natural gases

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**

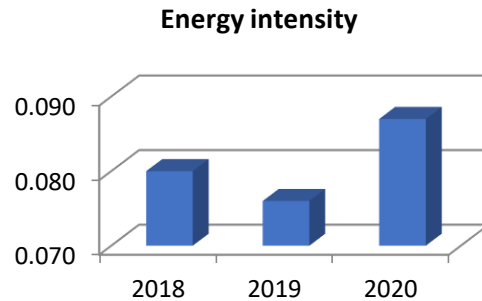
Good management of energy resources also involves establishing specific energy performance indicators with precise targets and clear responsibilities for departments and individuals.

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.

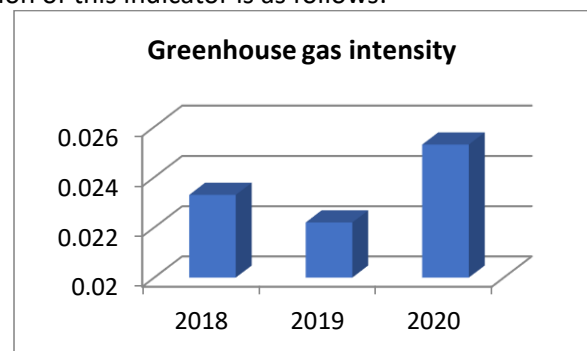
This increase is justified by:

- 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)

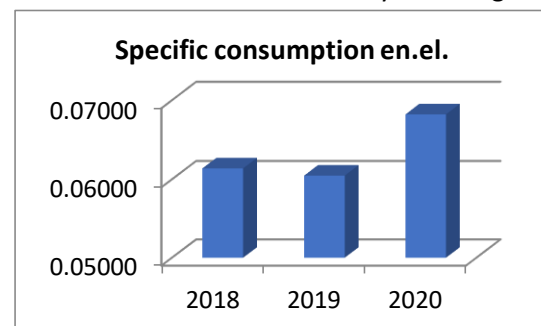


In the case of this indicator, too, there is an increase in the intensity of greenhouse gases (relative to commodity production) compared to previous years, an excess caused by the same factors mentioned above.

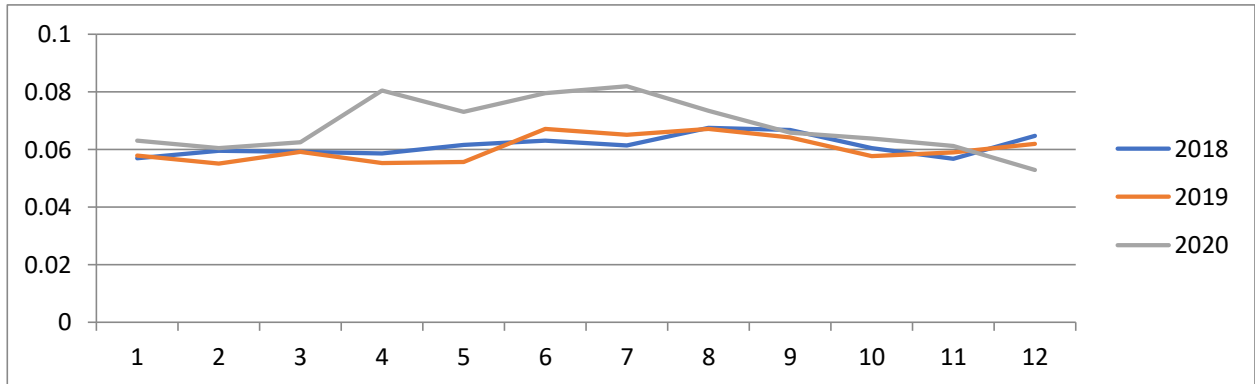
Specific electricity consumption, consumption which is determined by relating the consumption of electricity to the production of goods.

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

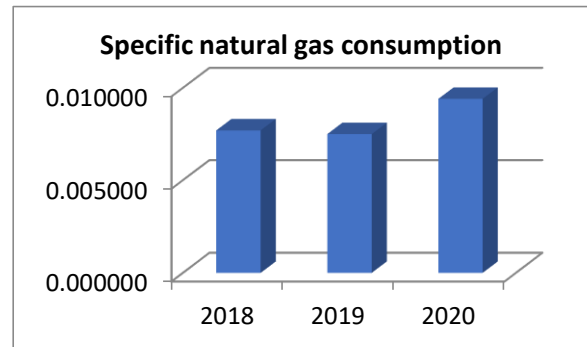


Break down by the months of the year, the specific consumption is as follows:

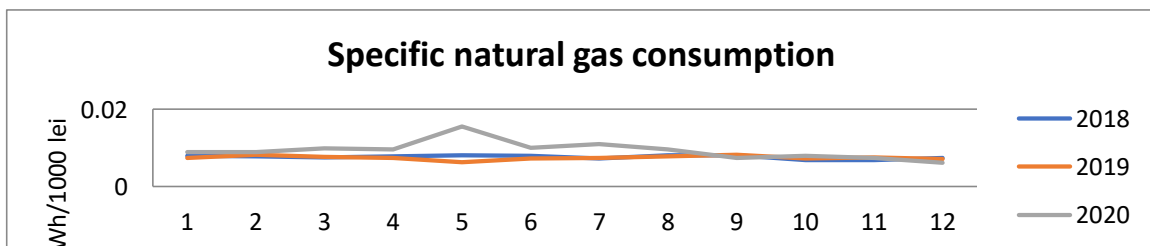


Specific gas consumption for technology, consumption which is determined by relating the consumption of natural gas to the production of goods. The situation by years is as follows:

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

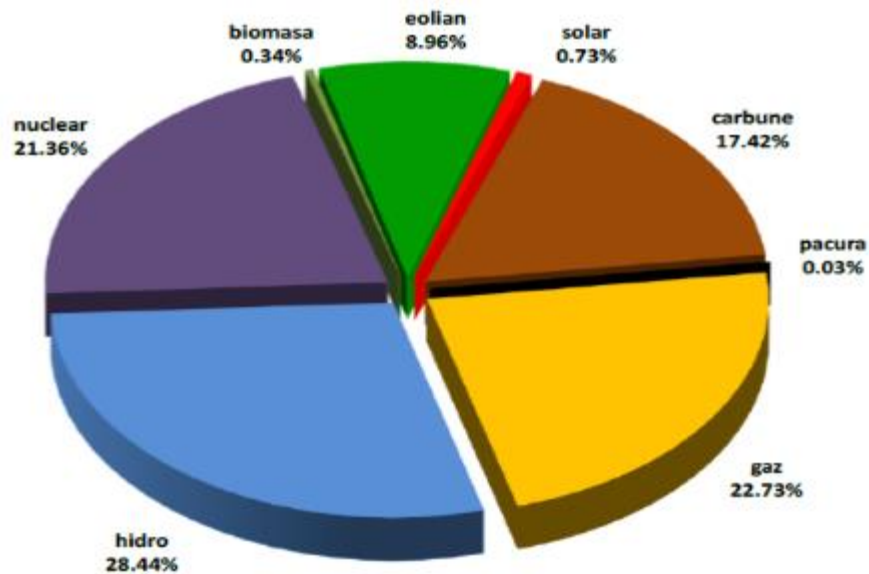
The combined production of electricity and heat is a concept that allows to obtain these energy resources at a high overall efficiency.

Considering the low efficiency of the boilers in the thermal power plant (put into operation in 1970) COMP A 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 CO<sub>2</sub> were released into the atmosphere - the specific emissions of CO<sub>2</sub> being 236.65 g / Kwh. It should be mentioned that in Romania the average CO<sub>2</sub> emissions is 264.69 g / Kwh (the reduction of emissions being in this case 0.203 tons of CO<sub>2</sub>).

The average CO<sub>2</sub> 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 CO<sub>2</sub> emissions are 809.13 g / Kwh.

### Improving the energy efficiency of manufacturing processes at COMP A Sibiu

In 2013-2014 COMP A 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 COMP A Sibiu".

This project allowed the implementation of extensive measures to improve the energy infrastructure of COMP A 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 CO<sub>2</sub>.

#### **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 CO<sub>2</sub> 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**

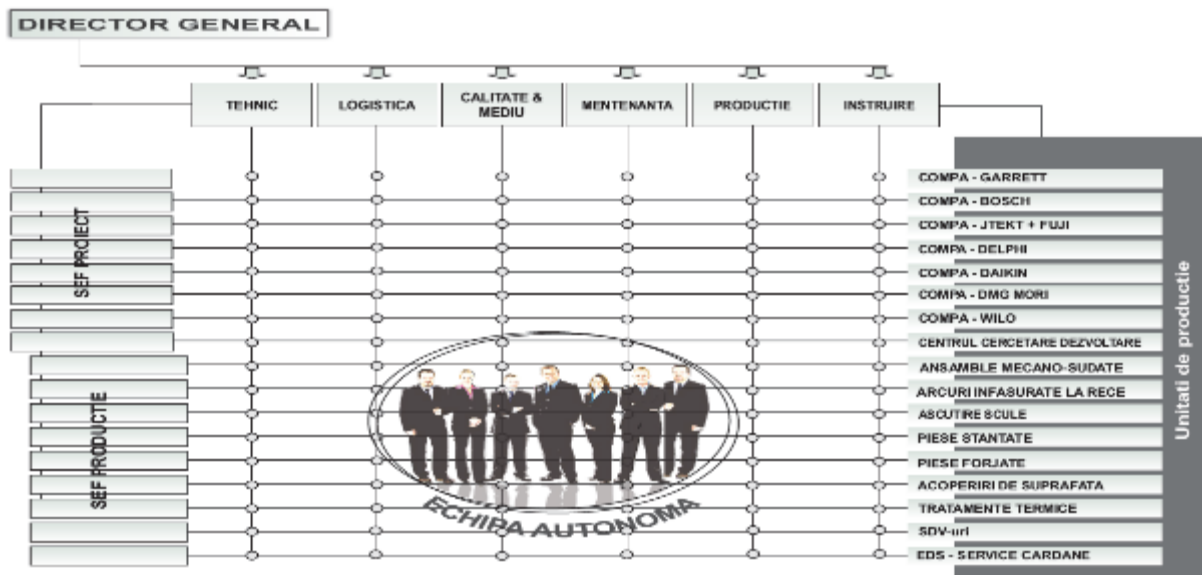
a). **The organizational structure**

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:

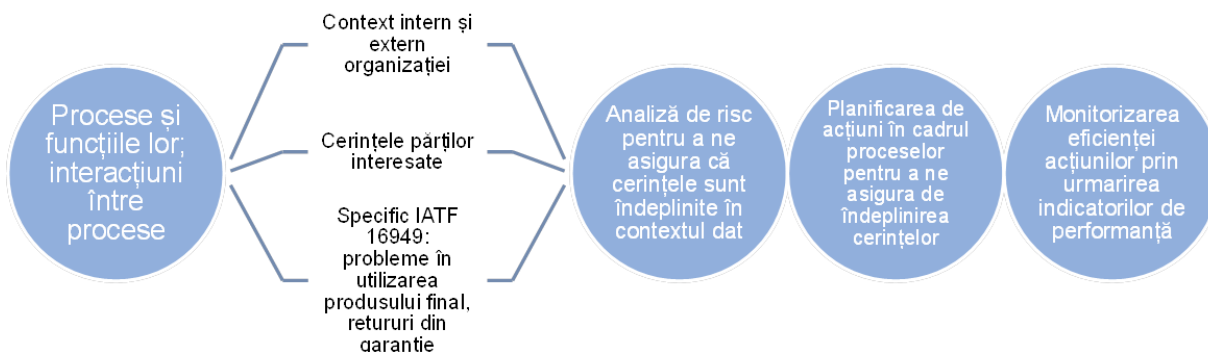
- management processes that refer to the activities of: coordination, analysis and decision, ensuring the necessary resources to carry out activities and improving activities and processes;
- the basic processes corresponding to the realization of the products (sale of products, supply, logistics of 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; COMPA 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; COMPA 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. COMPA 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. COMPA 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 COMPA.

COMPA 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. COMPA 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.

