NON-FINANCIAL REPORT 2022

COMPA

since 1886

compa

beyond expectations

CONTENT

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 physical-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**:** increasing 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, physical-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.

We are permanently concerned with reducing the carbon footprint and emissions generated by the production activity. In this sense, COMPA installed in 2022 a renewable energy production capacity of 997 KWh. This project was realized by accessing non-refundable funds coordinated by Innovation Norway, which made it possible to install a photovoltaic park within the factory. All this energy is used for the production activity and represents an important step in the goal of becoming carbon neutral. The new photovoltaic park produces 1202.46 Mwh/year, which means a reduction of CO2 emissions by 318.28 tons/year.

Also, we constantly make sure that the energy used is purchased from producers that use renewable sources. In 2022, energy consumption per turnover decreased by 12% compared to 2021, which meant a significant reduction of the carbon footprint.

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: COMPA 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, was obtained in 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 COMPA 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 physical-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 2022 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).

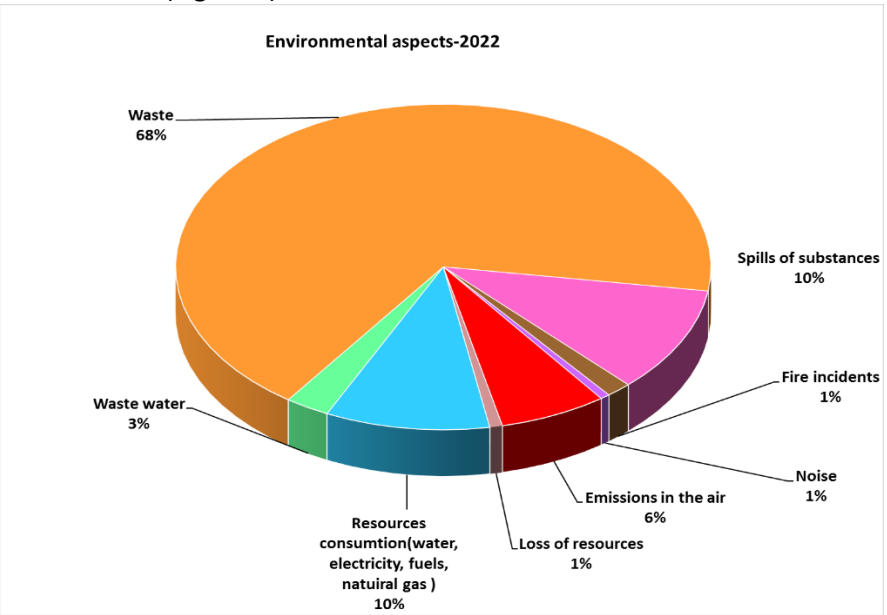


Figure No. 1

Of these, only 4 % 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).

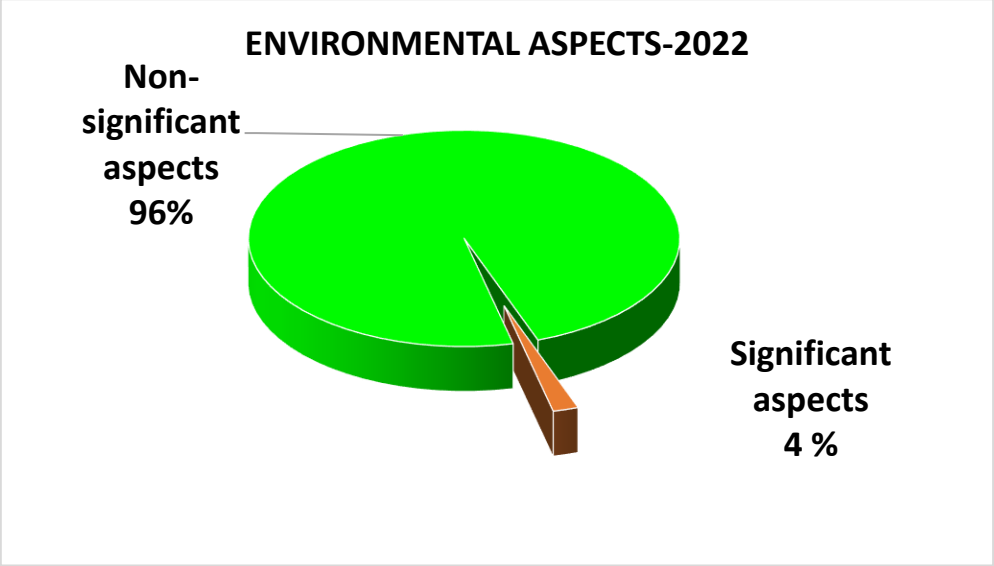


Figure No.2

2.2 Risks (negative / threats and positive / opportunities)

Following the environmental risk analysis (threats and opportunities), the main environmental risks identified at the level of 2022 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
- **Recurrence of non-conformities identified in environmental inspections / operational inspections**

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

Extension of emergency response times

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

Negative risks / threats:

RISK	POTENTIAL CAUSES	ACTIONS
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.	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.
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.	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.
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.	Timely replacement of filters. Performing preventive maintenance on the chimneys.
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	Updating the documentation at the places of use Awareness of the regime of dangerous chemicals.
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	Training staff on the correct way to analyze the root cause. Analysis of actions by the whole team.
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	Appointment of environmental officials with whom to be prepared to respond to environmental issues
Potential extension of the intervention period in case of emergencies	Potential lack of materials needed for the intervention	In internal audits, emphasis will be placed on monitoring the existence of intervention materials where necessary.

Positive risks / opportunities:

RISK	POTENTIAL CAUSES	ACTIONS
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	Design and implementation of a system for efficient capture and retention of dust from rectification springs using internal resources.

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 main points of the Annual Environmental Management Program for 2022 are the following:

Objective	***Actions***
Reduction the amount of waste generated	- Reducing the amount of aluminum waste by recovering the bar ends and re-introducing the bar ends into the process and obtaining four other parts. - Reduction of excessive processing oil losses by recovering the processing oil from the retention trays and collection containers and re-introducing it into the process; - - The reuse of plastic and steel waste from the manufacturing processes of SDVs by recovering, processing and reusing them to make other parts in the workshop.
Reducing the consumption of raw materials and energy	- Reduction of packaging consumption by reusing some packaging waste from other factories for packaging waste from Galvanization; - Reduction of compressed air losses; - Reducing electricity consumption for lighting by replacing current bulbs with LED bulbs.
Reducing the amount of emissions in the atmosphere	- Reduction of dust in the atmosphere by making and installing a system for capturing dust from rectification; - Reduction of oil vapor emissions by replacing the current capture systems with a power plant with an efficiency of 99.97%
Improving the storage of hazardous substances and eliminating fire risks	- Replacement of the existing polycarbonate wall between the hazardous waste warehouse and the oil warehouse with a fire-resistant BCA wall.

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

Water category	What is being monitored	Monitoring frequency
Wastewater in the sewer network	7 channels 15 indicators	Monthly with internal laboratory Quarterly with accredited laboratory
Hydrocarbon separating effluent	4 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 analyze at the end of each semester, performed by an accredited laboratory, are sent to SGA Sibiu

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

Water category	Parameter	Allowed values
Domestic and technological wastewater in the sewerage network	pH	6.5-8.5
	Total suspensions	350 mg / l
	CBO5	500 mg / l
	COD,	300 mg / l
	Extractable with organic solvents	30 mg / l
	Ammoniacal nitrogen	30.0 mg / l
	sulphides	1.0 mg / l
	Sulfates SO42-	600 mg / l
	Zinc Zn2 +	1.0 mg / l
	Total chromium Cr3 ++ Cr6 +	1.5 mg / l
	Hexavalent chromium Cr6 +	0.2 mg / l
	Total manganese	2.0 mg / l
	Copper With 2+	0.2 mg / l
	Nickel Ni2 +	1.0 mg / l
	CN Cyanide	1.0 mg / l

b. Results of monitoring emissions into the atmosphere

In 2022, a number of 44 chimneys for the emission into the atmosphere were monitored.
The pollutants monitored were:

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

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

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.

d. Results of monitoring substances and mixtures

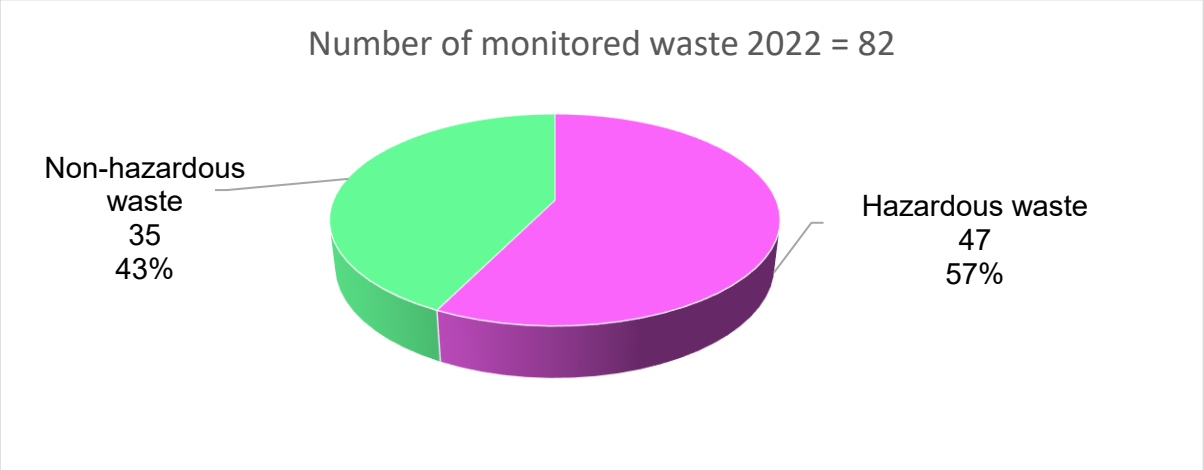
In COMPA the management of hazardous substances and mixtures is regulated by the Environmental Procedure "Management of hazardous substances and mixtures in COMPA" which establishes the purchase, transport, handling, storage, use and management of hazardous substances and mixtures in COMPA SA, in order 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 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.

e. Results of waste monitoring

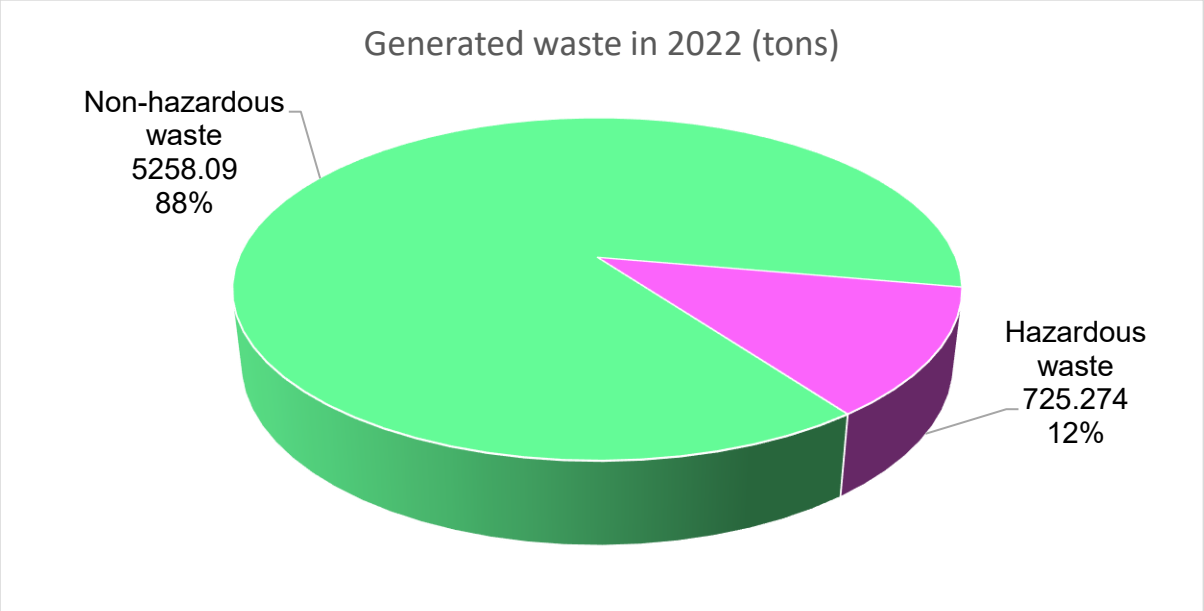
In COMPA, waste management is done according to a specific procedure that regulates the collection, storage, disposal, evidence, reporting and transport of waste generated in COMPA SA, to prevent environmental pollution.
This procedure applies to all manufactures and compartments in the company.
Each 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 2022, a number of 82 wastes were monitored.

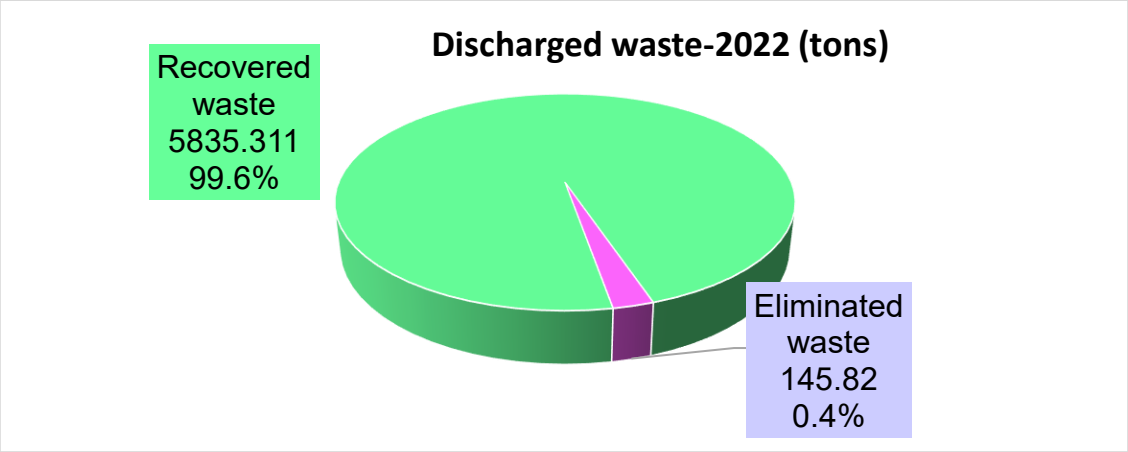
Of the total quantities of waste generated, 57% is hazardous waste:



Of the total quantities of waste recovered, 18% is represented by hazardous waste and 82% by non-hazardous waste, in the same proportions as the waste generated.



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



f. 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% CL + 30% LAEO, 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 2022: NA = 94.5%

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

In 2022: 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 2022 LAEO was 96.3%

EMPI was un 2022= 0,35 x 94.5+0.35x100+ 0.3x 96.3=96.965

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

EOPI = 33.3% IPA + 33.3% DCM + 33.3% DC, where

IPA - 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.

IPA was in 2022= 80%

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.

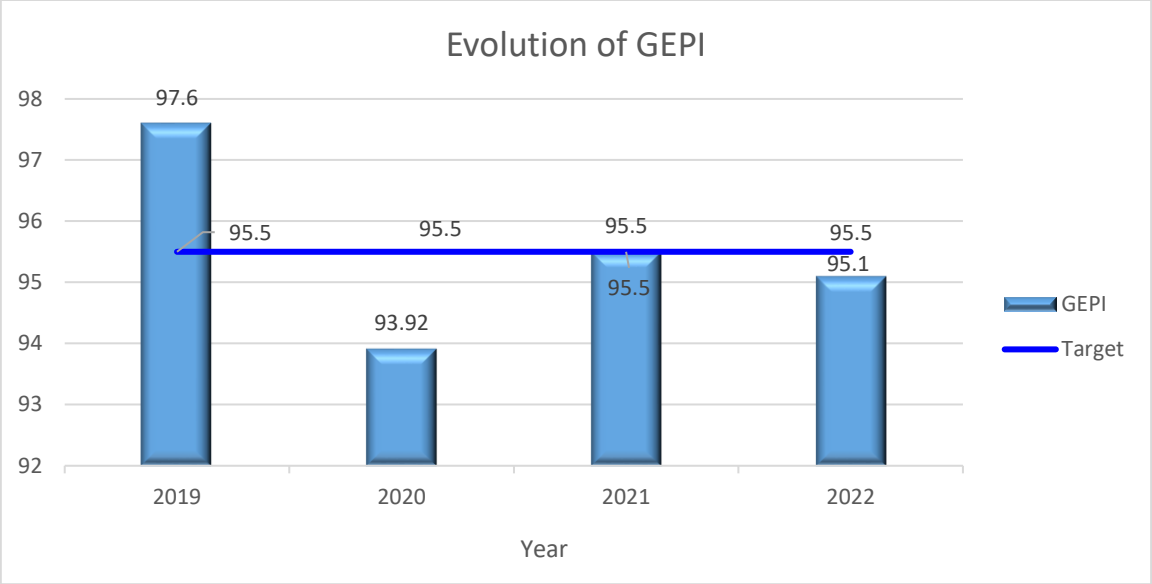
DC - degree of collection, recovery / selective disposal of waste = no. selectively collected waste (recovered / disposed of) / no. total waste generated x 100.

DC=100%

In 2022: EOPI = 93,24

In 2022 GEPI =0.5*96.965+0.5*93.24=95.1 %

The evolution of IPMG in the last 4 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.

2.6 Internal audit of the environmental management system

Internal environmental audit

COMPA 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 2022 of 94.5%.

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 2022, the surveillance audit for 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 2022:

Electricity = 43,261.613 Kwh, equivalent to 3,720.50 toe (tons of oil equivalent)

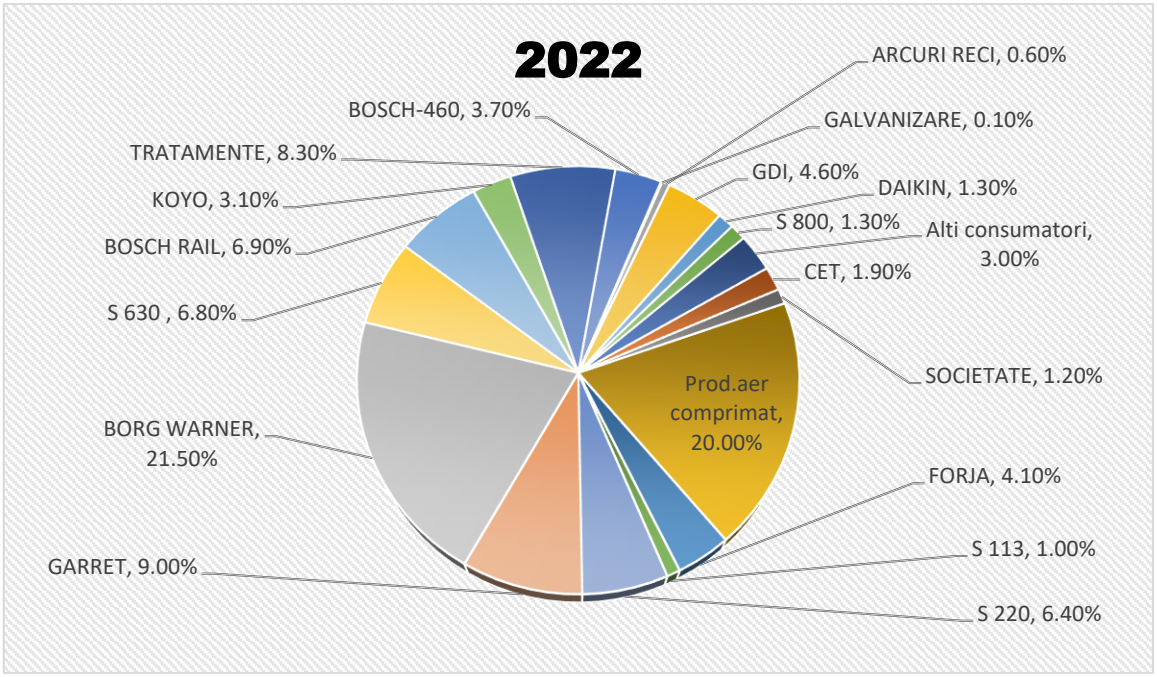
Natural gas = 4,326.808 m3, equivalent to 3,876.33 toe of which:

- technological processes COMPA platform = 547.000 m3, the equivalent of 490.05 toe
-combined production of electricity and heat = 3,779,808 m3, equivalent to 3,386.28 toe
- Thermal energy 113067 Gcal the equivalent of 1130,60 toe
- Compressed air 53968 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 93393 mc

The consumption of these energy resources was released into the atmosphere in 2022

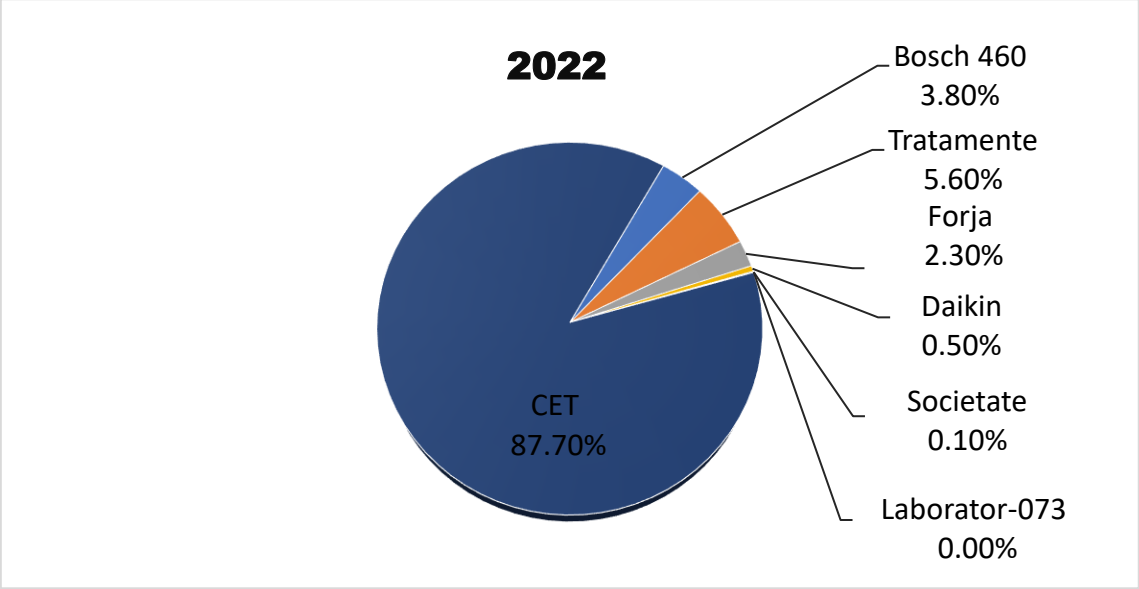
Electricity - In the electricity consumption achieved in 2022, 9935 tons of CO_2 should have been released into the atmosphere, but all the electricity consumed was from hydro sources, it was practically green energy without CO_2 emissions. In addition, by putting the photovoltaic plant into operation in COMPA SA, a quantity of 661126 kwh was produced in 2022, which led to a reduction of CO_2 emissions by 151.84 tons.

