

## NON-FINANCIAL STATEMENT FY2022:

### ✓ **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 -Factory for stainless steel products.
- FCT -Factory of earthmoving components and machines.

The activity of each factory is based on its own income and expenditure budget, so each entity, independently, manages its production activity with the main goal of making profit, while satisfying the needs of customers (quality products and on-time delivery). To this end, although some activities have been centralized since 2018, each profit center has its own portfolio of customers, depending on the technical capability of each, followed by technological design activity on products, drafting manufacturing technologies, actual launch in manufacturing, production, delivery and collection.

The sales activity is centrally coordinated by the Deputy General Manager Commercial, with sales representatives specialized by profit centers and customers.

The technical activity (design and development of technologies) and the production activity itself, at plant level, are brought together in a centralized Technical and Production Department at Comelf SA level, under the coordination of the Technical and Production Deputy General Manager, to optimize the manufacturing technologies, the reorganization of the production activity and, in general, the two processes that have the greatest impact on the company's activity and implicitly on its results.

The profit centers provide services to each other and collaborate, being in constant interaction.

The economic-financial activity of the company is carried out centrally, through the Economic Department and has 3 services, as follows: Controlling-Payroll Service, Financial-Accounting Service and IT Service. The economic-

financial accounting is carried out by profit center, the estimated budgets are monitored and the cash flow is also managed separately by profit center.

Also, at company level, the following departments operate centrally: Quality Management Department (centrally coordinated but functionally subordinated to the profit centers), Raw-Material Procurement and Logistics Department, Human Resources Department, Marketing and Design Department, Maintenance and Technological Development Department, Environment, Safety and Health at Work Department, Integrated Management and SMI Document Control Office, Legal and PR Office, Scoreboard and Contract Tracking Office, Administrative, Security and Access Department; All the activities centralized at company level support the work of the profit centers, thus trying to optimize and harmonize certain processes at company level and to respect the principle of independence (see the case of the Quality Management Department).

## OCCUPATIONAL HEALTH AND SAFETY

### ✓ The main activities on Occupational Health and Safety that took place in 2022:

- Recertification of the Occupational Safety and Health Management System according to SR SR ISO 45001/2018 - by recertification audit in March 2022;
- Implementation of ISO 45001:2018 requirements, compliance/implementation of internal procedures in business areas, maintenance of compliance rate with RA2022 requirements = 86.11%;
- Knowledge of legal requirements, compliance with legislation and compliance with legal requirements in production premises, maintenance of compliance rate with applicable legislation IR 2022 = 85.61%;
- Reduction of the number of days of temporary incapacity for work due to serious work accidents in 2022 compared to 2021, respectively 19 days in 2022 compared to 423 days in 2021.
- In 2022, a total of 19 days of temporary incapacity for work from 2 accidents were recorded.
- The performance indicator for the number of workplace events per number of people employed in COMELF in 2022 is SSMeV, and the performance indicator for the number of days of temporary incapacity for work due to workplace accidents

per number of people employed in COMELF in 2022 is SSMcb, as follows:

SSMev 2022 = 0.0030 compared to SSMev 2021 = 0.0029

SSMcb 2022 = 0.0282 compared to SSMcb 2021 = 0.4915

- Continuation of the campaign to promote the importance of occupational safety and health on the occasion of International OSH Day - preparation and publication of the magazine No.7/2022 - (28 April 2022);
- Updating the content of the training manuals on occupational safety and health for workplace managers (production managers, workshop managers, service managers, etc.);
- Revising the Prevention and Protection Plan and carrying out the measures included in the Prevention and Protection Plan.
- Reviewing of the assessment of occupational injury and illness risks.
- Revising operational procedures and instructions, depending on the change in working conditions and risk assessment.
- Carrying out mandatory periodic medical check-ups for all employees. - in the months of July - August 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.
- Consultation of employees regarding the intention to get vaccinated against the seasonal flu, the purchase and administration of vaccines through the COMELF medical office - September 2022.
- Modernization of the FPI Carpentry workshop, external walls and roof.