COMPA 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, COMPA 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, COMPA 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
<b>TOTAL STAFF</b>	<b>2178</b>	<b>2082</b>	<b>1865</b>

### 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
<b>Share of women in total employees (%)</b>	<b>30.7%</b>	<b>30.6%</b>	<b>33.6</b>

### 3.3. Age diversity

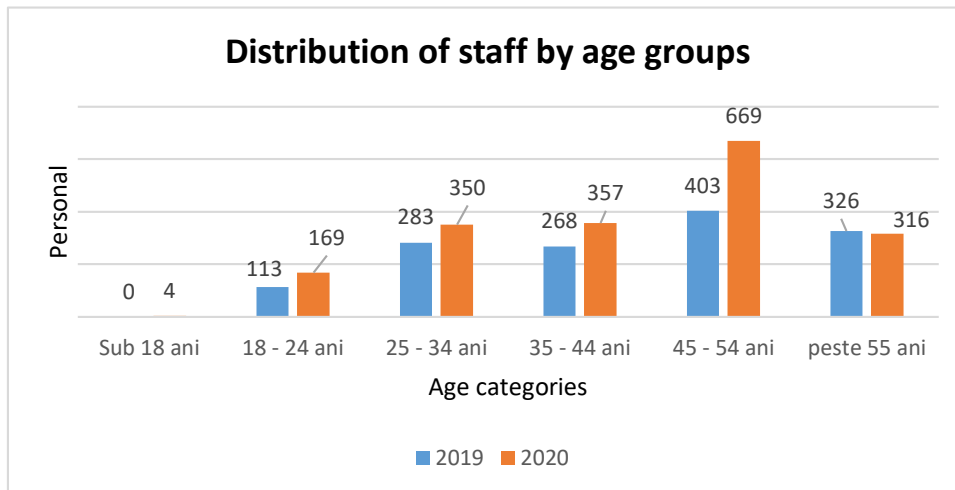
#### Breakdown by age and occupational category of the total workforce at 31 December 2020

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	<b>TOTAL, of which:</b> 4	3	1	0	0
	<b>Ladies</b> 1	0	1	0	0
19 - 24 years	<b>TOTAL, of which:</b> 169	127	29	12	1
	<b>Ladies</b> 53	37	11	5	0
25 - 34 years	<b>TOTAL, of which:</b> 350	190	36	103	21
	<b>Ladies</b> 115	72	0	43	0
35 - 44 years	<b>TOTAL, of which:</b> 357	210	43	63	41
	<b>Ladies</b> 132	95	6	2. 3	8
45 - 54 years	<b>TOTAL, of which:</b> 669	512	78	64	15
	<b>Ladies</b> 254	209	10	34	1
Over 55 years	<b>TOTAL, of which:</b> 316	201	39	53	2. 3
	<b>Ladies</b> 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.

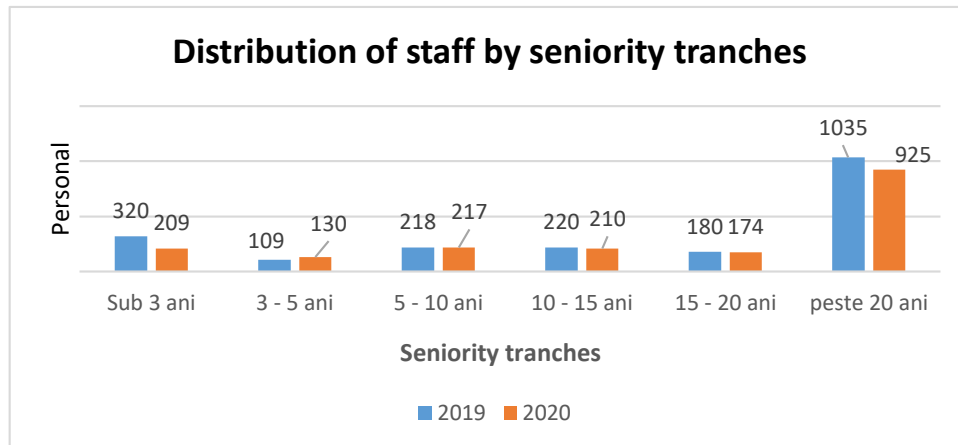


**Distribution of the total workforce at 31 December 2020 by seniority and occupational categories**

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%.

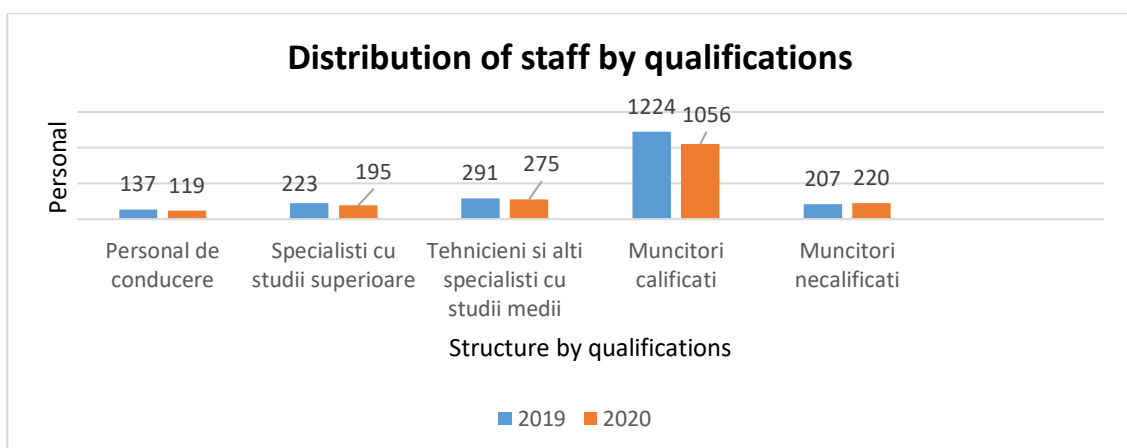
Seniority / persons	TOTAL which:	of	MDP	MIP	TESA execution	TESA management
Under 3 years	TOTAL, which:	209	173	19	15	2
	Ladies	73	57	10	6	0
3 - 5 years	TOTAL, which:	130	87	18	25	0
	Ladies	51	35	8	8	0
5 - 10 years	TOTAL, which:	217	128	28	46	15
	Ladies	72	42	13	14	3
10 - 15 years	TOTAL, which:	210	119	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 COMPA, 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 COMPA 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 COMPA 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 COMPA, 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 COMPA makes to attract people with disabilities.

Also, for the amount related to the difference in jobs in which no disabled persons are employed, COMPA 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	
<b>THE TECHNICAL FIELD</b>			
Project Management	2. 3	6	
Control of CQI heat treatment processes 9	12		
Certification for non-destructive examination	3		
Energy management		1	

<b>ANNUAL CERTIFICATION OF SPECIAL PROCESS OPERATORS</b>			
Thermists, galvanizers, painters, welders, brazers, etc.	<b>186</b>	<b>139</b>	<b>123</b>
<b>TRAIN CUSTOMERS</b>			
Core training in UR Robots	<b>2</b>		
Additive Manufacturing Formnext		<b>2</b>	
DMG training	<b>8</b>	<b>4</b>	
GDI Multispindle Index		<b>5</b>	
<b>POSITION VALIDATION OF NEW EMPLOYEES *</b>			
Number of people trained	<b>786</b>	<b>289</b>	<b>213</b>
Number of training / employee hours	<b>103.65</b>	<b>105.57</b>	<b>73,117</b>

\* 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.

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>No. of training hours / employee / year</b>	<b>28.28</b>	<b>26.90</b>	<b>28.9</b>

### **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: <b>POCU / 469/3/12/128888</b> <b>Objective:</b> Developing the skills of 142 employees in order to adapt staff to the dynamics of potentially competitive economic sectors. <b>Target Group:</b> 142 COMPA employees participating in qualification-retraining courses;</p>	Qualified employees for a safer future	02.09.2019-15.05.2021
<p><b>POCU / 90/6/13/6/14/107011</b> <b>Aobjective:</b> 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. <b>Target Group:</b> -70 students -240 students</p>	Learn for a safe job!	07.06.2018-04.09.2020
<p><b>POSDRU / 161 / 2.1 / G / 140436</b> <b>Aobjective:</b> 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. <b>Target Group:</b> - 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><b>POSDRU / 80 / 2.3 / S / 58072</b> <b>Aobjective:</b> Increasing the quality and productivity of organizations by qualifying human resources in the manufacturing sector in the field of "Mechanical processing technician" <b>Target Group:</b> -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
<p><b>POSDRU / 80 / 2.3 / S / 57719</b> <b>Objective:</b> 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" <b>Target Group:</b> -150 employees</p>	Increasing the competitiveness and productivity of organizations by qualifying human resources in the field of "Metrologist Technician"	25.08.2011-31.12.2013
<p><b>POSDRU / 80 / 2.3 / S / 59398</b></p>	Increasing the competitiveness and productivity of	18.07.2011-30.09.2013

<p><b>Aobjective:</b> 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 <b>Target Group:</b> -250 employees</p>	<p>organizations by qualifying human resources in the field "Mechanical equipment and installations in industry"</p>	
<p><b>POSDRU / 80 / 2.3 / S / 57974</b> <b>Aobjective:</b> 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 <b>Target Group:</b> -250 employees</p>	<p>Increasing the competitiveness and productivity of organizations by qualifying human resources in the field of "Toolmaker"</p>	<p>18.07.2011-30.09.2013</p>
<p><b>POSDRU / 80 / 2.3 / S / 59451</b> <b>Aobjective:</b> 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 <b>Target Group:</b> -250 employees</p>	<p>Increasing the competitiveness and productivity of organizations by qualifying human resources in the field "Mechanical locksmith maintenance and repairs"</p>	<p>18.07.2011-30.09.2013</p>
<p><b>POSDRU / 80 / 2.3 / S / 59498</b> <b>Aobjective:</b> 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 <b>Target Group:</b> -400 employees</p>	<p>Increasing the competitiveness and productivity of organizations by qualifying human resources in the field "Drill-threader"</p>	<p>18.07.2011-30.09.2013</p>
<p><b>POSDRU / 90 / 2.1 / S / 57546</b> <b>Objective:</b> Development of work skills of pupils and students through practical training courses, to ensure rapid integration into the labor market at the end of the learning cycle. <b>Target Group:</b> - 60 students - 120 students - 14 people trained as tutors</p>	<p>Developing the skills of pupils and students through internships at a potential job</p>	<p>01.07.2010-30.11.2012</p>
<p><b>PHARE / 2006 / 018-147.04.02.02.01.702</b> <b>Objective:</b> The development of professional skills of human resources at SC COMPA SA supports the company from the perspective of</p>	<p>Development of SCCOMPA.SA staff skills in using state-of-the-art technologies and</p>	<p>02.12.2008-01.10.2009</p>

---

providing competent, requalified staff, able to serve modern means of production. modern operational management methods

**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

COMPA 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 COMPA 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 COMPA 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 COMPA
Dual education	40	Machine tool operator with numerical control	3	32
Technological education high school	27	Mechatronics technician	4	
<b>CLASS X</b>				
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
<b>CLASS XI</b>				
Dual education	24	Machine tool operator with numerical control	3	15
Technological education high school	25	Mechatronics technician	4	21
<b>CLASS XII</b>				
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, COMPA offers students the following package of benefits:

<b>Financial support / Incentive / Form of support provided to students</b>	<b>Value / student (lei / student)</b>
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
<b>Nr. pers. / Union</b>	553	1170	91	51
<b>Trade union membership (%)</b>	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:

<b>Type of disciplinary misconduct</b>	<b>Nr. sanctions applied</b>
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
<b>No. of accidents uetreally</b>	<b>7</b>	<b>4</b>	<b>1</b>

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
<b>TOTAL incapacity permanent</b>	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
<b>TOTAL fatal accident</b>	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 limit complicated	hearing loss	67
<b>TOTAL</b>		<b>84</b>

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**

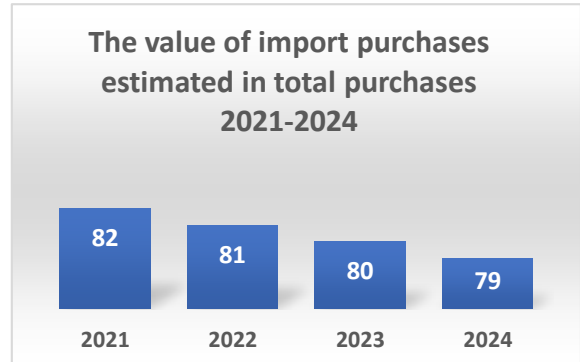
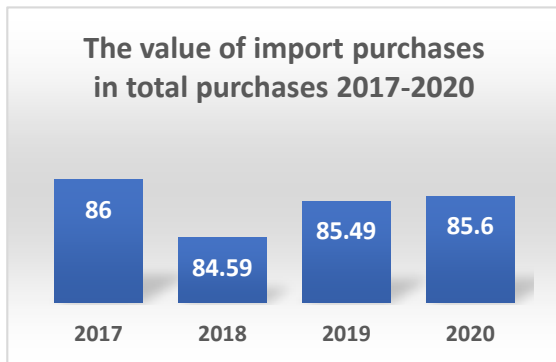
**PURCHASING STRATEGY / PURCHASING ACTIVITY**



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.

COMPA 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.

