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NON-FINANCIAL STATEMENT - 2017

1. THE BUSINESS MODEL

Throughout its 130 years of existence, COMPA has constantly progressed from a technical and technological point of view, investing permanently in the quality of its products and services. Thus, COMPA is among the first companies with Romanian capital, present in the top 100 of exporters in Romania. The COMPA map covers 23 countries, from 3 continents, including France, Germany, the United States, Czech Republic, Slovakia, Belgium, the Netherlands, England, Italy, China and India.

The main product groups made in COMPA are: subassemblies and injection components; subassemblies and windscreen wiper components; central drives, flanges and rollers for turbochargers; steering crankshafts; components for steering columns; arches; stamped, embossed; forged parts; cardanic transmissions; metal-welded metallic confections; components for air conditioning; components and valves injection system, molds and tools.

The main services offered are: design and manufacture of industrial equipment, molds and tools, surface coatings, thermal treatments, calibration and repair of measuring instruments, laboratory physico-chemical tests and analysis, EDS, training courses.

The top processes applied in COMPA projects, integrating large-scale CNC equipment associated with fault detection procedures and statistical control methods, ensure consistent quality assurance.

The use of modern cutting technology, the use of cutting or controlling laser, metallic or film coatings, robotic cells, the dimensional control technique associated with the lean operational concept make COMPA a successful company with outstanding results in recent years.

The organizational structure adopted by COMPA is a mixed, functional - divisive (matricular) structure. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is capable of responding quickly to manufacturing changes and customer requests. It is a structure that is based on a broad autonomy of multi-functional teams.

The strategic objectives of COMPA are: increasing profitability, increasing customer value, achieving operational excellence, increasing staff performance, enhancing environmental performance, occupational health and safety. The global influence of all the internal factors of society creates the "climate" of its work and its manifestation, the climate in which the entire 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 range of activities that participate in the realization of our products and processes are being carried out, strongly influencing the relational interface with the external environment factors.

The components of this climate are generally the following:

a) structure of the organization;

b) processes and their interaction;

c) staff, its values and beliefs.

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 simpler, more flexible and understandable way, endowed with clear objectives, broken down into each relevant structural component and achieved by 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 manner the way of communication between the departments and functions of the organizational structure as well as the collaboration relations between them.
- establishing and implementing processes, technologies, and techniques used by the organization to transform internal organizational resources into products or services.
- definition and implementation of quality management, environment, employee health and safety management systems, and continuous improvement of COMPA processes.

b). Processes and their interaction

Under this name we have considered the following processes:

- management processes that relate to the activities of: coordination, analysis and decision-making; providing the resources needed to conduct activities and improving activities and processes;
- the basic processes for product development (product sales, supply, product logistics, product manufacturing, product and process design and development);
- support processes (product compliance / non-compliance monitoring, equipment and machine maintenance, internal audit);
- the interaction between the process and how they evaluate their performance.

Within the processes, attention is paid to teamwork, as well as to the continuous improvement of their effectiveness.

c). The staff, its values and its creed

Within COMPA, it is believed that the human factor is ultimately due to all the achievements made by society, so it is especially important to know and conduct properly its values and beliefs, which will lead to the formation and development of a true cultures of our organization.

These are important and account is taken of the following:

- the formation and way of action of managers in terms of values, beliefs and demographic characteristics (age, experience, education, social position);
- the formation and the way of action of the personnel of the society (personalities, attitudes, values, motivations, behaviors, beliefs);
- the culture of the organization, and the adherence of staff to it as a somewhat unitary way of manifesting, thinking, feeling, being and perceiving values and beliefs, responding to different attitudes, and using the same language.

e) SWOT analysis

Weaknesses

- Excessive dimensions and diversity (resource dissipation, increased costs with general administration, reduced flexibility, diversity of posts and skills, cumbersome information flow management);
- Manufacture of small products in turnover;
- Loss of significant supplier position in the automotive industry in Romania;
- Limited know-how in conception products;
- Execution by client projects (lack of some products - COMPA brands).

Strong points

- Salary levels aligned with the market;
- Highly professional workforce, especially in support services;
- Good image in the business environment;
- Quotation on the Bucharest Stock Exchange;
- Integrated Quality, Environment, Occupational Health and Safety System certified;
- High level of process integration;
- Own performance know-how for auxiliary processes: thermal treatments, surface coatings; painting;
- Production facilities in the world's 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 (support for dual learning);
- Good handling of modern manufacturing processes in the field of manufacturing and assembly;
- Employing company management in extensive development projects.
- Significant profit margins that ensure development;

Risks

- Insufficient labor market resources;
- Accelerated growth in labor, materials and energy costs;
- Credit growth;
- High dependence on a relatively small number of customers

Opportunities

- The accelerated development of the Romanian business environment (based on foreign investments);
- Accessing EU funds;
- Increasing turnover from related activities offered to the regional market (metallic coatings, metrology, physico-chemical laboratory, training) and process integration (forging);
- Developing automotive manufacturing in Romania;
- Availability of current customers for collaborative development (increasing volume on current products and requesting new references);
- Resources and resources for business development in other areas (real estate).

