

NON-FINANCIAL STATEMENT 2023:

✓ 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 -Factory of earthmoving components and machines.

The activity of each factory is based on its own income and expenditure budget, related to the operational activity, each of them being considered a profit center. To this end, each one manages its production activity with the main goal of making profit, under the conditions of satisfying customer needs (quality products and meeting delivery deadlines), so that, although some activities have been centralized since 2018, each profit center has its own customer portfolio, depending on the technical capability of each one. The operational activity of each factory is based on the activity of technological design on products, preparation of manufacturing technologies, actual launch in manufacturing, production and delivery.

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 actual production at the level of the factories are gathered in a centralized Technical and Production Department at the level of Comelf SA, under the coordination of the Deputy General Manager for Technical and Production, with the main purpose of optimizing manufacturing technologies, optimizing the consumption of materials, optimizing the actual production process in order to maximize profit, while observing the delivery deadlines to customers.

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

The economic and financial activity is carried out centralized, through the Economic Department and consists of 3 services, as follows: Controlling and Payroll

Service, Financial and Accounting Service and IT Service. The financial-accounting records are kept by profit centers, the estimated budgets are followed, and the cash flow is also managed separately by profit centers.

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 2023:

- Maintenance and continuous improvement of the occupational safety and health management system according to SR SR ISO 45001/2018 - follow-up audit 2023;
- Implementation of the requirements of ISO 45001:2018 compliance / implementation of internal procedures in the sectors of activity, maintaining the compliance rate with the requirements of the standard RA2023 = 86,35%.
- Awareness of legal requirements, compliance with legislation and compliance with legal requirements within the production premises, maintaining the compliance index with the applicable legislation RI 2023 = 85,67%.
- Reducing the number of serious work accidents in the first semester of 2023 by 50% compared to the first semester of 2022.
- In 2023, a number of 326 days of temporary incapacity for work from 3 accidents were recorded.
- The performance indicator on the number of workplace events per number of persons employed in COMELF in 2023 is SSMev, and the performance indicator on the number of days of temporary incapacity due to workplace accidents per number of persons employed in COMELF in 2022 is SSMcb, as follows:
 $SSMev\ 2023 = 0.0044$ compared to $SSMev\ 2022 = 0.0030$
 $SSMcb\ 2023 = 0.4725$ compared to $SSMcb\ 2021 = 0.0282$

- Continuing the campaign to promote the importance of occupational safety and health on the occasion of the International Day for Safety and Health at Work - drafting and publishing the magazine No. 8/2023 - (April 28, 2023);
- 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 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 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.).
- 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 2023.

The main activities on Occupational Health and Safety that will take place in 2024:

- Maintenance and continuous improvement of the occupational safety and health management system according to SR ISO 45001/2018 - follow-up audit 2024;
- Implementation of ISO 45001:2018 compliance/implementation of internal procedures in the business areas, compliance rate to RA2024 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 2024 $\geq 85.00\%$;
- Reduction by 50% of the number of days of temporary disability due to accidents at work in 2024 compared to the number of days of temporary disability due to accidents at work in 2023;
- Increasing employees' awareness of the risks they are exposed to during the work process through additional training and practical demonstrations;

- Continuing the campaign to promote the importance of occupational safety and health on the occasion of the International Day for Safety and Health at Work - drafting and editing the magazine No.9/2024- (April 28, 2024);
- Updating the content of the training manuals on occupational safety and health for workplace managers (production managers, workshop managers, service managers, etc.);
- Implementation of the technical, organizational, hygienic, sanitary and other measures included in the Prevention and Protection Plan for the prevention of work accidents 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;
- Mandatory periodic medical check-up of all employees - in November - December 2024;
- -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.);

ENVIRONMENT PROTECTION

✓ The main environ-protection activities that took place in 2023:

- Maintenance and continuous improvement of the environmental management system according to SR ISO 14001:2015 - follow-up audit 2023.
- Implementation of ISO 14001-2015 requirements, compliance/implementation of internal procedures in the sectors of activity.
- 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.
- Recycling of paint waste to obtain recycled paint thinner for the cleaning of painting equipment only, 150 kg/month, respectively 1800 kg/year. In 2023, 2764 kg of paint thinner was recycled, an increase of 53%;

