



NICPREM IMPEX S.R.L.

REGISTERED OFFICE: 5 Răcari Street, Production hall groundfloor, building 51A,
District 3, zip code 031827, BUCHAREST, ROMANIA



IBAN Code: RO30RNCB0073049954700001 BCR, District 2, Bucharest

BUSINESS UNITS:

1- BUCHAREST: 5 Răcari street, District 3, zip code: 031827	tel: +4 021 2523654;	tel/fax: +4 021 3445371;	fax: +4 021 3461213
2- TITU, 101 bis Gării Street, Dâmbovița County, zip code 135500	tel: +4 0245 651118	fax: +4 0245 651333	fax: +4 0245 652464
T.R.: J40/14627/1994	Sole Reg. No.: R6024769	e-mail: nicprem@nicprem.ro	web: www.nicprem.ro

DIRECTOR'S REPORT and NON-FINANCIAL STATEMENT

AS OF 31.12.2021

I. DIRECTOR'S REPORT

S.C. NICPREM IMPEX S.R.L. having its registered office in Bucharest, 5 Racari Street, district 3 registered at the Trade Register Office attached to the Bucharest Court under number J40/14627/1994, with Sole Registration Number RO6024769, carried out production activities of injection moldings and sales of goods during 01.01.2021-31.12.2021 , achieving the following indicators:

- Total revenues	RON 124,659,375
- Total expenses	RON 119,959,951
- Gross profit	RON 4,699,424
- Corporate tax	RON 585,025
- Net profit	RON 4,114,399

For the annual financial statements drafting, the provisions of the accounting regulations in force, of the Accounting Law no. 82/1991 republished as subsequently amended and completed, of OMFP no. 1802/2014 as subsequently amended and completed, as well as of OMFP no. 85/2022, have been observed.

- The foreseeable development of the company: the company will focus its activity on the same fields as in the past, considering that the highest rate of profit was registered on these fields, both the director and the rest of the employees have expertise in this field of activity.
- The activity in the field of research and development: a research and development department has been operating within the company for several years; in general all the sold products are designed and engineered in this department. For reasons of prudence, the company did not apply the tax facility regarding the research and development activity, but for the period to come, a contract was signed with a consulting firm that will decide which projects are eligible for the application of this facility.

- The assessment of the items in the current financial statement was carried out in accordance with the following accounting principles:
- Going concern principle: It was taken into account that the company will normally continue its operation in the foreseeable future;
- Method consistency principle: The same rules, methods, norms were applied on the assessing, registering and submitting the patrimonial items into the accounting registers, ensuring the comparability of the accounting information over time.
- Principle of prudence: Only the profits recognized up to the closing date of the financial year were taken into account; all the foreseeable obligations and potential losses were taken into account and value adjustments were made taking into account all the possible depreciations regardless of how they would have influenced the financial result;
- Principle of the independence of the financial year: When determining the result, all the revenues and expenses were taken into account, regardless of the date of the amounts collection, the date of making the payments respectively;
- Principle of separate assessment of asset and liability items: All the assets and liabilities were recorded and, eventually, further legal offsets were made;
- Principle of intangibility: The opening balance sheet corresponds to the closing balance sheet;
- Principle of non-compensation: No offsets were made between the revenues and expenses, or between assets and liabilities, other than those permitted by law.
- Significant accounting policies: The financial statements are drawn up and expressed in RON; the accounting errors from the previous years were recorded in the current year on account of the profit and loss account because they did not have significant values (according to the Company's manual of accounting policies and procedures).
- The inventories are expressed at the historical cost (of acquisition). The inventories cost is based on the FIFO (first in, first out) principle. The receivable and debts accounts are expressed at their recoverable, payable value respectively.

II. NON-FINANCIAL STATEMENT

1. **General aspects:** As per the provisions of OMFP no. 1938 of August 17, 2016 amending and supplementing certain accounting regulations, the entities which, on the balance sheet date, do not meet the criterion of having an average number of 500 employees during the financial year, must prepare a non-financial statement specifying, insofar as necessary to understand the development, the performance and position of the entity

and the impact of its business, information on at least the environmental, social and personnel aspects, the human rights respectively, on the fight against corruption and bribery.