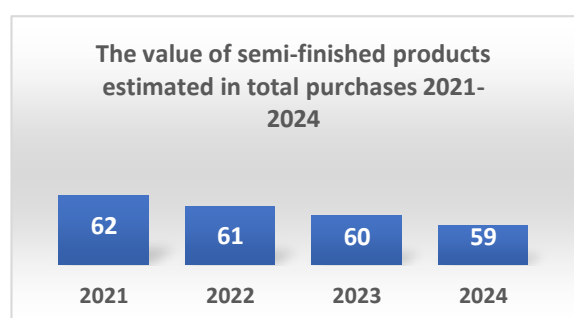
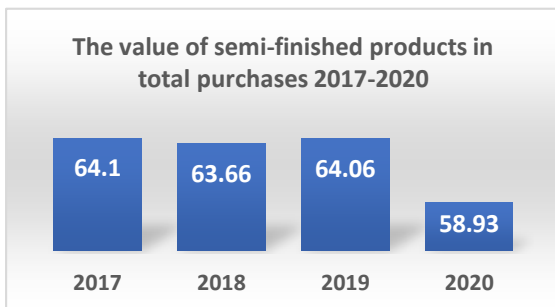
However, the company's strategy is to increase the share of domestic procurement in order to minimize transport costs and ensure better integration of suppliers. This has not been possible in the past, as the high degree of specialization of most of the products supplied has made it impossible to insure them domestically.



**1.1 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.



## **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 COMPBA 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 COMPBA.
- 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 COMPBA, 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

COMPA 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, COMPA 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.

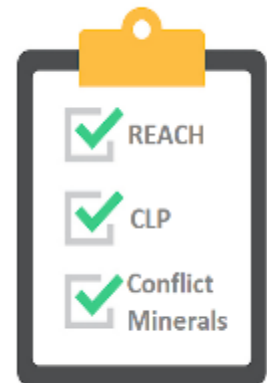
COMPA suppliers must comply with these requirements and provide information on the products supplied, such as the content of elements and chemicals, the components of the products and the quantity and hazardous effects of the elements and chemicals contained, safety data sheets, warranty periods and regulatory compliance. to which COMPA aligned (REACH, CLP, Mineral Conflict, etc.).

All this information must be transmitted by COMPA as well as by COMPA suppliers throughout the supply chain.

COMPA 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 COMPA, 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.

COMPA suppliers must align themselves with a number of clear environmental protection objectives that COMPA 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.

COMPA 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. COMPA 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. COMPA, 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).



COMPA 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.

COMPA 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.

COMPA 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 COMPA 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 COMPA 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 COMPA procurement.

To increase the impact on the local community, COMPA 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 COMPA 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).

COMPA 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 COMPA 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.



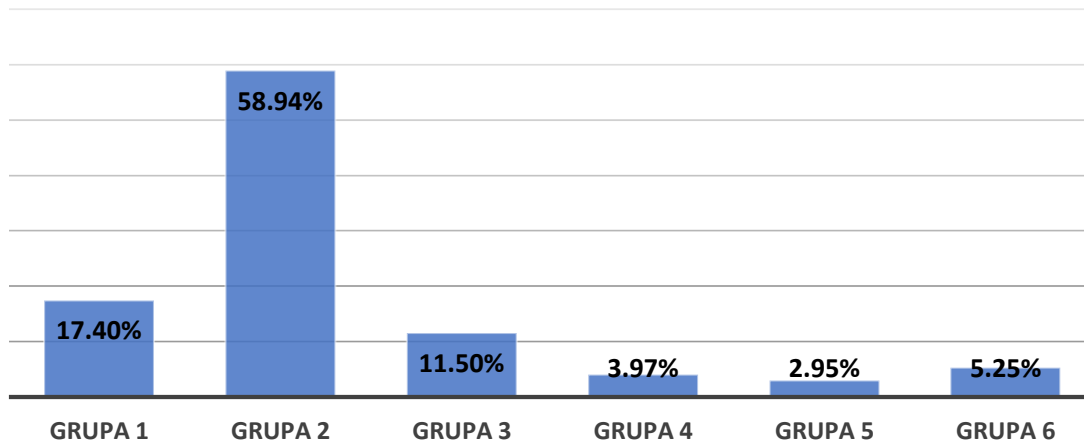
COMPA suppliers must comply with the requirements of quality, environment and social responsibility, COMPA ensures compliance with these aspects by drawing up an audit plan, which seeks to conduct audits of suppliers of raw materials and materials, as well as by annual survey of all suppliers. of products 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

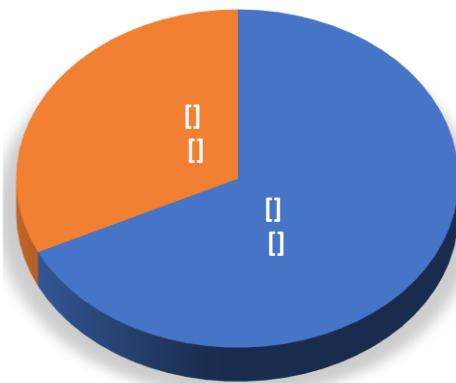
Group 3 - Tools & devices

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. .

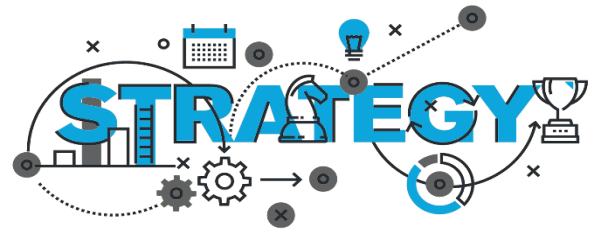
COMPA will also support the encouragement of supply chain organizations to adopt similar policies, without allowing anti-competitive behavior. These points will be included in the conditions of purchase and contracting of COMPA. Monitoring of supply chain organizations in order to prevent compromising 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.





## COMP SALES ACTIVITY

### SALES STRATEGY

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 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 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, 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 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 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 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 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 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, 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. COMPA'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, COMPA 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 COMPA 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 COMPA 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 COMPA.

#### **OPPORTUNITIES:**

- Strengthen business relationships with existing customers.
- Identification and development of business with customers in the field of hot forging on specific HATEBUR, where COMPA 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 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.



### 3. 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



#### 3.1 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.

#### 3.2 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.

#### 3.3 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.

### **3.4 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.

### **3.5 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.

### **3.6 DEVELOPMENT RESEARCH CENTER**



The research - development activity, component of the COMPA 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, COMPA 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

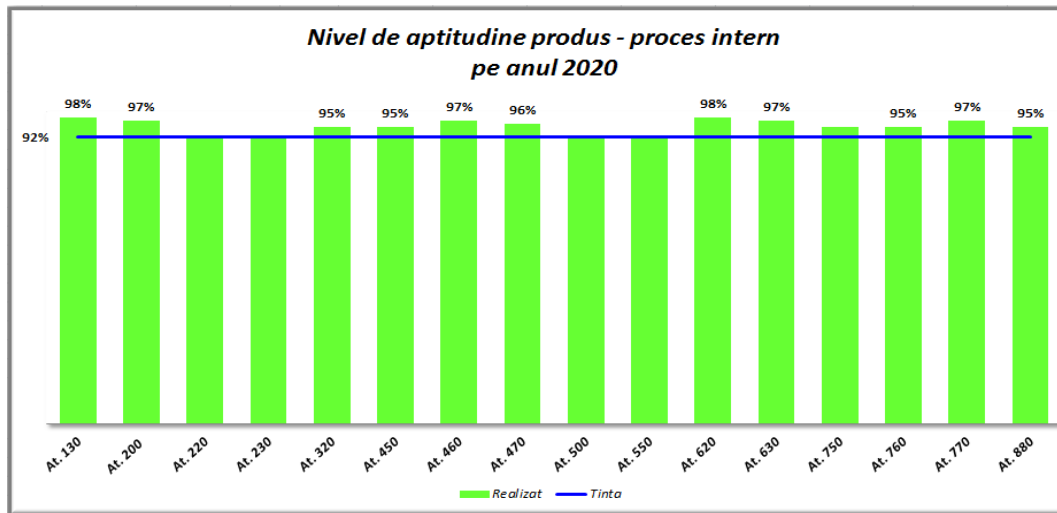
Internal product-process audits are performed in accordance with VDA 6.3 and VDA 6.5 standards

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;

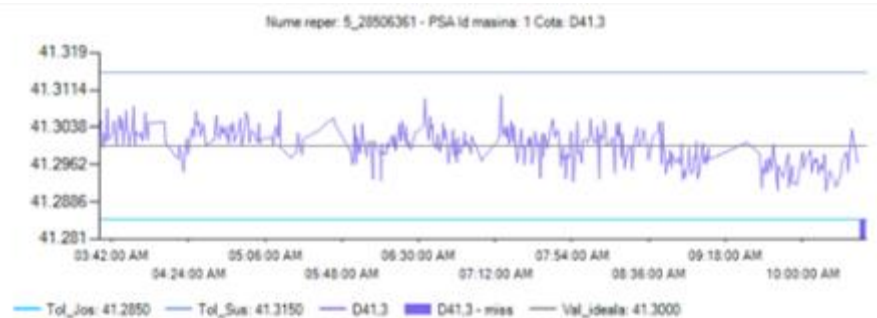
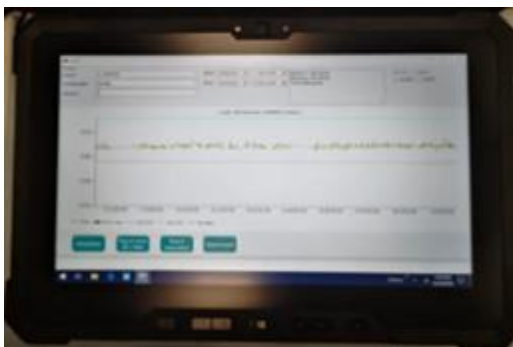
Potential lack of technical skills of operators;

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

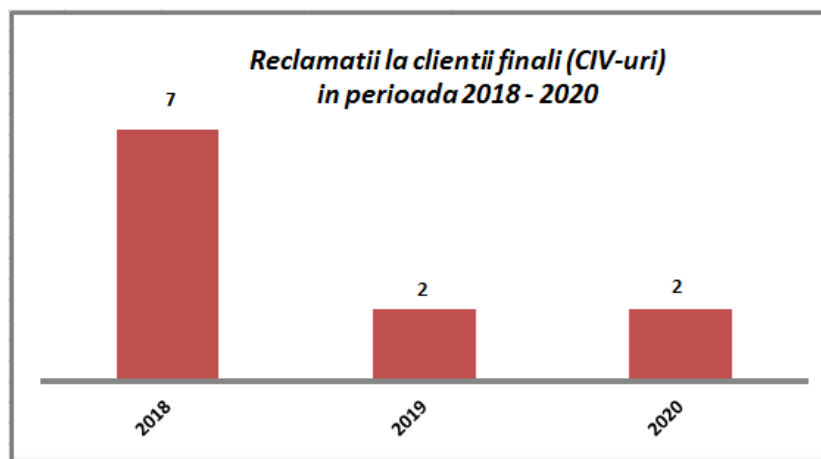
In 2020, using quality specific tools (control statistics, capability studies, reports, laboratory analyzes, dimensional measurements, specific software, etc.) were implemented improvement projects that had an impact significantly in reducing the consumption of raw materials.

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

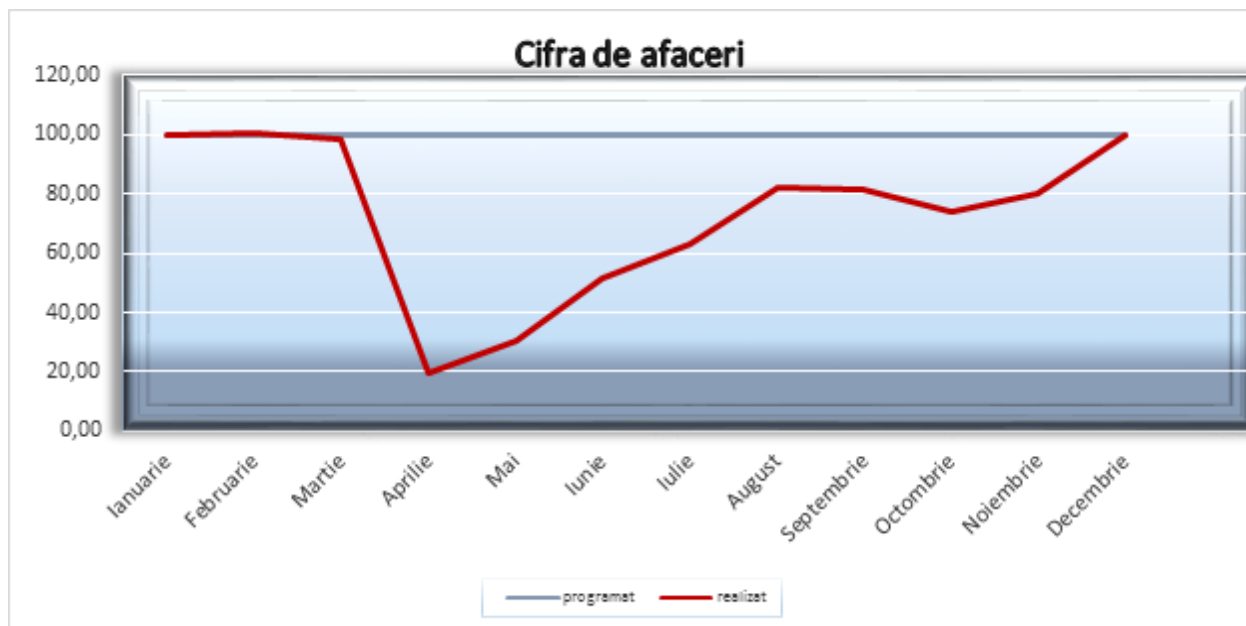
The targets for the objectives of the Logistics Department were set following the decisions of the managerial analysis performed at the beginning of the year.

