

NON-FINANCIAL STATEMENT 2021:

✓ Description of the company's business model:

The company's activity is organized in three factories that function as profit centers:

- FUET -Factory of machinery, earthmoving equipment, filters, electrostatic precipitators and technological equipment;
- FPI- Stainless Steel Products Factory;
- FCT -Material of earthmoving machines and components;

The activity of each factory is based on its own revenue and expenditure budget, thus, each entity, independently, manages its production activity with the main purpose of obtaining profit in terms of meeting customer needs (quality products and compliance with delivery time). To this end, although some activities have been centralized since 2018, each profit center has a portfolio of specific customers depending on the capability of each, followed by the activity of technological design on products, preparation of manufacturing technologies, effective launch in manufacturing, production, delivery and collection.

The sales activity is coordinated centrally by the Deputy General Manager for Commercial Operations, with specialized commercial consultants by profit centers and clients.

The Technical Activity (design and elaboration of technologies) and actual production, at the level of the factories, are reunited in a Centralized Technical and Production Direction at the level of Comelf SA, under the coordination of the Deputy General Manager for Technical and Production Operations, in order to optimize the manufacturing technologies, to reorganize the production activity and, in general, the two processes that have the greatest impact on the company's activity and implicitly on its revenue.

The profit centers provide services for each other and collaborate, being in a permanent interaction.

The commercial operations of the company are carried out centrally, through the Economic Department and has in its component 3 services, as follows: Controlling Service, Financial-Payroll Service and Accounting Service. The business records are also prepared by profit centers, the aim is to fit in the estimated budgets and the cash flow is also managed separately, by profit center.

Also, at company level, the following departments operate centrally: Quality Management Department (coordinated at a central level but operating subordinated to profit centers), Integrated Management Department, Procurement, Warehouse and Logistics, Services and Utilities Department, Human Resources Service, IT Service, Marketing Service, Department of maintenance, utilities and investments Services, Environment, Occupational Safety and Health Service. All centralized activities at the company level are supporting the activity of the profit centers, thus trying to optimize and harmonize certain processes at the company level but also to observe the principle of independence (see the case of the Quality Management Department).

OCCUPATIONAL HEALTH AND SAFETY

✓ The main activities on Occupational Safety and Health that took place in 2021:

- Maintenance and continuous improvement of the occupational safety and health management system according to SR ISO 45001/2018 - follow-up audit in May 2021;
- Implementation of ISO 45001: 2018 requirements observance / implementation of internal procedures in the activity sectors, compliance index with the requirements of the standard RA₂₀₂₁ = 86.02%;
- Being familiar with the legal requirements, compliance with the law and observance of the legal requirements in the business sectors, index of compliance with applicable law IR₂₀₂₁ = 85.35%;
- Increasing the awareness of employees about the risks they are exposed to during the work process through additional training, preparation and distribution of information materials (COVID flyer) and practical demonstrations;
- Continuation of the campaign to promote the importance of safety and health at work on the International Day of OSH - preparation and editing of the magazine No. 6/2021 - (April 28, 2021);
- Updating the materials from the training manuals on occupational safety and health for workplace managers (production managers, workshop managers, service managers, etc.);
- Completion of the measures included in the Prevention and Protection Plan;
- Revising the assessment of the risks of accidents and occupational diseases following work accidents;
- Revision of procedures and operational instructions, depending on the change of working conditions and risk assessment;
- Performing the mandatory medical check-up for all employees. -2021;
- Consultation with employees' representatives on safe and healthy working conditions, employee participation in identifying risks specific to activities and jobs and opportunities for prevention / mitigating risks - during the quarterly meetings of the EHS;
- Maintain an Occupational Safety and Health policy by involving workers at all levels to develop actions to improve the OSH management system (training, consultation of workers, easy access to information, adaptation of work to people, evaluation of OSH performance, etc.) - ongoing
- Introduction and testing of new types of personal protective equipment to provide employees with increased comfort and protection in use;
- Maintain the measures in place to protect employees against Covid 19 infection according to the evolution of the pandemic and specific legislation;
- Consultation of employees on intention to vaccinate against COVID 19 and scheduling of employees for vaccination against COVID 19, voluntary option of each employee - Q1 2021;
- Starting with October 2021, each employee was granted one day off, according to the legislation in force, after the vaccination against COVID 19;
- Consulting employees regarding the intention to be vaccinated against seasonal flu, purchasing and inoculation of the vaccines carried out through the COMELF medical office - November 2021;
- In 2021, a number of 344 days of temporary incapacity for work TIW were registered due to 2 accidents; The performance indicator on the number of events at work compared to the number of people employed in COMELF in 2021 is OSH_{ev} respectively the performance indicator regarding the number of days of temporary incapacity for work due to accidents at work compared to the number of persons employed in COMELF in 2021 is OSH_B as follows:

$OHS_{ev2021} = 0.0029$ equal to $OHS_{ev2020} = 0.0029$
 $OHS_{cb2021} = 0.4915$ compared to $OHS_{cb2020} = 0.1229$;

✓ **The main activities on Occupational Safety and Health that are to take place in 2022:**

Maintenance and continuous improvement of the occupational safety and health management system according to the standard SR ISO 45001/2018 - recertification audit in March 2022 Implementation of ISO 45001:2018 requirements, compliance/implementation of internal procedures in the sectors of activity, maintenance of the compliance rate with the requirements of the standard $RA_{2022} \geq 86.00\%$;

- Being aware of legal requirements, compliance with legislation and observance of legal requirements in production premises, maintenance of compliance rate with applicable legislation $RI_{2022} \geq 85.00\%$;
- Increasing the awareness of employees about the risks they are exposed to during the work process through additional training, and practical demonstrations;
- Reduce the number of days of temporary incapacity for work due to serious accidents at work by 5% in Q1 2022 compared to Q1 2021 - achieved;
- Continuation of the campaign to promote the importance of occupational safety and health on the International Day of OSH - preparation and editing of the magazine No. 7/2022 - (April 28, 2022);
- Updating the materials from the training manuals on occupational safety and health for workplace managers (production managers, workshop managers, service managers, etc.);
- Completion of the measures included in the Prevention and Protection Plan;
- Revising the assessment of the risks of accidents and occupational diseases;
- Revision of procedures and operational instructions, depending on the change of working conditions and risk assessment;
- Performing the mandatory medical check-up for all employees for the year 2022;
- Consultation with employees' representatives on safe and healthy working conditions, employee participation in identifying risks specific to activities and jobs and opportunities for prevention / mitigating risks - during the quarterly meetings of the EHS;
- Maintain an Occupational Safety and Health policy by involving workers at all levels to develop actions to improve the OSH management system (training, consultation of workers, easy access to information, adaptation of work to people, evaluation of OSH performance, etc.)

Introducing and testing new types of personal protective equipment to provide employees with increased comfort and protection in use;

- Maintain the measures in place to protect employees against Covid 19 infection according to the evolution of the pandemic and specific legislation;
- Consulting employees regarding the intention to be vaccinated against seasonal flu, purchasing and inoculation of the vaccines carried out through the COMELF medical office - September 2022;
- Consultation of employees on vaccination against COVID 19- Compilation of statistics on factories and workplaces with the number of vaccinated employees - January 2022 - percentage of vaccinated employees 77.75%; - completed;

ENVIRONMENT PROTECTION

✓ **Main activities regarding Environment Protection that took place in 2021:**

- Maintenance and continuous improvement of the environmental management system according to SR ISO 14001:2015 - follow-up audit in May 2021;
- Continuous training of all employees regarding the method of selective waste collection, during the monthly and additional training sessions, preparation of leaflets and instructions

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- Keeping fugitive emissions within legal limits - less than 20% compared to the annual consumption of corrosion protection materials;
- Preparation of technical documentation in order to obtain a new environmental permit taking into account its expiration date. Environmental permit no. 127 of 08.08.2011, revised on 29.08.2014 and revised also on 06.12.2016;
- The amount of plastic waste collected for recycling was 2046 kg in 2021, compared to 504 kg in 2020, which amounts to an increase of 1542 kg;
- The quantity of paper / cardboard waste collected for recycling was 11831 kg in 2021, compared to 5850 kg in 2020, which amounts to an increase of 5981 kg;
- Installation of a photovoltaic system with an installed capacity equivalent to 990.00 KWp for COMELF's own consumption, without accumulation and 0 injection into the national electricity grid;

✓ **Main activities regarding Environment Protection that are to take place in 2022:**

- Maintenance and continuous improvement of the environmental management system according to SR ISO 14001:2015 - recertification audit in March 2022;
- Implementation of ISO 14001-2015 requirements, compliance / implementation of internal procedures in the activity sectors;
- Being aware of the legal requirements, compliance with legislation and observance of legal requirements in production sectors;
- Continuous training of all employees regarding the method of selective waste collection, during the monthly and additional training sessions;
- Keeping fugitive emissions within legal limits - less than 20% compared to the annual consumption of corrosion protection materials;
- Increasing the amount of waste paper / cardboard collected for recycling by 10%;
- Collection of paint waste from paint shops for recycling to obtain recycled thinner, intended only for cleaning painting equipment. Imposed monthly indicator - 150 l / month - achieved in January, February 2022;
- Reorganization of the system of selective collection of non-hazardous waste in office spaces;