All of the above presented important input data and were considered in the analysis, identification and treatment of the risks and opportunities that may arise in COMPA processes and how we respond and harmonize this whole the context in which we exist and carry out our activities.

f) Management methods and techniques

In COMPA society, the most common methods of management are:

- management of change and innovation in order to cope with a highly dynamic external environment by implementing programs to improve the organization's processes and activities;
- objective-based management applied at all levels to mobilize the intellectual and practical potential to achieve the organization's performance;
- strategic management in order to link the opportunities of the environment with the possibilities of the company and the management of the actions towards the achievement of the strategic objectives;
- project management to dynamically develop and efficiently manage resources to rapidly and efficiently assimilate new products and technologies;
- participatory management, in order to increase the active participation of the employees in the functioning of the organization;
- prospective dashboard to measure and control critical business parameters (internal processes, human resources, customer satisfaction, and economic and financial management)
- cost management, by implementing cost-cutting programs aimed at improving and optimizing processes and analyzing and monitoring monthly cost categories.

g) Strategic directions; product development

- with existing customers;
- with new customers.

h) High Value Added Products

- precision machining by cutting;
- assembly;
- springs;
- surface treatments (paint, sandblasting, zinc coating);
- thermal treatments;
- benefits for metrology activity, physico-chemical laboratory, tests;
- stamped parts;
- forged parts;
- mecano welded parts, laser cutting;
- complex benchmarks for sculpture activity;
- Service cardane - EDS.

i) Human resources strategy

In terms of human resources management, it was assumed that the fulfillment of strategic objectives depends primarily on the human factor. Firm development involves elements that create long-term value and can ensure the organization's future performance. The human resources policy fields are specific, interrelated and mutually balanced.

Mainly COMPA focused on:

- early recruitment for higher education positions - graduate students and graduates;
- promotions within society;

- involvement in correlating the educational offer in the technical field with the needs of the economic agents;
- efforts to address the needs of employees in relation to the possibilities of society;

Strategic objectives

The main strategic axes pursued in the projection of the following years are:

- adapting and developing strategic skills;
- building a functional organizational climate;
- ensuring a high level of satisfaction;
- developing skills for action: awareness, performance, participation, motivation.

The pursuit of these strategic axes is possible by achieving the following objectives:

- effective management of staff skills;
- training process aligned with the company's strategies;
- identifying potential employees / specialists (students, students) by managing internships and scholarships;
- developing the career of young graduates by accompanying the integration course with specialized trainings;
- personal development;
- engaging in the development of technical university education by supporting the integration of theoretical and practical knowledge through internships at the COMPA Training and Development Center, practice, subjects for bachelor examinations, etc .;
- covering high-level posts;
- "entry-level" training plans;
- rotation on posts;
- remuneration packages correlated with individual performance and company performance;
- favorable working conditions and climate;
- developing the framework for informing and consulting employees;
- ensuring a high level of security and health;
- accessing European funds for human resource development;
- internal network of authorized trainers (by domain);
- ensuring professional education graduates meeting the requirements of COMPA through the adoption of the dual education system.

2. MANAGEMENT OF DANGEROUS SUBSTANCES AND MIXTURES

In COMPA, the management of hazardous substances and mixtures is regulated by the Hazardous Substances and Mixtures Management, which stipulates and determines how to purchase, transport, handle, store, use and manage hazardous substances and mixtures in order to ensure the protection of the environment, to control and minimize the risk of accidents involving dangerous substances and mixtures.

The purchase of dangerous substances / mixtures is done in accordance with the procedure "Prospecting market, evaluation and selection of suppliers / conclusion of the order / contract with the suppliers".
Prior to the purchase of any substance or mixture, the supplier is requested in the Order / Contract, Safety Data Sheet (SDS), in accordance with Regulation (EC) REACH No 1907/2006 and Regulation 830/2015 amending Regulation 1907 / 2006 (REACH)

On the www.compa.ro website, the documents required for COMPA's suppliers are loaded, namely:

- general purchase requirements where the environmental and other requirements for COMPA suppliers are specified;
- The **Green Purchasing Guide**, which sets out procurement policies and practices and the focus on acquisitions that have a minimal impact on the environment. We also specify COMPA's expectations regarding our products and the recommendations and requirements for our product suppliers.

Prior to requesting the purchase of dangerous substances and mixtures, check that they are on one of the following lists:

a. List of restricted substances (Annex XVII to the REACH Regulation);

b. List of substances requiring authorization (Annex XIV to the REACH Regulation)

c. List of Candidate Lists for Authorization with Very High Concern (SVHC List);

d. List of Toxic Substances or List of Precursors;

e. List of restricted substances in the automotive industry GADSL (www.gadsl.com);

f. List of substances restricted by the COMPA customer's rules

At entry it is checked whether substances and mixtures are labeled in accordance with Regulation (EC) No 1272/2008 (CLP).

The list of hazardous substances and mixtures used is specified in Annex 1 to the Integrated Environmental Authorization No. S.B13 / 25.11.2005 revised on 16.11.2017. This list contains the name of the substance / mixture, CAS No., EC No, chemical composition, quantities used, class and hazard class and the hazard statement according to Regulation (EC) No 1272/2008 (CLP).