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.

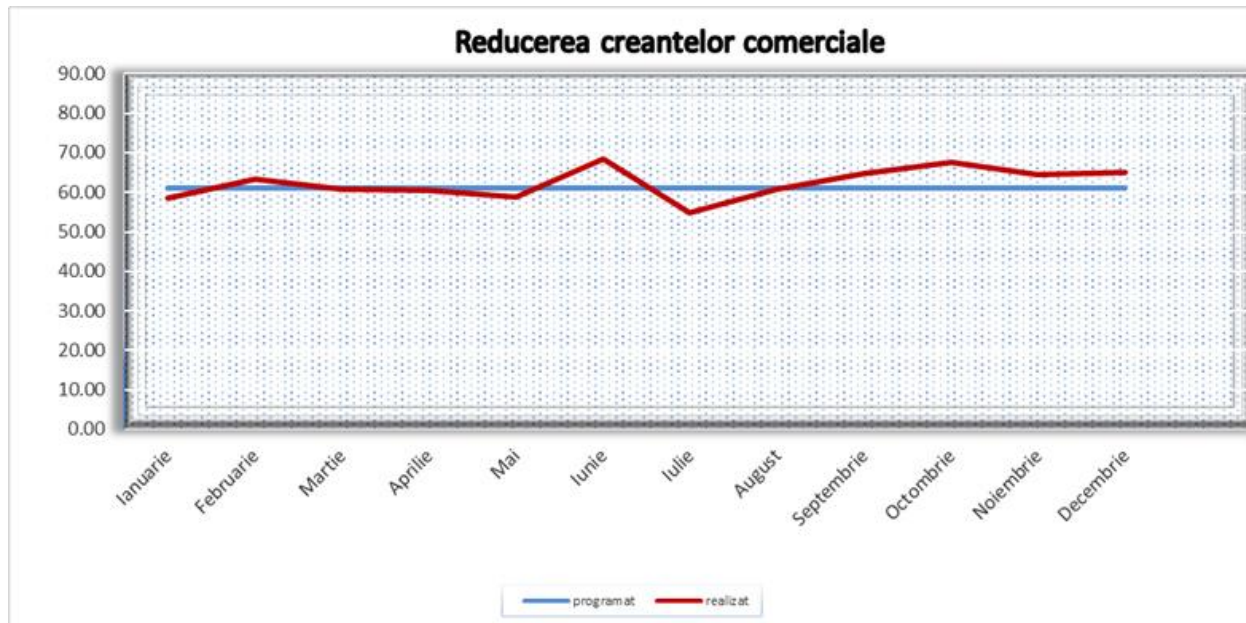
D1.1 Turnover



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.

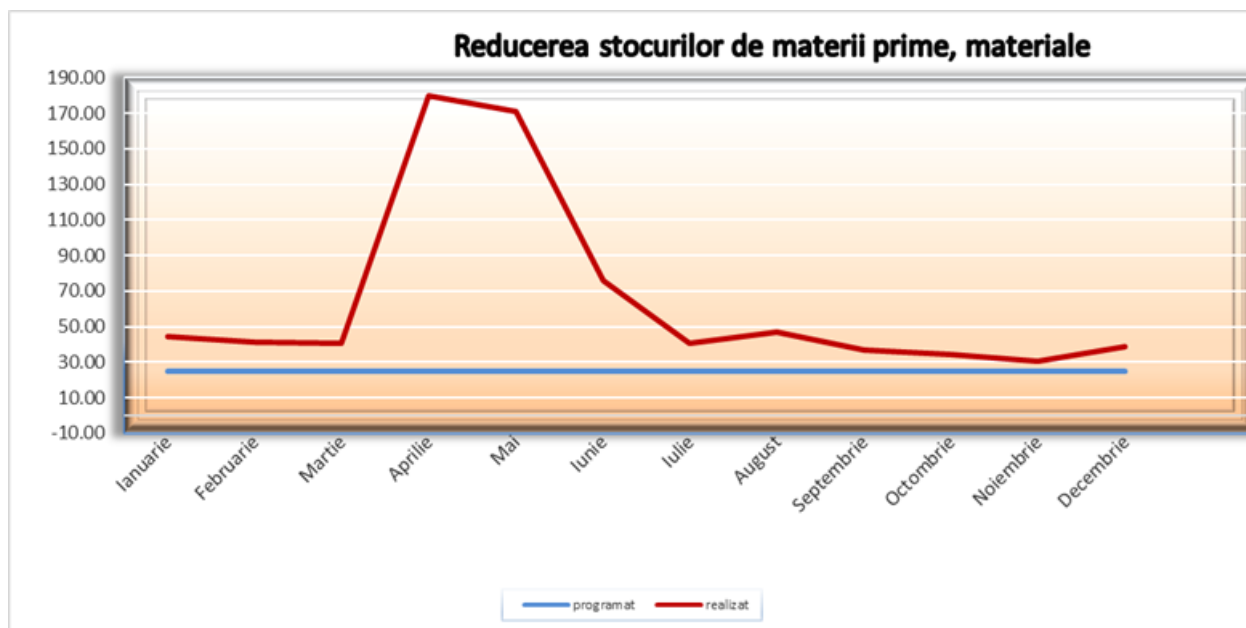


D1.4 Turnover rate of trade receivables

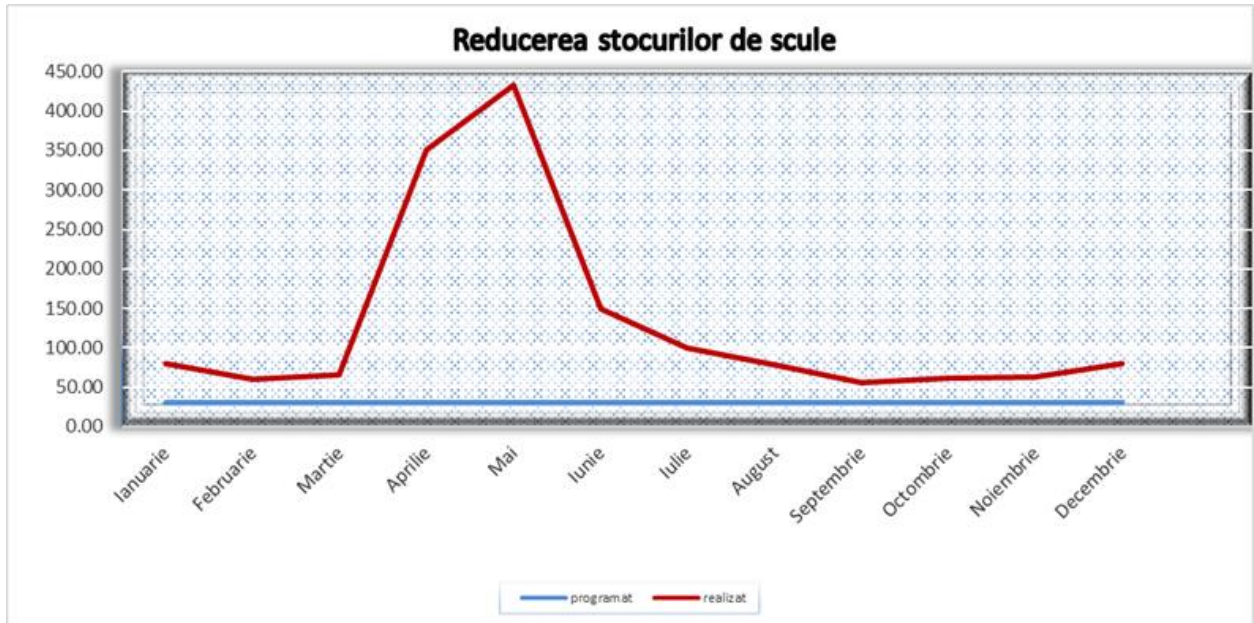


The turnover rate of trade receivables remained very close to the target set throughout 2020, which means that the current working model for maintaining it in the target is a good one but will need to be slightly improved in 2021 to not exceed the values established.

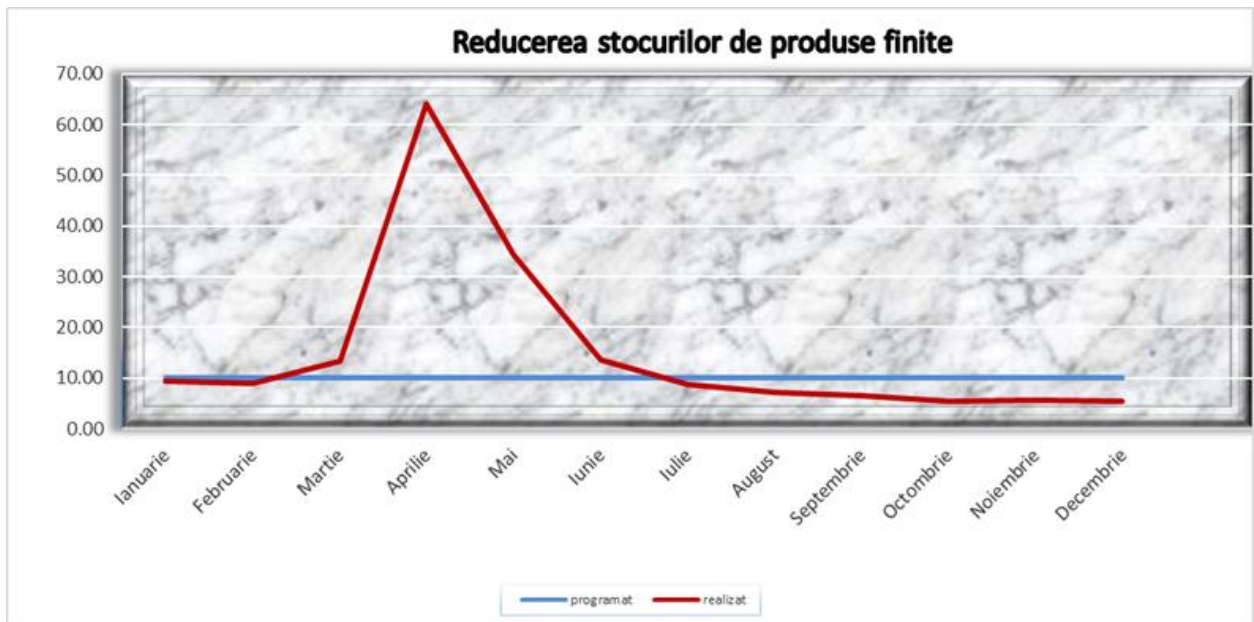
D3.9.1 Reduction of stocks of raw materials, materials



D3.9.2 Reduction of tool stocks

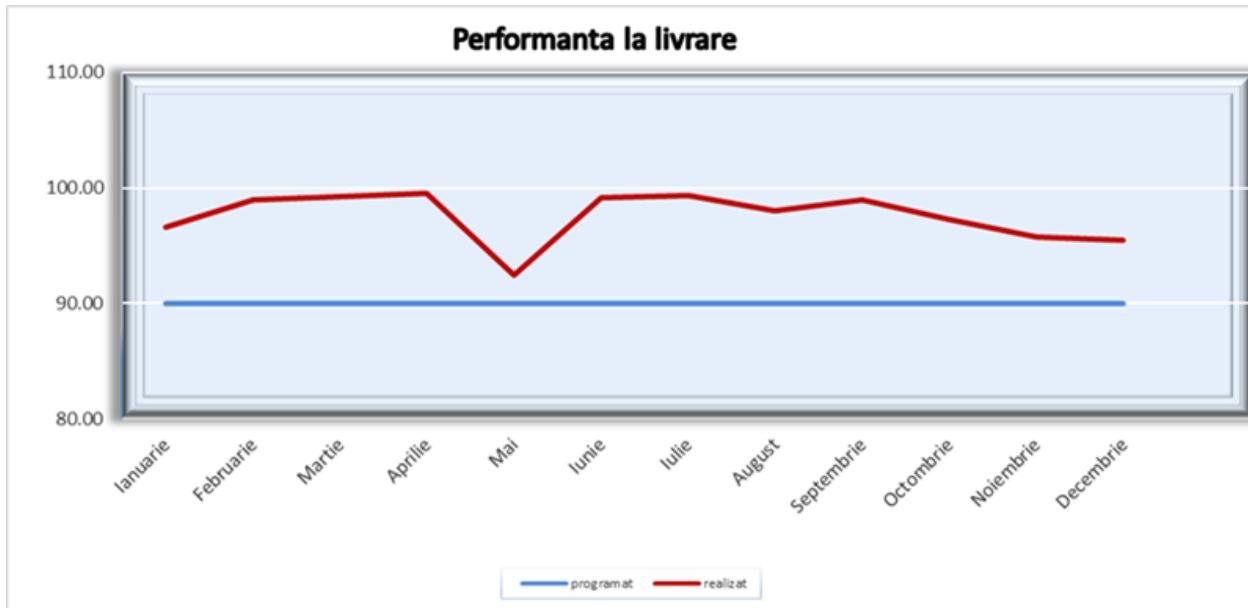


D10.1 Reduction of stocks of finished products



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	Measurement level	Measurement frequency
1.	Production logistics	Achieving 100% turnover.	<b>D1.1</b> 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	<b>D1.4</b> Turnover rate of trade receivables	Days / 61 days	Economic Director	section	monthly
3.		Reduction of stocks of raw materials, materials and components	<b>D3.9.1</b> Raw material stocks	Stock days / 25 days	final material stock value / output value x 30 days	section	monthly
4.		Reduction of tool stocks	<b>D3.9.2</b> 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	<b>D3.10</b> 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	<b>D10.1</b> Additional transport	% / 0.1% of turnover	Achieved value / target value x 100	direction
12.	Sales Logistics	Compliance with delivery quantities agreed with customers	<b>D10.3</b> 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 WILCO 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.