2. Company's background: it was founded in 1994, having as the main object of activity the manufacture of injected parts/components for the household appliance manufacturing industry. The company has been operating for over 25 years in the field of manufacturing plastic components for the household appliances industry. The company's products, are divided into the following categories:

- Refrigerators parts
- Washing machines parts

3. Share capital structure

- Subscribed share capital: RON 500,000, fully paid-up
- Number of shares: 50,000
- Value of one share: RON 10

4. The shareholders of SC NICPREM IMPEX SRL are:

- DRUGESCU JEAN, Romanian citizen, holds 65% of the share capital;
- GRIGORE OPREA, Romanian citizen, holds 15% of the share capital;
- UNGUREANU MIREL, Romanian citizen, holds 15% of the share capital;
- DRUGESCU KAUNITZ DRAGOS, Romanian citizen, holds 5% of the share capital.

5. The legal representative of the company is Mr. Drugescu Jean, who also fulfills the role of director. Date of appointment is 26.07.1994.

6. Information regarding the business location :

- o The address of the registered office is Bucharest, District 3, 5 Racari Street, Ground Floor Production Hall, Building 51A.
- o Business unit address: Titu, 101Bis Garii street, Dambovită county
- o **Description of the current business:** The Company has been operating since 1991, having as the main object of activity the manufacture of the injected parts and components for the household appliances manufacturing industry. The company's objective was oriented towards increasing the productivity and expanding the range of products, thus creating the premises for a positive response to the economic and competitive environment it operates within.
- o The company produces injected parts/components for refrigerators and washing machines, the main customers being Arctic, Arcelik and companies from the Electrolux Group.

7. Responsible management and sustainable strategies

The **sustainable development** policy helps the organization to avoid, mitigate or control the harmful impact of its activities on the environment and population, to comply with the applicable legal requirements and is part of a trend appreciated by its business partners. The basic pillars of sustainability are:

- Increasing competitiveness by innovation and transfer of new technologies;
- Environmental protection by implementing some environmental management systems, by increasing the efficiency of processes or by reducing the consumption of the natural resources;
- Organizational development and IT integration within the company, by developing the IT personnel which will substantially increase the added value, the ability to adapt to the market requirements respectively;
- Communication and development of human resources by interactive methods and simulations of key situations;

Responsible management can be described as an attempt to keep the balance between the interests of the whole world (individuals, companies, environment) for the prosperity of both the present and the future generation. To comply with this principle, the adopted policies aim the following:

- Minimizing its business negative impact on the natural and social environment.
- Generating economic advantages for the local community.
- Improving the work conditions.
- Preserving the natural heritage.

8. Policies in the field of management:

In defining and establishing the non-financial expectations, the company has defined management policies in order to ensure that:

- It has in place and developed a partnership system for the consistent orientation of the organization to meet the requirements of the relevant stakeholders;
- It ensures the demand for resources required to constantly improve the performances of the Integrated Management System for quality, environment, occupational safety and health;
- It efficiently coaches, raises awareness and trains all the members of its personnel regarding the achievement of the Integrated Management System objectives;
- It carries out its business in compliance with the legal and regulatory requirements and other requirements applicable to the activities carried out at SC NICPREM IMPEX SRL;
- It has in place efficient measures to prevent pollution and labor incidents.

9. Actions related to the achievement of policies:

- **Turnover increase** by the maximum exploitation of the opportunities offered by the migration of investors to the east and the attraction of new businesses, the reorganization of the commercial department by client groups.
- **Increasing lucrativeness** by continuously improving production processes using the monitoring of jobs via GEMBA method; permanent monitoring of the inventories.