2.1. Carbon emissions / planned measures to reduce carbon emissions

During the period 2011 - 2014 the electrothermal plant was modernized by the project "Improving the energy efficiency of the manufacturing processes at SC COMPA SA" carried out with European funds accessed through POSCCE, Priority Axis 4 DM1. On 8 October 2014, the Ministry of Environment and Climate Change notified the reduction of the capacity of the electrothermal power plant under 20 MW and requested the exclusion of the installation from installations subject to the Community legislation on the monitoring of greenhouse gas emissions.

2.2. Use of hazardous chemicals or biocides

The handling and storage of hazardous substances is done in accordance with the safety data sheets provided by the suppliers and in compliance with the mandatory measures governing the purchase, transport, handling, storage, use and management of dangerous substances and mixtures in COMPA in order to ensure the protection of the environment the safety of employees and the control and minimization of the risk of accidents involving dangerous substances and mixtures.

The storage of different hazardous chemicals and preparations is made taking into account the compatibility of the substances. The records of the hazardous substances and mixtures used are kept in the SAP (Application and Product System) program.

Persons handling, using, storing and transporting hazardous substances / mixtures are trained half a year and are aware of the measures to be taken in case of emergency.

Environmental targets also include targets for reducing the consumption of hazardous substances and mixtures or replacing hazardous substances and mixtures with some less dangerous to ensure staff health and environmental protection.

2.3. Planned measures to reduce carbon emissions

Annual targets for environmental management programs are aimed at reducing combustion gas consumption from technological processes in order to reduce emissions of combustion gases (carbon emissions)

Combustion gases (CO, powders) from the process and from the electrothermal plant are measured annually, in emission, by the basket, by an accredited laboratory.

There were no exceedances of monitored indicators in 2015, 2016, 2017.

3. THEMATIC ISSUES

COMPA has consistently and endorsed special care for the protection and preservation of the environment, taking into account:

- observance of the legislation in force on environmental protection;
- saving natural resources;
- identify potential risks, anticipate and take account of the consequences,
- modernization, progressive upgrading of the technological flow to increase the efficiency of depollution.

COMPA has implemented an Environmental Management System according to the ISO 14001 standard. This system was first certified in 2003 and re-certified in 2015 by the **TUV Rheinland Germany**.

The activities regulated by this system are maintained and continually improved, being systematically overseen by internal audit but also by the certification authority.

Within the management system procedures are in place regarding: Staff training, Monitoring and measurement of atmospheric emissions, Management of hazardous substances and mixtures, Monitoring and prevention of noise pollution, Managing packaging and packaging waste, including packaging and packaging waste of hazardous chemicals, monitoring the monitoring and reporting of greenhouse gas emissions, Waste management, Managing hazardous chemical packaging and Labeling, Emergency Situations and Response Capacity, etc.

Within the society, a number of environmental aspects are identified and evaluated, which are taken into account when setting the targets:

- nature and scale of activities,
- legal provisions and other requirements;
- significant environmental aspects;
- technological options;
- operational and commercial requirements;
- Material, financial and human resources;
- The views of stakeholders.

To achieve the objectives, measurable environmental targets set for functions, departments where significant environmental issues have been identified and documented in the *Environmental Management Program* have been identified for a certain period of time:

- soil protection against pollution by harmful substances;
- water protection against pollution by harmful substances;
- reduction of vapor emissions paint, diluent (VOC);
- reducing workplace steam emissions,
- improving waste management;
- compliance with legal and regulatory provisions;
- Employee awareness on environmental protection;
- Reduce the risk of fire, explosions.

All these specific actions are aimed at improving environmental performance. Environmental issues are identified by the established working team and take into account, as appropriate, emissions to air, 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 the implementation technologies, the introduction of new raw materials / materials / equipment, the modification of legal, regulatory and customer requirements or other interested parties, specific conditions in points work, etc.

On the basis of these analyzes, the ways of controlling the environmental aspects associated with the company's activities are updated. According to the best available techniques, the work is carried out with specialized personnel on environmental protection.

Within the company are provided:

- programs for the monitoring and measurement of environmental status indicators for the prevention and control of emissions into the atmosphere, wastewater, noise, soil pollution, hazardous and non-hazardous waste;
- Preventive maintenance programs for relevant installations and equipment.
- methods for recording the maintenance and revision needs;
- environmental management programs with environmental objectives and targets for reducing and controlling pollution
- plans to prevent and combat accidental pollution;
- raining (meetings, operative meetings) through which all staff is aware of the implications of the integrated environmental permit for the activity of the company, of all the environmental effects resulting from the normal operation and abnormal conditions of the installations, the awareness of the need to report the deviation from integrated environmental permitting, accident prevention and accident prevention, awareness of the need to implement and maintain training records;
- reports and notifications to competent environmental authorities in accordance with the authorizations held by COMPA.

At the company level, a **global environmental performance indicator** that is calculated based on environmental management performance (providing information on management's efforts to influence the organization's environmental performance) and operational environmental performance (which provides information on operational results of the environmental performance of the organization's activities).

At the level of 2018 it was 97.6%. No penalties for non-compliance with environmental compliance obligations have been recorded in the last 3 years

4. THEMATICAL ASPECTS

a) Social Responsibility Policy

We define and assume the following principles as a way to understand Social Responsibility within our organization:

Assuming our responsibility for the impacts we produce on society, the economy and the environment;

Transparency of our decisions and activities that can affect society and the environment;

Respecting and promoting ethical behavior: honesty, equity and integrity, as values that concern us in relation to people and the environment;

The respect for stakeholders' interests in our decisions and activities;

Ensuring compliance with all applicable laws and regulations;

Compliance with international norms of behavior in business.