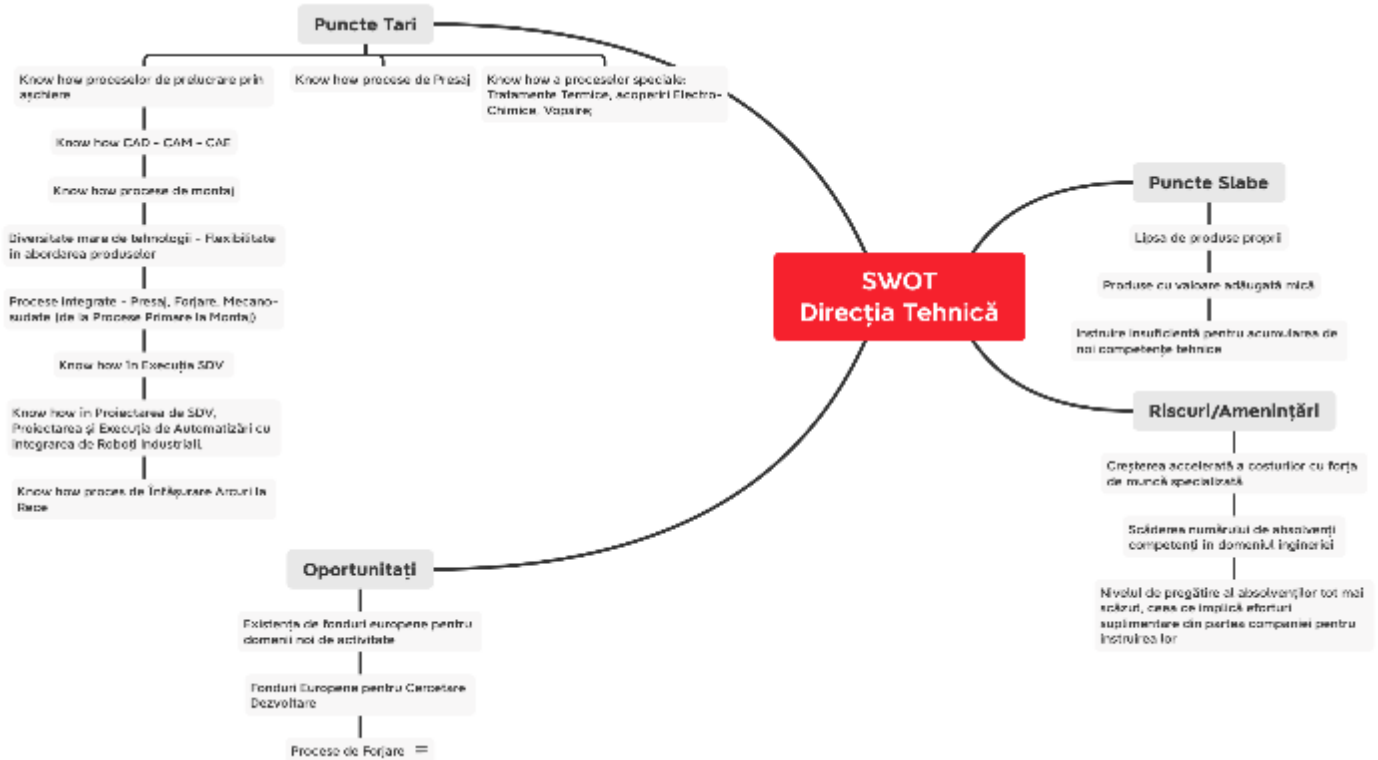
The main activities of the Technical Directorate go in the following directions:

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 COMP A strategy in the medium and long term. It has received significant resources in recent years, creating the COMP A 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:

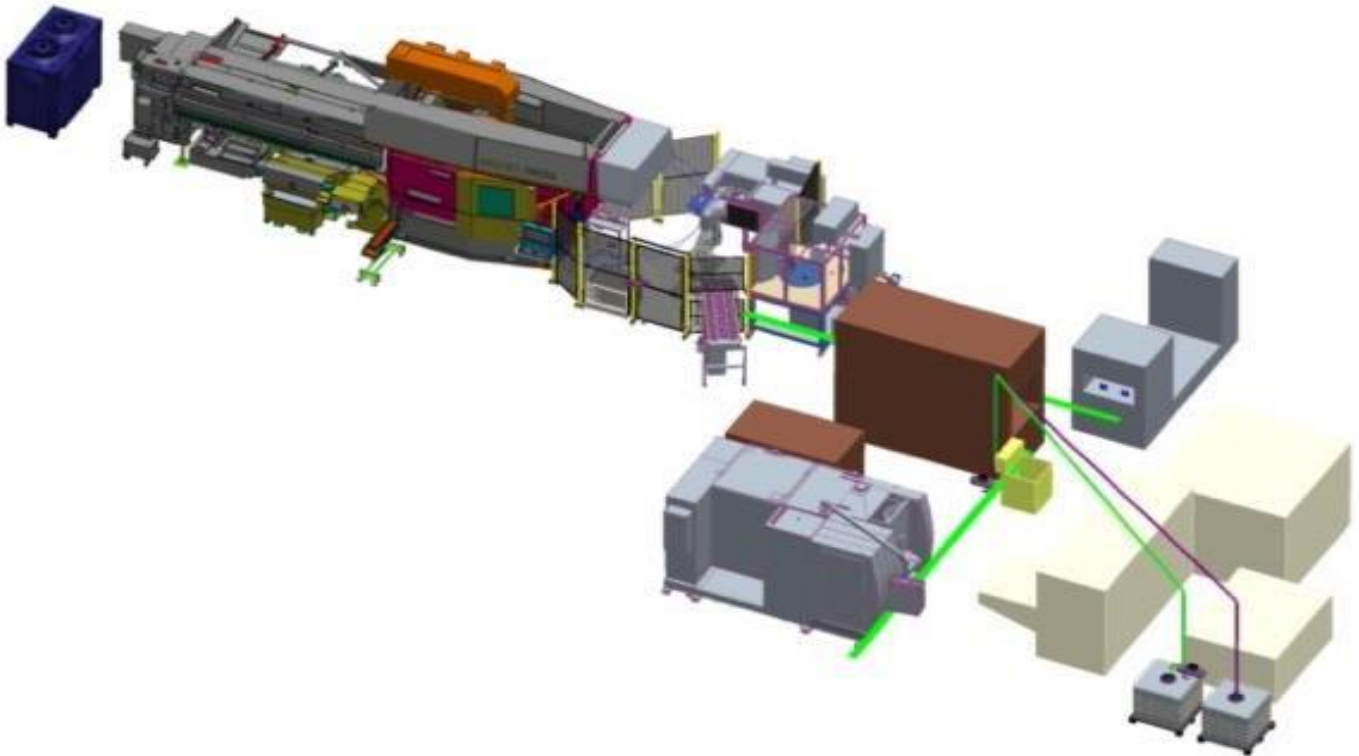
Attached as an .xls file: [INTERNAL RESEARCH DEVELOPMENT AND INNOVATION PLAN OF THE DEPARTMENT.xls](#)

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 Refilled 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 COMPA aims to implement in current production.



**MAINTENANCE ACTIVITY**

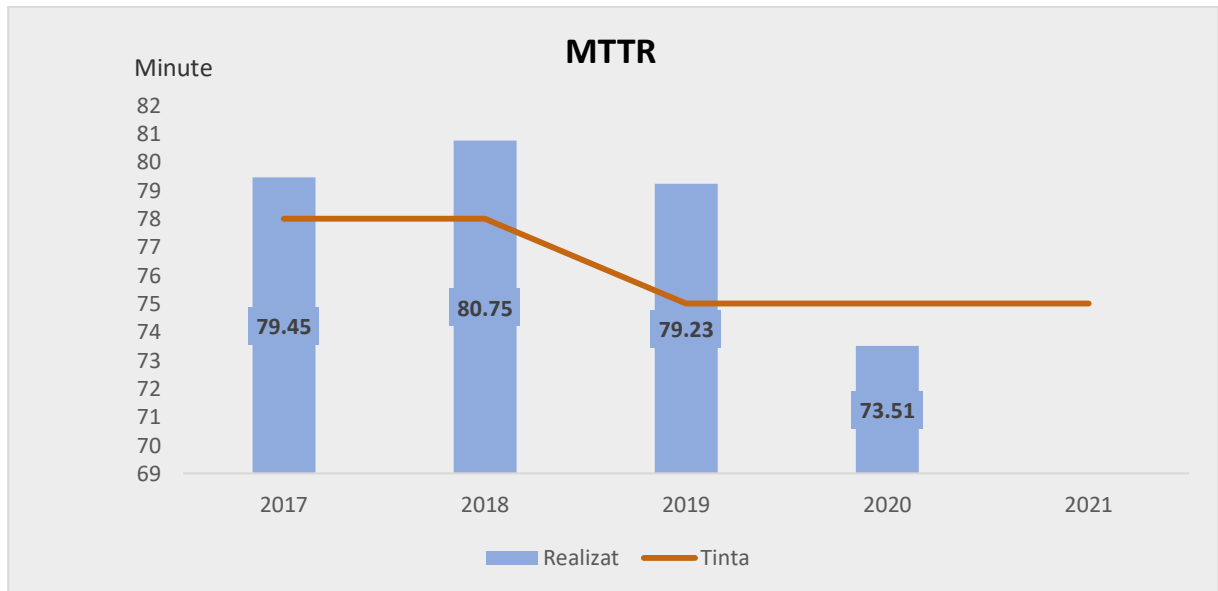
***Description of the activities of the Maintenance department***

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:

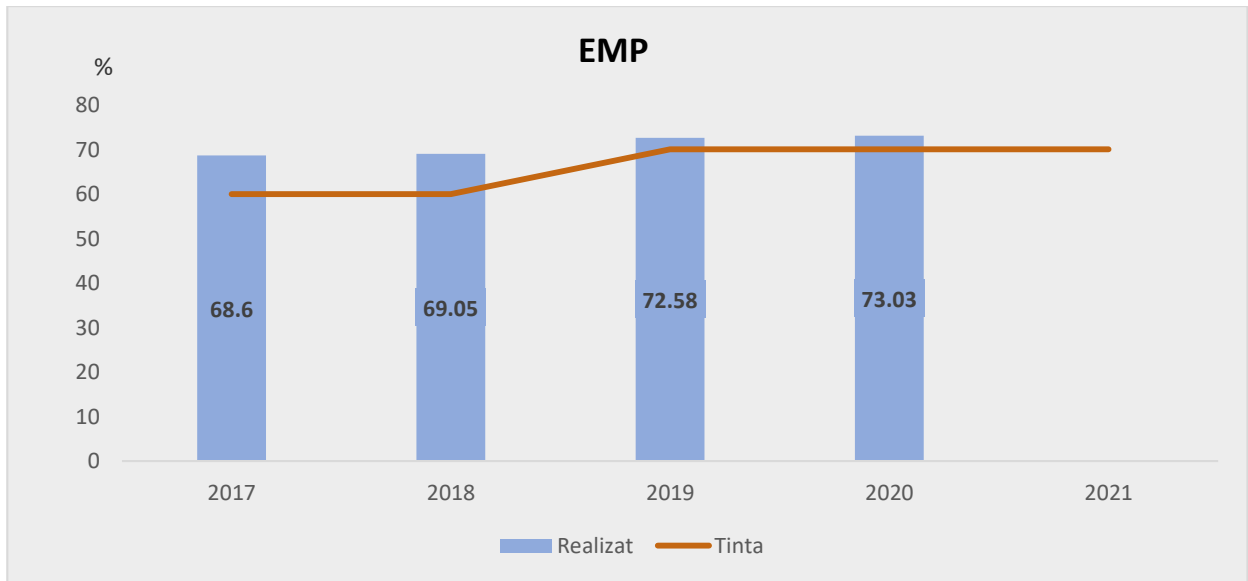
- Machining centers with numerical control Mazak, Spinner, DMG, Okuma, Chiron, Traub, Index;
- Vertical drills with numerical control Rene Clement and Mollart
- Numerically controlled grinding machines Studer, Thielenhauss
- Gleason Pfauter numerically controlled gear milling machines
- Profiroll groove 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