Electricity

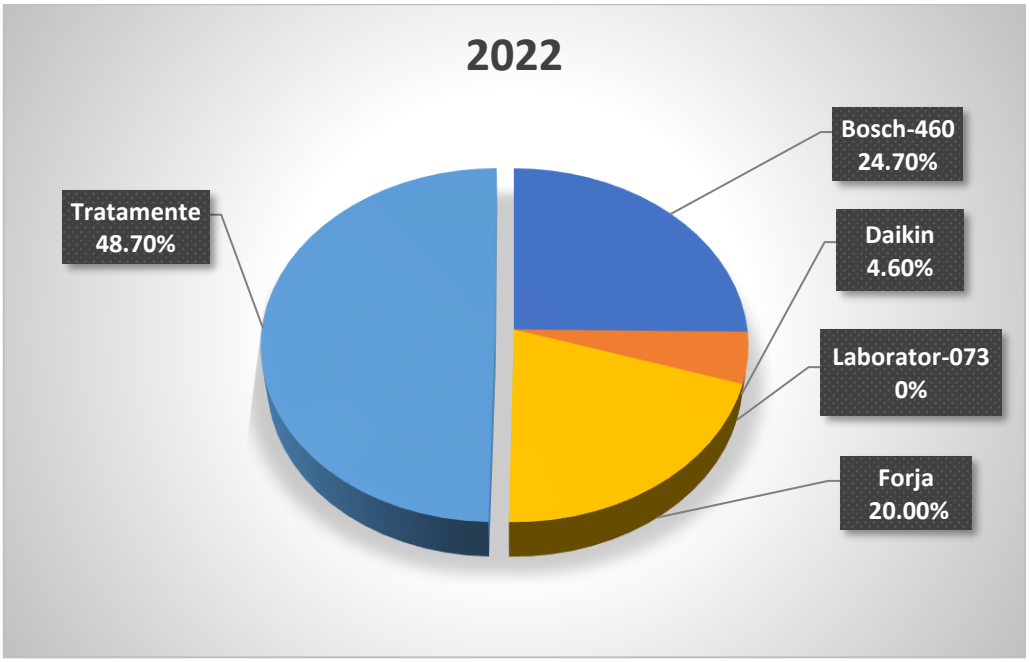


Natural gas for technological consumption and heat production

The structure of total natural gas consumption in COMPA in 2022 is as follows:



Regarding the consumption of natural gas for technological purposes, the structure of consumption in 2022 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

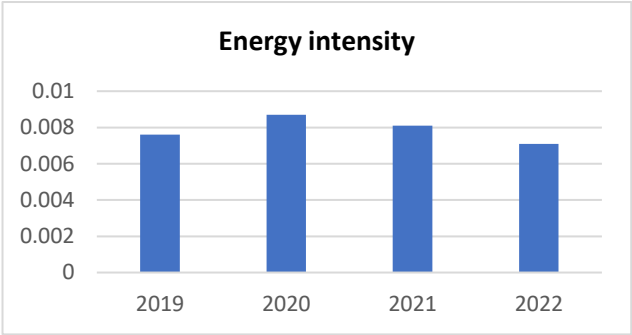
Good management of energy resources also involves establishing specific energy performance indicators with precise targets and clear responsibilities for departments and individuals.

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 2019 ---------- 0.0076 tons oil equivalent / thousand lei prod. goods
-Energy intensity year 2020 ---------- 0.0087 tons of oil equivalent / thousand lei prod. goods (preliminary)
-Energy intensity year 2021 ---------- 0.0081 tons of oil equivalent / thousand lei prod. goods (preliminary)
-Energy intensity year 2022 ---------- 0.0071 tons of oil equivalent / thousand lei prod. goods



Note: In 2022, there was a decrease in energy intensity by 12% compared to 2021.

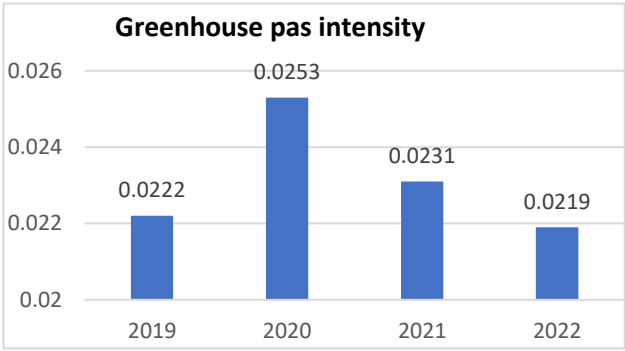
This decrease is justified by:

-assimilation of the new products
-the energy uses more efficient

The intensity of greenhouse gases- intensity which is determined by the ratio of CO_2 emissions to the value of production.

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

-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)
- greenhouse gas intensity year 2021 ----- 0.0231 tons CO2 / thousand lei prod. cargo - greenhouse gas intensity year 2022 ----- 0.0219 tons CO2 / thousand lei product goods

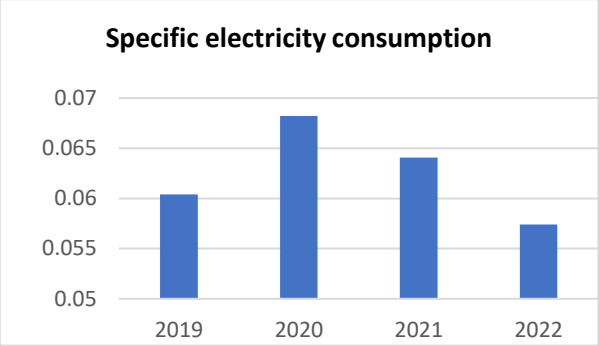


In the case of this indicator, too, there is a decrease in the intensity of greenhouse gases (relative to commodity production) compared to previous years, due to the acquisition starting with September of electricity from hydro sources.

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

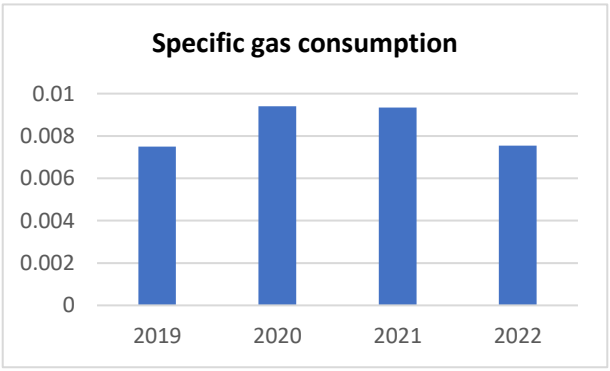
The situation by years is as follows:

Specific consumption year 2019 --- 0.0604 MWh / thousand lei of goods production
Specific consumption year 2020 ---- 0.0682 MWh / one thousand lei production of goods
Specific consumption year 2021 ---- 0.0640 MWh / one thousand lei production of goods
Specific consumption in 2022 ---- 0.0574 MWh / thousand lei of goods production



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 year 2019 0.00749 MWh / one thousand lei production of goods
Specific consumption year 2020 0.00940 MWh / one thousand lei production of goods
Specific consumption year 2021 0.00934 MWh / one thousand lei production of goods
Specific consumption year 2022 0.00755 MWh / one thousand lei production of goods



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) COMPA 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 2022, 10006 Mwh of electricity and 8990 Mwh of heat were produced in this plant.

The production of electricity in cogeneration in the condition of the volatility of the electricity prices on the market allowed in 2022 in COMPA Sibiu to balance the costs with the acquisition of electricity from SEN, thus leading to the reduction of the manufacturing costs.

Improving the energy efficiency of manufacturing processes at COMPA Sibiu

In 2013-2014 COMPA 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 COMPA Sibiu ".

This project allowed the implementation of extensive measures to improve the energy infrastructure of COMPA Sibiu, so the following measures were implemented:

Central heating modernization. Through this project:

- 2 hot water boilers with a capacity of 2 x 3.5 MW were installed
- 2 steam boilers with a capacity of 2 x 2.5 t / h were installed
- a high-performance heat pump system was installed

Rehabilitation of electricity transmission and distribution system. Through this project:

- 86 medium voltage cells were rehabilitated
- 4 transformers of 20 / 0.4 Kv of 1600 Kva were replaced (high consumption areas)
- the internal electricity distribution system in the main areas of the Company was rehabilitated

Rehabilitation of compressed air production system. Through this project:

- a 160-kW variable speed compressor was installed
- a 132-kW fixed speed compressor was installed
- a compressed air monitoring and control system was installed
- a compressed air dryer / refrigerator was installed

Rehabilitation of water pumping system. Through this project, high-performance water pumping systems were installed in the company's hydrophore stations.

Implementation of energy management system. An important step in the digitization of energy networks is the installation of smart metering systems. Through this project, the monitoring of energy resources on the profit centers in the company (electricity, methane gas, thermal energy, compressed air) was performed. Thus, all consumption is recorded locally and is taken over in the company's intranet network, allowing: real-time management of energy consumption, preparation of hourly reports, daily monthly and taking measures to reduce unjustified energy consumption in real time.

Realization of saving system on the lighting installations in the production workshops

Realization of microclimate installation and technological water-cooling Bosch workshop.

The implementation of this project allowed, according to the audit carried out by an ANRE authorized company, the obtaining of annual savings of:

Electricity 2108.84 Mwh - corresponding to CO_2 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 CO_2

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 Gacl / 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 the 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. Taking into account the energy efficiency of the local production of photovoltaic electricity and the opportunity to access non-refundable funds for the installation of such installations, COMPA Sibiu in 2022 realized through the Innovation Norway Program a photovoltaic power plant with an installed power in direct current of 1.126Mwp,respectively an installed power in alternating current of 0.96Mw,the plant will produce a quantity of 1202.46Mwh/year, a fact that will lead to the reduction of electricity purchase costs and to the reduction of emissions of CO_2 with 318.28 tons/year.

III Projects generating energy savings with an impact on the reduction of CO2 emissions, preliminary to be carried out starting with 2022

For the year 2023, the following actions aimed at reducing energy consumption have been started:

- replacement of 2 screw compressors put into operation in 1997
- replacement of 2 power transformers of 20/0.4kw with an installed power of 2000KWA and 1000KWA

The following projects are also under evaluation and finding the possibility of financing with non-reimbursable European funds:

- the transformation of the COMPA cogeneration facility into a trigeneration facility
- modernization of the energy management system.

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).

The war in Ukraine also has a negative influence on the electricity market. This war led to a substantial increase in electricity prices. In order to reduce the impact of the increase in energy prices on the country's economy, the Romanian Government adopted the decision to capping until March 31,2025 of the price of electricity. Even if the price of electricity will be capped, compared to similar periods last year, the price of electricity invoiced by COMPA has increased by 37%, which will lead to an impact negative of manufacturing costs.

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.

Similar to electricity, due to the substantial increase in the trading price of natural gas on the European market, the Government took measures to cap the trading price of methane gas until March 31, 2025. In the case of methane gas, this capping had a positive impact on production costs, the price of methane gas billed to companies being reduced by about 200% compared to the market price.

CYBER SECURITY

Cyber security is an area of great importance in today's digital age, as cyber threats are increasingly advanced and sophisticated. From cyber-attacks, phishing and cyber-crime, to cyber-espionage and the spread of malware, cyber-security is a major concern for any organization, regardless of its size and nature.
COMPA SA recognized the importance of cyber security and aligned itself with global trends by using modern protection solutions.
Considering the increased level of digital exposure imposed by today's way of working, we had to increase the level of cyber security and the level of information of the company's employees.
To meet these requirements, we have implemented the solution from FortiNET that allows better firewall security as well as real-time access to databases with virus signatures and real-time protection by monitoring Internet traffic. The FortiMail module is also implemented within the solution, which allows the prevention and detection of email-based attacks including spam, phishing, malware, impersonation.
Although the risk of cyber-attacks is increasing, there have been no incidents that have impacted us. To keep risk as low as possible, we keep in touch with application and equipment providers to always have up-to-date solutions with security packages. Considering the need to increase the level of transparency and trust between COMPA S.A. and its partners, TISAX (AL2) was implemented within COMPA S.A., a certified aspect in the audit of November 23, 2022. TISAX is a cyber security standard developed by the industry German car that is recognized globally. This certification demonstrates COMPA SA's commitment to cyber security and compliance with international standards in this matter.
To diversify the strategies of the HR department, we have integrated the Success Factors solution within the company, which will enable finding, training, and managing the workforce, and also feedback with operational data about how people feel, thus creating exceptional experiences for employees. Also, as part of the strategy expansion, we implemented the SAP HCM solution that will allow time management and attendance tracking, standardized payroll processes and organizational management.
With the implementation in COMPA S.A. of the SAP solution (Software solution) we opened the way to new digitization solutions that allow integration with COMPA S.A. customers and suppliers. for better and more efficient collaboration. The automation of logistics, financial, production, human resources processes bring with it greater job satisfaction as well as a greater ability to create better products.
We also started the implementation of the process automation solution from Webcon that allows the automation of the registration of invoices from suppliers through OCR processes.
We are also considering expanding the EDI platform that will create faster and more efficient communication with our partners.

During 2022, COMPA did not have any incidents of cyber-attack or data leakage, nor did it receive any complaints regarding the violation of personal data management rules. Also, no fines, sanctions or warnings were applied as a result of the violation of the regulations in force.
Also implemented is Lansweeper, which is an IT management solution that provides automatic network inventory, monitoring, asset management and more. This solution can help identify vulnerabilities and ensure network security.
In conclusion, COMPA has aligned itself with global trends in cyber security by using modern protection solutions. This approach highlights the company's commitment and concern for cybersecurity, which can help keep the organization's information and assets, as well as those of its customers, safe.

MANAGEMENT AND HUMAN RESOURCES ACTIVITY

1. BUSINESS MODEL

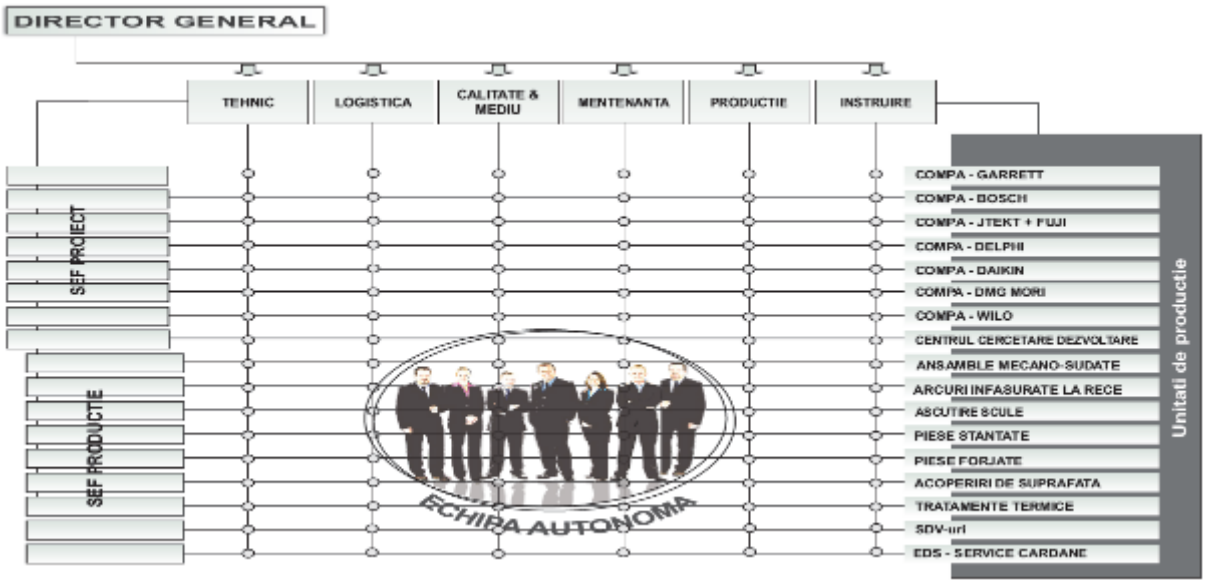
a) The organizational structure

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 some output data from certain processes are input data into other processes.

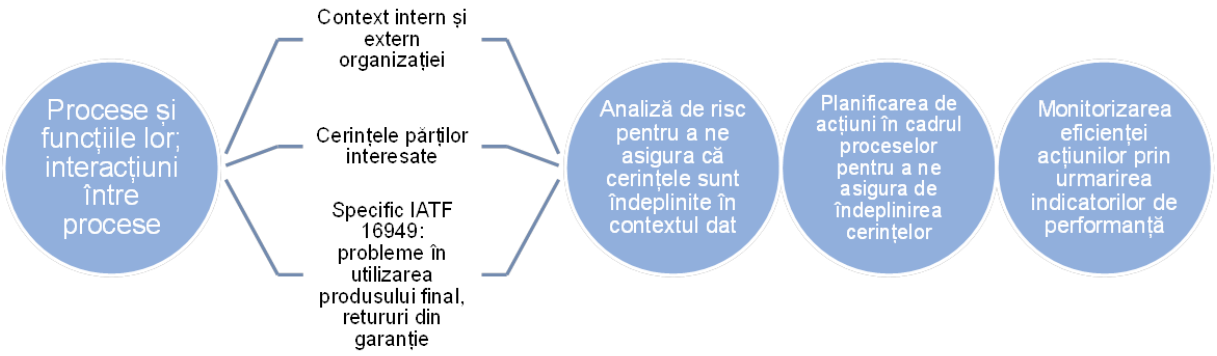
Based on this principle, the following categories of processes have been defined:

- 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:

- Contribution to achieving the goals of the organization through people;
- Creating an optimal organizational structure;
- Ensuring competent human resources through recruitment and selection;
- Adaptation of human resources to requirements - development and training;
- Creating and strengthening motivation (material and non-material reward), performance management;
- Creating and maintaining fair relationships between employer and employees.

d) 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.

2. 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 or mismatch between job requirements and educational background educational supply with labor market;
- high staff turnover, mainly due to insufficient motivation of employees and salary not in line with 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;
- difficult communication with staff from abroad.

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 / requalification / post-secondary school;
- career management; succession management for key positions;
- implementation of telework;
- restricting staff mobility by transferring activities online;
- providing qualified personnel from abroad.

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 26000:2011, 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 in the systems 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, 2020 - 2022

Between 2020 and 2022, COMPA staff decreased in 2022 by 2.33% compared to 2021 and by 2.3% compared to 2020, decreases mainly generated both by the lack of skilled labor and also by the increase of labor productivity.

The reduction of staff was made mainly due to natural losses (resignations, retirements).

	2020	2021	2022
Employees with ILC for an indefinite period	1796	1654	1702
Employees with ILC for a determined period	69	197	104
TOTAL STAFF	**1865**	**1851**	**1806**

3.2. Gender diversity - Share of women in total employment as of December 31, 2020 - 2022

The number of women in the total number of employees, between 2020 and 2022, remained relatively constant, marking only a slight decrease in the past two years, reaching 31.78% at the end of 2022. The relatively high share of women in an industrial environment is mainly due to technological changes but also to the trust placed in the area of responsibilities and coverage with skills.

	2020	2021	2022
Share of women in total employees (%)	33,6%	31,71%	31,78%

3.3. Age diversity

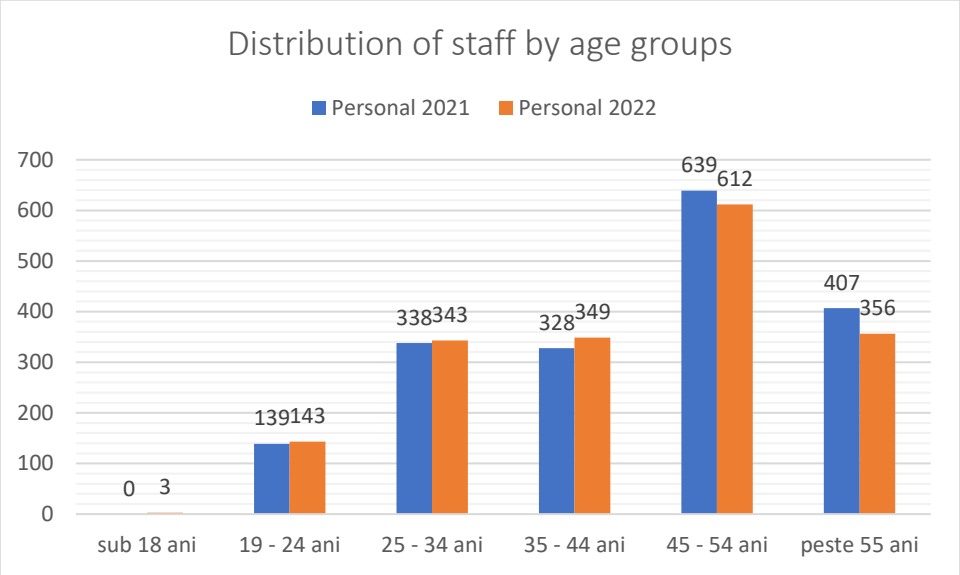
Breakdown by age and occupational category of the total workforce at 31 December 2022

The most representative age category, for both men and women, is the staff aged 45-54.

Age		TOTAL from which:	MDP	MIP	TESA execution	TESA management
Under 18	**TOTAL, of which:**	**3**	3	0	0	0
	Women	**1**	1	0	0	0
19 - 24 years	**TOTAL, of which:**	**143**	85	39	19	0
	Women	**62**	34	19	9	0
25 - 34 years	**TOTAL, of which:**	**343**	143	84	94	22
	Women	**81**	26	23	31	1
35 - 44 years	**TOTAL, of which:**	**349**	158	75	68	48
	Women	**106**	53	17	30	6
45 - 54 years	**TOTAL, of which:**	**612**	234	286	59	33
	Women	**242**	155	50	34	3
Over 55 years	**TOTAL, of which:**	**356**	188	90	54	24
	Women	**82**	39	16	25	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 organization, but also ensuring and using the experience of the elderly.

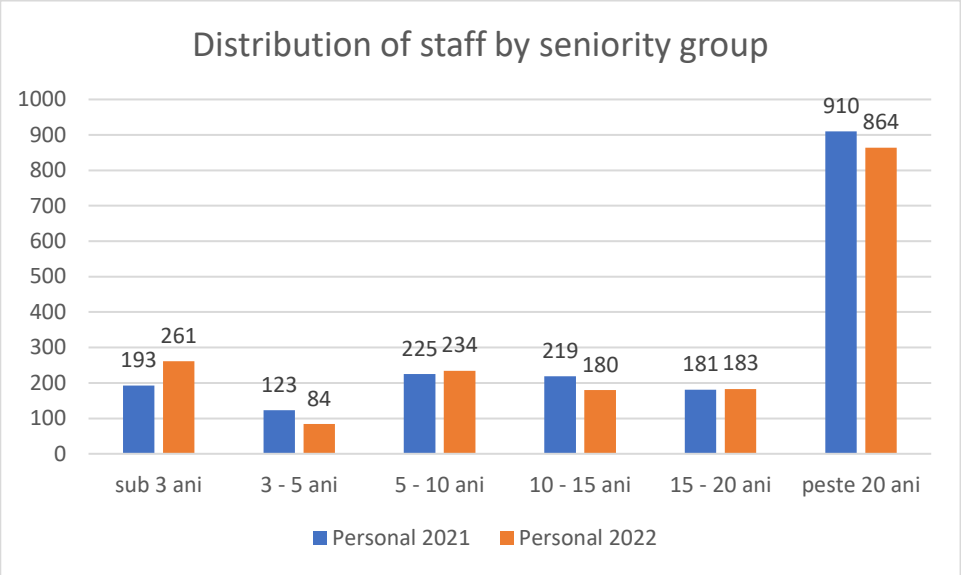
The graph below shows the age distribution of staff in 2022 compared to 2021. The analysis of the evolution shows a decrease of the share of experienced staff, especially of those in the over the age of 45 categories, compensated by an increase of the share of younger staff members.



3.4. Distribution of the total workforce at 31 December 2022 by seniority and occupational categories

The seniority tranche that includes the most employees is that of employees with more than 20 years of experience (864 people - 47.84%).