✓ **The main activities on Occupational Health and Safety that will take place in 2023:**

- Maintenance and continuous improvement of the occupational safety and health management system according to SR SR ISO 45001/2018  
- follow-up audit 2023

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- Implementation of ISO 45001:2018 compliance/implementation of internal procedures in the business areas, compliance rate to RA2023 requirements  $\geq 86.00\%$ ;
- Knowledge of legal requirements, compliance with legislation and compliance with legal requirements in the business areas, compliance rate with applicable legislation IR 2023  $\geq 85.00\%$ ;
- Reducing the number of serious work accidents in the first semester of 2023 by 50% compared to the first semester of 2022;
- Increasing employees' awareness of the risks they are exposed to during the work process through additional training and practical demonstrations;
- Continuation of the campaign to promote the importance of occupational safety and health on the occasion of International OSH Day - preparation and publication of the magazine No.8/2023 - (28 April 2023);
- Updating the content of the training manuals on occupational safety and health for workplace managers (production managers, workshop managers, service managers, etc.);
- Implementation of technical, organizational, hygienic, sanitary and other measures contained in the Prevention and Protection Plan for the prevention of accidents at work and occupational diseases;
- Review of the assessment of occupational injury and illness risks at workplaces;
- Review operational procedures and instructions, according to changing working conditions and risk assessment, dissemination and posting at workplaces;
- -Conduct mandatory periodic medical check-up for all employees - in August-September 2023;
- -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 a policy on Occupational Safety and Health 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.);

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## ENVIRONMENT PROTECTION

### ✓ The main environ-protection activities that took place in 2022:

- Recertification of the environmental management system according to the SR ISO 14001:2015 standard - recertification audit in March 2022.
- Implementation of ISO 14001-2015 requirements, compliance/implementation of internal procedures in the activity sectors.
- Knowledge of legal requirements, compliance with legislation and compliance with legal requirements in the production sectors.
- Continuous training of all employees on how to collect waste selectively, in regular monthly trainings and additional trainings.
- Maintaining fugitive emissions within legal limits - below 20% compared to the annual consumption of corrosion-protection materials.
- The amount of plastic waste collected for recycling was 2178 kg in 2022, compared to 2046 kg in 2021, registering an increase of 132 kg, respectively 6%.
- The amount of paper/cardboard waste collected for recycling was 15747 kg in 2022, compared to 11831 kg in 2021, registering an increase of 3876 kg, respectively by 30%.
- Obtaining a quantity of 1956 kg of recycled thinner, intended only for cleaning painting equipment, following the collection and recycling of paint waste from painting workshops.
- Expansion of the photovoltaic system with an installed capacity equivalent to 1500.00 KWp with accumulation and injection into the national electricity grid, on the terrace roof of the FPI production hall for energy production through modern and clean technologies, using renewable solar energy resources, with a positive impact on the environment by reducing greenhouse gases by 1096 To CO<sub>2</sub>
- To reduce gas consumption, an alternative solution to heating production spaces with radiant panels was chosen, switching to heating with pellet heating plants.

### ✓ Main activities on Environment to be carried out in 2023:

- Maintenance and continuous improvement of the environmental management system according to SR ISO 14001:2015 - follow-up audit 2023.
- Continuous training of all employees on how to collect waste selectively, in regular monthly trainings and additional trainings.
- Maintaining fugitive emissions within legal limits - below 20% compared to the annual consumption of corrosion-protection materials.



- Increasing by 5% the amount of recycled thinner intended only for cleaning painting equipment, obtained from the collection and recycling of paint waste from painting workshops.
- Measures to increase energy efficiency by replacing the lighting system in COMELF production spaces.