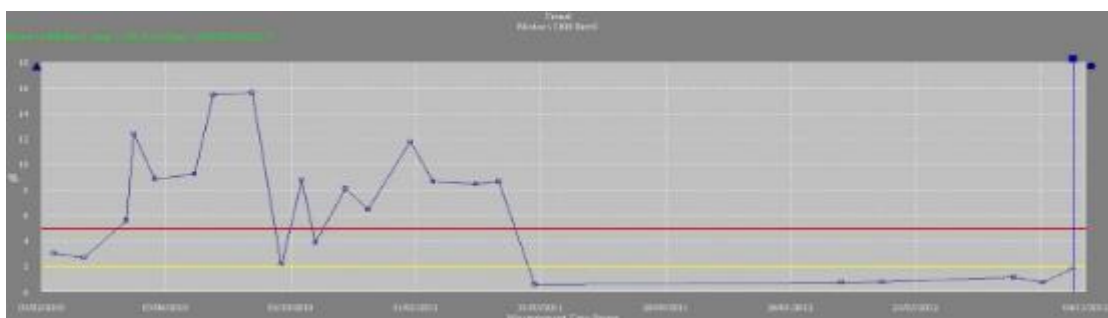
**Preventive maintenance** monitored by the indicator Efficiency of preventive maintenance - EMP

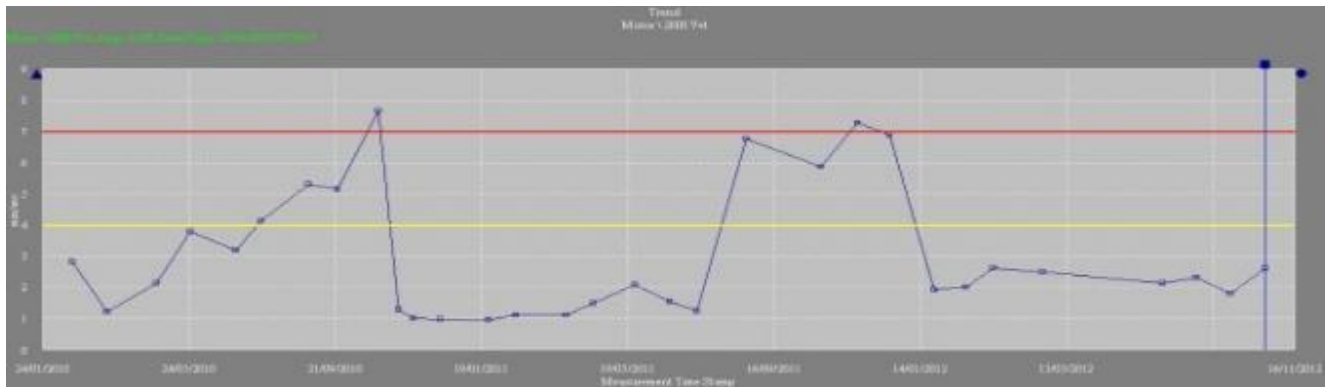


**Predictive maintenance** for critical technological machinery and equipment, made with: SKF kit for vibration analysis of moving mechanical assemblies.

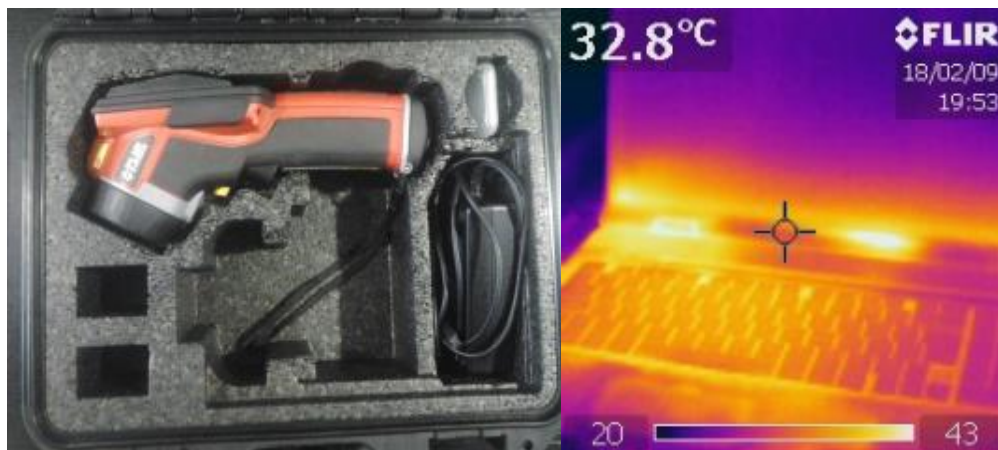


With vibration analysis reports in the following form:



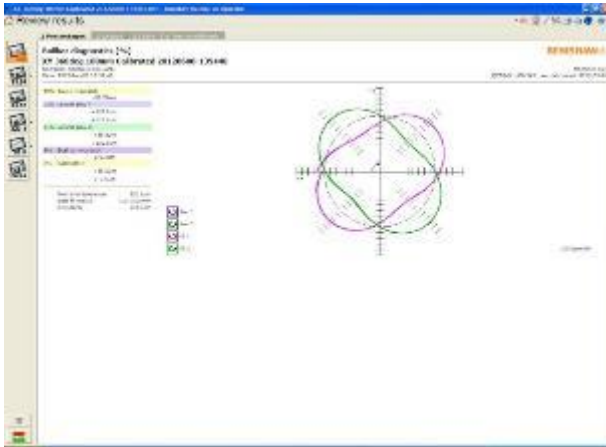


b. Thermographic analysis, performed with the thermal imaging device

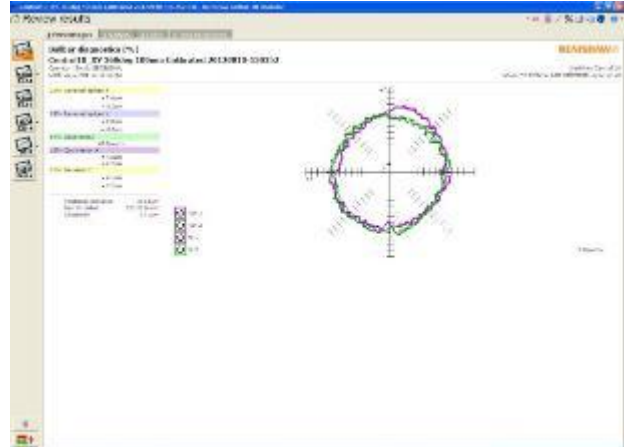


c. Qualitative analysis of the geometry of the machine tool axes, performed with the help of the BallBar kit Renishaw QC20.





**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)





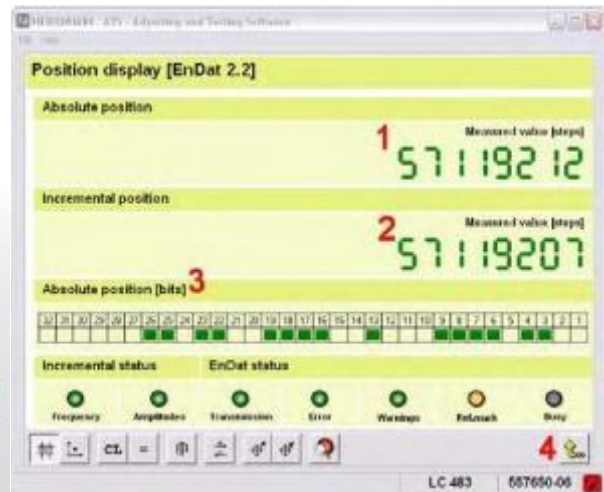
-1 station for soldering-detaching components with infrared heating, with precise positioning of components



- 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.

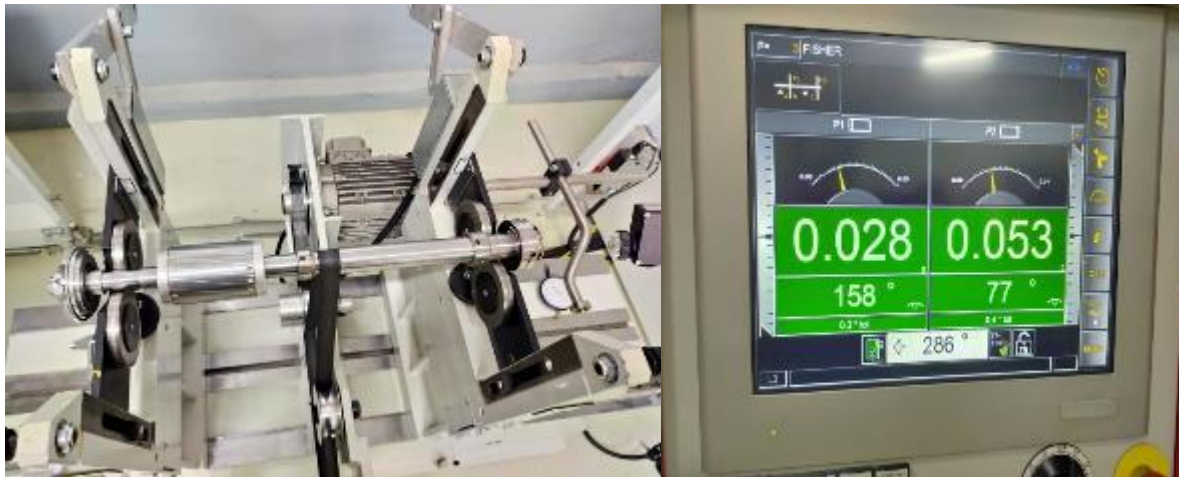
Equipment testing.