Seniority / persons		TOTAL from which:	MDP	MIP	TESA execution	TESA management
Under 3 years	TOTAL, of which:	261	183	50	28	0
	Women	83	44	26	13	0
3 - 5 years	TOTAL, of which:	84	46	22	15	1
	Women	35	18	12	5	0
5 - 10 years	TOTAL, of which:	234	102	61	54	17
	Women	73	33	19	19	2
10 - 15 years	TOTAL, of which:	180	81	42	36	21
	Women	49	26	11	11	1
15 - 20 years	TOTAL, of which:	183	81	34	36	32
	Women	63	34	7	19	3
In 20 years	TOTAL, of which:	864	449	231	105	57
	Women	271	153	51	62	5

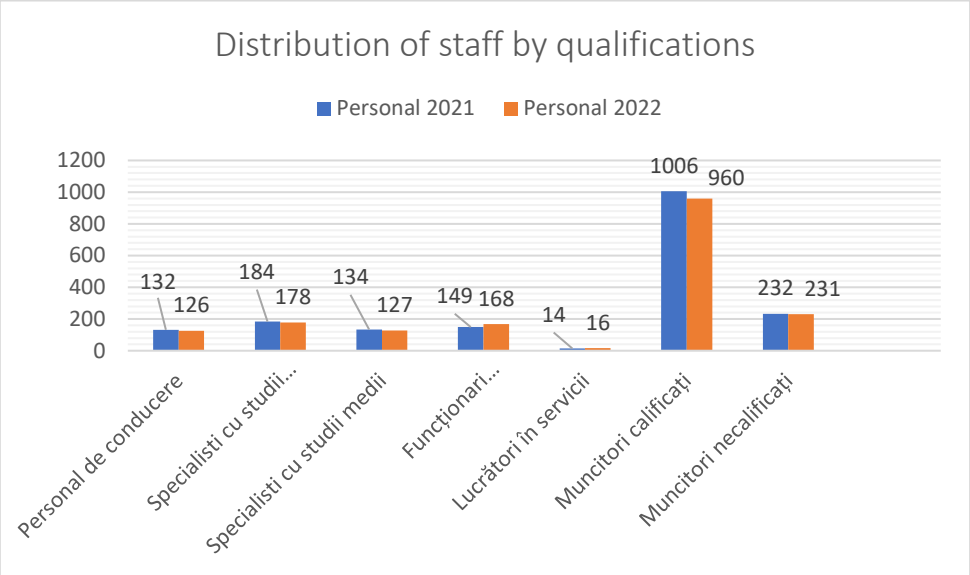


The graph above shows the evolution of staff by seniority in 2022 compared to 2021. The distribution of staff by seniority during 2022 has remained relatively the same as in 2021.

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.

3.5. Distribution of the total staff at 31 December 2022 by a qualifications structure (according to COR - classification of occupations in Romania)

	TOTAL from which:	**Women**
Management staff	126	10
Specialists with higher education	178	69
Technicians and other specialists in the technical and accounting field	127	66
Administrative officials	168	149
Service workers	16	1
Skilled and assimilated workers	960	206
Unqualified workers	231	73



3.6. Personnel fluctuation

Analyzing the evolution of staff turnover over the last 3 years, a degradation of this indicator occured every year due in particular to the lack of labor in the local market and insufficient staff motivation.

	2020	2021	2022
Staff turnover	18.30%	22.16%	25.82%

3.7. People with disabilities on December 31, 2022

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 (72 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 from which:	MDP	MIP	TESA execution	TESA management
People with disabilities	**TOTAL, of which**	**22**	15	3	4	0
	Women	**8**	6	0	2	0

3.8. 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 women and men.

		TOTAL from which:	MDP	MIP	TESA execution	TESA management
Employed on parental leave	**TOTAL, of which**	**46**	25	12	9	0
	Women	**41**	21	11	9	0

3.9. Continuous training for staff

The personnel training policy targets a continuous development of human capital through the training of skills that support the company's development strategy.

By involving the entire staff in the continuous training process, the goal is to eliminate the gap between the skills required by the position and the existing ones, to ensure integrated, validated, certified personnel at the workplace, to acquire/expand the scope of skills in order to respond to the challenges generated by the new wave of technology development (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. In 2021, the educational offer was diversified by authorizing the course "Entrepreneurial skills".

So far, 3,168 people have earned a qualification through this center. The Vocational Training Center is the place where the new employees are familiar with the operation on MUCN and with the specific requirements of the job, a necessary step in the process of integration and validation in the workplace.

Next, we intend to diversify, to adapt the educational offer by authorizing new programs required by the projects developed within COMPA, especially in the context in which among COMPA employees are also foreign citizens.

The situation of the qualification / specialization courses carried out in the last three years is the following:

	NUMBER OF CERTIFIED PERSONS		
QUALIFICATION / SPECIALIZATION COURSE TYPE	**2020**	**2021**	**2022**
NUMERIC CONTROL MACHINE TOOL OPERATOR	**17**	**5**	**4(apprentices)**
WELDER		**20**	**19**
METROLOGICAL TECHNICIAN		**31**	
FORKLIFT DRIVER	**33**	**46**	**57**
ROLLER DRIVER			**16**
DRILL-THREADER	**24**	**0**	**1(apprentice)**

In order to ensure / maintain the competencies of the employees on their jobs, the individual training needs are collected annually, and are centralized in the Annual Training Plan, structured on the following main areas in which COMPA employees participated as follows:

	NUMBER OF PARTICIPANTS		
THE FIELD OF QUALITY	**2020**	**2021**	**2022**
Requirements Integrated Quality-Environment-OSH compliant management IATF 16949: 2016, ISO 14001: 2015 and ISO 45001: 2018	**1965**	**1851**	**1871**
FMEA-RFMEA			**46**
FMEA conf AIAG&VDA			**15**
Product Safety Representative PSR		**1**	**1**
8D and 5 Why?	**28**	**39**	**37**

THE TECHNICAL FIELD			
SuccessFactors			**131**
STAUBLI robot training			**3**
B&R Automation Studio Training			**4**
ISCIR AUTHORIZATIONS			
Operators of lifting equipment (forklift operators, cranes, operators, etc.)	**225**	**192**	**200**
RSL-IR Operator			**1**
RSVTI Operator			**1**
ANNUAL CERTIFICATION OF SPECIAL PROCESS OPERATORS			
Thermists, galvanizers, painters, welders, brazers, etc.	**123**	**89**	**85**
TRAIN ON CUSTOMERS SITE			
Programming and repairing Chiron 5 axes		**4**	
POSITION VALIDATION OF NEW EMPLOYEES *			
Number of people trained	**213**	**585**	**434**
Number of training / employee hours	**73.117**	**100.82**	**91.45**

* 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 a decrease in the value of this indicator in 2021 and 2022. when, at the end of the year, there was a higher than usual value of unplanned absenteeism, due to increasing illnesses among staff. The causes that contributed to the decrease of the indicators in the two years are related to the difficulties in finding professional training providers available to deliver the courses, the restrictions imposed by the COVID 19 pandemic and insufficient resources.

	2020	2021	2022
No. of training hours / employee / year	**28.90**	**27.83**	**18.70**

3.10. 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, 4 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 2022, a number of 5 apprentices graduated the program. Of these, 4 were certified as operators of numerically controlled machine tools and one person was certified as a driller-threader.

In the future we intend to increase the number of new employees who follow apprenticeship programs and who will obtain qualifications of level 3 (operator of machine tools with numerical control, mechanical locksmith, etc.).

3.11. 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.

Between 2020 and 2022, 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
PROJECTS BEING IMPLEMENTED		
Project being implemented: **POCU / 626/6/13/133017** **Objective**: Optimizing the transition of 325 students from the educational system to the professional environment	INSPIRE - Necessary Initiatives for Innovative Internships for Economic Revitalization	10.2021 – 08.2023
PROIECTS COMPLETED		
Project being implemented: **POCU / 633/6/14/132241** **Objective**: To develop sustainable skills by organizing and carrying out internships, including dual technical education at a future job, for 183 students.	Start for a secure job and qualification!	09.09.2020 - 09.09.2022
POCU / 469/3/12/128888 **Objective:** To develop the skills of 142 employees in order to adapt staff to the dynamics of potentially competitive economic sectors. **Target Group:** 142 COMPA employees participating in qualification-retraining courses	Qualified employees for a more secure future!	02.09.2019-15.05.2021
POCU / 90/6/13/6/14/107011 **Objective**: To facilitate the transition from education to working life for 70 students and 240 pupils through on-the-job learning programs in an activity sector with highly competitive potential. **Target Group**: -70 students -240 students	Learn for a secure job!	07.06.2018-04.09.2020

3.12. 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, implementation and development of projects benefiting from non-reimbursable funds, etc.

The partnerships are mainly aimed at involving COMPA in two areas related to improvement:

- Theoretical training through contributions to the adaptation of the curriculum in local development to the needs of the employer for vocational and technical education.
- Practical training by ensuring the access of pupils and students to modern work environments, to high-performance technologies and equipment, to the knowledge and understanding of the processes developed on the production lines, to the familiarization with the rigors of the industrial environment.

3.13. 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. They are initiated in the programming of these equipment.

By equipping the center in 2021 with two welding simulators, students practicing in dual education who will become toolmakers and people who follow the qualification course "Welder", have the opportunity to acquire the skills required by this profession.

The 3D printer, another acquisition for the center, contributes to the development of digital skills of pupils and students, programming and physical realization of parts, various objects, contributes to increasing the interest and involvement of practitioners in solving work tasks.

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 more than 100 students can be found on the production lines, laboratories or in the design workshops.

3.14. 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	39	Machine tool operator with numerical control	3	22
Technological high school education	24	Mechatronics technician	4	0

CLASS X				
Dual education	28	Machine tool operator with numerical control	3	19
Technological high school education	15	Mechatronics technician	4	8
CLASS XI				
Dual education	31	Machine tool operator with numerical control	3	23
Technological high school education	31	Mechatronics technician	4	2
CLASS XII				
Technological high school education	18	Mechatronics technician	2	20

During the three years of study for students in dual education, specialization in machine tool operator with numerical control, respectively 4 years of study for technical high school education, specialization in mechatronics technician, COMPA offers students the following package of benefits:

Financial support / Incentive / Form of support provided to students	Value / student (lei / student)
Monthly scholarship	200 lei/ month – dual education 200-350/ month - high school*
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	160 lei / student
Protection equipment	72 lei / student
Providing a meal / day at the combined practice site	15 lei / day
Necessary supplies during practice	100
Accommodation for dormitory students	200 lei / month
Meal for dormitory students	25 lei / day
Tools	810 lei / year / student
Semi-products	59 lei / year
The maintenance of the equipment from the COMPA Training Center is ensured	21 lei / student / year

* The value of the scholarship / student / month from high school is: 200 lei / month, 9th grade, 250 lei / month, 10th grade, 300 lei / month, 11th grade and 350 lei / month, 12th grade.

Currently, 76 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.

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:

- three fully equipped locksmith stands, equipped with 18 workstations
- a numerically controlled lathe equipped with the necessary SDVs
- two welding simulators are be made available to students
- a 3D printer, 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, and the practical test of the competency exam to enable students to present their ability to serve a job while respecting the quality and quantity requirements required by customers.

We also propose that in partnership with "Lucian Blaga" University from Sibiu, technical education institutions and economic agents, we will access funds through the Recovery and Resilience Plan for Romania (PNRR) dedicated to the development in Sibiu of an "Integrated Campus for dual-PRODUAL education".

3.15. Relationship with trade unions

Trade union membership on 31 December 2022

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 59.47%.

	No union	Independent Free Trade Union	Arsenal union	TESA union
Nr. pers. / Union	732	972	75	27
Trade union membership (%)	40.53%	53.82%	4.15%	1.50%

In 2022, company management and the unions signed addendums to the collective labor agreement with respect to the following:

- During the period between November 2022 and October 2023, an increase of the tariff salary with the fixed amount of RON 128 to each payroll grid class.

- With the indexing of the payroll grid, the benefits arising from it (Christmas, Easter, holiday bonus, daily travel allowance, etc.) were indexed.

As of July 2022, all employees were granted meal vouchers worth RON 30 per day as well as gift vouchers on certain occasions.

3.16. 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.

COMPA 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;
- 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;
- Re-professionalization 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. 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

In COMPA, a reporting procedure was implemented where reports can be filed by employees, customers, suppliers, shareholders, third parties, etc., with respect to issues concerning corruption, acts of violation of the law and regulations, values, principles and applicable rules in society.

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.

There were no cases of corruption during COMPA 2022, but there is a constant concern in preventing such situations by making staff aware of ethical rules.

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 2022, a number of 266 disciplinary sanctions were applied for various disciplinary offenses, as follows:

Type of disciplinary misconduct	Nr. sanctions applied
Non-compliance with the work schedule	31
Promotion of non-compliant parts	54
Failure to observe the way of working	75
Failure to wear personal protective equipment	3
Other disciplinary offenses (alcohol consumption, attempted theft, smoking in illegal places, circumvention of the access system, etc.)	28
Unmotivated absences	75

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	153
Reduction of the basic salary for a period of 1 - 3 months by 5% - 10%	38
Disciplinary termination of the individual employment contract	75

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)

	2020	2021	2022
No. of work accidents complicated	1	3	2

The organization has established, implements and maintains a process of reporting, investigation and taking concrete actions to control and correct all occurrences.

Accidents at work with temporary incapacity for work were investigated, according to relevant regulations, by a commission which establishes 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

	2020	2021	2022
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	0	0	0
No. of traffic accidents - handling - storage of materials	1	1	1
No. of accidents due inadequate workload	0	1	1
Nr. of accidents due to wrong actions of the worker	0	1	0

Accidents at work in 2022 had as causes:

- inadequate training on the handling and positioning of parts on the platform of the interoperable means of transport
- the lack of adequate information regarding the way of working when handling equipment, in order to correct it

c. Slight accidents without ITM or with ITM <3 days

	2020	2021	2022
Head injuries	1	0	**0**
Eye injuries	0	0	**0**
Injuries to the trunk	0	0	**0**
Injuries to the upper limbs	0	0	**0**
Injuries to the lower limbs	0	0	**0**
No. of light accidents	**1**	**0**	**0**

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

	2020	2021	2022
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.

	2020	2021	2022
No. of days temporary incapacity of work	80	187	140
No. of incapacity temporary work	1	3	2

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.

	2020	2021	2022
No. of days incapacity partial permanent	0	0	0
No. of incapacity partial permanent	0	0	0
TOTAL incapacity permanent	**0**	**0**	**0**

Work accidents in 2022 did not have consequences requiring permanent work incapacity

g. Number of fatal accidents: work, road

	2020	2021	2022
No. of fatal work accidents	0	0	0
No. of fatal road accidents	0	0	0
TOTAL fatal accident	0	0	0

h. Control and monitoring of activities in high and specific risk areas

High and specific risk areas are those areas where risks have been identified that may lead to accidents or occupational diseases with serious, irreversible consequences, respectively death or disability (eg explosion hazard, noise above the permissible limit and electrocution).

	Hazards	Nr. workers
Boiler room	explosion, hearing loss	4
Cogeneration station	noise	4
PA8 and transformation points	electrocution	8
Pressure receptacle storage areas	explosion	0
Noise areas above the permissible limit	hearing loss	292
TOTAL		**308**

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

	2020	2021	2022
No. of accidents of temporary employees or service providers	0	0	1

The work accident was registered at the company providing services regarding the rehabilitation of a COMPA building.

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.

k. Number of fires

	2020	2021	2022
No. of fires recorded	1	0	1

The causes of the fires were non-compliance with legal regulations regarding smoking and ignition of the electrical installation at the 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.

l. 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

	2020	2021	2022
No. of CSSM meetings	2	2	4

The lower number of OSH meetings in 2020 and 2021 is due to the pandemic during 2020.

m. 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

	2020	2021	2022
Nr. clinical examinations at employment	395	183	543
Nr. transfer clinical examinations	162	200	150
Nr. exams consult occupational medicine	20	8	13
Nr. of clinical examinations at the resumption of work	-	-	10
Nr. of consultation exams for participation in trainings	-	-	21
Nr. periodic clinical examinations	1943	1767	1631

2) Number of employees declared fit / unfit for employment by the occupational physician

	2020	2021	2022
No. employees declared “conditioned fit” on the job	131	164	131
No. employees declared "unfit" for the job	3	-	-

Workers declared "fit" were made by the occupational physician recommendations on dispensary care to specialists, avoiding risk factors for workers' health.

n. 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

	2020	2021	2022
Nr. pregnant women	23	20	13
Nr. young people under 18	9	17	16

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.

o. 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.)	28	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.

p. 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.).

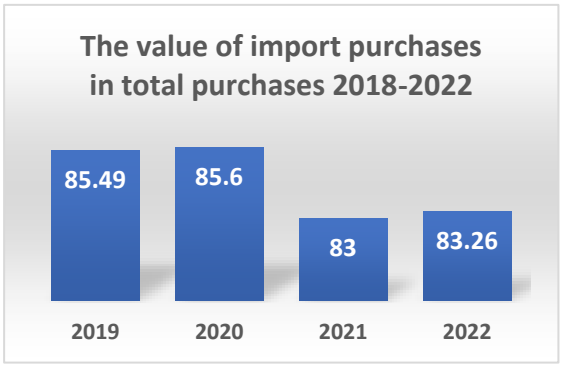
COMMERCIAL ACTIVITY

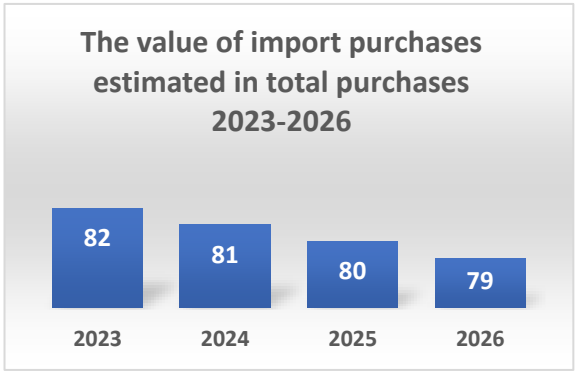
I. COMPA PURCHASING ACTIVITY

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.

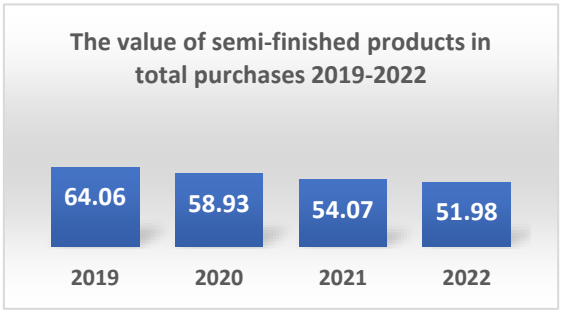


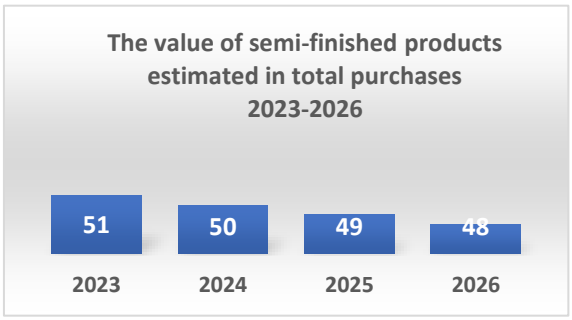


1.1 ESTIMATED EVOLUTION OF THE PURCHASE OF SEMI-FINISHED PRODUCTS

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.





1. 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 COMPA 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.
- 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.
- The monopoly 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 COMPA.
- Large number of suppliers at company level to be managed.
- Long supply times from some suppliers and minimum quantities imposed by them.
- The accelerated rise in prices generated by inflation and especially by the unprecedented rise in the price of electricity and gas which have a strong influence on both domestic costs and supplies.

- **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 COMPA, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialization and development of opportunities.

3. 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 suppliers 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.

- **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 suppliers 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 suppliers 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, force 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 suppliers 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.

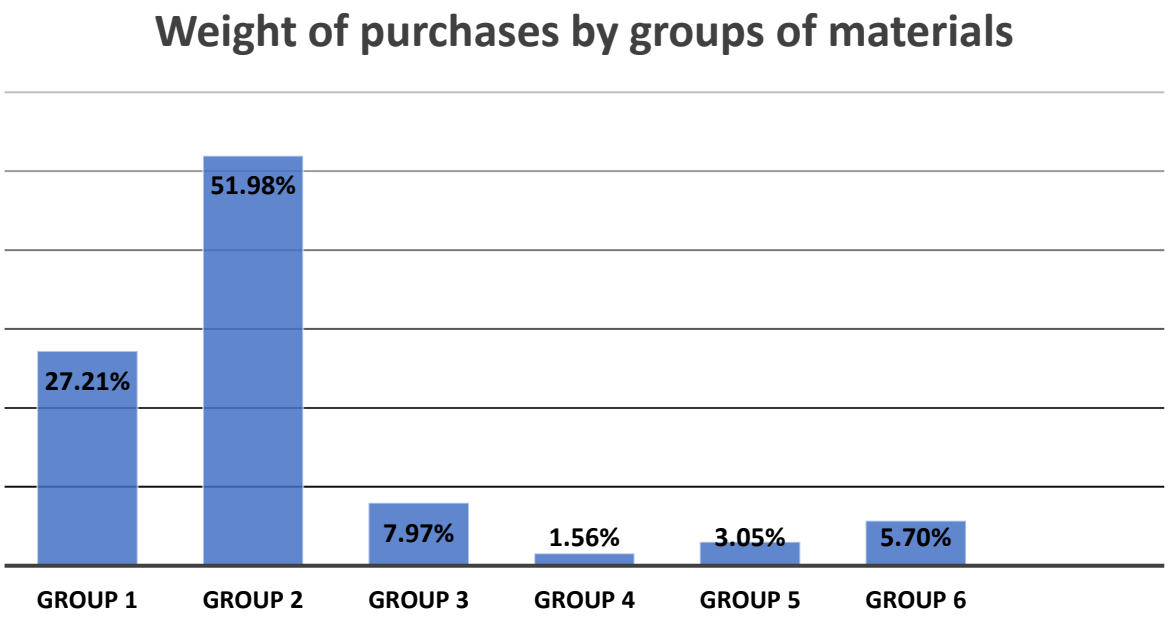
COMPA maintains and requires its suppliers to take a proactive approach to environmental impact management by maintaining and continuously aligning internal procedures and regulations with legal / environmental requirements regulated by national and international bodies as well as transmitting these 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.

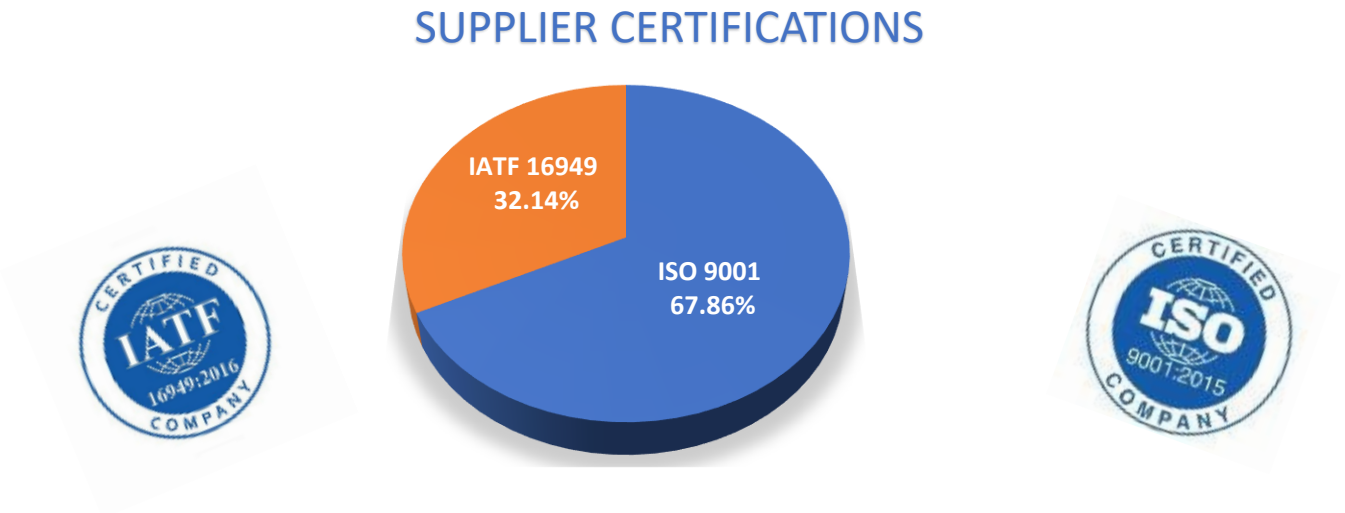
By annually recertifying approximately 100 suppliers of raw materials and supplies, COMPA ensures that product quality is maintained throughout the supply chain.