Respecting and promoting human rights, which we regard as inalienable and universal

COMPA integrate the principles of Social Responsibility within the organization by conducting management based on leadership principles and vigilant approach to the impact of our decisions on society, environment and economic factors.

With reference to the International Standard ISO 26000, as well as the Ten UN Global Compact Principles and the ILO Labor Standards, we adopt the following guidelines as the main themes of action:

Ensuring organizational management as a way of conducting and conducting activities in an ethical and responsible manner. All employees and contractors of COMPA will adopt the Social Responsibility considerations described in this policy in their day-to-day work. COMPA managers will act as models by integrating these considerations into decision-making and all activities.

Respect for 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 or engage in any activity that engages in or encourages any human rights abuses;

Applying appropriate working practices to ensure working conditions and social protection according to applicable legal standards and regulations; COMPA is committed to providing equal opportunities in all aspects of employment and will not adopt or tolerate illegal workplace behavior. 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;

Protecting the environment as a way of meeting current environmental challenges and as a commitment to applying and promoting responsible environmental practices, including by encouraging the development of green technologies; COMPA is working to continually improve its own environmental performance.

Applying fair practice as a way of ethical conduct in relations with other organizations and individuals, respecting the applicable national and international laws and regulations; COMPA is committed to maintaining the highest standards of integrity and corporate governance practices applicable to the capital market in order to promote trust in their systems. COMPA engages in timely dialogue with all stakeholders, including shareholders, customers, employees and their representatives, government and other entities.

Responsibility towards customers and consumers to ensure their right to use, information, choice, expression, correction, education, security 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 to its members, as well as of the elements of culture, religion, tradition and history or its partnership. COMPA will contribute to the quality of life in its community by supporting innovative programs in the areas 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's managers are constantly ensuring that there are, and are functioning effectively, appropriate organizational structures to effectively identify monitor and manage the Social Responsibility and Performance aspects relevant to our business. COMPA is committed to measuring, auditing, and reporting the performance of its Social Responsibility actions.

Our lines of action are implemented in a credible way through a broad action of communicating with our stakeholders in our programs in this area and by engaging all of our organization's staff in this regard.

COMPA will inform Partners, contractors and providers of the Social Responsibility Policy and will involve them to achieve consistency with this policy.

(b) Social and labor-related aspects

In a time of labor market imbalances, COMPA has pursued an active and dynamic employment policy under the sign of diversity. With a staff of over 2000 employees, COMPA is one of the main employers in Sibiu County.

4.1. Employment

Total effective December 31, 2015 to 2017

Between 2015 - 2017 the number of staff has increased continuously, registering the end of 2018 an increase of 12% compared to end of 2015

Also during this period there was a decrease in the number of employees with individual employment contract for a definite period, their share decreasing from 20.8% to 14.1%

	2015	2016	2017
Employees with an Individual Employment Contract for an indefinite period	1557	1842	1929
Employees with an Individual Employment Contract for a specified period	409	311	272
TOTAL	**1966**	**2153**	**2201**

Share of women in total employees at 31 December 2015 to 2017

The number of women in total employment, between 2015 - 2017 marked a slight decline from 31.8% to 30.9%

	2015	2016	2017
Share of women in total employees (%)	31.8%	30.9%	29.9%

The distribution by age and professional categories of staff as at December 31, 2017

The age group most representative, both men and women, is the staff aged 45-50 years.

		TOTAL, of which:	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Under 18 ani	**Men**	**-**	-	-	-	-
	Women	**5**	5	-	-	-

		TOTAL, of which:	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
18 – 24 years	**Men**	**190**	153	20	7	-
	Women	**60**	51	5	4	-
25 – 34 years	**Men**	**283**	140	59	63	21
	Women	**119**	86	6	27	-
35 – 44 years	**Men**	**280**	161	56	33	30
	Women	**150**	117	6	21	6
45 – 54 years	**Men**	**443**	320	86	22	15
	Women	**260**	210	14	33	3
Over 55 years	**Men**	**326**	180	68	46	32
	Women	**85**	36	4	40	5

Distribution of total staff at December 31, 2017 on seniority and professional categories

The seniority of work which includes most employees, is the one with employees with over 25 years, the next group being the opposite, namely the young employees, with less than 3 years seniority.

		TOTAL, of which:	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Under 3 years	**Men**	**247**	200	19	27	1
	Women	**97**	86	6	5	-
3 – 5 years	**Men**	**76**	45	16	13	2
	Women	**28**	17	-	11	-
5 – 10 years	**Men**	**187**	102	41	32	12
	Women	**72**	57	4	11	-
10 – 15 years	**Men**	**145**	70	27	27	21
	Women	**65**	43	4	15	3
15 – 20 years	**Men**	**100**	53	21	11	15
	Women	**57**	46	1	8	2
20 – 25 years	**Men**	**109**	73	25	5	6
	Women	**74**	59	4	9	2
Over 25 years	**Men**	**659**	412	140	66	41
	Women	**285**	195	16	67	7

Distribution of total staff at December 31, 2017 on qualifications (as COR code)

In the distribution of qualifications it is found that the share of women is above the average level in the firm (about 30%) in the case of specialists with higher education, technicians and middle-class accountants, administrative officials and unskilled workers.