- Deployment of LED lighting system in COMELF production spaces, as an energy efficiency measure.
- ✓ **Main activities on Environment to be carried out in 2024:**
 - Maintenance and continuous improvement of the environmental management system according to SR ISO 14001:2015 - follow-up audit 2024.
 - 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.
 - Recycling of paint waste to obtain recycled paint thinner intended only for cleaning paint equipment, 125 l/month.
 - Decrease by 5% the quantity of household waste [DMEN] by improving selective waste collection - paper, cardboard, plastic, metal, DMEN2024 < 5% DMEN2023

FIRE PREVENTION AND EXTINGUISHING AND EMERGENCY SITUATIONS

✓ **Main activities for Fire Prevention and Fire Fighting and Emergency Situations that took place in 2023:**

- Organization of 5 alarm, evacuation and intervention exercises with own forces, in accordance with Ord. 163/2006 on how employees should organize and intervene in case of emergency situations.
- Sanitization and permanent maintenance of the civil protection shelter in perfect condition for use in case of necessity.
- Maintaining and keeping in working order the emergency exit doors in the sectors of activity, replacement of defective panic bar devices (if applicable)
- Carrying out a simulation exercise at FPI Carpentry Workshop, in collaboration with ISU Bistrita Nasaud, on how to act to extinguish a fire, rescue and evacuate personnel in the affected sector.
- In the year 2023, there were no incidents resulting in fires.

✓ **Main activities for Fire Prevention and Fire Fighting and Emergency Situations to be carried out in 2024:**

- Organization of 5 alarm, evacuation and intervention exercises with own forces, in accordance with Ord. 163/2006 on how employees should organize and intervene in case of emergency situations:
- Keeping the civil protection shelter in perfect working order in case of need.

- Maintaining and keeping in working order the emergency exit doors in the sectors of activity, replacing defective panic bar devices (where applicable)
- Providing lamps for and replacing the emergency exit signaling lamps in the activity sectors that show a degree of wear on the battery (lamps that while disconnected from the mains, the duration of operation is very short or fail to operate)
- Program to improve the system of visualization of the evacuation routes in case of emergency situations in the sectors of activity, by providing lamps for "evacuation direction" and "emergency exit" signaling lights.
- Replacement of fire extinguishers type P6, staggered, based on a program drawn up according to the expiry of the validity period, in accordance with the legislation PSI-SU;

HUMAN RESOURCES

✓ **In 2023, the human resources activity focused on the following main areas:**

- Decreasing staff turnover, both by creating opportunities related to the work environment, transportation, as well as the possibility to achieve motivating earnings, which is reflected in the average wage income that in 2023 increased by 20.09% 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 steadily shrinking, especially in terms of skilled personnel.
- Training and supporting students from the "Grigore Moisil" Technological High School Bistrita and students from the Technical University of Cluj -Napoca, Bistrita branch in order to be employed in COMELF.
- Since 2019, the first contracts based on the dual education system have been concluded. In 2023, a partnership was concluded with "Grigore Moisil" Technological High School, 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 school year 2023-2024, students from classes IX, X and XI, from the same school, were trained through the dual education system, divided into groups of 17 mechanical locksmiths, 33 welders and 28 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 2023, 101 people were hired and 84 people left (down from 2022). The staff turnover indicator was 14.38% in 2023, improved compared to 2022.

On 31.12.2023, COMELF staff, by qualification level, is as follows:

- higher education: 190 people
- secondary education: 136 people
- vocational school: 327 people
- unqualified workers: 65 people

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

In order to ensure the medium- and long-term labor force, the partnerships with the Technical University of Cluj -Napoca, Bistrita extension and with the Technical College "Grigore Moisil" from Bistrita, which qualifies steel-structure fitters, welders and CNC operators, have 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, 78 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, in order 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 manpower, especially from India, thus, on 31.12.2023, COMELF had 53 foreign citizens from India (53 persons), qualified in the trade of Steel-Structure Fitter, Welder and CNC Operator. There are currently 51 foreigners in the company, 51 of whom are from India. For the year 2023, depending on the need for qualified personnel and the availability of staff both domestic and foreign, the company will proceed with the recruitment and hiring of 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

ADRESA

Str. Industriei, Nr.4 420063, Bistrita-Romania
Phone: +40/263/23.44.62; +40/263/23.80.98
Fax: +40/263/23.80.92;
E-mail: comelf@comelf.ro
Web page: www.comelf.ro