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:



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.



4. 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 implemented 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 has 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 and will continue to pursue these issues throughout the supply chain.

COMPA 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 is requesting 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.

II. COMPA SALES ACTIVITY

1. 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.

COMPA currently operates in the automotive sector with a share of approximately 83.9%.
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 COMPA 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, COMPA, 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, corroborated with the war in Ukraine, 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 COMPA 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, COMPA 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, COMPA 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, COMPA 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 COMPA 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 COMPA, 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
- ✓ Cataphoretic, 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 or which could be produced 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.

2. 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: the Diesel decline where COMPA has an important portfolio of products, increasing the share of electric cars that have much fewer components.
- Global decrease in component orders for the automotive industry due to the COVID 19 pandemic and the semiconductor crisis.
- The accelerated rise in prices caused by inflation and especially by the unprecedented rise in the price of electricity and gas which have a strong influence on both domestic costs and supplies.
- 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 pandemic.
- 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, DAIKIN).
- Extension of the customer range on products already existing in series production (eg: sprockets, forged axles and parts for the steering box, mechano-welded assemblies for various industries, etc.)
- Focus on the execution of parts-parts in order to increase the added value.
- Know-how in a wide range of processes and areas that offer a strategic advantage.
- Development of specific knowledge for the staff within the department, by participating in various training courses, workshops, etc.

Risks and opportunities are analyzed and treated periodically within each department of COMPA, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialization 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

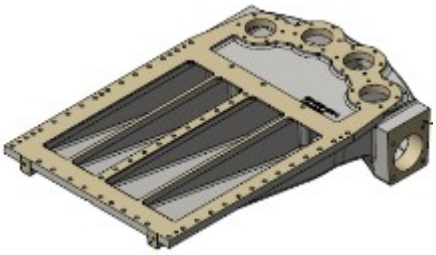
3.1 THE HAULOTTE PROJECT - TRADITIONAL NON-AUTO PARTNER

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 products.

3.2 THE DAIKIN PROJECT - TRADITIONAL NON-AUTO PARTNER

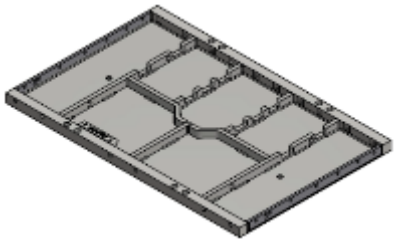
The partnership with DAIKIN started in 2005. The company is one of the world's largest manufacturers of air conditioning systems, and COMPA produces a wide range of copper pipes, through a special brazing process. This customer is delivered annually a number of ~ 185,000 pieces made from 23 different references. And in this relationship with DAIKIN, COMPA has set up a dedicated production workshop. During the year of 2022, DAIKIN expressed its intention to grow the business with COMPA and as such we offered and we won some new projects which will lead to a significant turnover increase in the following years. In this relationship with DAIKIN, COMPA has set up a dedicated production workshop too.

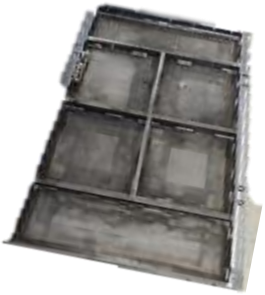
3.3 VESTAS AIRCOIL PROJECT - NEW NON-AUTO PARTNER



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.

A few examples of parts which are produced in COMPA for this client:





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.

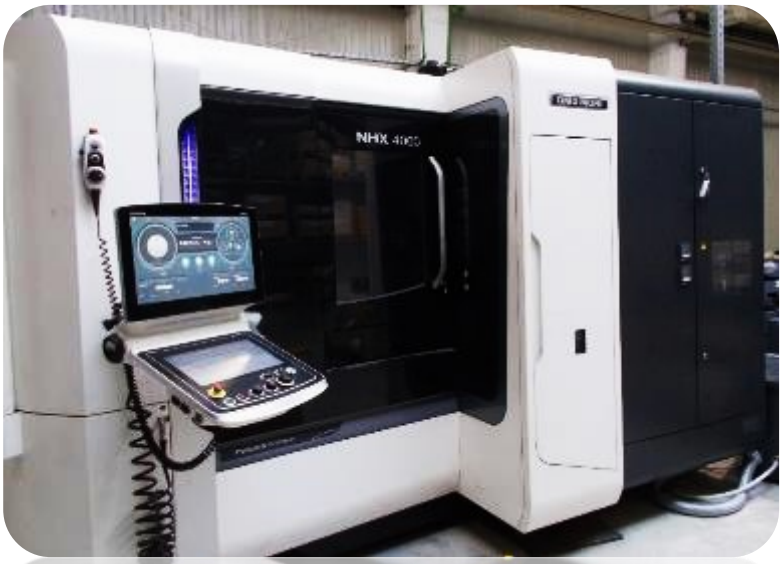
3.5 THE WILO PROJECT

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 cataphoretically 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. During 2021 COMPA won a new package of parts for a new WILO project and this will definitely consolidate the partnership.

Both above-mentioned customers are directly following global carbon reduction trends and have strong commitments in this regard.



3.6 RESEARCH & DEVELOPMENT 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.

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.

MANUFACTURING

The Manufacturing Department within COMPA SA carries out its activity in order to fulfill the general objectives of the company in the Strategic Dashboard.

The production activity within COMPA SA consists in the creation of a diversified portfolio of automotive components (injection components, subassemblies and turbocharger components, windscreen wiper subassemblies and components, cassette and steering column subassemblies, cold-wound springs, stamped parts, forged parts, etc.) as well as non-automotive (metal fabrications, air conditioning pipes, various machined components for machine tools, industrial pumps, etc.) which involve the use of various manufacturing processes as follows:

- Machining on numerically controlled machine tools
- Deep drilling
- Toothing
- Running grooves
- Reworking
- EDM processing
- Robot welding
- Processing of parts from strips and sheets by cold forming
- High accuracy wash
- Cataphoretic dyeing
- Electrostatic field painting with water-based paint or powder paint
- Galvanic coatings
- Brazing copper pipes
- Heat treatments
- Electrochemical deburring
- Assembly
- Forging
- Laser cutting
- Oxygen cutting
- Cold winding

Description of the objectives, targets and responsibilities established for the performance of the activity of the Manufacturing Department in performance conditions

The objectives of the manufacturing activity are mainly derived from the objectives of the company and refer to:

- increasing the company's profitability to cover operating costs and allow future developments
- reducing costs by identifying improvement projects
- reducing costs with non-quality
- increase process performance
- increasing the level of safety at work.

The indicators necessary to achieve the objectives of the Manufacturing Department were established following the decisions of the managerial analysis performed at the beginning of the year. It is necessary to constantly adapt to the conditions in which it operates, in order to reduce risks and establish development opportunities.

Following the audits carried out by the certified bodies, the Manufacturing Department contributed to maintaining the certifications of the Integrated Management System (according to ISO 9001, ISO 14001, ISO 45001, IATF 16949) valid for the period 2018-2022.

Compliance with the legal requirements regarding quality, environment and OSH as well as the reduction of occupational safety and health risks for all current and special activities, has been achieved through the use of appropriate techniques and practices, by ensuring adequate working conditions to reduce the number of accidents at work and / or occupational diseases.

The Manufacturing Department is organized on profit centers, structured to meet the requirements and needs of each customer, at the level of each workshop there are available all the necessary support functions: logistics, maintenance, technical, quality. Risks and opportunities are treated individually by each manufacture, depending on the specifics and requirements of existing processes. The following are the most important existing manufacturing workshops within COMPA SA.

PUNCHED PARTS WORKSHOP 130

Types of machines
Presses from 16t to 400t

Automatic presses	Mechanical presses	Welding robot
Washing machines	Rotofinish	Lathe Machine
Guillotine scissors	Belt sanders	

Manual, eccentric and hydraulic presses

- Workshop surface 2679 m³
- Direct working personnell 26
- Indirect working personnell 12

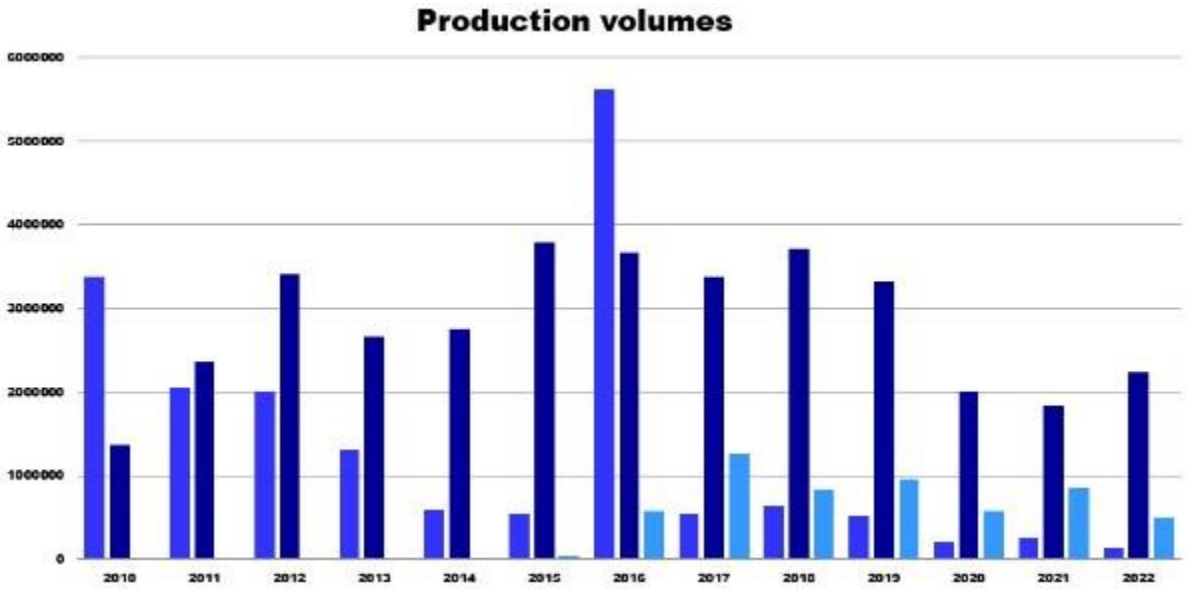
- Production capacity Dacia gen 1 pump pulley 776.000 pcs/year
- Production capacity Dacia gen 2 pump pulley 1.853.000 pcs/year
- Production capacity BOS Volkswagen 350.000 pcs/year
- Production capacity BOS TOYOTA 9904407195 1.350.000 pcs/year
- Production capacity spring holder E6FT5 Z001A23 20.000 pcs/year

INJECTOR MACHINING AND ASSEMBLY WORKSHOP 620

Production area 5000 m²
Number of direct productive workers 232
Number of indirect productive workers 74
Processes:

- Machining - CNC Chiron, Spinner, Mazak, Supfina, Rene Clement, SW, SMOC, Thielenhaus,
- Electrochemical deburring - Sermatec
- Abrasive Deburring - Kennametal
- Phosphating - COMPA SA
- Laser marking - SEF Touraine, ES TECHNOLOGY
- Assembly - CMO, CIMA, SANVER
- Washing - Aquaresse, Curtis, Durr, Ecoclean, Hidroem, Sermatec

Injector type	Processing lines	Assembly cells	No. of injector types
NHB 1.3	1/2	1	11
NHB 1.5 & 1.6	5	3	14
NHB DAF F2P	3	1	10



Injector production will continue to be high in the coming years due to SOP in October 2021 new variants for PSA and QMC customers respectively.

DIRECT INJECTION PUMP BODY MACHING WORKSHOP 640

Production area 1651 m²
Number of direct productive workers 24
Number of indirect productive workers 20
Processing capabilities 2350 pcs / shift
Customers: VW, PSA, Renault, FCA

The automatic production line served by robots, integrates the following processes:

- Machining - CNC index with 5 shafts and counter-shaft (7 machines for machining op. 10 and op.20)
- Electrochemical deburring - Extrude Hone
- Laser engraving
- Washing - Eco Clean
- COMPA SA automatic control stands

TURNED PARTS AND ABRASIVE DEBURRING WORKSHOPS 630 & 320

	AL. 630	AL. 320 AFM
Direct workers	180	25
Production area	3216 m²	781 m²
Auxiliary areas	706 + 155 m²	
Capacities	Pcs/day	tipuri (types)
NHB	12.000	10
Nozzle GMC	35.000	35
Nozzle ZBLN	2400	2
Nozzle NNC	12000	6
Nozzle (op.25)	12.000	8
Nozzle (op.20 30 40)	4.500	5
Magnetic framework	4400	2
NHB MX / JCB	1000	6
Piston guide	750	2
Spring chamber	750	4
AFM valve	90.000 pc săpt. (/week)	14
AFM Nozzle	7000	4
ZF intermediate halfshafts	1600	4

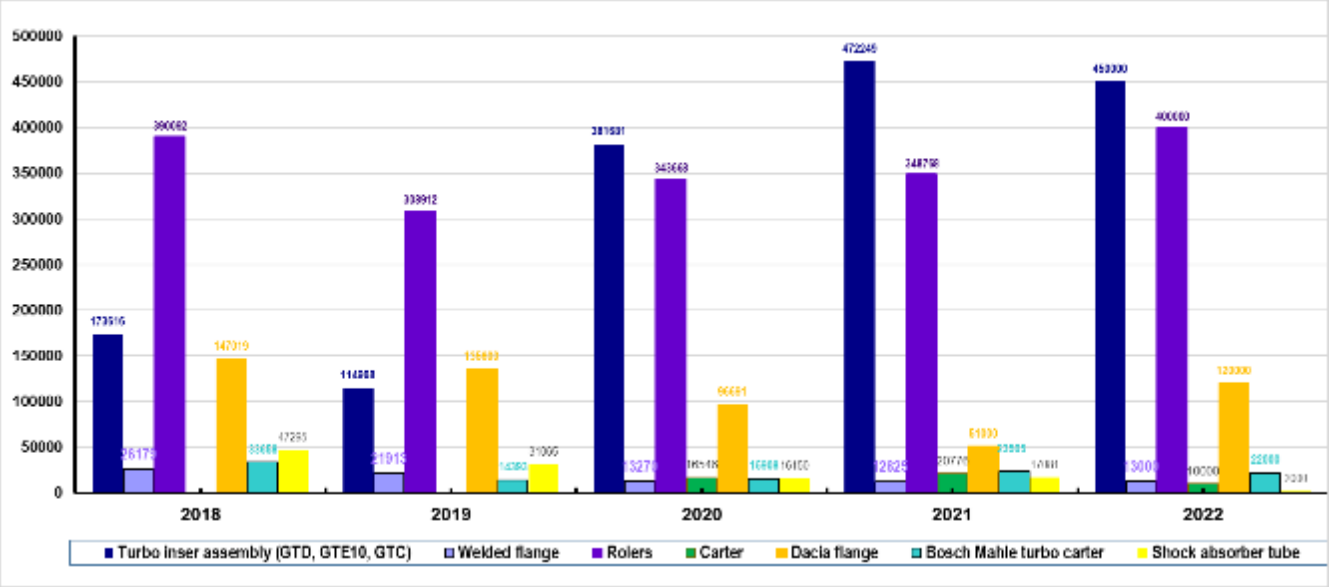
TURBO CHARGER COMPONENT MACHINING AND ASSEMBLY WORKSHOP 750

Production area 4319 m²
Number of direct productive workers 77
Number of indirect productive workers 33

CAPACITY	pcs / day	P/Ns
Cartridge / Nozzle Ring	1800	4
Nozzle Assembly (Cartridge / Insert & Nozzle Assembly)	1400	26
Center Housing Assembly	600	15
Role (Roller)	4500	7
Dacia flange (Output long trans line)	570	1
VCST	2370	2
BALLNUT ZF	420	1

Processes and facilities:

Products	Machinery	Manufacturer	SOP
Assembled flanges Carters Insert assembly	Numerical control machine	Mazak	2019
	Numerically controlled machine (horizontal + vertical)	Spinner Mazak Gildemeister	2014
	Numerical control centers	Spinner Mazak	2003
	Mounting stands (marking; riveting; pressing; welding) Marking - riveting - pressing unit	COMPA SA COMPA SA	2003 2018
	Washing machines	Unitech Annemasse	2003
Rollers	Numerically controlled machine	Swing	2004
Dacia flange	Numerically controlled machine	Spinner Mazak	2015
	Brooch machine	Klink	2015
	Washing machine	Mafac	2015
VCST	Numerically controlled machine	Mazak Mg	2018
BALLNUT	Numerically controlled machine	Mazak	2018 2021



STEERING COLUMN PINION MACHINING AND HEAT TREATMENT WORKSHOP 450 & 760

Production area	2600 m² + 1700 m² TT
Number of direct productive workers	54
Number of indirect productive workers	18
EBOS line capabilities	10683 pcs / day
Finishing line capabilities	10350 pcs / day
Pinion variants	10
ZF axis variant	2
Rack Stopper variant	1

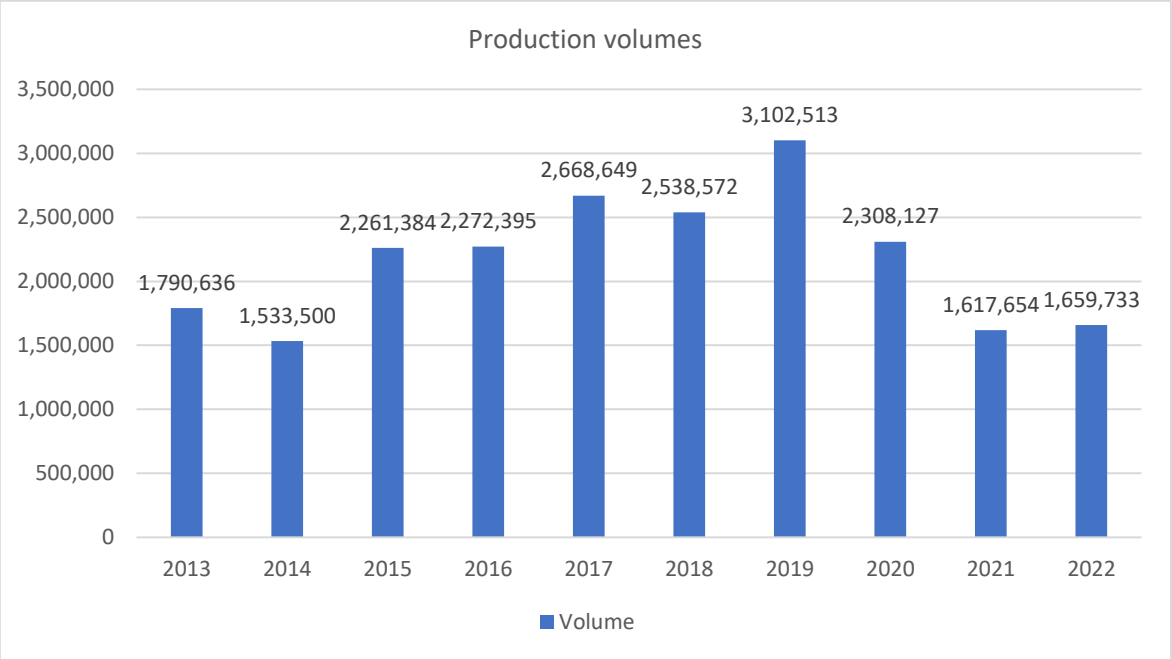
Roughing processes

Line	Machinery	Number
D	Disc saw	2
	Milling and centering machine	2
EP	Mazak QTN 200	2
	Braked car	1
	Profiroll	1
AEP	Mazak QTN 200	2
	Rollex	1
	Press machine	1
MF	Imprint stand	1
	Marking machine	1
Welding	Welding stand	1

Line	Machinery	Number
	Washing machine	1
Traub	Traub Lathe	2
XNCe	Mazak QTN 200	3
	Profiroll	1
EPSe	Mazak QTN 200	4
	DMG	2
TD	Gleason Pfauter	2
	Mazak QTN 100	1
	Mazak QTN 200	1
	Deburring CNC	1
E	EMCO	2

Finishing processes

Line	Machinery	Number	Line	Machinery	Number
XNCf	Galdabini	2	Mg	DMG CTV 160	4
	Tacchella	1	packing	Uniflux	3
	Studer S22	1		Java	2
FP	Studer S22	1		UPA	1
	Gleason Pfauter	4		Washing and drying machine	1
PF	DMG CTV 160	1		Pin mounting machine	1
PHf	Mazak QTN 100	4			
	Studer S22	1			
	Gleason Pfauter	1			
	Mazak VTC 200	1			
	Mazak QTN 250	1			



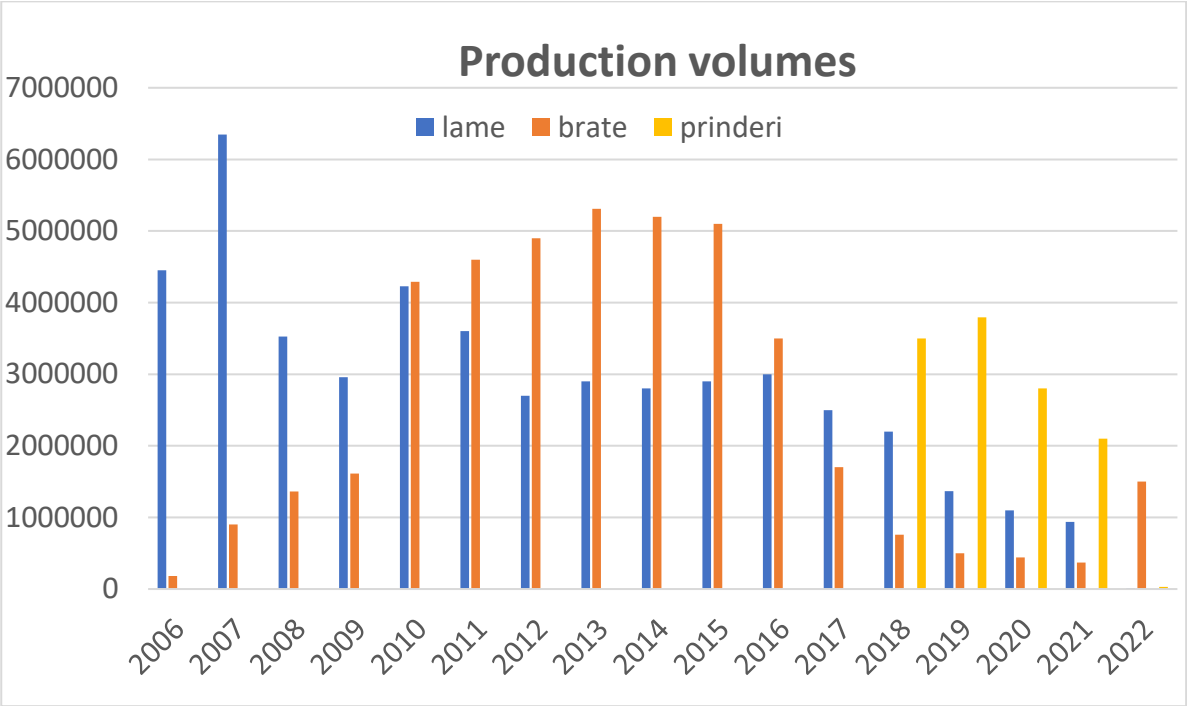
The forecast received from the client as well as the new ongoing projects will ensure the alignment of volumes and turnover starting with 2022 at a similar level prior to 2020.