- **Reducing non-quality costs** by installing Poka Yoke devices in all the operating stations with quality risk; multidisciplinary analysis of the internal rejects; ensuring better communication with the customers
- **Increasing the level of customer trust** by complying with the project planning, the quality and geometry targets established for each phase of the project, as well as acquiring the know-how for the development of the current skills and the introduction of new technologies.
- **Improving quality performance** by internal evaluation of CTC staff activity, by meetings for internal rejects analysis.
- Establishing and maintaining some long-term **mutually beneficial relationships with suppliers**, whom we request to adopt the same improvement policy.
- **Maintenance Workshop Monitoring** aimed at shortening the average repair time of equipment; expanding the prevention activities in order to reduce the occurrence of the number of equipment failures; reducing the accidental residence times of the equipment by purchasing, implementing and integrating a software solution with the current ERP.
- **Reducing the personnel fluctuation** by establishing a career development plan, by presenting promotion prospects within the company, ensuring the appropriate work conditions, motivating the employees by a performance-based reward strategy; control of the absenteeism by an employee counseling program.
- Identifying, assessing and minimizing the possibilities of incidents occurring in relation to the **environmental and occupational safety and health** aspects of own employees, contractors and visitors. Improving the occupational safety and health.
- **Fire Protection and Extinguishing Measures** consisting of installing interior hydrants in the new work locations, checking the fire extinguishers, procuring the accessories necessary in the development of the Fire Safety Scenario.

10. Policy related to human resources and occupational safety and health

The human resources policy aims in particular to ensure, maintain and develop the necessary personnel, related to the development needs, as well as to anticipate the possible personnel fluctuations. In order to achieve its objectives and to fulfill its goal, the company has tried to comply with certain requirements, such as:

- Consistency with the company's strategic objectives and policies;
- Support the organization's values regarding the way employees are treated;
- Acting in accordance with the legislation applicable in the relevant industry;
- Clearly defining, editing and communicating the Policies and Regulations. Involving as larger number of employees as possible in drafting, developing and transposing the said policies and regulations.

- **Management and preservation** by creating normal working conditions, controlling the compliance with work discipline, negotiating the employment contracts; every employee has the right to fair treatment in matters of work discipline.
- **Motivation, remuneration** by: establishing the assessment criteria and methods, studying, experimenting and applying the appropriate methods of remuneration, designing non-financial incentives, ensuring links between the increased production, labor productivity, salary fund and individual salary.
- **Professional qualification and improvement** by: establishing the requirements for professional training and improvement, drafting the training programs, organizing the training classes, ensuring the conditions of participation and assessing the professional training actions. Thus, in 2020, a number of 5 people attended the advanced training courses, 3 of the management staff and 2 from the production staff. Many more were scheduled, but due to the health crisis, they were cancelled.
- **Promoting the human resources** by: establishing the promotion criteria and the promotion plan. For any management position, before issuing the vacancy notice and starting the recruitment process, the Human Resources Department displays the vacancy and the requirements of the position within the company's premises and analyzes whether the company has potential candidates for such positions. Thus, many of the team leaders, workshop heads, department managers or even some of the executive officers were promoted from among the employees, some of them going through all the stages, from simple employee to officer. All the positions were filled only based on competence criteria and no one is discriminated against on the grounds of sex, ethnicity, political affiliation, age or any other factor.
- **Determining the human resources need** by developing the criteria for establishing the demand, standardizing the work, sizing the working teams, analyzing and describing the positions, drawing-up the job descriptions, designing the organizational structure and developing the Internal Regulations. The need is determined together with the departments' managers, depending on the forecasted purchase orders and the proposed turnover for the following period.
- **Human resources strategy and policies** by creating a database in this field, drawing up the long-term insurance program for human resources by categories of professions, specifying the sources of recruitment and incentives and drafting the work condition improvement program.
- **Ensuring better work conditions** by identifying the possibilities to improve the protection and hygiene at work, as well as the occupational safety and health. Unfortunately, in 2018 there were two accidents at work, without serious consequences, but which made the company intensify its activity in the field of labor protection and occupational safety. In terms of Human Resources, the company faced the more often with personnel turnover (which also imposed new strategies), as shown in the following table:

Month of year 2021	Actual number of employees at the end of each period	Average number of employees at the end of each period	Number of hires per period	Number of settlements during the period	The input intensity coefficient (Ki) is measured as the ratio between the number of employees joining the company during a certain period of time and the average number of employees of that period.	The output intensity coefficient (Ko) is established as the ratio between the total justified outputs and the average number of employees.	The fluctuation coefficient (Kf) established as the ratio between the number of employees left on their own initiative, those dismissed on disciplinary grounds and the number of employees	The total circulation coefficient(Kt) represents the ratio between the sum of inputs and outputs and the average number of employees	Stability level. For the general characterization of the stability of human potential, the degree of stability determined based on the $G_s = 1 - Kt$ formula is being used
JAN	611	566	14	8	2.47%	1.41%	1.31%	3.89%	96.11%
FEB	630	573	22	16	3.84%	2.79%	2.54%	6.63%	93.37%
MAR	633	570	8	10	1.40%	1.75%	1.58%	3.16%	96.84%
APR	625	550	2	8	0.36%	1.45%	1.28%	1.82%	98.18%
MAY	620	554	2	2	0.36%	0.36%	0.32%	0.72%	99.28%
JUNE	620	555	2	7	0.36%	1.26%	1.13%	1.62%	98.38%
JULY	614	538	2	9	0.37%	1.67%	1.47%	2.04%	97.96%
AUG	611	532	5	15	0.94%	2.82%	2.45%	3.76%	96.24%
SEP	614	532	21	13	3.95%	2.44%	2.12%	6.39%	93.61%
OCT	635	541	32	11	5.91%	2.03%	1.73%	7.95%	92.05%
NOV	636	565	12	9	2.12%	1.59%	1.42%	3.72%	96.28%
DEC	629	555	1	6	0.18%	1.08%	0.95%	1.26%	98.74%
TOTAL	629	553	123	114	22.26%	20.63%	18.12%	42.89%	57.11%

It can be seen from the table above that the degree of stability in 2021 was 58.56%, which led the company to implement measures to increase the degree of satisfaction of employees in

order to prevent losses from the personnel turnover. Among them we list: salary increases and bonuses granted based on performance criteria established after periodic evaluations, staggered work schedule for parents who need to raise children, implementation of career development plans, especially for young new employees, participation in various improvement classes.

The following table is showing the situation of the company's personnel by categories of studies, at the level of 2021, as well as the targets proposed for the year 2021:

CATEGORY	2021	2022 TARGET
Graduates of higher education	49	52
Graduates of secondary education	308	310
Graduates of vocational institutions	112	140
Graduates of general education + qualification classes	160	180
TOTAL EMPLOYEES	629	682

- **The OSH activity** is carried out at the unit level by a person authorized according to the legislation in force and who has performed the following activities:
 1. Drawing up the risks of accidents and occupational diseases per jobs and personnel categories;
 2. Drawing up the prevention and protective plan in the field of occupational safety and health; per jobs and personnel categories;
 3. Drawing up the training plan (topics and bibliography) per jobs and personnel categories;
 4. Training of the work places managers with regard to the training in the field of occupational safety and health and preparation of all the required materials;
 5. Checking the entire personnel compliance with the occupational safety and health rules;
 6. Ensuring the protection equipment for all members of personnel, per types of activities and identified risks;
 7. Ensuring the annual medical examination for all the members of the personnel;
 8. Ensuring the health care:
 - first-aid provided by personnel trained in classes per each work place;
 - transport to ECU if required;
 - medication and sanitary materials in first-aid kits, constantly checked and supplemented;

Giving a special importance to the aspects of occupational safety and health, the company has succeeded in maintaining the certification of OSH management system of the organization according to SR EN ISO 45001: 2018.

We mention that at the level of the institution, thanks to the adopted measures, there were no work accidents.

Accidents at work are being investigated by S.C. EUROSSM S.R.L which the institution has signed a service agreement with.