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

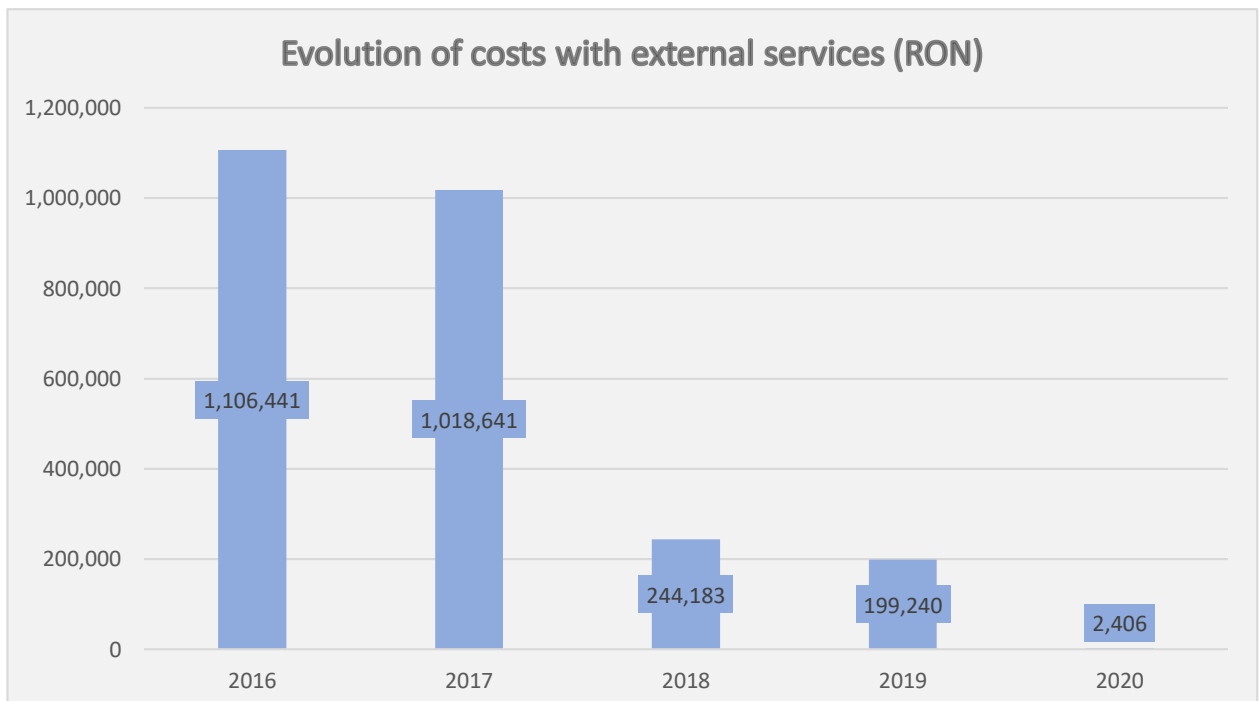


**ISCIR repairs and checks for lifting equipment and internal transport;**

**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.

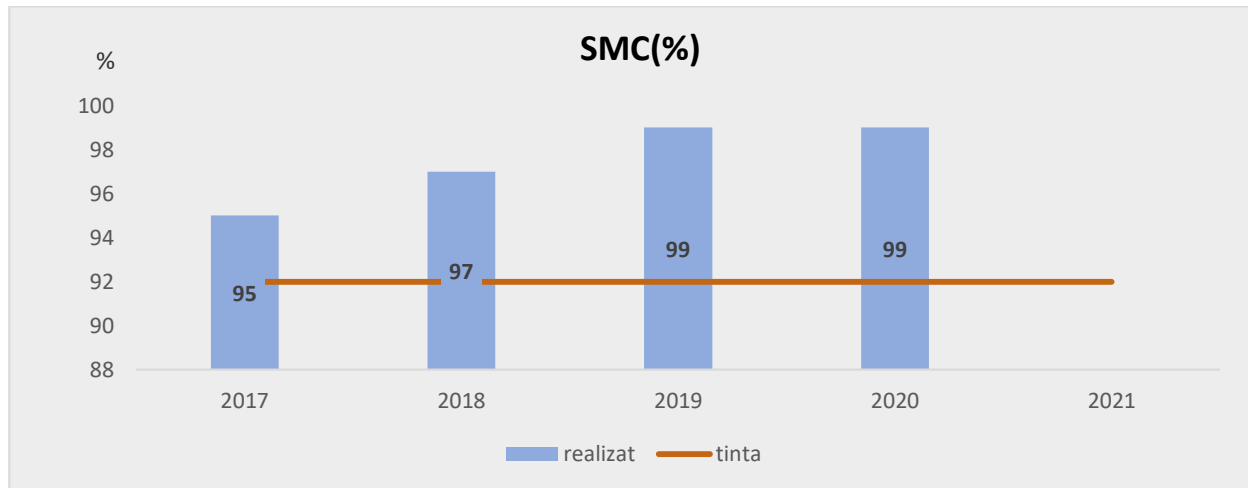
Risks with medium initial impact (in the hypothetical case of risk occurrence, they would have a moderate impact). This category includes the following risks: decreased effectiveness of the Integrated Quality Management System. In case of occurrence of these risks, the activity may be affected by the 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;

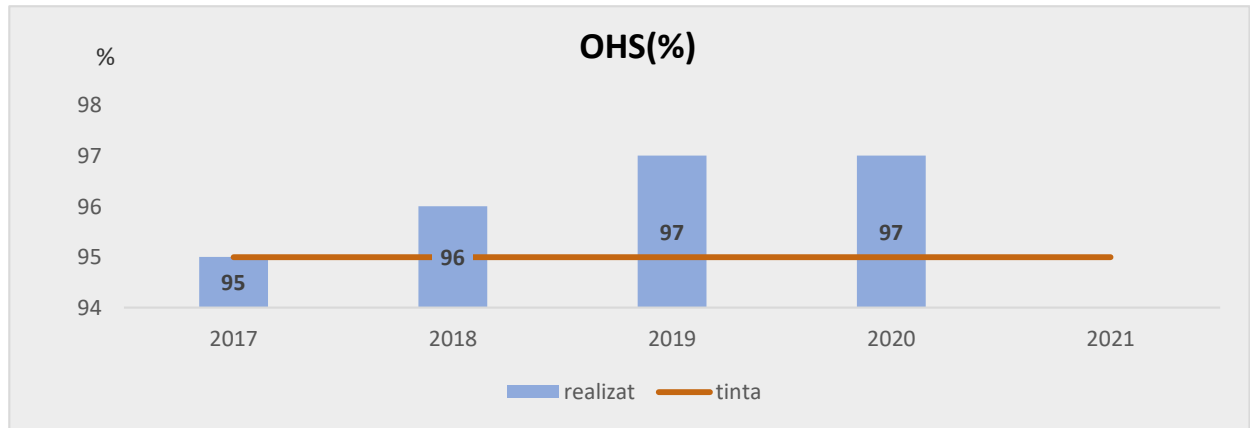
In the event of these risks, it is possible to apply sanctions for breaches of environmental regulations, endangering the safety of the health of employees and stakeholders, restricting production capacity by reducing the number of able-bodied employees.

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

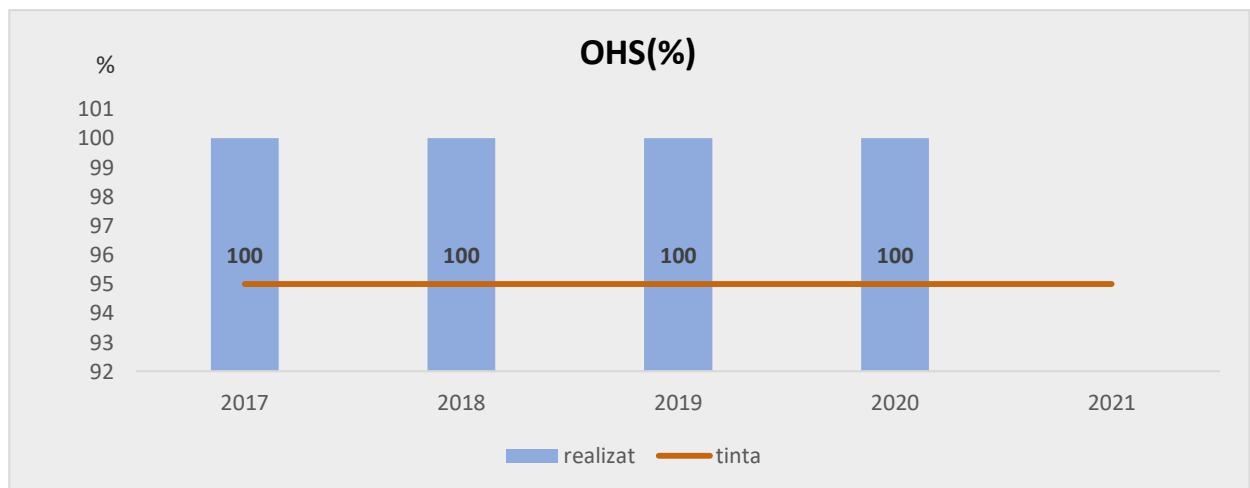
waste management procedures, implementing and complying with emergency procedures, maintaining a company medical office and performing regular specific medical tests.

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 Unitarea 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.

## 2. COMPA IT

### 1. DESCRIPTION OF THE ACTIVITIES UNDERTAKEN:



The purpose of the establishment was to design and implement an integrated IT system for the parent company, to the existing international standards and to ensure the requirements imposed by the organization of profit centers of the company COMPA, as well as to ensure a computer network of computers extended throughout the company COMPA.

By implementing the integrated system in the parent company, COMPA-IT ensures the operation of this system at higher parameters, prepares reports and presents the new facilities of the system in order to capitalize at the highest possible level of opportunities that this very complex system can offer. and competitive.

The digital age has begun to change the way we work, produce and consume. Technology has become an integral part of our lives at work, at home and in the way we interact in society. Given the rapid change that occurs with the absorption of technologies in business processes, there is increasing pressure on competitiveness and response times as short as possible in relation to market requirements.



Through our activities we try to support the digital development of COMPA SA by implementing digital solutions to reduce repetitive working hours, reducing the use of information on paper by implementing solutions to achieve the goal of having "paperless" processes. We support the manufacturing processes, not only the administrative ones, by implementing connection solutions for all the machines and devices used in production, in order to be able to make SPC (statistical control) analyzes and not only, with the help of real-time data.

### 2. ANALYSIS AND DESCRIPTION OF RISKS AND OPPORTUNITIES

With the implementation in COMPA SA of the SAP solution (Software Solution) we opened the way to new digitization solutions that allow integration with COMPA SA customers and suppliers for a better and more efficient collaboration. Automation of logistics, financial, production, human resources processes brings with it greater job satisfaction and a greater ability to create better products.

Like many other companies, we are exposed to the severe general economic climate affected by the ongoing COVID-19 pandemic. Given the profile of activities, we have taken measures to allow as much work as possible at a distance, with 80% of employees working only from home. The staff, which ensures the critical part of the hardware coming in shifts of 2 weeks, but ensuring the expressive way of working through the directives given by the authorities. Although there were periods when the activity within COMPA SA was reduced, the digital development activity was not stopped, we continue to develop new solutions or to update already existing solutions - the implementation of Success Factors and SAP HCM. (Human Capital Management - Human Resource module).



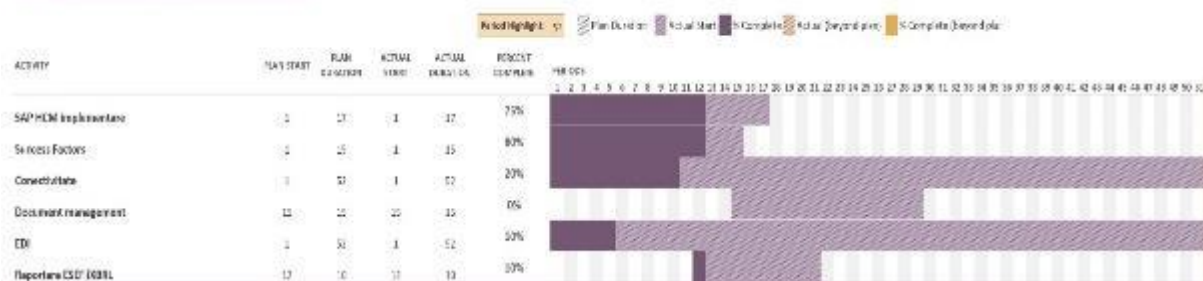
Although the risk of cyber attacks is increasing, there have been no incidents that will impact us. In order to keep the risk as low as possible, we keep in touch with application and equipment suppliers to always have up-to-date solutions with security packages.

### 3. DESCRIPTION OF THE OBJECTIVES, TARGETS AND RESPONSIBILITIES SET

The main objective of the company is to support the digital development of COMPA SA by creating turnkey solutions that follow the principles of paperless and process automation. In addition, we deal with the maintenance, purchase of equipment and solutions to support the move towards the digital age.

In order to achieve our objectives, we aim to hire the best professionals available on the labor market to create and improve our products and services. In order to benefit from their expertise, we continuously improve working conditions, we have in mind discussions that highlight the evolution of each employee and align this evolution with the plan of professional stimulation and motivation.

#### Planificare Activitati



### 4. FUTURE STRATEGY AND OBJECTIVES



We are updating the Electronic Data Interchange project with the possibility to introduce other messages, invoices, documents and other types to create a more diverse interface of communication with our customers and suppliers, thus increasing the productivity of our employees.

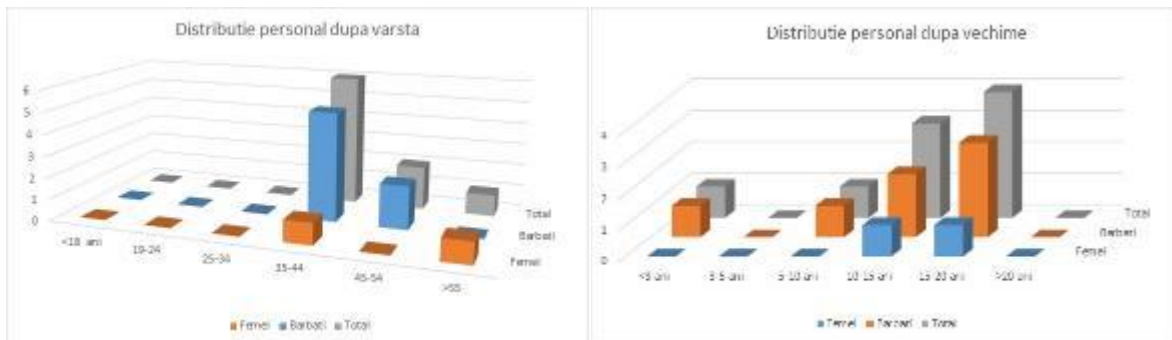
We are considering the implementation of a complete document management system that will allow the digitization of the administrative processes of receipt of goods by scanning and integrating the receipt documents within this system.

We will integrate the physical archive into this system to allow better retention of documents. This system will allow us to introduce a virtual library, an enterprise scan solution, electronic registration as well as electronic archiving and automation and optimization of document flows.