Assembly and installation operators, the percentage is even higher for women than men.

		Men	Men
1.	Senior staff	112	13
2.	Specialists with higher education	140	86
3.	Technicians and other specialists in technical and accounting	54	48
4.	Administrative officials	29	173

		Men	Men
5.	Service workers	11	2
6.	Workers skilled in agriculture	-	-
7.	Qualified and assimilated workers	918	158
8.	Installers and machines operators; assemblers of machinery and equipment	100	125
9.	Unskilled workers	159	73

4.2. Personnel fluctuation

Analyzing the evolution of personnel turnover over the last 3 years there has been a substantial increase in this indicator, due mainly to insufficient labor market resources.

The main measures set up to remedy this situation are related to the level of wages and benefits in the area, qualification / retraining courses, apprenticeship contracts, rental allowances

	2015	2016	2017
Personnel fluctuation	15.95	16.92	19.70

4.3. Disabled on December 31, 2017

Number of disabled workers by categories and sex

The number of people with disabilities in COMPA, respectively 15 people, is under 4% of the total number of employees (about 88 people), reason for which the company pays monthly to the state budget an amount representing the country minimum gross salary multiplied by the number of jobs in which disabled persons are not employed.

		TOTAL of which:	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Disabled	**Men**	**11**	4	6	1	0
	Women	**4**	2	0	2	0

4.4. Persons in parental leave

Number of employees on parental leave, by category of staff and by sex

From the situation below, it is clear that the beneficiaries of parental leave are both women and men

		TOTAL of which::	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Employees on parental leave	**Men**	**2**	2	0	0	0
	Women	**27**	18	1	7	1

4.5. Salary

Gross average monthly salary per person and gender by 2017

For all categories of employees, women's average monthly gross wages are below average salaries in COMPA.

Average gross monthly salary	TOTAL of which::	Directly Productive Workers	Indirectly Productive Workers	Heads and Executive staff
Total	**3946**	3271	3901	6358
Women	**3243**	3003	3381	4166

4.6. Continuous training 2016 – 2017

Analyzing the evolution of the number of training hours / employee / year, there is a slight decrease in the value of this indicator, due in particular to the high fluctuation of the staff.

The training hours of new entrants are not included in the number of training hours / employee / year

	2016	2017
Number of training / employee / year	23.97	23.13

4.7. Relationship with trade unions (syndicate)

Trade union membership (average for 2017)

Freedom of association can be demonstrated in the table below. The data show that the number of employees belonging to a union is 78.9%.

	Non union	Independent Free Trade Union	Trade union Arsenal	Trade union Executive staff
Personal number/ trade unions	435	1414	139	76
Trade union membership (%)	21.1%	68.5%	6.7%	3.7%

4.8. Human capital management

Regarding the management of human capital, it was assumed that the fulfillment of the strategic objectives depends first of all on the human factor. Firm development involves elements that create long-term value and can ensure the organization's future performance.

The fields of human resources policy are specific, interrelated and mutually balancing.

Mainly COMPA will focus on:

- early recruitment for higher education positions - graduate and graduate students;
- promotions within society;
- involvement in the correlation of the educational offer in the technical field with the needs of the economic agents;

The main strategic objectives pursued in the projection of the following years are:

- adapting and developing strategic skills;
- strengthening a functional organizational climate;
- ensuring a high level of satisfaction;
- developing skills for action: awareness, performance, participation, motivation.

The pursuit of these strategic axes is possible by achieving the following objectives:

- Effective management of staff skills;
- training process aligned with the company's strategies;
- identifying potential employees / specialists (students, students) by managing internships and scholarships;
- Developing the career of young graduates by accompanying the integration course with specialized trainings;
- personal development;

- engaging in the development of technical university education by supporting the integration of the theoretical knowledge with the practical ones through internships at the COMPA Training and Development Center, practical, bachelor examination topics, etc .;

- covering high-level posts;

- "entry-level" training plans;

- Remuneration packages correlated with individual performance and company performance.

- favorable working conditions and climate;

- developing the framework for informing and consulting employees;

- accessing European funds for human resource development;

- internal network of authorized trainers (by domain);

- ensuring professional education graduates meeting the requirements of COMPA through the adoption of the dual education system.

4.9. Respecting the human rights

Procedures for Receiving and Solving Complaints

In COMPA there is a system for dealing with employees' complaints that governs how they can address their company's petition formulated in their own name.

Petitions address social issues related to work. The system stipulates how petitions are recorded, distributed for settlement, and dispatched to the petitioners..

4.10. Responding to freedom of association

The COMPA Administration recognizes the free exercise of trade union law, in line with the international conventions Romania has adhered to, as well as the freedom of opinion of each employee.

The COMPA Administration undertakes to adopt an impartial position vis-à-vis trade unions and their representatives in the company.

The trade union is the official representative body of trade union members of COMPA employees in front of the administration, and it recognizes the trade union as a democratic organization and a factor of progress and supports its work. The relationship with the unions is based on trust, good faith and promptness in information.