- **The PSI activity (Fire Prevention and Firefighting)** is carried out at the unit level by 6 persons authorized according to the legislation in force and who has performed the following activities:

1. Drawing up the plans of professional training per jobs and personnel categories;
2. Drawing up the fire prevention and firefighting plan per workplaces;
3. Drawing up the plan for evacuation exercises and intervention in emergency situations per workplaces and personnel categories;
4. Training of the work places managers with regard to the training in the field of PSI and preparation of all the required materials;
5. Verification of compliance with PSI rules by the entire staff through the service personnel who carry out the 24/24 round;
6. Obtaining the Fire Safety Authorizations for the company's objectives.

Information points have been created at the level of all the departments, where topics specific to the workplace in the field of OSH, PSI and ENVIRONMENT are displayed.

An important thing is that, every month, each department participates in intervention and evacuation exercises in emergency situations that include intervention, evacuation and the provision of first aid;

The company is equipped with the means of intervention necessary in emergency situations, taking additional protection measures by endowing all the departments with means of alarm, detection and signaling of possible fires.

Through the checks and activities carried out by PSI, ENVIRONMENT and OSH at the level of the company, no special events occurred.

- **Security monitoring activity:**

Following the preparation of the physical security risk assessment and treatment reports, the following were ensured:

1. The video cameras for monitoring the perimeter of the unit and the production departments through permanent monitoring by the monitoring agencies within the dispatch department.
2. Security posts in number of three that ensure the security and protection of the company.

Activity carried out by the monitoring agencies and security agents led to the elimination of possible theft of material assets from the company's premises or the occurrence of other special events.

The entire staff of the Security Department acts in an integrated way to ensure the security of the company's objectives.

11. Environmental activity:

Giving a special importance to the environmental aspects, the company has succeeded in obtaining the environment management system certification according to SR EN ISO 14001:2015.

Regularly, twice a year, samples and laboratory tests are being performed for wastewater, gas emissions and noise according to the agreement no. 24/20.03.2015 and the addendum no. 2/12.02.2018 signed with SC CP MED LABORATORY SRL.

The report to the Environmental Protection Agency regarding the evolution of the above mentioned environmental factors is submitted once a year, according to the legislation in force. The waste management is carried out monthly for each type of waste; disposal is carried out with authorized companies as follows:

For the disposal of recyclable waste, the company carries out the following activities, as follows:

The authorized disposal of cardboard and plastic waste is ensured by SC PAVEL REMAT SRL in accordance with the contract no. 5/01.02.2017 and the addendum no. 3 /01.02.2020 with SC PAVEL REMAT SRL.

The plastic waste (production) disposal is ensured by SC PROD PLAST PANDA SRL in accordance with the contract no. 153/05.02.2015 and the addendum no. 1/06.10.2017, no. 3/12.03.2019.

The authorized disposal of hazardous waste and textile waste is ensured by SC ALTERNATIVE FUELS ROMANIA SRL according to the contract no. 1579/30.03.2018 completed with addendum 1-5.

The authorized disposal of infectious, stinging and anatomical-pathological medical waste is ensured by SC EURO PLUS SERV SRL according to the service contract no. 210/12.11.2020.

The household waste disposal from the site is ensured by SC SUPERCOM SA based on the contract no. 106/02.10.2006, completed with addendum no. 1/01.01.2020.

For each removal from the site of all types of waste, transport documents are drawn up according to GD 1061/2008.

The quantities of packaging placed on the market are also monthly reported to the Environmental Fund Agency.

In this regard, the Nicprem company concluded the contract no. 392/29.01.2019 and the addendum no. 3/20.01.2020 with SC ECO SYNERGY SA for taking over the responsibility regarding the fulfillment of the annual objectives for the recovery and recycling of packaging waste and the obligations to report the data on packaging and packaging waste.

At the company level, no environmental protection events were recorded.

12. Energy management

The main objective of the **energy management** applied within the company is to ensure judicious and efficient energy consumption, in order to maximize the profit by minimizing the energy costs, thus increasing the company's competitiveness on the market.