To diversify the strategies of the human resources department, we integrate the Success Factors solution within the company, which will allow finding, training, and managing the workforce and also send a response with operational data about how people feel, thus creating exceptional experiences for employees. Also, within the extension of the strategies, we will implement the SAP HCM solution that will allow time management and tracking of the present, standardized payroll processes and organizational management.

In the connectivity project we envisage the extraction of real-time data from the manufacturing and quality processes to allow multiple analyzes and visibility of data at the jobs that generate this data, by introducing tablets with software that give quick answers to the problems that arise in the process.

Given that the company's core business is based solely on specialized human resources, we want to gradually increase the number of employees to be able to develop more products and services at the same time. One of the development directions that requires more and more effort due to the diversity of machines and devices within the production processes, is IoT type connectivity. Given this diversity, we need to consider an increase in the company's skills in connectivity and IoT by assimilating new employees within the company.





### 3. TRANS CAS SRL



#### 1. The activity of the company

TRANS CAS SRL, established in 2002, has as main object of activity INTERNAL AND INTERNATIONAL ROAD TRANSPORT OF GOODS. Transport services are provided by both its own fleet of vehicles and a well-organized network of contracted carriers. The services offered are efficient and reliable, being monitored by using the most advanced technologies on all vehicles. The drivers and staff involved in the organization are highly qualified and ensure the delivery of transport on time and safely. The solutions offered by TRANS CAS are in accordance with customer requirements and comply with international standards in the field, and the transported goods are insured with CMR insurance.

#### 2. Company risks and opportunities

The company TRANS CAS SRL has identified the following risks:

- Fuel price developments, generally unfavorable
- The evolution of tolls
- The evolution on the insurance market of the insurance premiums by their increase, related to the car insurances, the goods insurances (CMR) as well as the health insurances
- Lack of qualified transport staff on the market
- Activity fluctuation

The company also identified the following opportunities:

- Diversification of the activity by accepting urgent delivery orders
- Orientation to customer needs to gain a competitive advantage
- Providing quality, integrated services
- Practicing competitive prices on the freight market

#### 3. Objectives and responsibilities

The company's objectives for the next years are:

- Increase turnover by identifying new customers and increasing the fleet

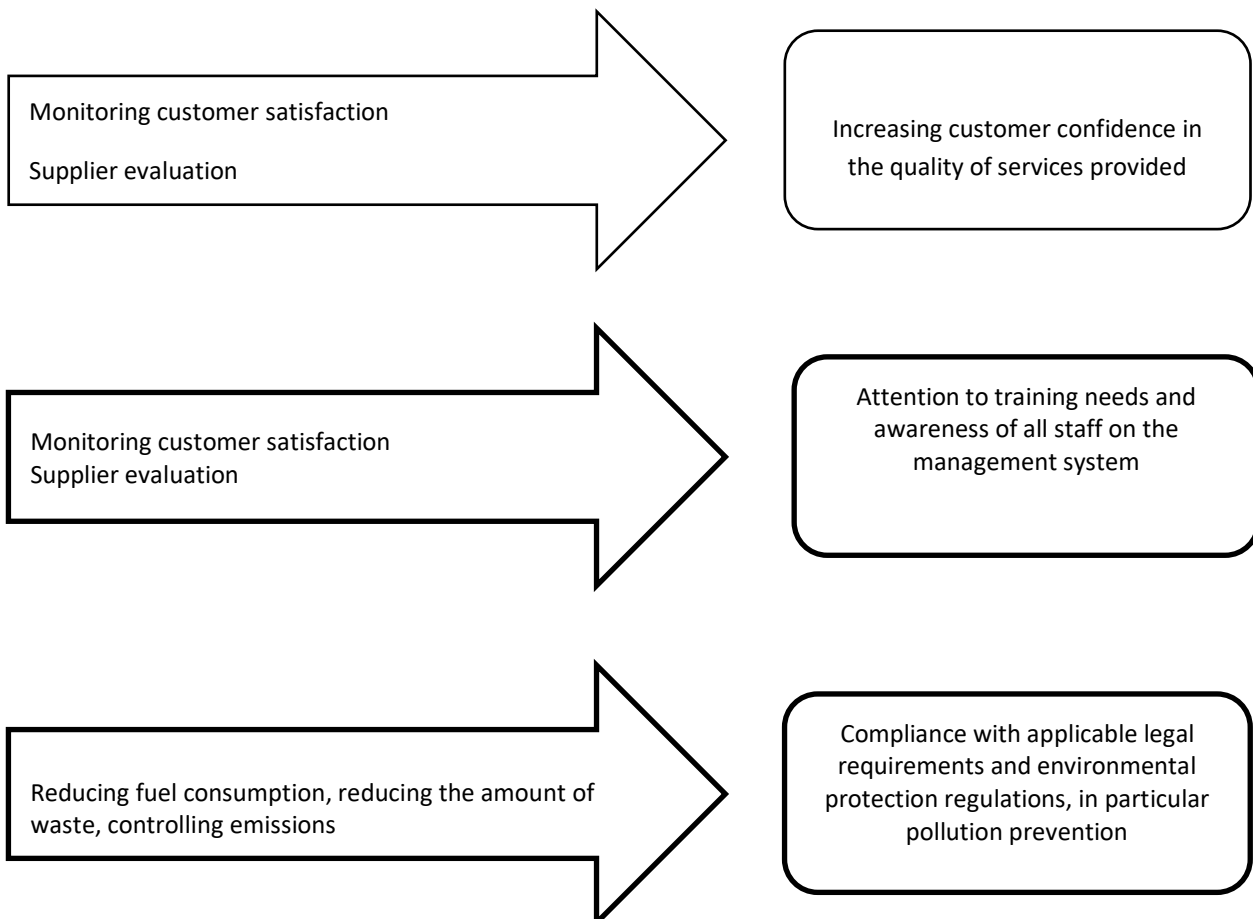
- Reducing pollution by purchasing new and high-performance vehicles that meet all environmental requirements
- Protecting the environment, handing over the waste to authorized collectors

**4. The evolution of the activity**

The economic performance of the company is reflected in the following indicators:

Economic indicators	2018	2019	2020
<b>Net turnover (lei)</b>	20,027,236	19,440,689	14,460,846
<b>Gross Profit (lei)</b>	421,343	445,201	226,638
<b>Average number of employees</b>	54	56	49

The company considers a series of non-financial performance indicators relevant for its specific activity:



## 5. Corrective actions

The management of TRANS CAS pays special attention to ensuring a pleasant working environment for its employees. In this respect, principles such as equal opportunities and non-discrimination underpin the smooth running of the company and the performance of employees.

TRANS CAS also provides a work environment based on the principle of equal opportunities, discouraging discrimination and encouraging diversity among employees. Thus, society promotes diversity of gender, nationality and age.

At the base of all the activities carried out within the TRANS CAS company are the following fundamental values:

- ✓ INTEGRITY - the obligation to declare any personal interests that may contradict the objective exercise of the duties of the position within the company, as well as the refusal to accept any financial benefit of any kind from persons or organizations that could influence the performance of duties. At the same time, the obligation of the company to take all necessary measures to avoid situations of conflict of interest and incompatibilities.
- ✓ TRANSPARENCY - adopting an open and transparent attitude in all decisions and actions taken by the company's staff.
- ✓ OBJECTIVITY - fulfilling the duties of the position, awarding contracts and orders by adopting an objective attitude, leading to correct decisions to achieve the interest of society.
- ✓ PROFESSIONALISM - promoting the fundamental values and principles in the company's activities through a responsible attitude in its interest.

Ethical conduct is one of the main criteria that define the way a company operates, consolidating or destroying its reputation in the market. It is imperative that both the company and all employees demonstrate:

- the highest standard of integrity and ethics in their work;
- compliance with all laws and regulations and the desire to be open and honest in all internal and external business relations;
- professionalism, through which the TRANS CAS staff has the obligation to fulfill the duties of responsibility, competence, efficiency, correctness and conscientiousness;
- honesty and fairness, showing good faith in the performance of duties.

Employees have the obligation that by their acts and deeds, to comply with the legislation and regulations in force and to act for the implementation of legal provisions, in accordance with their duties, in compliance with professional ethics

## 6. Strategic objectives

- VISION

We operate in a community where there is respect and good law enforcement and where our customers are always satisfied with the quality of our services and products. These are the result of respect within the team, of each individual and we are respectful and equitable partners towards our community and the environment.



➤ VALUES

- Pursuing quality in everything we do.
- Strong partnerships based on respect.
- Forming the team by valuing each employee.

➤ MISSION

Our goal is to be recognized both in the country and abroad as a responsible business partner in the domestic and international freight transport market. We want our partners and employees to choose us for the quality of our services and for the relationship based on transparency and respect.

#### 4. SC RECASERV SRL

##### DESCRIPTION OF ACTIVITIES UNDERTAKEN:

SC RECASERV SRL It was established in 2004 by outsourcing within the parent company some activities such as: public catering made through the canteen and micro-canteens operating within the company COMPA, catering and cleaning services.



**1. The main object** of activity is supply, supply and serving of ready-made food, daily to the industrial environment (the main working points being the micro-canteens within the company COMPA SA, and until 2019 and from various schools in Sibiu) as well as to order for various events. The company is included in the CANE code under the name of "Other Food Units nec" respectively the production of food in catering system. The company operates in the location of the SC COMPA SA Canteen, in a renovated kitchen equipped to the standards required by European norms, located near the company COMPA SA, the HENRI COADĂ Technological High School and SC BILSTEIN SRL.

As the goal of SC RECASERV SRL is to include and satisfy a wide range of customers, the company includes in its menu or dishes belonging to both local and international cuisine and niche (fasting products, vegan type) each menu focuses on healthy products sourced as much as possible from local suppliers. In addition, the portions are portioned according to a caloric calculation, with great care, to avoid food waste, and the supply is well calculated to optimize the cost of transport and the amount of food stored. In order to protect the environment, the cutlery used is traditional and not plastic. In the kitchen, the company has an experienced staff, able to maintain a high quality of dishes, but also to adapt promptly to customer requirements and needs. So the results have always been up to their requirements.



**2. The secondary object** involves general activities of interior cleaning of buildings, the main client being COMPA SA In this segment the company SC RECASERV SRL provides services with professional equipment, cleaning products in accordance with environmental standards in force, and staff is properly trained in compliance with environmental standards and safety work.

In the field of services, the ultimate goal is customer satisfaction and maintaining a good customer-supplier relationship. The quality of the work is confirmed by the continuous demand and the good reputation of the company on the market, in the absence of any form of advertising.

### 3. ANALYSIS AND DESCRIPTION OF RISKS AND OPPORTUNITIES

**Weak points** which produce negative effects for SC RECASERV SRL are various:

- The continuous change of prices for the raw material used, by increasing them
- Customer reluctance
- Changes in customer needs, tastes and preferences
- Lack (temporary) of qualified personnel specific to the field of activity (eg cooks), due to the lack of supply on the labor market and the non-correlation of the educational offer with the requirements of the labor market, as well as due to emergencies imposed by quarantine
- Slow growth, sometimes even stagnation of demands
- Lack of orders during certain periods of time (eg during a pandemic)
- Decreased demand following the implementation of homework and online school.

**Strengths** which produce the beneficial effect and lead to the exploitation of opportunities:

- Favorable liquidity and solvency values
- Expanding the range of B2B customers (eg micro-canteen inside other companies)
- Expanding the range of B2C customers (eg home delivery)
- Diversified range of products that fold according to the consumer segment
- Prices lower than the competition
- Collaboration with a food service provider (eg foodpanda app)

### 4. DESCRIPTION OF THE OBJECTIVES, TARGETS AND RESPONSIBILITIES SET

The objectives for the next years are reorganization in the context of the pandemic and maintaining a positive balance, as well as flexibility in choosing new collaborations. It also aims to reduce, where possible, disposable polyethylene objects and utensils by using environmentally friendly ones.

Also, for critical risks, ie with high probability of occurrence or with a significant impact on the company's activity, a series of measures were taken, aiming at the following:

- Business development in the area
- Diversifying and expanding the range of good quality products
- Negotiate prices with suppliers, where possible
- Establishing payment terms, invoices
- Purchase of raw materials at the lowest market price
- Introduction into new markets
- Finding cheaper sources of raw material supply

### 5. Policies applied to: OHS (occupational health and safety)

Monitoring, maintaining health and ensuring working conditions, according to current legislation, for employees is a legal and social obligation, which is also an essential element in the success of society.

For all these, SC RECASERV SRL has ongoing contracts with companies specialized in Ohs, PSI and occupational medicine.

I mention that there are no cases of work accidents or occupational diseases.



## **6. Environmental Policy**

The menu production process is carried out through a technological circuit in compliance with hygiene and storage rules, in accordance with food legislation.

Their implementation and compliance is regularly evaluated by accredited institutions in the field.

## **7. FUTURE STRATEGY AND OBJECTIVES**

The company's mission is to provide excellent services that attract and satisfy customers. And the strategic objectives for the next years involve the development of businesses in the area, as well as the diversification of the product range.