FIRE PREVENTION AND EXTINGUISHING AND EMERGENCY SITUATIONS

✓ **The main activities for Fire Prevention and Fire Fighting and Emergency Situations, which were carried out in 2021:**

- Continuation of the program for the replacement of emergency exit signaling lamps in the sectors of activity, through the purchase and installation of signaling lamps equipped with LEDs in FCT;
- Completion of the authorization procedure for the operation of the FCT sandblasting/painting hall, from the FP&FF point of view, according to Law 307/2006 art.30.1.;
- Organize a number of 5 alarm, evacuation and intervention exercises with own forces, in accordance with Order 163/2006 on the organization and intervention of employees in case of emergency situations.;

✓ **The main activities for Fire Prevention and Fire Fighting and Emergency Situations, which are to be carried out in 2022:**

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- Completion of scrapping of fire extinguishers on the due date of verification, as well as the purchase of new fire extinguishers according to ISCIR notification with no. 5553 / 19.06.2020;

- Purchase and equip the activity sector - School workshop - for the existing indoor hydrant with FP&FF type C hose reel and signal lamp. Purchase and equip the activity sector with emergency exit signaling lamp;

-Organize a number of 5 alarm, evacuation and intervention exercises with own forces, in accordance with Order 163/2006 on the organization and intervention of employees in case of emergency situations, including one exercise with the participation of the entire staff.;

- Modernization works at the civil protection shelter - overhaul of the sanitary installations and the ventilation system - 30.03.2022;

HUMAN RESOURCES

✓ **In 2021, the Human Resources activity focused on the following main directions:**

- Decrease staff number fluctuation, both through the creation of facilities related to work environment, transport, as well as opportunities to achieve motivating earnings, which is reflected in the average salary income which in 2021 increased by 3% compared to the previous year;
- Rejuvenation of the workforce;
- Imports of skilled labor from INDIA and COLUMBIA, given that the local and even national recruitment base is steadily declining, especially as regards skilled personnel;
- Training and support of students from partner school groups and students from the Technical University of Cluj-Napoca, Bistrita branch in order to be employed in COMELF;
- - Since 2019, the first contracts have been signed based on the dual education system, Comelf being the only company in Bistrita that has established classes of mechanical workers, welders and CNC operators, who learn in the dual system. These students enrolled in dual education receive monthly scholarships from the company, in compliance with the conditions and provisions of the law regulating dual education in Romania;

For the 2021-2022 school year, students from classes IX, X and XI, from the same educational unit, divided into groups of 32 mechanical workers, 38 welders and 14 CNC operators, are trained through the dual education system.;

Within COMELF SA, a School Workshop has been set up, which deals exclusively with the training and formation of both students and staff;

- - In the past year, 148 people were hired, mainly young people, from the ranks of former pupils and students who had interned in the company, as well as from the labour market, and 158 people left (down compared to 2020). The staff turnover indicator stood at 24.31% in 2021, slightly improved compared to 2020.

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On 31.12.2021, COMELF staff, by qualification levels, were as follows:

- higher education: 192 people
- secondary education: 143 people
- vocational school: 346 people
- unqualified workers: 48 people

✓ **Recruitment, initiation, and qualification of company staff:**

In order to ensure a medium- and long-term workforce, partnerships have continued with the Technical University of Cluj -Napoca, the Bistrita extension, and with the Technical College Grigore Moisil in Bistrita, which qualifies metal construction workers and welders. A lecture hall with 100 seats and 4 laboratories have been arranged and made available to the Technical University of Cluj - Napoca and we receive interns every year. We currently have employees who are also students, to whom the company has accepted a flexible program in order to be able to prepare and attend university and who, for the most part, will work in the company after graduation. From the partner school group, 81 active students perform the practical courses on company premises, for these we provide the work and protection equipment. In this way, in addition to the concrete problems we have solved with students and pupils, they are able to adapt to the industrial environment and integrate into our team. This involves costs and extra effort related to supervision, equipment, practical coordination, but it is a sure way to attract future employees and to address gaps in professional training.

Staff recruitment is done from all over Bistrița-Năsăud County, that is why all the conditions for transporting employees to and from work are provided, by collaborating with an important passenger transporter in the county who already covers the most important routes.

Since 2019 the company has resorted to importing manpower from India and since 2021 it has started recruiting personnel from Colombia, thus, as of 31.12.2021, a total of 25 people were active in COMELF, foreign citizens from India (17 people) and Colombia (8 people), with qualifications in the trades of Mechanical Worker, Welder and CNC Operator. Currently, the company has 34 foreigners, of which 29 are from India and 5 are from Colombia. For the year 2022, depending on the need for qualified staff and the availability of staff. For these non-residents, the company provided accommodation and transportation.

Chairman of the Board of Directors
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