The secondary objectives, resulting from the application of an energy management program, refer to the following:

- Increasing the energy efficiency and reducing the energy consumption, in order to reduce the costs by automating the processes, reducing the heat losses, upgrading the old production lines, making lighting installations more efficient, creating local cogeneration installations for the production of electricity and thermal energy at low costs.
- Making all the employees responsible for the energy management;
- Developing and permanent use of a system for monitoring the energy consumption, strategies for their optimization;
- Permanent investment proposals for energy efficiency through globally recognized solutions, by changing the traditional energy sources;
- Ensuring safety in the energy installations supply.

A judicious energy management can bring the following benefits:

- Improvement of the environmental factors quality;
- Improvement of the economic competitiveness.

✓ Main achievements and energy efficiency indicators

Elaboration of own Programs of measures to improve (increase) the energy efficiency, started in 2020 and continued in 2021, such as:

- At the cylinder of injection molding machines.
- GridVis software implementation to monitor the electric power consumption and electric power quality parameters.

- Reducing the energy losses by improving the power factor at the consumption points (thermal measurements and replacement of the capacitor batteries).
- Optimizing the electric power consumption by replacing the halogen lighting with LEDs and motion sensors (ongoing activity).
- 20 / 0.4 kV substation refurbishment (replacement of the protection and switching equipment).
- Cleaning of light wells in factories, to ensure the natural lighting.
- Measurements and actions for the purchase of heat-insulating cuffs to reduce the thermal losses.

Utilities consumption and costs in 2021:

Specification	Unit of measurement	Quantity	Value in RON
Electricity	MWh	4,848,196	1,753,596.40
Gases	MWh	821,686	122,143.33
Water	m ³	2,248	28,340.17

Nicprem production is carried out in the new factory, with PIF 2019, fact that did not need measures to modernize the lighting. The only measures are to reduce the harmonic distortions and improve the power factor by mounting capacitor batteries in the general supply panel and to reduce the heat losses, energy respectively, through the cylinders of some injection molding machines for heating the material.

Implemented in 2020 and continued in 2021, the measure regarding the power factor compensation in all the general electricity supply panels reduced the energy consumption and contributed to improving the electricity quality.

The IMM cylinder insulation measure proposed for the first half of 2021 will bring savings by reducing the carbon emissions by 34.22 tons of CO₂/year:

Annual savings following the adopted measures:		kWh	RON	Tons of CO ₂
1	Lighting	0.00	0.00	0.00
2	Capacitor batteries	0.00	0.00	0.00
3	IMM Cylinder insulation	103,699.63	51,849.82	34,22
TOTAL		103,699.63	51,849.82	34,22

1. The power factor compensation in all the general power supply panels has reduced the power consumption and helped improving the electricity quality. The reactive energy consumption is not reflected in the invoices issued by the energy supplier.
2. Reducing the electricity consumption in injection molding machines by supplementing the heating cylinders with heat-insulating sleeves.

- The heat released has been reduced and the electricity consumption has been optimized by at least 15% per IMM.
- The heating time for the raw material has improved and contributes to the optimization of the production flow.

Long-term, Nicprem SRL initiated the installation of a Photovoltaic Power Plant for the production of electricity through photovoltaic panels for self-consumption. The installation is installed on the roof of the F5- Nicprem factory and on the adjacent buildings.

The savings generated are significant and reduce the carbon footprint by approx. 316.8 tons of CO2 which represents approx. 20% of the consumption recorded on Nicprem Impex SRL.

Their installed power is 0.8 MWp.

Nicprem Investments (own funds)	kWh/year	RON/year	EUR/year	Tons of CO2	Percent of E(year)
Photovoltaic plants 0.8MWp – 101 Bis Garii Street	960,000.00	576,000.00	115,200.00	316.80	19.80%

Another investment was IMM cylinder insulation - according to the situation below:

No.	INVESTMENT NAME	Costs in RON	Electricity savings in RON/YEAR	Investment payback period in years
1	IMM cylinder insulation with heat-insulating sleeves – Phase 1	10,251.17	23,315.26	0.4
2	IMM cylinder insulation with heat-insulating sleeves – Phase 2	20,535.00	28,534.55	0.7
	TOTAL	30,786.17	51,849.82	0.6

The cost analysis of the processed raw material for electricity consumption (EUR/kW/kg) is 0.09 EUR/kg, 0.89 kW/kg respectively.