Heat treatment machines

Cementing furnaces	5	UTTIS
Carbonitriding furnaces	3	UTTIS
Return ovens	4	UTTIS
Vacuum tempering furnace	2	
Induction hardening system	1	INDUCTOHEAT
Hardening installation below 0 degrees	1	

WINDSCREEN WIPER WORKSHOP 460

Production area 5031 m²
Number of direct productive workers 95
Number of indirect productive workers 34



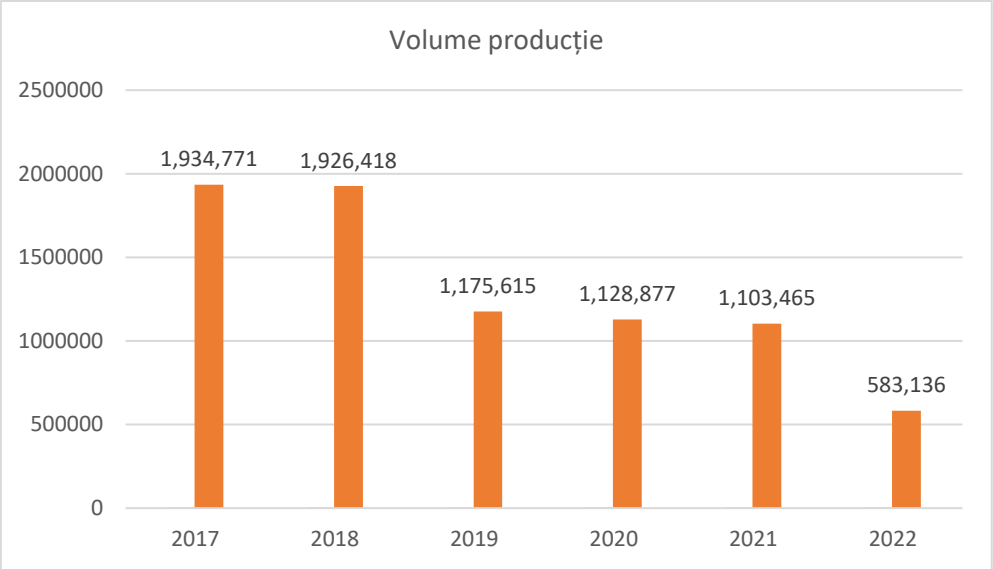
Machinery	Pcs.	Manufacturer
Wiper blade assembly lines	10	COMPA SA, others
Wiper arm mounting lines	4	Pekon, others
Preparation for painting (phosphating) + drying installation	1	Eisemann
Automatic cataphoretic painting line	1	Eisenmann
Automatic water-based paint installation	1	Eisenmann, Wagner GmbH
Drying oven	1	Eisenmann

For the future development of this manufacture, a letter of nomination was received from the customer, which will allow the relaunch of the wiper arm manufacture, gradually until reaching a volume of about 4 million pieces annually by 2024.
COMPA SA was also nominated for a new business, namely the manufacture of stamping wiper rods.
The SOP of this new business will take place in 2022. The projected annual volumes are about 6 million pieces.

COMMON RAIL MACHINING WORKSHOP 770

Production area 2160 m²
Number of direct productive workers 62
Number of indirect productive workers 15
Investment in machinery € 10 mil
Processing capabilities 5000 pcs / day
P/Ns 24
Customers FPT, BMW, HMC, Deutz, Iveco, Cummins, Mercedes

Machinery	Pcs.	Manufacturer
Percussion marking stand	10	COMPA SA
Chiron DZ18.2 KW Magnum 4 axis machining center	10	Chiron
Mollart Drillsprint MK4 LD2-750 deep hole drilling	10	Mollart
Deburring stand	10	COMPA SA
Washing machine	2	Mafac
Deep hole endoscope inspection posts	3	COMPA SA



COMMERCIAL VEHICLE STEERING COLUMN VALVE SLIDE MACHINING WORKSHOP 650

Production area 972 m²
Number of directly productive workers 21
Number of indirectly productive workers 9
Investment in machinery € 4 million
P/Ns 12
Customers Iveco, Mercedes
An SOP February 2021
Annual capacities 350,000 pcs

Process	Machinery	Manufacturer
Turning	Multispindle turning machine	Index
Marking	DM marking stand	COMPA SA
Gear rolling	Gear rolling machine	Profiroll
Electrochemical deburring	ECM machine	Extrude Hone
Induction hardening	Electric induction hardening machine	Inductoheat
Grinding	Automatic grinding machine	Studer
Micro-crak inspection and demagnetization		Uniflux
Washing	Closed chamber washing machine	Ecoclean
Endoscope internal inspection	Endoscope stand	COMPA SA

QUALITY - ENVIRONMENT ACTIVITY

COMPA quality and environmental system consists of policies, procedures, plans, resources, processes, practices, and specification of responsibilities and authority designed to achieve product quality levels, customer satisfaction and company objectives. The Quality and Environmental Department's goal is to assure the quality and safety of COMPA products.

For several years now, COMPA has been certified according with IATF 16949: 2016 and ISO 9001: 2015 standards, and adapted the quality system to customer requirements, needs and expectations.

COMPA Quality-Environment organization chart is structured as follows:

- Process and Product Quality Department assigned to each workshop, with the following processes:
  - Incoming inspection and management of supplier quality complaints
  - Product/process checking and measurements
  - Carrying out final checks and audits before delivery
  - Production quality and environment non-conformities management
  - Quality customer service
  - Quality planning and process validation
  - Measurement laboratories equipped with state-of-the-art measuring equipment Fig. 1, 2, 3, 4
  - Cost of poor quality and managing the measures to reduce the material waste and additional controls.
- Product and process audit performed according with VDA 6.3 and VDA 6.5 standards
- Cleanliness expert responsible for improving the cleanliness condition and testing according with customer specifications and VDA 19
- Physical-chemical laboratory responsible for analyses and tests according with applicable norms and customer specification
- Heat treatment laboratory responsible for preparing and testing of heat-treated products. In 2021 COMPA invested in new equipment for better process control and to prevent customer complaints. Fig 5, 6, 7, 8

Fig. 1 CMM Zeiss (COMPA has 20 machines available for complex measurements)

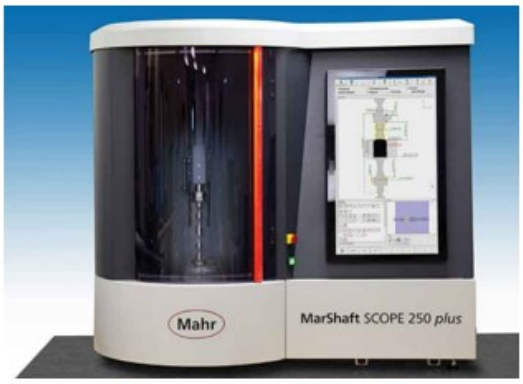


Fig 2. Precise and accurate optical machines

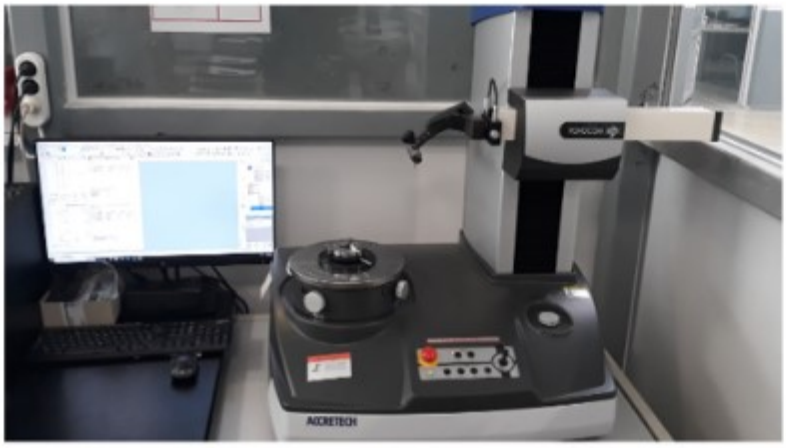


Fig. 3 Accretech form tester (0.5 µm accuracy)

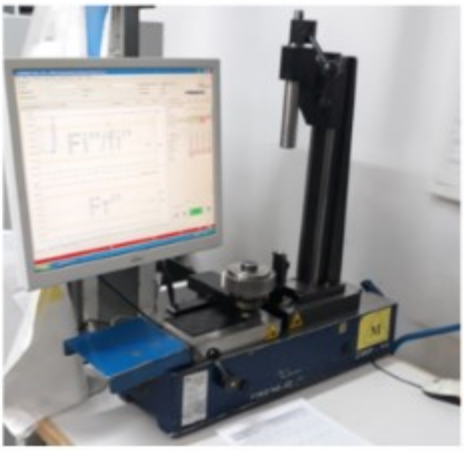


Fig. 4 Gear inspection machine

Fig. 5 MICROSCOP ZEISS AXIOSCOPE 5

Fig. 6 Cito-Press30

Fig. 7 Duramin-40 AC1

Fig. 8 Ammonia gas analyzer

Every year, we review the adequacy and effectiveness of our Management System and adapt it to customer requirements, changed risks, and new legal requirements.

COMPA monitor the processes during the year based on key performance indicators (KPIs) that include safety and quality performance. To figure out these indicators, we check, among other things, whether formal requirements are met, and the content is complete. We use these activities as a basis for defining any required improvement measures, which are implemented by the responsible functions and then checked on a regular basis. The relevant management levels of COMPA continuously receive reports on these monitoring activities.

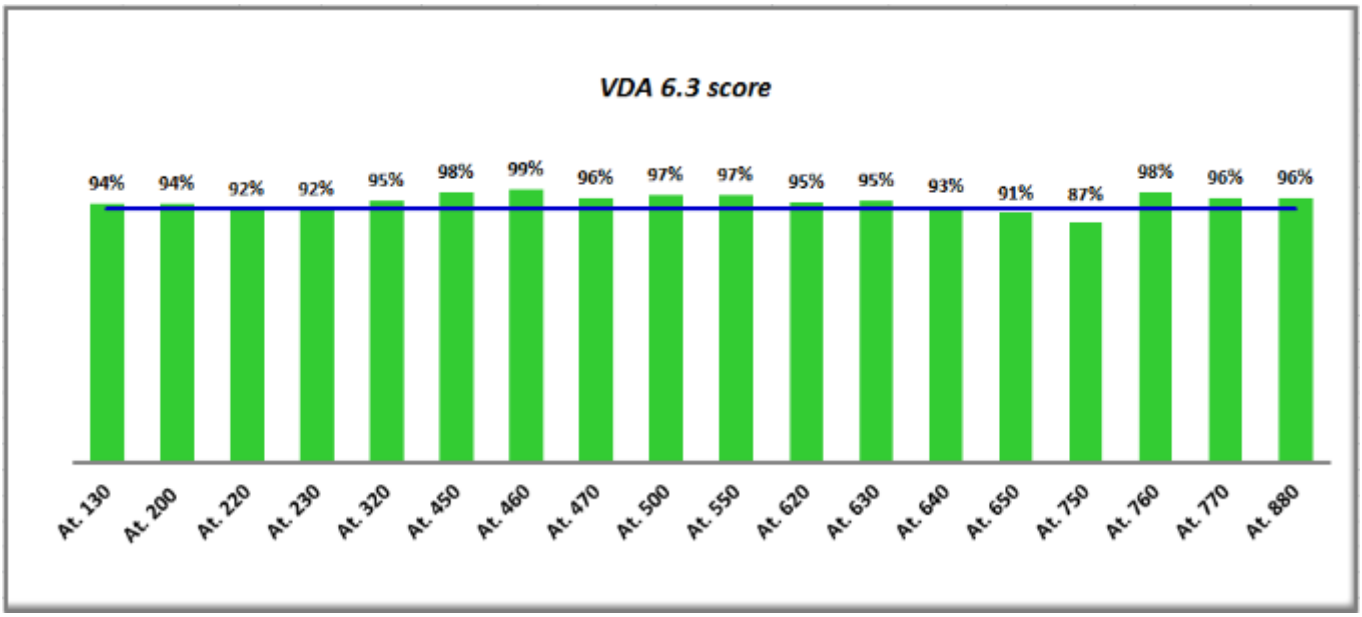
Although 2021 -2022 period has been a difficult, with global crisis caused by pandemic, the results in terms of product safety and quality were maintained. In the table below, one of the most important quality indicator PPM (parts claimed per million delivered) shows a steady trend and it can be observed the remarkable result in automotive business where single digit PPM was achieved during the last two years.

	2019	2020	2021	2022
	Customer PPM			
Automotive	24	8	9	7
Non-automotive	642	336	420	336

In terms of customer satisfaction, in accordance with automotive practices, the performance is usually monitored on the customer portal which provides a monthly dashboard with COMPA evaluation. In particular, the scoreboard monitors the performance of several indicators (i.e., quality, procurement, logistics and responsiveness) and additional information about product development and available certifications. These results are then shared internally with the board of directors as part of a monthly quality report.

Any failure to meet the scorecard objectives is the subject of corrective action plans shared with the customer and their long processing times can trigger internal audits focused on specific issues.

Following the internal audit VDA 6.3, the distribution of the score on each workshop is presented below.



In 2022, COMPA revised the system for assessing and monitoring the risks related to product integrity (product safety and conformity). For this purpose, following the nominalization and training of PSO representative, the quality assurance system was updated with a matrix of responsibilities as can be seen in the table below.

#	Roles / Organizational units; **R**: Responsabil, **A**: Approvale, **S**: Support, **I**: Information							Input data	Action	Release dates	Applicable documents
	Quality - environmental	Technical responsible	Project manager	Quality Manager	Manager Operational	Audit	PSO				
1	I	R	R	I	I	I	I	Legal requirements / standard requirements / customer requirements	Identify and define special product or process characteristics	Identify the characteristics related to IP	Special characteristics treatment according internal documentation
2	S	R	S	I	S	I	I	IP characteristics - product-process	Risk Analysis - DFMEA / FMEA	Actions taken to eliminate or control risks	Special characteristics treatment according internal documentation
3	R	R	S	I	I	I	I	List of special characteristics	Identifying the characteristics in documents: PC. PO, Work Instructions etc	Marking and identification of risks in documents	Elaboration procedura of internal documents
4	S	S	S	A	A	R	I	Results of previous audits / documentation / customer satisfaction / IP incident history / risk analysis	Planning and perform the audit	Plan / audit program	Quality system audit and Process product audit according internal procedure
5	S	S	S	S	S	R	I	Audit Questionnaire	Perform audit	Audit results	Quality system audit and Process product audit according internal procedure
6	R	R	S	S	R	S	I	Identifying IP issues found following the audit	Measure Audit Plan	Establishing the actions, deadlines and people responsible for solving identified	Quality system audit and Process product audit according internal procedure
7	S	S	S	S	S	R	I	Re-audit of identified issues / products	Close audit report	Effective actions implemented - Closed action plan	Quality system audit and Process product audit according internal procedure
8	R	R	R	A	R	S	S	IP customer complaints	Treatment of internal or external non-conformities regarding IP following informations or customers complaints received	Closed action plan / 8D analysis with corrective actions implemented	Analysis and treatment of customer complaints internal instruction
9	R	I	I	I	I	I	S	Data from specialized portals (NHTSA / KBA / DVSA /	Monitoring specialized portals + customer satisfaction	Identify possible IP issues for similar	Product Integrity and Safety Procedure
10	R	I	I	I	I	I	I	Data from specialized portals (NHTSA / KBA / DVSA / RAPEX)	Reporting IP issues that may affect COMPA products and convening the analysis team to prepare the analysis and	Identifying possible IP problems with similar products and treating them	Product Integrity and Safety Procedure
11	R	I	I	A	I	I	I	Data from specialized portals (NHTSA / KBA / DVSA /	Monitoring indicators	Achieving an indicator in the imposed targets	Product Integrity and Safety Procedure
12	I	I	I	R	I	I	I	Legal requirements / standard requirements / customer requirements	Nomination of PSO responsible and responsibilities definition	Duties and responsibilities defined in the internal procedures and job description	Product Integrity and Safety Procedure
13	S	S	S	I	S	S	R	Duties and responsibilities defined in the internal procedures and job description	Training personal involved in IP issue (multifunctional teams)	Training report	Product Integrity and Safety Procedure
14	R	I	I	I	I	I	S	Duties and responsibilities defined in the internal procedures and job description with reference to IP	Training personal involved in IP issue (multifunctional teams)	Training report	Product Integrity and Safety Procedure
15	R	I	I	I	I	I	S	Analysis of previous problems and actions taken	Applying the Lesson Learned	Prevent IP problems	Lesson Learned Procedure

The recalls reported on the RAPEX (Rapid Exchange Information System) portal are checked and similar risks are assessed. If potential problems are identified, an internal analysis is performed and the client's opinion is requested.

RISKS AND OPPORTUNITIES

RISKS:

Increase of customer complaints and internal scraps for the new projects developed in 2022 (intermediate shaft, NHB PSA and Deckel) due to failure modes not identified during PFMEA analysis.

Repetitive complaints received from final customers caused by unappropriated root cause analysis.

Customer complaints received for new projects with a high degree of complexity due to improper deployment of customer requirements.

Degradation of serial production not identified with statistical controls

Delayed responses to customer complaints and requirements due to insufficient resources and qualifications

Safety issues, caused by products not complying with customer and legal requirements

Inadequate training and integration of new operators

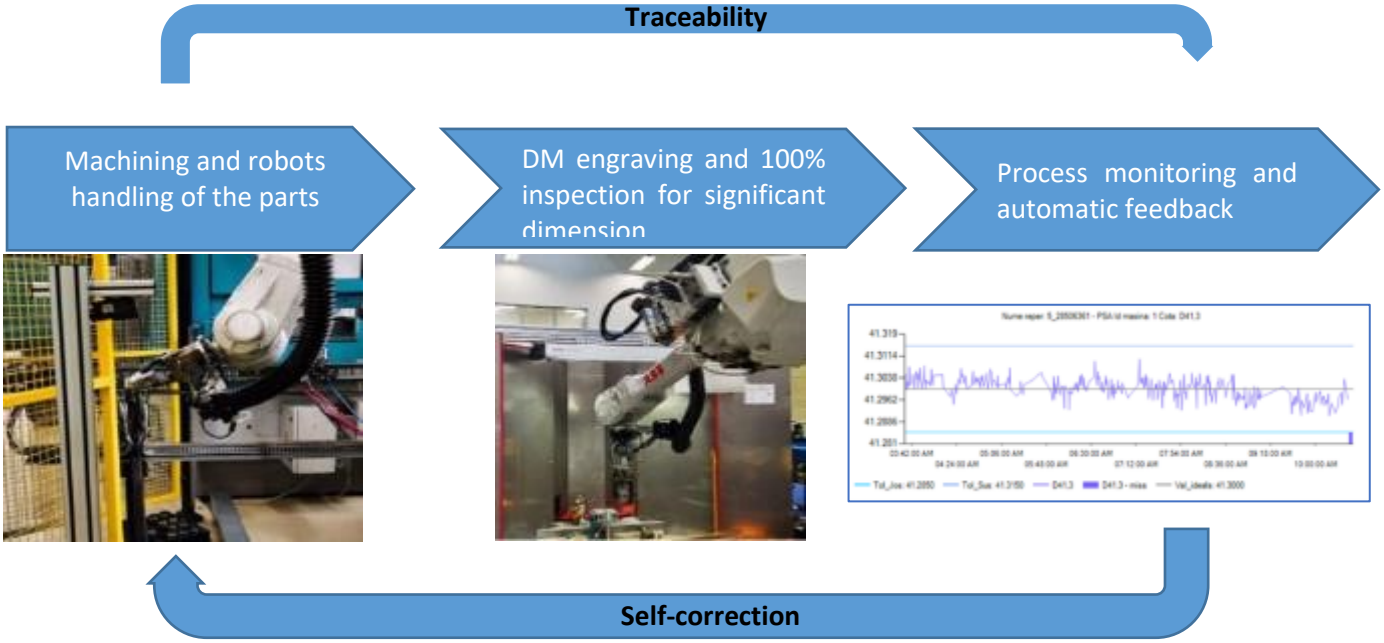
Quality complains not closed in time due to complexity of the issue.

All management levels evaluate the risks on a yearly basis to keep them under control. Based on risk evaluation, action plans are established in order to prevent and mitigate the impact.

OPPORTUNITIES:

COMPA continued to identify efficient and smart solutions applied in production and to take the opportunity to implement them in similar processes.

- New projects are designed with automatic controls located in between process operations, to minimize the time for reaction in case of non-conformity or process degradation.
- The next step was to create the algorithm used for self-correction of the machine if process degradation is detected on the control station. Automated systems have been developed that consist of devices (usually programmable logic controllers (PLCs) or other commercial hardware modules) that can acquire and transmit data and are integrated with an automated interface that provides centralized monitoring and control for many inputs and outputs of the process.



OPPORTUNITIES:

Continuous development of detection and prevention systems with the help of the design / automation team (aspect noticed by many customers)

Improving the statistical monitoring software of the processes.

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 for product engraved with Data Matrix. Under this system, if a non-compliant product is accidentally promoted, the next operation step will automatically isolate that product.

Lesson learned implementation.

Product quality and safety assurance is essential for Quality - Environment department activity and the goal is to obtain a high level of customer's satisfaction that can determine their 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.

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

Internal transport of raw materials and materials to production

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.
Backlogs towards customers
Risk of accidental spillage of liquid hazardous substances / waste into the sewer system due to improper handling or uncontrolled storage
Failure to comply with compliance obligations related to waste management, i.e. delivery of waste for recovery/disposal without compliant documents (transport attachments)

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 COMPA SA.

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.

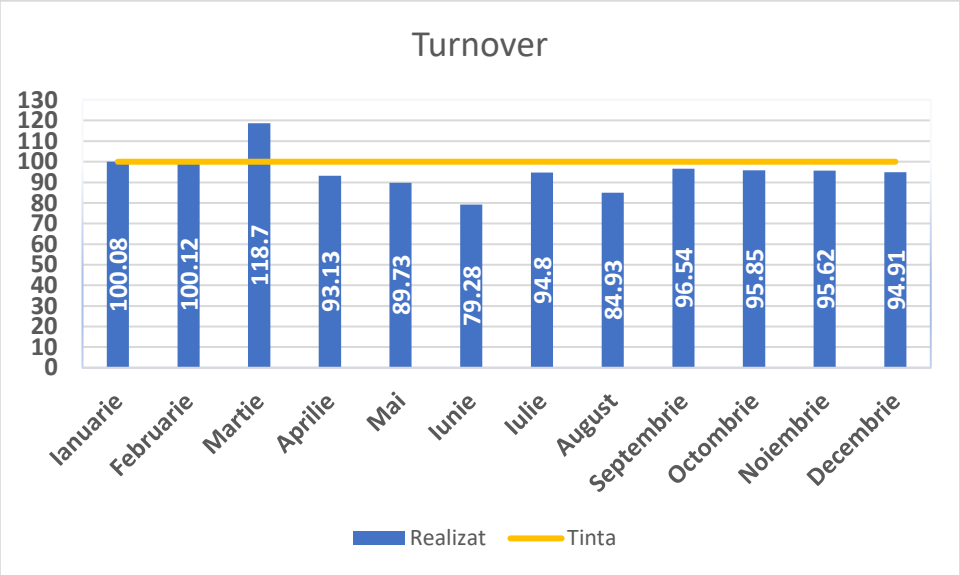
Year 2022 was a more prolific year then the year before but in the same time there were some problems due to the fact of political-economic that affected us but also due to the lack of raw material and components from the market.

As you can see also in the evolution of the below indicators these issues affected us for the whole 2022. Comparing with the year before we can see an improvement of the deliveries, the turnover rate of trade receivables but also a negative trend of turnover. This is why the logistics objectives for 2023 are in this way.

All objectives, related indicators and their target performances were analyzed during the monthly analysis sessions and monitored according to the graphs.