Trade unions defend the rights of their members, which derive from labor law, from the Collective Labor Agreement within the company, from individual labor contracts, before courts, other institutions or state authorities through their own or elected defense. Employers have the obligation to invite elected delegates of representative trade union organizations to participate in boards of directors or other bodies assimilated to them, to discuss issues of professional, economic, social, cultural or sporting interest.

5. HEALTH AND WORK SECURITY

5.1. Work accidents (incapacity for work > 3 days)

	2015	2016	2017
Number of work accidents	**1**	0	**1**

According to the law, accidents were investigated by a commission that determined the circumstances and causes that led to the occurrence of the events, the violated regulations and the measures that had to be taken to prevent the occurrence of other similar cases.

5.2. Accidents at work, by causes

	2015	2016	2017
Number of accidents involving serious risks	0	0	0
Number of accidents related to areas with dislevelments, landslides	0	0	0
Number of accidents due to machine tools	0	0	0
Number of handling accidents - material storage	0	0	0
Number of accidents due to poor working load	0	0	0
Number of accidents due to the worker's wrong actions	**1**	0	**1**

The labor accident in 2017 had as its main cause the failure of the worker to use personal protective equipment

5.3. Light accidents

	2015	2016	2017
Head injuries	0	1	1
Eye damage / Injury to the eye	1	0	
Body injuries	0	1	1
Hand injuries	3	7	2
Foot Injury	3	0	0
Number of light accidents	**7**	**9**	**4**

Most minor injuries have resulted in hand injuries.

5.4. Professional diseases

	2015	2016	2017
Number of professional diseases	0	0	0

In the last three years, there were no reported professional diseases.

5.5. Number of notified permanent incapacity (partial and total)

Permanent, partial / total incapacity - reduction potential psycho physical sensory or intellectual due to an accident

	2015	2016	2017
Number of partial permanent incapacity	**1**	0	0
Number of total permanent incapacity	0	0	0
TOTAL permanent disabilities	**1**	0	0

5.6. Number of fatal accidents: work, route

	2015	2016	2017
Number of fatal work accidents	0	0	0
Number of fatal accidents on the route	0	0	0
TOTAL fatal accidents	0	0	0

5.7. Staff working in high-risk areas and specific

The high-risk and specific risk areas of COMPA SA are areas where there is a risk of explosion, noise above the permissible limit, and areas with medium voltage electrical shock.

	Dangers	number of workers
workshop boiler	explosion, hearing loss	6
Cogeneration Station	noise	4
Points transformation	electrocution	6
Zone pressure storage containers	explosion	0
Areas with noise beyond the permissible limit	hearing loss	39
TOTAL		**55**

5.8. Number of accidents whose victims were employees of the leasing companies or of the service companies in the company

	2015	2016	2017
Number of accidents of temporary employees or service providers	0	0	0

5.9. The number of fires

	2015	2016	2017
The number of fires recorded	1	0	

The cause of the fire was the non-observance of the regulations regarding work with fire at the disassembly of some basins at the waste water neutralization station.

5.10. Number of meetings of the Health and Safety Committee at work

	2015	2016	2017
Number of meetings of the Health and Safety Committee at work	4	4	4

5.11. Occupational medicine / Labor medicine

a) Number of clinical exams / types of examinations

	2015	2016	2017
Number of clinical examinations for employment occupational medicine	580	672	637
Number of clinical exams per transfer	35	79	89
Number of consultations	30	35	33
Number of regular clinical examinations	1555	1687	1899

b) Number of employees declared conditionally / inappropriately on their job

	2015	2016	2017
Number of employees declared "apt conditionally" in the post	288	296	255
Number of employees declared "unfit" on post	2	6	14

Workers declared "fit condition" were made by occupational physicians recommendations on hospitalization to specialists, avoiding night shift work or alternating position.

Workers declared "unfit" they have provided other workstations under their inability. Main unfitness are related to avoiding exposure to skin or respiratory irritants.

6. POLICY IN THE FIELD OF QUALITY, ENVIRONMENT, HEALTH AND OCCUPATIONAL SECURITY

Quality, environmental protection, occupational health and safety are part of the values i have, being integrated into the long-term strategy of our organization and representing some of the issues we represent.

Principles and lines of action:

- **Customer orientation** to demonstrate that its requirements and expectations:
  - Are consistently determined, understood and satisfied.
  - Compliance obligations related to these requirements and expectations are determined, understood and met.
  - The risks and opportunities that can influence the compliance of our products and services are determined and treated.
  - our ability and orientation to increase customer satisfaction are maintained.
- **Maintaining and continuously improving the effectiveness** and efficiency of the integrated management system of quality, environment, health and occupational safety.
- **Communication, awareness and implementation of the system requirements to all the functions involved,** so that their binding nature is clearly understood.
- **Engagement of all functions within the organization to meet customer-specific requirements and integrated system** regulations to create a climate and culture for professional, environmental, health and safety quality within the organization.