## **FIRE PREVENTION AND EXTINGUISHING AND EMERGENCY SITUATIONS**

### **✓ Main activities for Fire Prevention and Fire Fighting and Emergency Situations that took place in 2022:**

- Completing the scrapping of fire extinguishers on the due date of verification, as well as the purchase of new fire extinguishers according to ISCIR notification no. 5553/19.06.2020.
- - Purchase and provide the activity sector - School workshop - of the existing indoor hydrant with PSI type C hose reel and signal lamp. Purchase and provide 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.
- Carrying out modernization works at the civil protection shelter - overhaul of plumbing and ventilation system - 30.03.2022.

### **✓ Main activities for Fire Prevention and Fire Fighting and Emergency Situations to be carried out in 2023:**

- 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:
- Sanitization and permanent maintenance of the civil protection shelter in perfect condition for use in case of necessity;

## **HUMAN RESOURCES**

- ✓ **In 2022, the human resources activity focused on the following main areas:**
- Reducing staff numbers fluctuation, both through the creation of facilities related to the work environment, transport, as well as the possibilities to achieve motivating earnings, a fact reflected by the average salary income which in 2022 increased by 12.85% compared to the previous year;
  - Rejuvenating the workforce.
  - The import of skilled labor from INDIA, at a time when the local and even national recruitment base is constantly decreasing, especially in terms of skilled personnel;
  - Training and supporting students from partner school groups and students from the Technical University of Cluj-Napoca, Bistrita branch for employment in COMELF;
  - Since 2019, the first contracts based on the dual education system have been concluded. In 2022, a partnership was concluded with Grigore Moisil High School, these students enrolled in dual education receive monthly scholarships from the company, in compliance with the conditions and provisions of the law that regulates dual education in Romania.

For the 2022-2023 school year, through the dual education system, students from classes IX, X and XI, from the same educational unit, were trained, divided into groups of 15 fitters (locksmiths), 15 welders and 16 CNC operators.

Within COMELF SA a workshop-school has been established, which deals exclusively with the training and education of both students and staff.

- In 2022, 57 people were hired, mainly young people, from among former students and students who did internships in the company, as well as from the labor market, and 112 people left (down compared to 2021). The staff turnover indicator was 17.61% in 2022, improved compared to 2021.

On 31.12.2022, the COMELF staff, by qualification level, was as follows:

- higher education: 172 people
- secondary education: 130 people
- vocational school: 302 people
- unqualified workers: 42 people

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

To ensure the labor force in the medium and long term, the partnerships with the Technical University of Cluj-Napoca Bistrita extension and with the Grigore Moisil Technical College in Bistrita, which qualifies carpentry fitters (locksmiths) and welders, continued. We currently have employees who are also students, for whom the company has accepted a flexible schedule so that they can prepare and attend college and who, in the majority, will continue their activity or work in the company after graduation. From the partner school group, 95 active students are working in the company and we provide them with work and protective equipment. In this way, in addition to the concrete problems we have solved with the students and pupils, they adapt to the industrial environment and integrate into our collective. This involves costs and extra effort related to supervision, equipment, practical coordination, but it is a sure way of attracting future employees and counteracting gaps in training.

Staff recruitment is done from all over Bistrita-Nasaud county, to ensure all the conditions for transporting employees to and from work, through collaboration with a major carrier of people in the county on the most important routes.

Since 2019, the company has resorted to importing labor force, especially from India, thus, as of 31.12.2022, a total of 27 foreign nationals from India (26 persons) and Colombia (1 person) were working in COMELF, with qualifications in the trades of Mechanical Lacquering, Welding and CNC Operator. At present, there are 44 foreigners in the company, of which 43 persons are from India and 1 person is from Colombia. For the year 2023, depending on the need for qualified personnel and the availability of both domestic and foreign personnel, the company will proceed to recruit and hire qualified personnel, specific



to the object of activity. For these non-resident persons the company has provided accommodation and transport.

Chairman of the Board of Directors  
eng. Savu Constantin

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