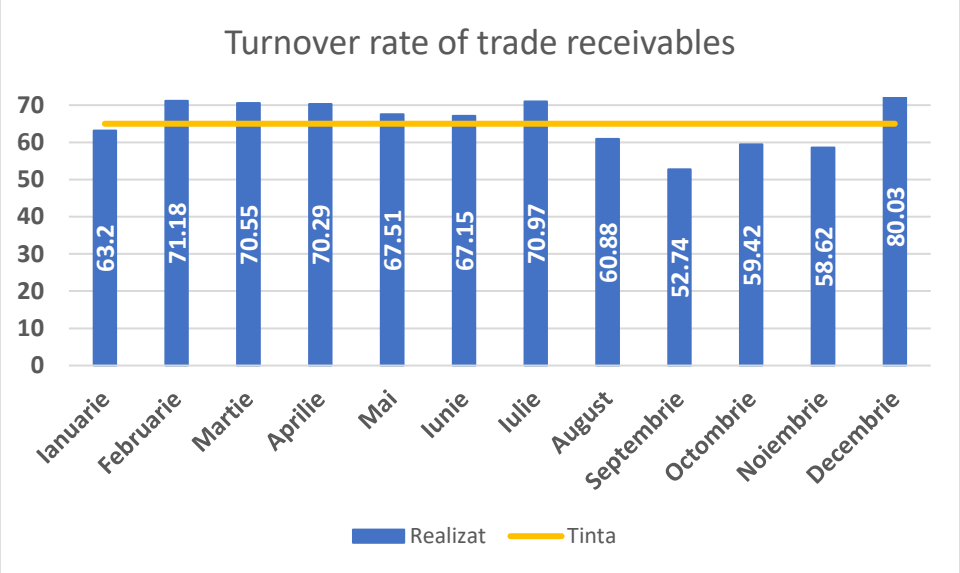
For the indicators that did not have acceptable performances, analysis reports, action plans and changes in the system were established so that their result is a positive one that tends to fit into the proposed target.

D1.1 Turnover



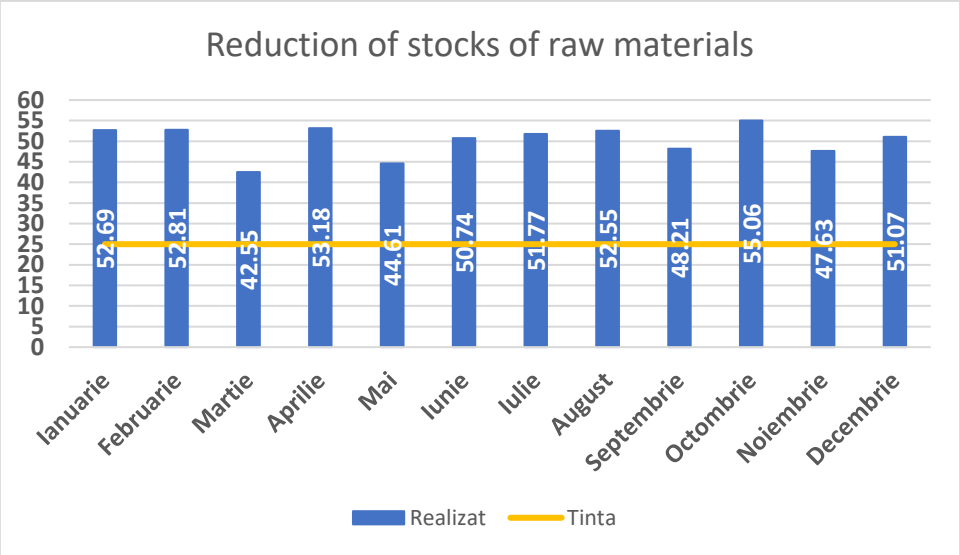
The realization of the turnover had a negative impact in the targeting period during April - December 2022 due to the political-economic situation.

D1.4 Turnover rate of trade receivables

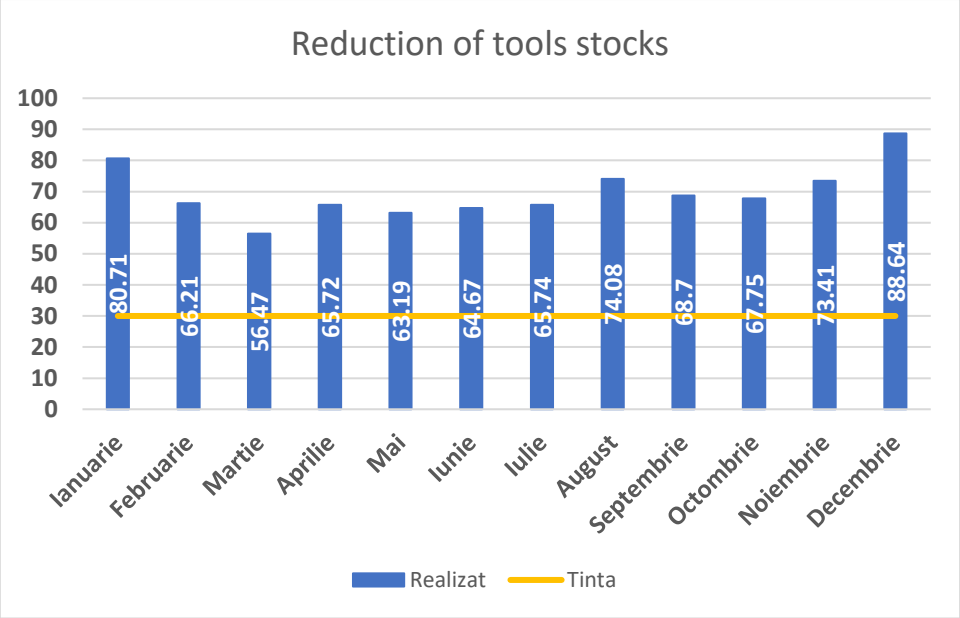


The turnover rate of trade receivables has a positive trend compared to the year before, achieving the establish target for months January, August, September, October and December which means that the current working model for maintaining it in the target is a good one but will need to be improved in 2023 to not exceed the values established.

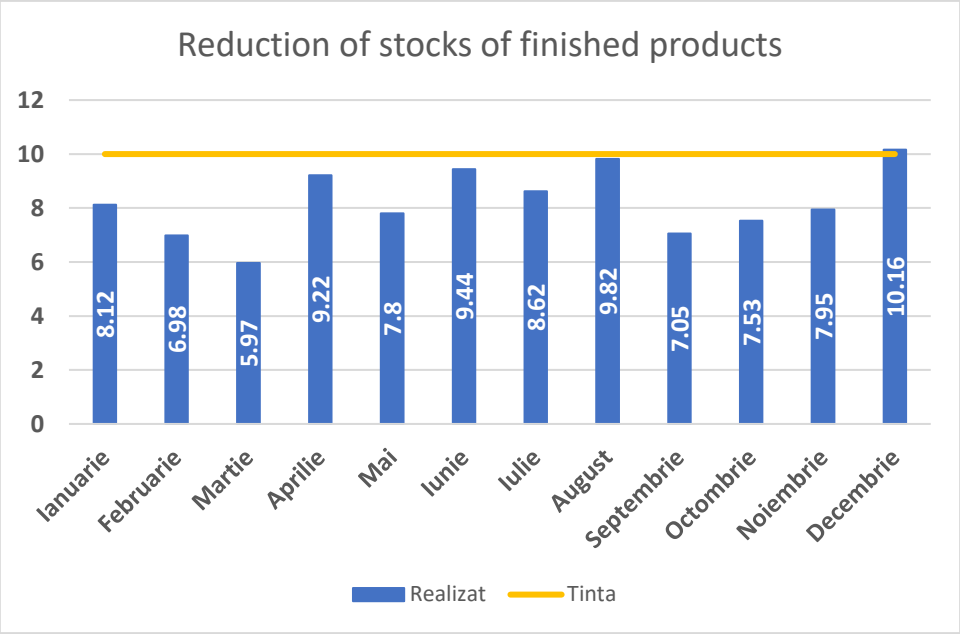
D3.9.1 Reduction of stocks of raw materials, materials



D3.9.2 Reduction of tool stocks



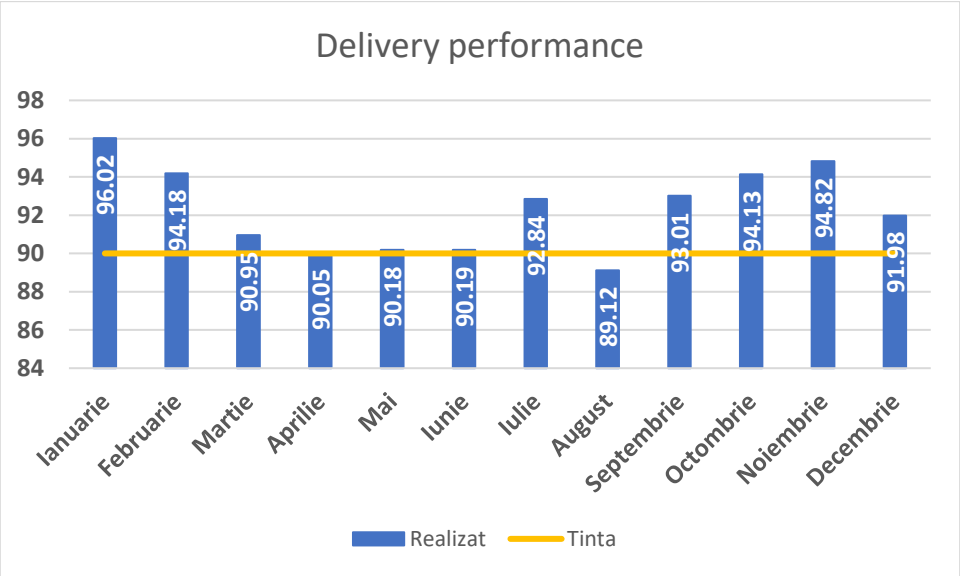
D10.1 Reduction of stocks of finished products



The level of stocks at COMPA in 2022 remains at the same high levels. This level will remain high for the whole year of 2022 due to the fact of raw material problems from the market and we are forced somehow to send big orders towards our suppliers starting with Q2.

Every month we adjust the orders towards our suppliers, we optimize the flow of raw material from the shop floor, the target is to obtain a level close to our target from 2023.

D10.3 Delivery performance



Delivery performance been targeted throughout 2022, excepted August which is an atypically month because of holidays, 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 2023

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 2023, 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.	**D1.1** Fiscal value	% / 100%	realized value / programmed value x 100	direction	monthly
2.	Production logistics, purchasing logs and warehouses internal flow-sales	Reducing the turnover rate of trade receivables	**D1.4** Turnover rate of trade receivables	Days / 65 days	Economic Director	section	monthly
3.		Reduction of stocks of raw materials, materials and components	**D3.9.1** Raw material stocks	Stock days / 25 days	final material stock value / output value x 30 days	section	monthly
4.		Reduction of tool stocks	**D3.9.2** Tool stocks	Stock days / 30 days	final stock value of tools / value of outputs x 30 days	section	monthly
5.		Reduction of stocks of finished products	**D3.10** Stocks of finished products	Stock days / 10 days	final stock value management / turnover value x 30 days	section	monthly
11.	Supply Logistics and Sales Logistics	Reducing the cost of additional transport	**D10.1** Additional transport	% / 0.1% of turnover	Achieved value / target value x 100	direction	monthly
12.	Sales Logistics	Compliance with delivery quantities agreed with customers	**D10.3** On-time deliveries	% / 90%	Total pieces delivered / Total pieces ordered x 100	section	monthly

Health, safety and environmental aspects.

Underlying the occupational health and safety and environment policy is the identification and control of environmental issues and risks associated with all activities carried out within the Logistics Department, to ensure compliance with legal and other applicable requirements, pollution and accident prevention. occupational diseases, but also respect for the right of stakeholders to live in an unpolluted environment.

According to the laws, government decisions as well as the orders in force regarding health and safety at work, the list of legal requirements for SSO has been drawn up, from which we extract some of the most important obligations of the Logistics Department:

- measures for the operation of protection systems and devices, ventilation systems and other installations for the control of noxious substances in the work environment, as well as alarm, warning, emergency signaling and safety systems, if applicable
- first aid measures by designating workers applying first aid measures
- measures to maintain the technical condition of Logistics areas and premises, work equipment and related devices
- achieving a level of hygiene corresponding to the logistics areas and premises
- equipping the Logistics areas with medical kits for first aid

- signaling of emergency routes and exits, fire extinguishers, first aid kits related to Logistics areas
- making available to workers only work equipment appropriate to the work performed, which can be used by workers without endangering their safety
- training of workers in occupational safety and / or health in accordance with their own OSH instructions and the OSH training program
- maintenance and use, for the purpose for which they were made, the fire protection equipment provided
- compliance with fire protection rules, specific to the activities they organize or carry out
- ensuring the existence at each workplace of specific technical instructions for the normal use of the installation / equipment

The Logistics Department is committed to supporting actions aimed at limiting environmental risks by complying with applicable legislation, compliance with instructions and procedures, as well as training staff to know and learn their responsibilities regarding environmental issues and legal requirements.

Thus, the Logistics Department contributes to the positive change by supporting the staff to permanently improve their environmental practices.

The use of hazardous chemicals or biocides, the handling and storage of hazardous substances shall also be carried out in accordance with the safety data sheets submitted by suppliers and in compliance with the mandatory measures governing the purchase, transport, handling, storage, use and management of hazardous mixtures in COMPA, in order to ensure the protection of the environment, the safety of employees and to control and minimize the risk of accidents involving hazardous substances and mixtures.

The storage of various dangerous chemical substances and preparations is done taking into account the compatibility between the substances.

The record of hazardous substances and mixtures used is kept in the SAP (System of Applications and Products) program.

Persons handling, using, storing and transporting dangerous substances / mixtures are trained quarterly and know the measures to be taken in case of emergencies.

The Logistics Department carries out its activities in accordance with the environmental legislation, reflected in the company's environmental policy.

TECHNICAL ACTIVITY

Description of the activities realized by the Technical Direction

The technical and development activities carried out by the COMPA play an important role in the company’s engagement for the development of the new processes and products according to the demand of the market and also the improvement of the processes existing in mass production.

In 2022 (new products; prototypes and homologation)
Percentage of new products in the last two years:
2021 semester I = 1.17%
2021 semester II = 1,17%
2022 semester I = 1,28%
2022 semester II = 0.15%

During 2022, new products were assimilated into manufacturing for which the necessary production capacities were ensured, with an impact on production in the following years. Despite the restriction due to Covid-19 we managed to approve new products presented in the list below:

- Deckel ZF, customer ZF;
- Injector body PSA, customer Borg Warner;
- Pump body for gasoline injection (GDI) Renault, customer Borg Warner;
- Lathe bodywork sprint 32 version 3, customer DMG MORI;
- Steering gear pinion CMP, customer JTEKT;

- Windscreen wiper lever, customer BOS;
- Components for machines designed to work at height, customer Haulotte;
- Two types, components in body pumps, customer WILLO;
- Intermediate shafts for electric vehicles, customer ZF;
- Components for air conditioning installation, customer Daikin
- Cold coil springs

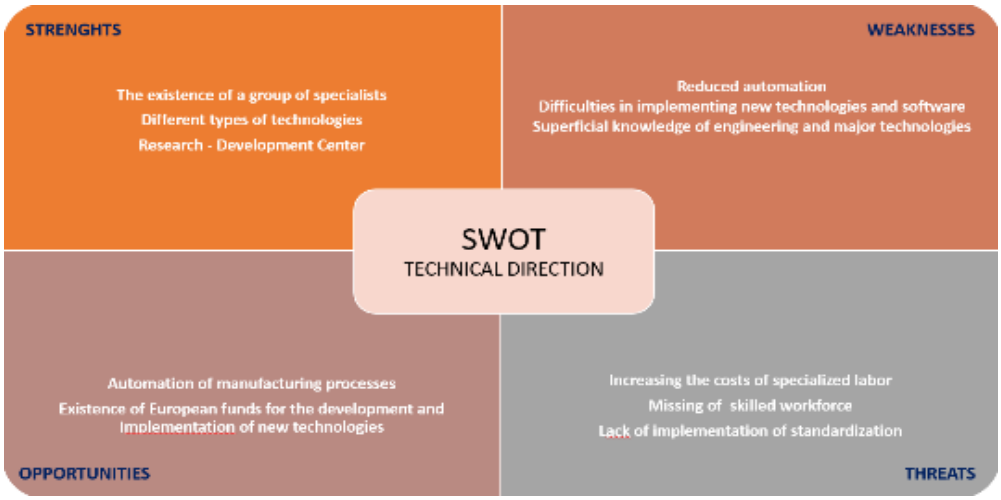
The main activities of Technical Direction go in the following directions:

1. Process development of:
   1.1. Cold forming: successive stamping and transfer stamping;
   1.2. Hot forming: warm forging at average temperatures up to 900°C and high temperatures between 950°C and 1300°C, vertical and horizontal;
   1.3. Cold coil springs;
   1.4. Welded mechanical components;
   1.5. Machining processes – the largest volume of processes;
   1.6. Special technologies: Heat Treatments, Painting, Electro-Chemical Coatings, Welding;
2. Development and design of special devices and other non-standard components required in COMPA processes;
3. Development and design of industrial automation and robotics carried out by COMPA;
4. Applied and experimental development research for COMPA manufacturing;
5. Continuous improvement of existing processes in COMPA;
6. Digitalization of production;
7. Creation and implementation of the Industry 4.0 standard.

The most important projects carried out during 2022, targeted:

A. Pump Body Manufacturing Process, RENAULT reference: process based on multi-spindle lathes, interoperable transfer with automated machines, checking characteristics during the process and an extension to the existing manufacturing line, composed by five-axis machining.
B. Implementation of Additive Manufacturing, Ultrasonic technologies for prototyping and study of the optimization to the different phases of realization of machining technology, tools and active parts.
C. Optimization of horizontal forging processes with large volumes of parts.
D. Manufacturing cabin process with sheet metal cutting and bending operations, welding, sandblasting, phospho-degreasing, electrostatic painting, polymerization and assembly.
E. Optimization Nozzle process.

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.
- Robotization of cells and production lines, both for handling parts in machining, also for welding, assembly etc.
- Implementation of technologies with the lowest possible CO_2 footprint. The CO_2 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.
- Digitalization of manufacturing processes.
- Increasing the skills of process engineers and design engineers.

The Research and Development activity is a component of the medium and long term COMPA. It has received significant resources in recent years, becoming the COMPA Development Research Center, designed to test, validate, optimize and validate new technologies and improve existing technologies.

Objectives:

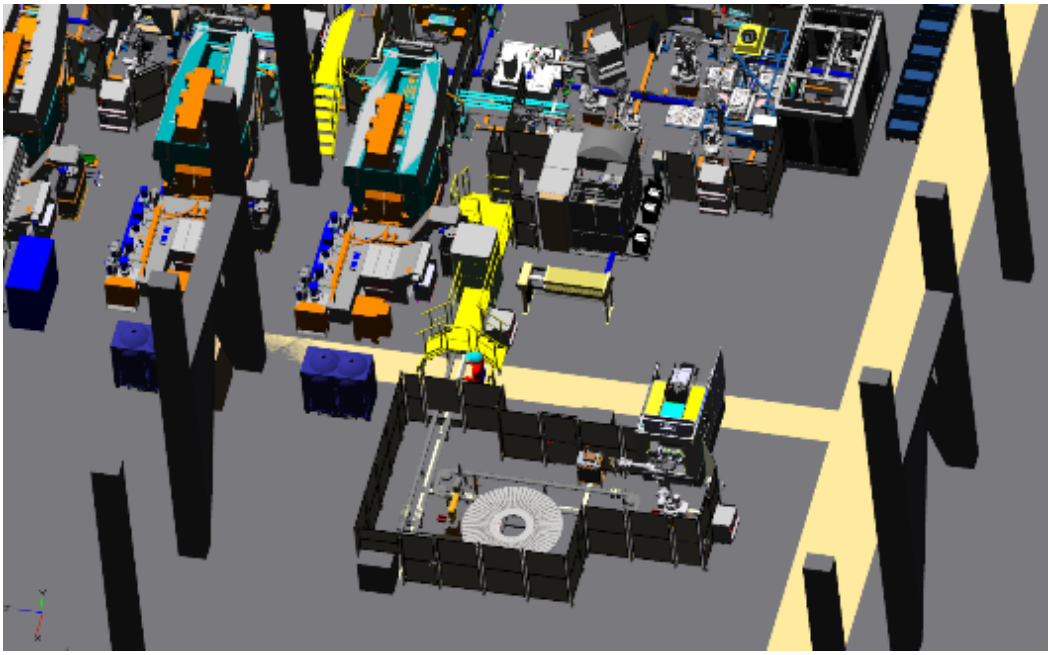
1. Machining:
   1. Achieving negotiated process variables (cycle time, cutting tools, productivity, workers use, etc.) annually for the first 5 processes in which they are not fulfilled.
   2. Annual improvement of PRODUCTIVITY, with at least 3% for the main (5) processes, relative to the turnover.
2. Forging:
   1. New and Reprofiled active parts execution technology:
      1. Increasing the number of possible profiles;
      2. Manufacturing technology as simple as possible;
   2. Optimization of forging tool design:
      1. Finite element analysis, using Forge software and using its facilities: semi-finished product optimization, „Die Analysis", „Mastering the software" etc.) ;
      2. Geometric optimization of the active parts;
   3. Optimizing the execution of forging tools. Defining concepts to minimize the number of operations and execution time;
   4. Decreasing material consummation (semi-finished product optimization);
   5. Optimization of manufacturing change (of the reference):
      1. Change of active parts;
      2. Change of reference;
   6. Use of emulsify oil in horizontal forging;
   7. Study of forging texture.
3. Pressing:
   1. Use of specific carbons and surface coatings in making active parts;
   2. The study of the increase of the cadence of the pressing:
   3. Optimization of manufacturing change (of the reference);
      1. Change of active parts;
      2. Change of reference;
   4. Determination of the algorithm for calculating the durability of the active parts.