Identifying, establishing, detailing and planning all the functions, objectives, and objectives of quality, environment, occupational health and safety that relate to increasing our performance in these areas and reflecting our requirements and demands, our customers as well as those of other parties interested in our performance. We have in mind the following lines of action:

- Assuming and fulfilling the requirements and expectations of our clients regarding quality, deadlines, cost, and other specific requirements;
- promoting the best technologies available in relation to the environment;
- Appropriate management and control of hazardous chemicals;
- reducing the concentration of pollutants in waste water, pollutants emitted into the atmosphere and noise level, and meeting them within the maximum allowed legal limits;
- adequate maintenance and exploitation of technological equipment and equipment;
- reducing raw material consumption and rational use of natural resources (electricity, water, air, gas);
- adequate waste management;
- developing a culture in the field of environment and occupational health and safety by training, awareness and active involvement of workers.

- **Compliance with applicable law** and with the regulations and requirements of other stakeholders and which we assume or subscribe to in relation to quality, environment, health and occupational safety applicable to our products, processes, services and activities.

- **Systematic action** to prevent pollution and to prevent accidents at work and occupational diseases.
- **Taking appropriate social responsibilities** to our activities and products and meeting the expectations of our stakeholders and our social partners.
- **Periodic review** of how this policy is implemented and functional in the field of quality, environment, occupational health and safety;
- Imposing the appropriation and adoption of similar principles relating to the quality, environment, health and safety of our products and services.

We also delegate to each employee the responsibility for complying with and implementing this policy in accordance with his or her duties under this system as they result from his / her documents and regulations and in accordance with his / her job description.

7. MARKETING AND SALES STRATEGY

The priority of the marketing and sales department is to provide quality products / services that meet or even exceed customer expectations.

8. BUYING STRATEGY

The main objective of the purchases is to find sources of supply that ensure the highest competitiveness of the raw materials and the materials supplied.

In the context of globalization and market alignment at stock quotes for most products, the goal of buying is to get an index of at least 20% more favorable than the index communicated by the National Institute of Statistics for that segment.

The analysis of this index is done on each product group:

- metallurgical products,
- semi-finished products and components;
- Tools, Devices, Verifiers;
- rubber and plastics products;
- chemicals / lubricants / gaseous;

A continued goal is to prospect the market and find new supply solutions as well as develop suppliers to obtain the best price and quality level in the supply.

Purchasing activity has evolved continuously with the development of the company.

The **compa**ny's focus on large customers in the automotive industry has led to a considerable widening of the suppliers database and to the increase in the share of import suppliers in total purchases.

This is due to the high level of specialization required by suppliers.

COMPA has moved from mainly purchasing basic materials to the purchase of imported semi-finished products, due to the increase in the technological level of the company and implicitly the specialization in certain fields.
In the context of the current market one can expect a continuation of the trend over the next years.

9. DEVELOPMENT RESEARCH

9.1. Strategic goals

- increasing the productivity of the current products according to the contracts with the customers;
- integration of adjacent processes to current products;
- Developing new products and processes outside of the automotive industry.

9.2. Objectives of technical activity

a). <u>Developing new products and processes</u>

- alternative energy capture systems;
- development of a new process for injection molding;
- Making additional features in the manufacturing process of the nozzle;
- development of processes for making additional injectors for Delphi England;
- Expansion of the Bosch-Mahle and Honeywell customer base range for turbochargers;
- enlarging the range of gears;
- development of joint injection ramp production for the Bosch Client;
- Zn Ni alloy coating on the new automatic line;
- the development of the manufacture of cold-rolled arches for the automotive industry;
- the development of BOSCH hand tools parts development;
- the development of 3rd Party Production (3PI) from the GTD and GTE generation for the Honeywell customer.
- integration of adjacent processes to stamped parts for the BOS client;
- development of transfer stamping processes;
- development of components for the Continental Automotive customer;
- integration of the horizontal forging process for significantly higher productivity;
- development of landmarks for the Dacia client, including transmission and pinions;
- the development of the Haulotte customer's manufacturing;
- Developing the forging process for different parts of the turbocharger, injector body, common ramp and pinions.
- identifying products that can adapt to e development of new technologies in COMPA (precision stamping, cold forging - extrusion, metallic and non-metallic coating processes);
- the development of intelligent, self-compacting devices and equipment of machine tools with automatic and semiautomatic feed systems;
- development of the common ramp product for gasoline-fueled and direct injection engines;
- development of processes for making components of machine tools for DMG MORI;
- product and process development of high-strength water pump pulley for Renault and Daimler;
- the development of TRW client ball point processes;
- development of VCST client pinion processes.
- automation of welding processes for lifting equipment, Haullote customer..

b). <u>Implementarea procesului de îmbunătăţire continuă</u>

- streamlining the process of developing new products and processes - simplifying the procedure and harmonizing it with the other procedures in COMPA;
- Streamlining the AMDE method - completing the procedure and simplifying the formality.
- IT technology computerization and the use of IT applications in the development process (Team Center Wind-chill and Share-point).

c). Redesigning processes by KAIZEN principles and techniques

Redesigning processes so that the best performance is achieved on the existing equipment:

- ✓ productivity;
- ✓ stocks;
- ✓ ergonomics;
- ✓ health and safety.

d). Increasing the skill level of activities

- training of technical personnel;
- internal audit, periodically.