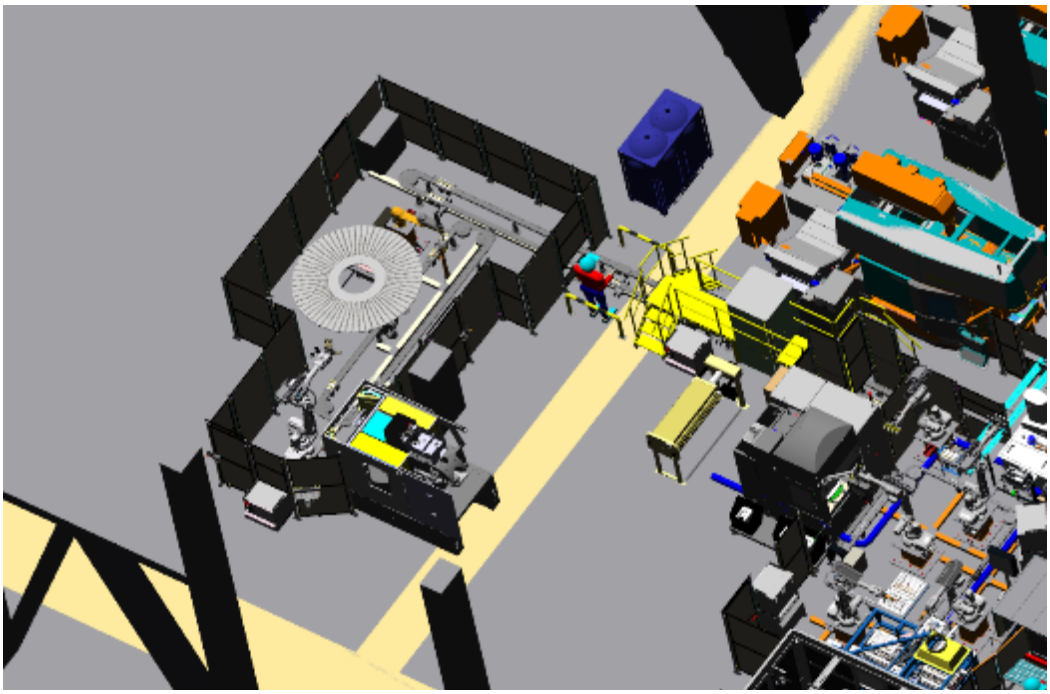
4. Automation and Robotics:

   1. Study of the implementation of robots in the operation and control of machine tools.

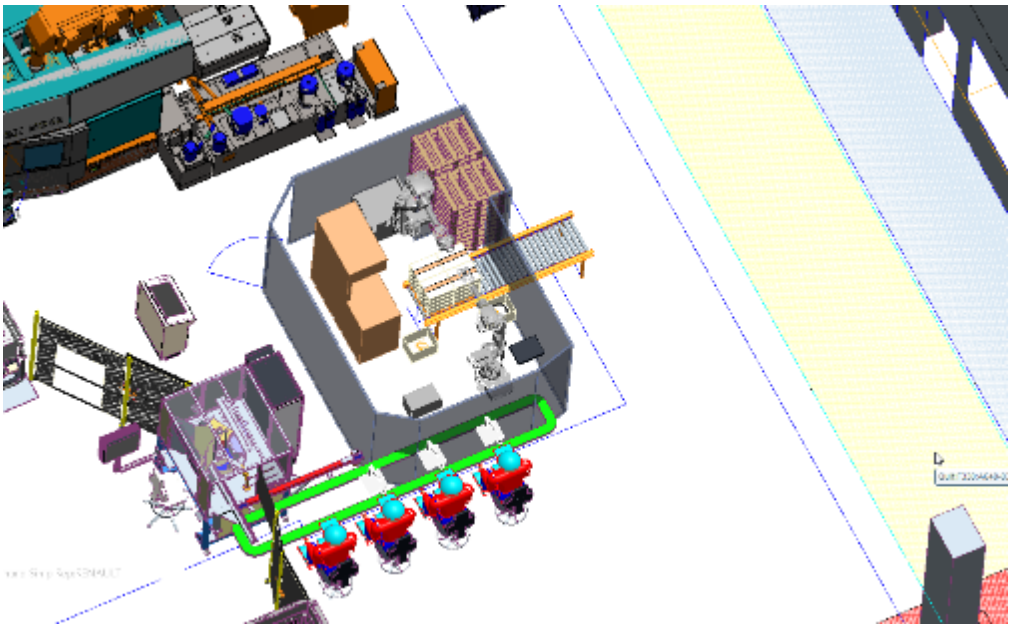
In 2022, several projects were carried out, which we present below:

- In workshop 640 –GDI Pump Body, was performed the „Renault Extension" of the additional operation for the new Renault Pump Body reference. The extension is an automated appendix added to the Pump Body manufacturing cell:

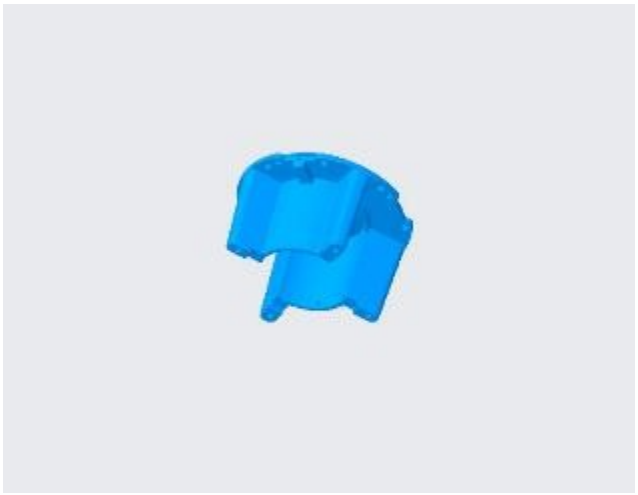




• The need for automation and robotization of manufacturing flows requires the realization of projects for automatic packaging of parts:



- In the WILLO workshop have been developed two types of housing which are components of a pump assembly:



MAINTENANCE ACTIVITY

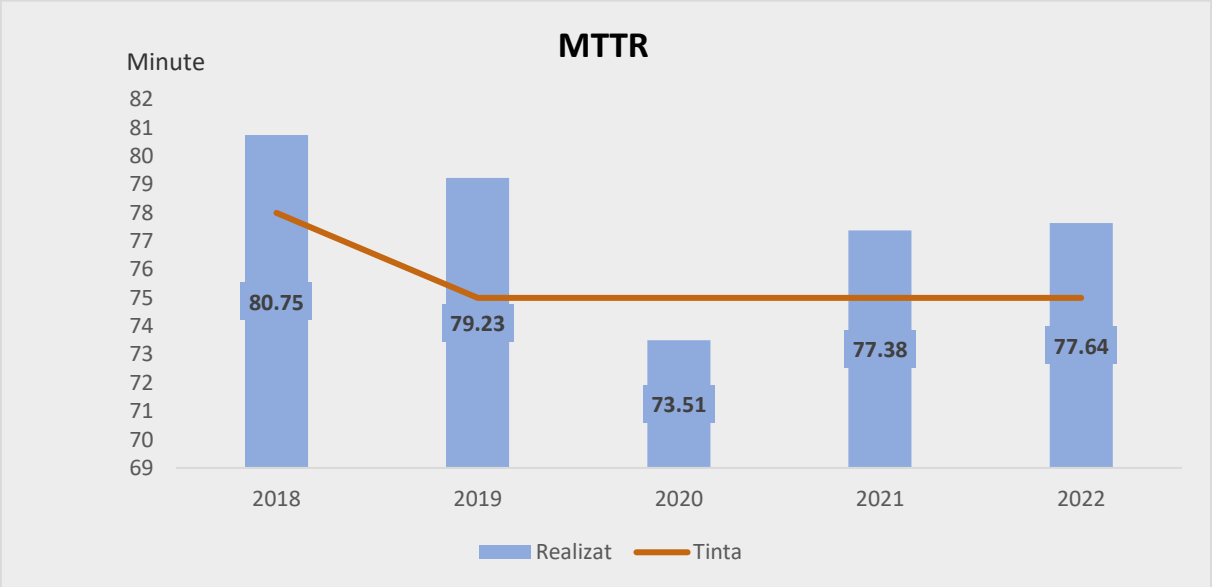
Description of Maintenance Department activities

The Maintenance Department's main objective is to keep the machinery and technological equipment in good working condition at COMPA. Maintenance activity is provided for approximately 1600 production vehicles with a wide variety, given the different production processes existing in COMPA. Among the types of machinery found at COMPA are:

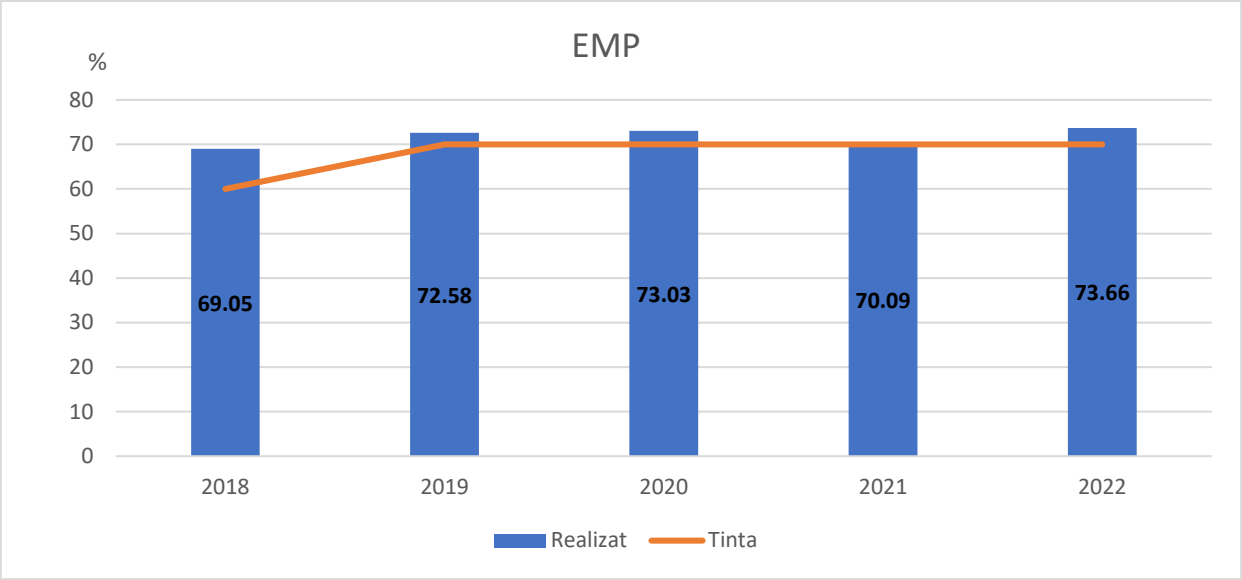
- CNC milling and turning machines by Mazak, Spinner, DMG, Okuma, Chiron, Traub, Index, Wasino, Mikron, Star;
- Vertical CNC drilling machines by Rene Clement and Mollart;
- CNC grinding machines by Studer and Thielenhauss;
- CNC gear milling machines by Gleason Pfauter;
- Profiroll thread rolling machines;
- Laser cutting machines by Mazak and Bystronic;
- Schuller automatic presses;
- ABB welding robots;
- Electrostatic KTL and powder coating Durst painting installations;
- Heat treatment lines;
- Galvanizing and phosphating lines, etc.
-

<u>The maintenance activities that ensure the planned production on these machines are:</u>

Corrective maintenance monitored by the Total Repair Time Media indicator - MTTR.

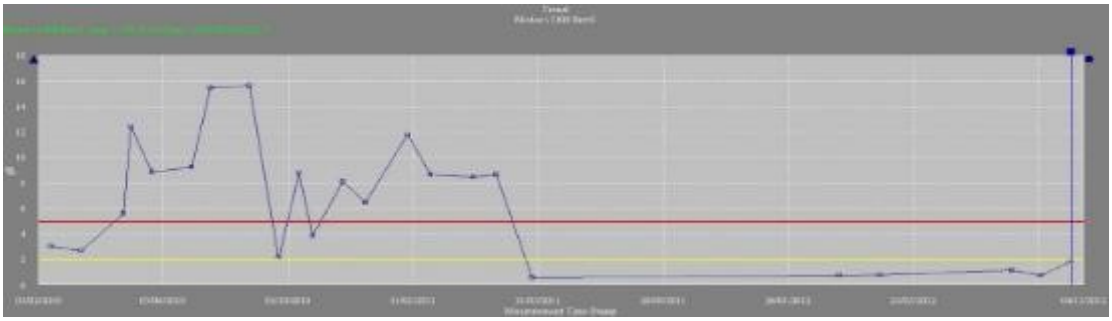


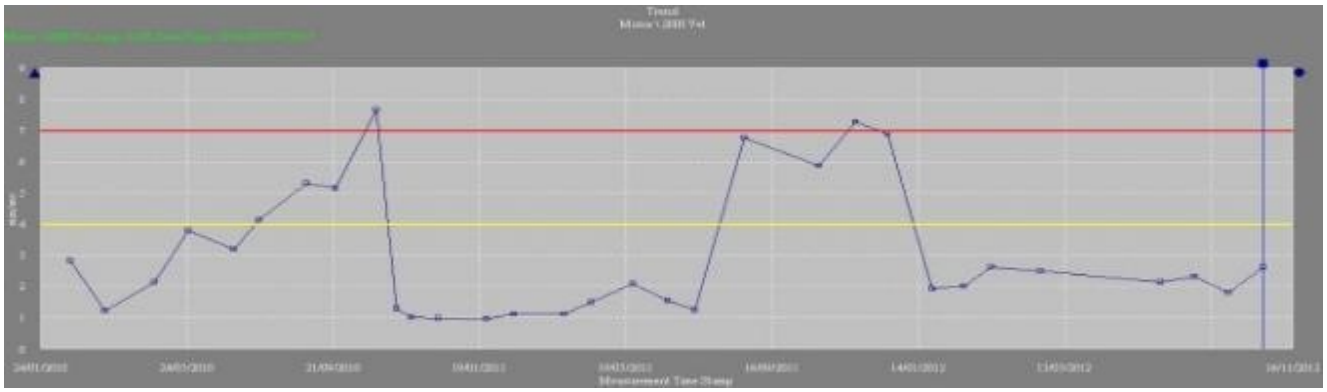
Preventive maintenance monitored by the Preventive Maintenance Efficiency indicator - EMP.



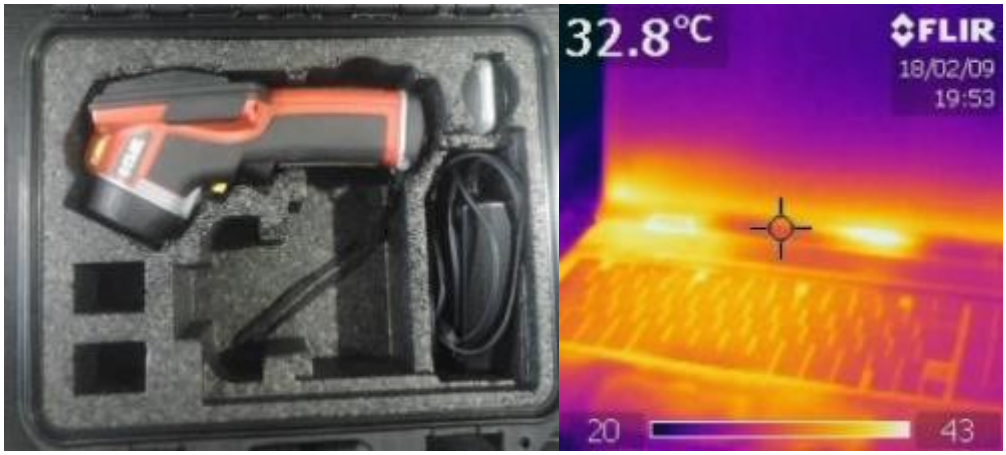
Predictive maintenance for critical machinery and technological equipment, carried out with:
a. The SKF toolkit for analyzing vibrations of moving mechanical assemblies.

- producing vibration analysis reports in the following format:

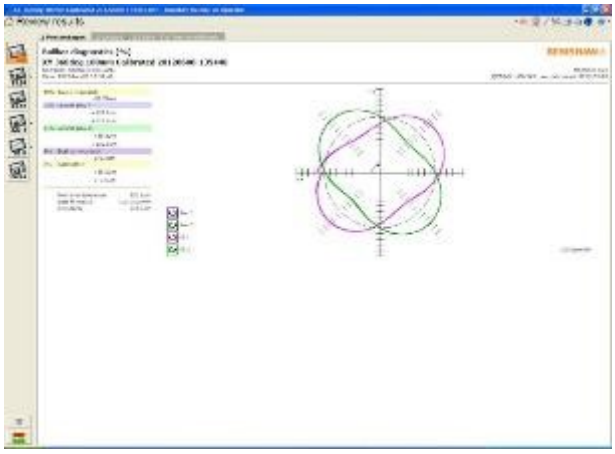




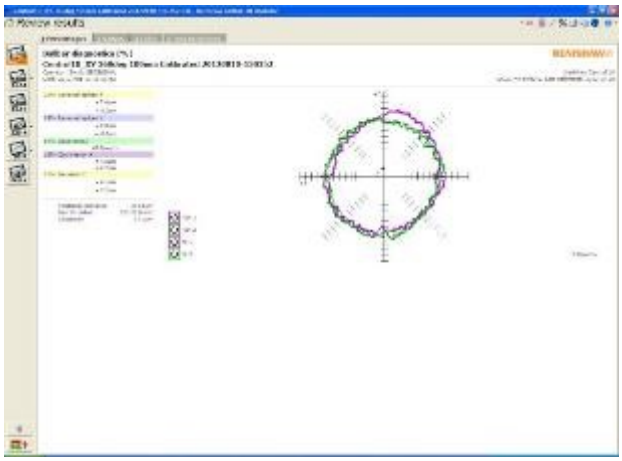
b. Thermographic analysis, carried out with a thermal imaging device.



c. Qualitative analysis of the machine tool axis geometry, carried out with the Renishaw QC20 BallBar toolkit.



Problem



Corrected

And services:

Machine retrofitting and modification based on the needs of the parts that need to be processed.

Retrofitting and modification by implementing an additional X-axis on the Mazak VTC 200 machine, carried out internally by the maintenance department team at COMPA.

Repairs of electronic equipment in the Electronics Laboratory, which benefits from the following facilities:

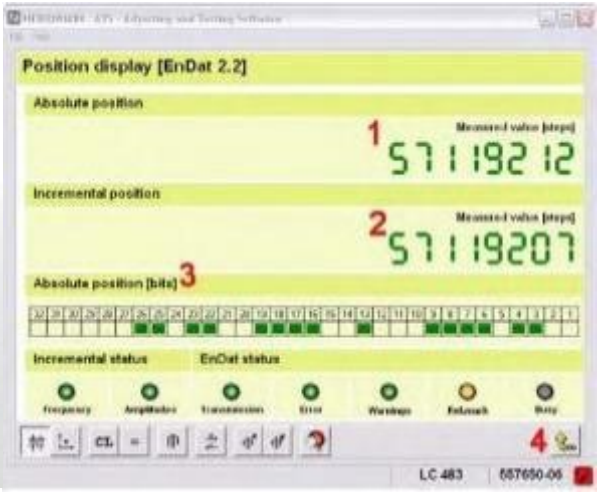
- 11 workbenches equipped with tools and equipment for maintaining automation electronic equipment.

- 1 mechanical bench for dismantling and assembling automation electronic equipment.
- 1 washing and drying line consisting of:
    - 2 washing machines (the first one based on using a solution with microorganisms, the second one based on using alkaline solutions in an ultrasonic field);
    - 2 drying installations (the first one based on hot air circulation, the second one based on a dehumidification system).

- 1 station for soldering and desoldering components using infrared heating, with precise component positioning


- 1 microscope for visual inspection of electronic circuits

- Data acquisition interfaces for diagnosing measurement systems such as encoders and optical rulers, namely the PWM20 and IK215 products from Heidenhain, and the PGT11 from Sick.

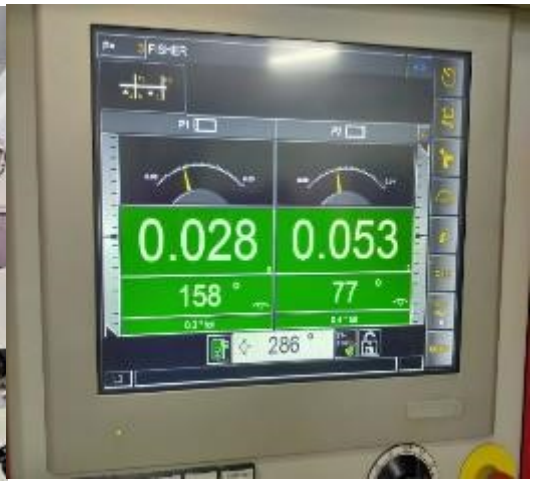


- Toolkits for predictive maintenance: the SKF toolkit for vibration analysis, a thermography camera, and the Renishaw QC20 BallBar toolkit.

Activities carried out in the laboratory:

- Repairs of electronic automation equipment regardless of type and manufacturer. Types of repaired equipment include: power supplies, frequency converters, servo drives, measurement systems, optical rulers, encoders, distributed peripheral modules, keyboards, display and operating panels, computers, numerical controls, programmable logic controllers, motors with attached measurement systems (alignments), and others, with the most represented manufacturers being Siemens, Fanuc, Mitsubishi, Rexroth (Bosch), Sew, Danfoss, Yaskawa, Heidenhain, Sick, Staubli, etc.
- Troubleshooting software, parameterization, and loading of programs into equipment.
- Testing of equipment.
- Training for maintainers.
- Organization of workshops with our supplier collaborators.
- Predictive maintenance through vibration measurements, thermographic measurements, and testing of axis geometry.

Repairs and balancing of spindles for machines such as Mazak, Chiron, cylindrical grinders, etc.



Transfer and relocation of machines and production lines. Over time, machines and production lines have been transferred from:

- France - Delphi Blois (see below for a picture of a grinding and deburring line transferred to COMPA from a section that was entirely relocated to COMPA).

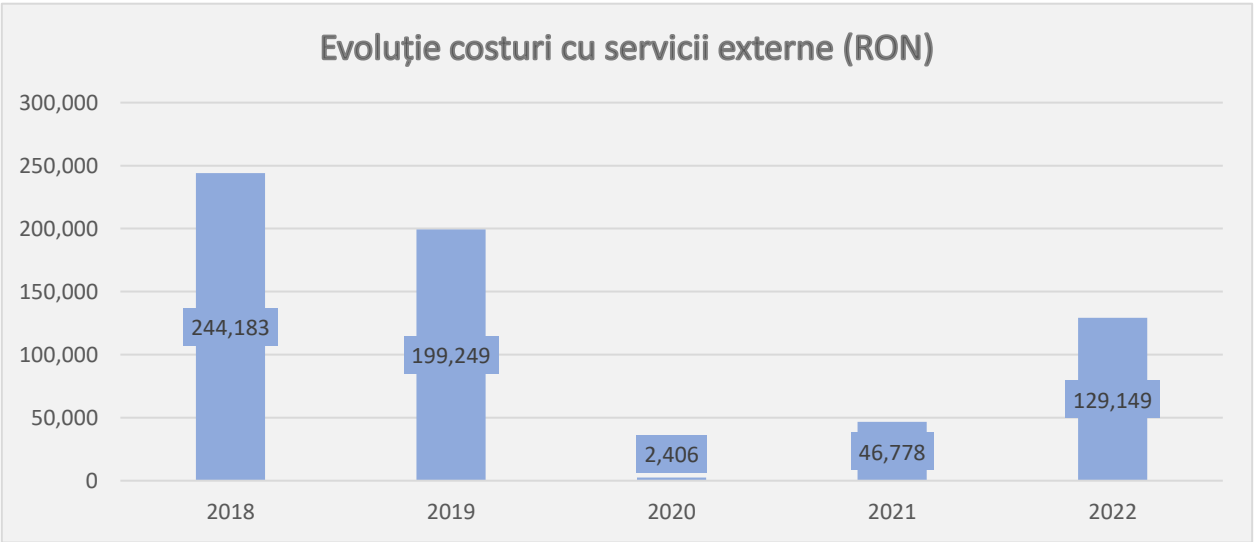
- England - Delphi Sudbury,
- Turkey - Borgwarner Izmir (transfer of an entire manufacturing line),
- Romania - Borgwarner Iasi (transfer of two Sermatec electrochemical deburring machines, with the last machine being transferred in 2022),
- Germany - Wilo-Dortmund and
- Bosch Rexroth (see below for a picture of an automatic press for Bosch wiper rods, transferred in 2022)

- Italy - DMG (see below for a picture of CNC machining centers from a section in Bergamo that was entirely relocated to COMPA).

Repairs and inspections for lifting and internal transport equipment according to ISCIR regulations.

Activities that have an impact on social and environmental aspects or resource conservation, such as installing air conditioning and filtering systems in COMPA workshops to create a better climate. The Maintenance Department of COMPA SA had an average of 130 employees in 2022.

One result of taking on and executing these services in COMPA can be seen in the following graph:



The Maintenance Department Objectives for 2023

The Maintenance Department objectives regarding maintenance activities are to achieve the established targets for maintenance indicators, namely:

- MTTR - 75 minutes

- EPM - 70%

- Adherence to planned maintenance budgets.

The maintenance department objectives regarding services for the year 2023 are:

- Retrofitting and modification by adding two additional axes (one linear and one rotational) to a Mazak VTC 300 Center with design and execution by COMPA maintenance staff - January 2023
- Completion of commissioning of the transferred line from Wilo-Dortmund - December 2023
- Relocation of the ZF production part workshop to a new location - August 2023
- Refurbishment of the runway for cranes in the Chief Mechanic Hall and installation of a new crane on this runway - May 2023

The quality policies of the Maintenance Department ensure full compliance with explicit requirements and expectations of collaborators, while also considering their implicit expectations, maintaining certifications of the Integrated Management System according to reference standards, and ensuring that products and services provided to collaborators are maintained at the same level of quality throughout their entire use. The department aims to achieve the following objectives:

- Maintaining certifications of the Integrated Management System according to reference standards
- Continuous improvement of collaborator satisfaction levels
- Maintaining maintenance costs in the efficiency zone for carried out activities

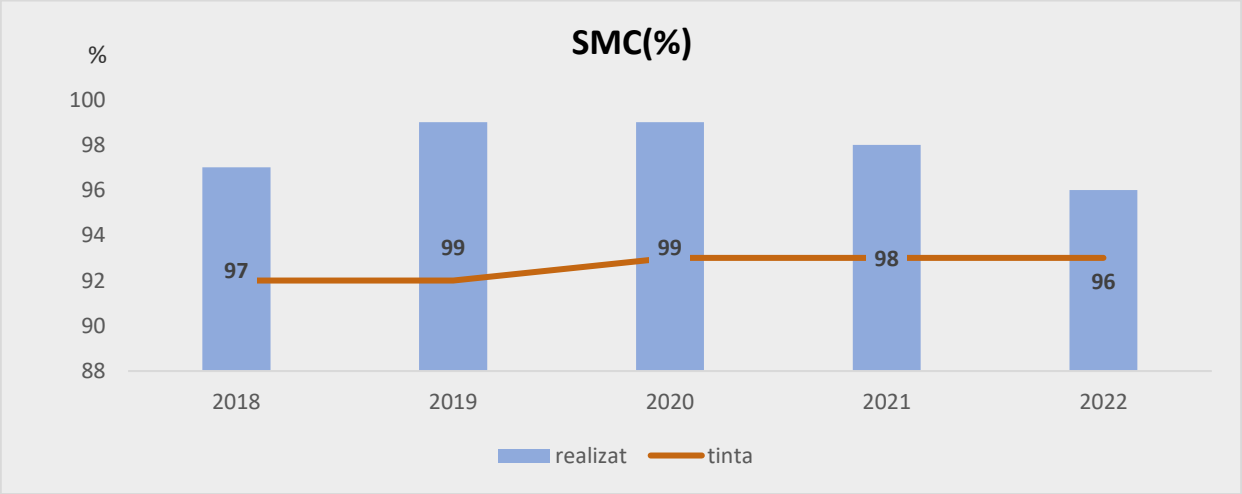
In terms of quality of maintenance activities, the following risks have been identified: Risks with a high initial impact (in case of hypothetical risk occurrence, these would have a major impact). This category includes the risk of audits ending with major non-conformities, which could lead to suspension/cancellation of certifications and loss of contracts. Risks with a medium initial impact (in case of hypothetical risk occurrence, these would have a moderate impact). This category includes the following risks: decreasing effectiveness of the Quality Management System. In case of these risks occurring, activity may be affected by decreased collaborator satisfaction, loss of competitiveness, production losses, etc. Risks are kept under control through implementation and respect of analysis procedures carried out by company management and internal audits; monitoring and measuring customer satisfaction; and fulfilling the training program.

As a result of successful audits, the Maintenance Department did not create any issues in maintaining valid Integrated Management System certifications (according to ISO 9001, ISO 14001, OHSAS 18001, IATF 16949) for the 2018-2022 period in 2022.

The system audits of maintenance activities quality did not identify major non-conformities.

The main key performance indicator in the field of maintenance activity quality is:

Level of aptitude of the SMC



The policies regarding Environment and Health and Occupational Safety aim to identify and control environmental aspects and risks associated with all activities carried out by the organization, in order to ensure compliance with legal requirements and other applicable requirements subscribed to by the organization, prevent pollution and work accidents, occupational illnesses, and respect the rights of interested parties to live in an unpolluted environment.

The Maintenance Department's policy in this area aims to:

- Minimize the amounts of waste generated and manage them safely when their appearance cannot be avoided;
- Reduce the consumption of natural resources;
- Reduce the impact on the environment associated with the maintenance department's current and future activities by gradually replacing some technologies with others that have a reduced environmental impact;
- Prevent the occurrence of emergency situations with an impact on the environment and health and occupational safety by establishing and implementing coherent and effective measures to prevent major accidents involving hazardous substances;
- Adopt a preventive behavior towards environmental pollution to continuously improve environmental performance;
- Ensure an optimal working environment for employees in order to maintain, primarily through preventive activities, the health and safety of employees;
- Continuously monitor the health status of employees and take action to improve their health and prevent accidents and occupational illnesses.

In the field of environmental protection and occupational safety and health, the following risks have been identified:

- Risks with a high initial impact (in the hypothetical case of risk occurrence, they would have a significant impact). This category includes emergency situations with an impact on the environment and occupational safety and health; unsafe waste management; non-preventive behavior, and increased environmental impact due to equipment wear and tear.

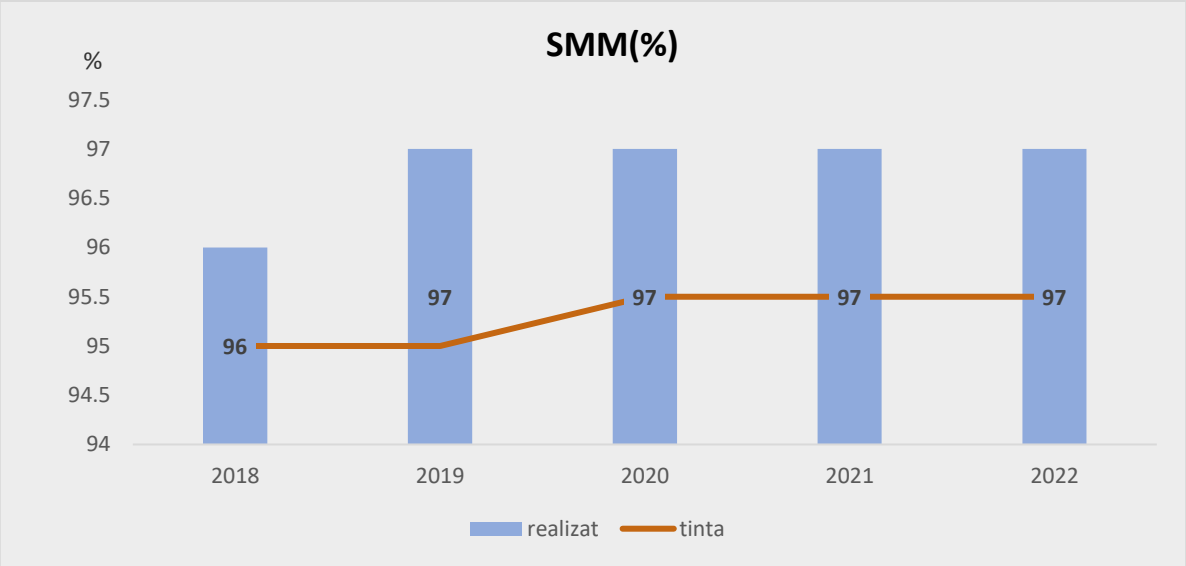
- Risks with a moderate initial impact (in the hypothetical case of risk occurrence, they would have a moderate impact). This category includes unjustified increases in natural resource consumption, lack of measures to monitor employee health, prevent accidents and occupational illnesses.

In the event of these risks occurring, sanctions may be applied for violating environmental norms, endangering the health and safety of employees and interested parties, and restricting production capacity by reducing the number of fit-for-work employees.

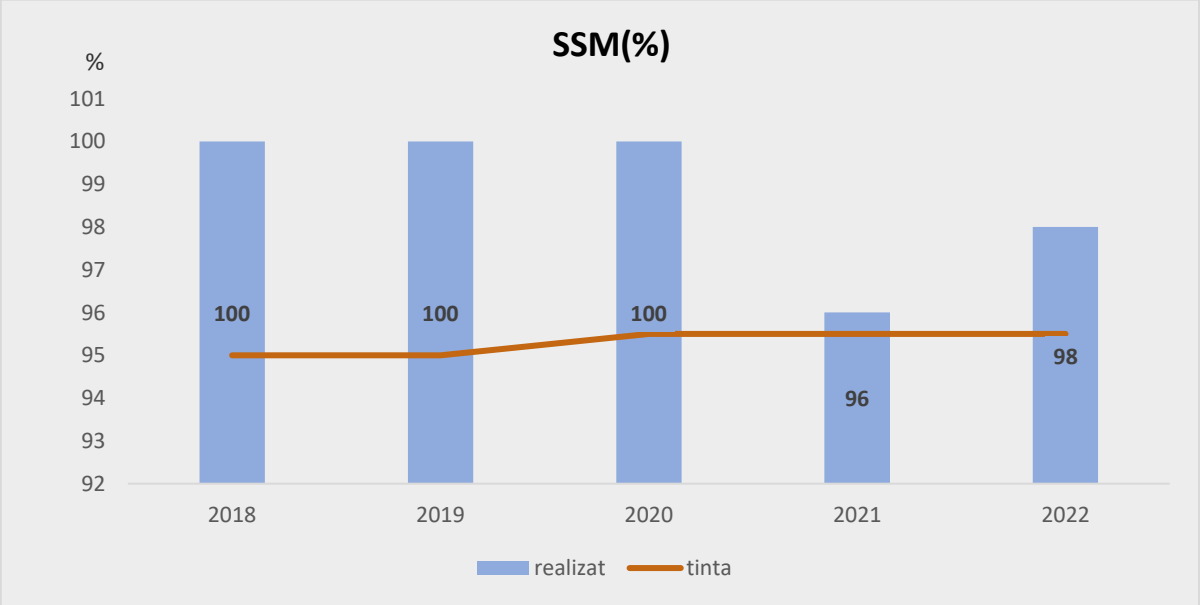
As a result of the measures taken in 2022, all the previously mentioned risks were kept at a low impact level. This effective control of environmental and occupational safety and health risks was possible through the implementation and compliance with waste management procedures, emergency procedures, maintaining an in-house medical cabinet, and periodic specific medical analysis.

The main key performance indicators of the maintenance department in the field of environmental protection and occupational safety and health are:

Level of aptitude of the SMM



Level of aptitude of the SSM



No new cases of occupational diseases, major environmental impacts or incidents with major effects on health and safety have been identified within the department, and audits have not identified any major non-conformities.

The Maintenance Department, through the Human Resources Department, develops and implements an internal regulatory system to organize department activities efficiently by allocating necessary resources, identifying risks and taking necessary measures to eliminate/reduce them to an acceptable level. The most important resource required to achieve objectives are well-trained, motivated, integral and adequately equipped employees. Socially, the department aims to maintain a constructive collaboration with the employees' organizations within the department and other stakeholders, based on relevant legislation, by:

- Supporting constructive union activity and concluding a Collective Labor Agreement specific to the employees of SC COMPA SA;
- Maintaining continuous communication with trade unions on all major aspects of organizational and business development, considering employees as a third party interested in the success of the business;
- Establishing and implementing ways to assist disadvantaged individuals and/or those in special family situations;
- Establishing and implementing various benefits for all employees, based on the potential of the organization and identified needs;
- Monitoring the health of employees through periodic specialized check-ups;
- Supporting employees and their families when facing difficult health situations;
- Covering at least 50% of the cost of spa treatment tickets for employees;
- Providing meal vouchers;
- Supporting disadvantaged individuals and/or communities through sponsorships, as requested by employees of COMPA SA.
- COMPA SA ensures equal opportunities for its current or potential employees by:
    - Recruiting/promoting staff in a transparent manner, considering the necessary professional competence and experience, as well as the integrity of the candidates;
    - Ensuring conditions for continuous training and improvement in the professions they work in, but also for environmental protection and occupational health and safety;
    - Evaluating activities and skills based solely on objective, sustainable, measurable, appropriate, consistently and transparently monitored performance criteria for all employees;
    - Creating optimal working conditions to stabilize staff.

The risks in this sector are initially moderate (in the hypothetical case of risk occurrence, they would have a moderate impact).
In 2022, the following identified risks remain relevant: decreased retention rate of existing personnel or new hires, and allocation of an insufficient number of professional training hours. In the event of these risks occurring, the company may face increased recruitment costs and decreased quality of maintenance activities and services provided.
Through the measures adopted, most of the identified risks have been kept at a low level, except for the risk of retention of existing and new employees, which is at a moderate level, influenced by the shortage of candidates on the labor market, especially with regard to qualified personnel.
For risk management in this field, measures have been taken to motivate personnel through financial incentives and creating a pleasant working environment, achieving the annual training and professional development plan, implementing a plan for the instruction and integration of new employees. The union organization has a high degree of representation among personnel, is a party to negotiating the collective contract, and is a partner in implementing 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 Lucian Blaga University of Sibiu for conducting a number of practice hours by trainees within the company, and granting scholarships for the best among them, and conducting professional retraining courses through European projects with the participation of qualified personnel from the Maintenance Department.
The main performance indicators achieved in 2022 in this field will be presented by the Human Resources Department.
The description of the policy regarding human rights compliance, risk factors, key performance indicators, and the effect of implementing this policy:
The Maintenance Department of COMPA SA guarantees the respect of human rights, in accordance with legal provisions, for its employees and collaborators, as well as for stakeholders through:

- providing working conditions that respect individual dignity and appropriate job positions in terms of safety and health at work;
- prohibiting any form of intimidation through language, attitude, gestures, or any other form of personal attack;
- eliminating any form of discrimination based on gender/age/race/religion/political beliefs;
- firmly rejecting child exploitation;
- rejecting collaboration with organizations that do not respect human rights.

Violation of human rights can lead to falling under the law, protests from employees or the public, and loss of prestige in society. The risk of violating human rights has a medium initial impact, but through control measures, these risks have been kept at a low level. Provisions related to the respect of human rights have been included in the internal regulations and collective labor agreement.

In 2022, there were no reported cases of intimidation or personal attacks, nor cases of discrimination based on gender/age/race/religion/political beliefs for the personnel within the Maintenance Department.

2022 REPORT FOR – I.C.R. DEPARTMENT

The Building and Networks Maintenance Department is a support structure for all the processes and activities that take place within the company.

1 Description of the activity of the ICR Department

-The ICR department is organized and carries out its activity 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 Indicator refer to:

- the permanent maintenance of the production platform and all the functions of the company in optimal condition.
- solving emergency situations and requests, repairing and maintaining functional parameters of buildings, networks, installations, roads and access roads, which will streamline logistics, allow the production process to be carried out in appropriate conditions and provide staff with optimal security work according to SSM requirements.
- the modernization of the existing work spaces, the utility networks and the setting up of new objectives, which correspond to the company's requirements, in accordance with the legislation in force.

In this regard, the following achievements should be highlighted in the last period:

- at the level of the Unit I production platform, H. COANDA str., in 2022, a number of 444 maintenance works, repairs, modernizations and investments were carried out, of which we mention a few:

- Renovation and remodeling of the interior and exterior of gate 1 at the entrance to COMPA
- Exterior and interior renovation of the entrance gate 2 to COMPA
- Arrangement of dormitory for workers in the rented space (all utilities for 80 places)
- Renovation of the Bosch wiper hall to complete the production line
- Redevelopment of spaces and modular offices, as well as utilities at the ZF Ax Workshop
- Decommissioning of the old internal railway line that was no longer functional.
- Decommissioning of an old thermal point (between blocks) that was no longer functional.
- Electro vanes installed on the compressed air network for a more efficient distribution at At 620.
- Dismantling utility networks from old machines and connecting new machines transferred.
- Dismantling of old equipment and connection to utilities, SERMATEC 2 equipment transferred to At.630
- Connecting (digitalizing) machines from the production departments to the company's data network.

- Connection to coupler furnaces for cleaning the return pipes at the Treatment Workshop.
- Completed automation and alarm systems at the entrance gates to the production halls.
- Insulated pipes and external ACM networks (there are still small portions that are still being worked on)
- Replaced and insulated Estacada heating pipes (area of the Sharpening Workshop)
- Replace the old 129 ml potable water pipe at the monobloc hall - At 620
- Insulating old pipes, cooling water at Workshop 620 - the work continues
- Insulated heating pipes at the DMG Workshop - cloakroom area
- Furnished and installed air conditioning installations, floors 3 and 4 of Pav. Central
- Interior design and renovated offices on Floors 3 and 4 of the Central Pavilion
- Replaced old and damaged storm sewer pipes at the JTEC Workshop
- Repaired skylights and replaced polycarbonate on 75% of the production halls - to be continued
- Repaired and replaced 80% of the total number of drains on the halls - to be continued
- Repaired and replaced waterproofing on sheds and buildings in damaged areas - to be continued
- Repaired epoxy resins at At 620, At 630, At 650, At Bosch - to be continued
- Replaced incandescent lighting fixtures, according to their failure, with LED lighting
- Repaired or replaced gates and access doors and related automation in halls and buildings
- Fixed, replaced and monitored data, telephony, video and GSM access networks

- at the level of the production platform Unit II, B-dul Victoriei Nr. 42-44

- The project of reconversion of the production space into space intended for housing, offices and a hotel complex has been started and is in full swing (execution) both for the living spaces and for the hotel complex.
- The works are executed with specialized companies, and the ICR Department monitors the execution. - at the level of the production platform Unit III, Cisnadie
- the unit was dissolved and the buildings and halls were demolished to receive another destination after completing the cadastral formalities.

2. The main risks and their management

Risks

- The activity of the ICR department can sometimes be negatively impacted by:
- the long periods of supply with materials necessary for the works due to:
- the supply circuit through SAP from the moment of the request until the approval and ordering of the materials or services
- supply delays due to suppliers
- Insufficiency of qualified personnel, who can perform the complex, diverse and most of the time urgent works, which are the responsibility of the ICR Department.

Risk management

The supply chain

- The supply chain does not have a major impact on the development of the works that are executed according to the plans, but for emergency works, the decision-making supply chain and effective delivery can often negatively impact the development of the production process and especially the deadlines for completing the works
- Short-, medium- and long-term perspectives. For normal supply through SAP, no other measures are required, but for materials that need to be supplied urgently, another, more flexible approach is needed

Remedial measures

- A remedial measure could be to ensure a minimum buffer stock of the materials that have the greatest impact on emergency works and to be refreshed according to the consumption 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 urgent impact and to be checked weekly by the purchasing department and the general director.
- Regarding the lack of staff, in addition to attracting qualified workers from the labor market, the solution of schooling within the society of young people with skills and their job qualification for the jobs of welder, plumber and electrician should also be addressed.

3. 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. follows the general strategic line of the company and within it has in mind the following phased objectives. (short, medium and long term)

- Clarification of the legal, cadastral and topo situation of the company premises.
- Digitization of drawing data, situation plans and documentation Dep. I.C.R.
- Modernization, maintenance and repair 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 water, air, thermal and canal networks
- Modernization and repair of data networks, telephony, video, lighting and access gates

The main factors that can affect future development.

-The main factors that can affect future development are related to the general situation of the Romanian economy, of the automotive industry, but also of an internal nature, related to the lack of personnel, especially the qualified one, and the technical equipment that must be permanently completed and modernized.

4. Programs developed during this period to achieve these objectives

- In order to clarify the cadastral situation, the activity of registering in the eTerra platform of OCPI Sibiu - the Land Register of all the company's premises has been initiated. All the premises on the platform Unit I str H. Coanda are registered and we still have two positions that are being processed and for which I have not yet received the registration.

- The digitization of documentation and data is a necessity and work is being done to update situation plans and drawings - permanently
- The modernization, maintenance and repair of the fences and access gates is done in stages following a project that is being prepared by the architect.
- The modernization and rehabilitation of roads and access roads is planned to continue with connecting alleys, sidewalks and parking lots, which require interventions.
- The maintenance and modernization of buildings, halls, warehouses and warehouses is part of the object of activity and is a permanent concern of the ICR department.
- An architectural project to modernize the central pavilion is completed.
- The Gate 1 and Gate 2 at the entrance to COMPA have been renovated and remodeled and the exterior fence will be renovated.
- The dormitory with 80 places for workers was arranged (rented space)
- Interior design works are carried out in the offices and premises in the production halls.

- The maintenance, repair and renovation of water, air, thermal and sewage networks is also a permanent activity, but it also involves the phased replacement of old or morally worn pipes, especially those of drinking water.
- Modernization and repair of data networks, telephony, video, lighting and access gates is in full swing and is treated as a priority.

5. Permanent monitoring of the results obtained and the workplace policy

- All programs, projects and executed works are permanently monitored at the level of the three heads of workshops as well as by the head of the activity of the I.C.R. department.
- Analysis reports and proposals are made monthly in which the problems that have arisen, the stage of their resolution, those responsible for their follow-up and completion, as well as measures and proposals for the future are highlighted.

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 functional materials, as well as distinct and complex activities at each intervention.

6. Environmental problems, health and safety of the workplace

- Information regarding the prevention and control of pollution
- With regard to the prevention and control of pollution, the equipping and installation of the equipment is monitored and action is taken in an emergency regime to stop any damage and to prevent the replacement of defective parts or their remedy and the removal of the causes that could generate events, so that it is not affected the air and the soil so that substances with potential pollution do not reach the sewage network.
- The ICR Department collaborates with the other structures of SC COMPA SA for the implementation of the project, which has been executed, for the production of energy from renewable sources (photovoltaic cells)

Regarding the extraction of mineral resources, the ICR Department carries out the maintenance and repair of fireplaces, pipes related to wells for fire water, which supply the Water Tower with the reservoir for the company's hydrant network.

- Workplace health and safety

- The health and safety of the staff is a constant concern both at the level of society and of the ICR Department. In this regard, at the ICR department, the equipment of the workers with protective and work equipment and the compliance with the labor protection rules are monitored and checked periodically, taking into account the fact that the works are performed at height or in hard-to-reach places such as sewage manholes, is performed in various locations near the machines while they are working and must be done without affecting the continuity of the production processes.

-Regarding the safety of buildings and halls, the ICR Department has generated a program for monitoring the behavior over time, for intervention where necessary and for reporting to the State Construction Inspectorate, to ensure the smooth development of the company's activity.

This current tracking program targets functionality, status and integrity:

- Facades, plinths and walls
- Resistance structure (pillars, beams, caissons)
- Concrete floors (most are covered with epoxy resins)
- Covers, skylights and drain and ventilation openings
- Doors, gates, windows and access roads
- Installations and networks of potable, industrial and cooling water
- 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 according to the schedule and requirements and there were no delays in terms of tracking, evaluating, maintaining and reporting their status or events that would target or affect the health and safety of the staff.

Starting from these evaluations of their condition and functionality, preventive intervention was carried out through current maintenance works, repairs or modernizations that ensure safe working conditions and health for all the company's personnel.

During the production processes, unforeseen situations occurred that required emergency interventions. They were executed every time in a timely manner, without affecting the good progress of production.

A special attention was given and is given to the sanitary installations related to the social groups, the toilets, showers and changing rooms, which are executed according to norms and standards and permanently maintained at quality parameters through current maintenance works, repairs and renovations.

7 Objectives, targets and responsibilities for the 2023 program

All this fits into the general strategy and planned objectives:

- Clarification of the legal, cadastral and topo situation of the company premises
  - By the end of 2023, we propose that the legal status of all spaces on the platform Unit I Str. H. The queue should be clarified and entered in eTerra at the OCPI Sibiu Land Registry

Responsible – Forsea Alexandru and Boabes Nicolae

- Digitization of drawing data, situation plans and documentation Dep. I.C.R.
  - The situation plans and drawings are being worked on so that they are permanently updated.

Responsible - Forsea Alexandru and Neghina Dorin

- Modernization, maintenance and repair of fences and access gates
  - A project to renovate the gates and fences is being implemented together with the architect.

Responsible - Forsea Alexandru and Stolnicu Emilian

- Modernization and rehabilitation of roads, sidewalks, parking lots and platforms – permanent
  - They are proposing the phased rehabilitation of two alleys connecting to the main road.
  - The first in front of the research center and the second in front of the intersection with Hendrickson alley.

Responsible - Forsea Alexandru and Stolnicu Emilian

- Maintenance and modernization of buildings, halls, warehouses and warehouses – permanently
  - Current works are being done on the buildings and halls and the renovation of the Central Warehouse is in the design phase

Responsible - Forsea Alexandru and Stolnicu Emilian

- Maintenance, repair and renovation of water, air, thermal and channel networks – permanent
  - Current works, repairs and modernizations and commissioning works are carried out at the workshops.

○ Responsible- Forsea Alexandru si Boabes Nicolae

- Modernization and repair of data networks, telephony, video, lighting and access gates
  - It is a permanent concern, especially when replacing incandescent lighting fixtures with LED lighting fixtures as the current fixtures break down.

Responsible: - Forsea Alexandru and Neghina Dorin