10. TECHNOLOGICAL PROJECTS, EQUIPMENT AND CAPACITIES

The manufacturing technologies of the products are designed by specialized personnel in the technical compartments and are, in general, serial production technologies. The manufacturing preparation is designed by qualified personnel within an independent unit, using computer assisted design.

Technology Processes Used in Serial Manufacturing:

- Most machining operations are carried out on special machine tools with numerical control. These machines provide the full range of machining: turning, milling, drilling, threading, teasing, etc., both in the production processes in the series and in the other. Technological processes are conducted on technological lines of production or in workshops organized by machine groups.
- Thermal treatments are carried out in a centralized workshop with equipment that provides the full range of treatments: quenching, rebounding, cementation, carbonitrulation, etc. This workshop performs thermal treatments for parts of products made in the company as well as services for other clients.
- The cold plastic deformation of the sheets is carried out in a workshop equipped with mechanical presses from the range of 6 to 400 tf. Cold plastic deformation of the plates has evolved from processes to classic mechanical presses to automatic presses, with the use of multipost dies with the widespread use of rolls in rolls.
- Hot plastic deformation is performed on two high-productivity forging lines. Surface coatings are made in specialized workshops and include both paint coatings and metallic coatings. The painting is carried out in the electrostatic field and with water based paint in the electrostatic field and cataphoretic dyeing. Installations include equipment that ensures the complete preparation of the painting surfaces.
- Welding of metals is a technological process used in specifically equipped workshops or on technological assembly streams. The processes used vary depending on the products made: protective welding, pressure welding, electric welding, oxyacetylene flame welding. In the technological flows there are automated machines with high productivity and firm control of the parameters, thus increasing productivity and reducing costs. Robots are also used to improve the quality of the welds and, implicitly, of the parts.
- The cold-rolled spring manufacturing processes include winding, finishing and heat treatment operations.
- The assembling of the products is done on modern mounting lines: wiper arms, wiper blades, carters and three insert parts - Honeywell.

The company's manufacturing policy focuses on the development of new product manufacturing on two main aspects:

1. Increased turnover of products already in production;
2. Assimilation of new products and processes by diversifying existing ones.

This development, as a major manufacturing policy, is the measure of reducing the influence of the continued decline in market requirements in the production of traditional products.

The objectives of the manufacturing department for the current and subsequent years are materialized in the full satisfaction of our customers' requirements, both in terms of quantity deliveries and in terms of the quality and quality demanded by them.

To achieve this goal, the Production Directorate is pursuing the activity by improving the indicators as follows:

-Making the monthly manufacturing schedule in the quantities and deadlines requested by the customer;

- compliance with the planned costs, established in accordance with the planned level of production;

- fitting with non-quality costs;

- Continuous improvement of performance indicators, both by initiating proposals and improving projects, with the participation of all staff categories: operators, registrars, UEL chiefs, multifunctional teams at the manufacturing level.

The downward trend in the manufacture of traditional products due to lower demand on the market must be offset by the increase in the share of new products:

- injection –Delplhi
- Common rail injection – Bosch.
- Carters, Flanges, Rolls -Honeywell;
- Pinions – JTEKT;
- Mechanized welding assemblies – Haulotte Group;
- Wiper blades, wiper arms, clamps – Bosch;
- Pressed parts – BOS, Daimler, Takata;
- Assemblies, subassemblies and components for machine tools – DMG MORI
- Forged and mechanically machined pinion - VCST parts;
- Water pump for hydraulic vehicles - Renault and Daimler

11. SUPPLY AND MANUFACTURING FLOWS - STOCKS

Logistics activity is subject to clear, "process-based" rules to help strengthen this business's consistency while responding to customer-specific requirements.

The logistics function now integrates the logistics flow activities: supply, internal and external flow management, distribution.

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

- Improving supply through the use of an efficient (reliable, capacitive and reagent) IT system);
- reduction of inventories of finished materials and products;
- optimizing the flow of materials in the workshop and between the various facilities to reduce transit time;

- reduction of the costs with the overall internal flow (at company level);
- compliance with delivery requirements;
- standardization of conditioning and packaging management.

12. MAINTENANCE

A. Maintenance - production partner

Four axes of progress are affected by maintenance:

- increasing the system's productivity, is the quantity of products at the best price, in a stable manner over time;
- participation in the continuous improvement of the quality of the manufactured products and of the services offered;
- ensuring the security of the proper functioning of the system and the people serving it;
- Ensuring environmental protection.

12.2. Strategic goals

- ensuring the quality of the obtained products, by ensuring optimal parameters of operation of the equipment and installations;
- Reduction of production costs by ensuring maximum reliability of fixed assets and a rapid response in removing the production system operation disturbances;
- compliance with the delivery terms, in order to ensure the necessary availability for the fixed assets;
- ensuring work safety and environmental protection;
- Providing competent human resources and increasing staff flexibility.

Depending on the specific factors (technology, plan, costs, competition, market, objectives, etc.), management has chosen as a strategic alternative the execution of its own maintenance activities, which are achieved by:

- **total productive maintenance** - ensuring the smooth running of the production process in the conditions of obtaining high quality products;
- **Diversification of maintenance activity** - involving the provision of specific maintenance activities to other firms in the same field or related fields;
- **Focus on maintenance activity** - aiming at focusing on specific maintenance and repair activities in order to achieve high efficiency of interventions.

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