The analysis of the specific indicators of energy carriers is exemplified over a 3-year range, in order to follow the evolution of consumption, in the table below:

Formula	Performance indicators	2019	2020	2021
$PfICEG = ICEG_{min} / ICEG$	Energy efficiency Annual energy intensity	59,87%	80,98%	91,18%
$PfEPEG = EPEG / EPEG_{max}$	Energy efficiency TOTAL energy annual cost	62,35%	80,76%	81,93%
$(PE + PG) / VP$	Cost share TOTAL E+G In Production Value	2,28%	2,46%	2,66%

Where:

VP = Production Value

CE = Electricity consumption

CG = Natural gas consumption

ICEG = $(CE + CG) / VP$ = Energy Intensity energy consumption

EPEG = $VP / (PE + PG)$ = Energy Efficiency, energy costs

- Completing and submitting Energy-Environment statement forms.

Submitting the energy consumption data to the Institute of Statistics and Electrolux. The international requirements to reduce the carbon emissions have intertwined with the health and energy crises, a fact that forces companies to follow a series of measures to reduce the energy losses, to optimize the energy consumption through a series of measures in order to improve the energy efficiency.

- Elaboration of Metaplast and Nicprem energy consumption report.

Submitting the consumption statements to the Ministry of Energy - Directorate of Energy Efficiency, in accordance with the requirements of Law 121/2014.

Proposals for measures to improve the energy efficiency following the stages of achievement:

1. TG thermographic analysis at all the Nicprem workshops.

According to the I7 legislation, it is necessary to annually check the temperatures in the electrical installations. The measure is preventive, in order to detect the incidents triggering areas.

2. ISO 50001 Certification.

The ISO 50001 certification supports industrial consumers, in order to standardize the energy management.

13. Description of the main characteristics of the internal control and risk management environment.

In order to ensure a responsible management both in terms of environment, social, human resources and in terms of all the activities carried out in the company and related-risks management, the focus was on the continuation of the development of the internal control environment at the company level. Thus, the concept of **internal audit** was introduced, and the internal audit function was outsourced to the company PRIME AUDIT FINANCIAL SRL Tax Identification Number 39517950, and is carried out in accordance with the applicable legal requirements, respecting the international audit standards approved by the Romanian bodies. The following are among the roles of internal audit;

- ✓ Checking the compliance of the company's activities with its policies, programs and management, in accordance with the legal provisions;
- ✓ Protecting the balance-sheet and non-balance-sheet patrimonial items and identifying the methods to prevent frauds and losses of any kind;

- ✓ Assessing the level of adequacy and implementation of financial and non-financial controls in order to increase the efficiency of the economic activity.
- ✓

Also, the company included in its organizational chart, an IMS-Integrated Management System Department, which subordinates the specialized departments for quality assurance and control, as well as for the occupational safety and health service. Separately, there is the Internal Control service which together, manages the risks (the notion of risk is closely related to that of the internal control and audit and has determined the company to approach the risk management by identifying and treating the potential losses, namely by preventing them. The most frequent risks faced by the company over time have been:

- ✓ **Operational risk** such as degradation of materials/goods caused by insufficient storage spaces, in this regard in 2020 the investment in a warehouse for finished products continued and two more warehouses are in progress. The operational risk can be generated by lack of work orders. In order to exclude this possibility, the marketing department is constantly connected to the economic realities, competition and market requirements, establishing strategies for entering new markets and attracting new customers, as well as developing new products.
- ✓ At the same time, measures have been taken to prevent the criminal phenomenon of theft of valuables or materials, so cameras were installed on the entire perimeter of the factory and new security jobs were set up.
- ✓ **The personnel risk and the salary system** considering the economic context, labor migration, lack of skilled labor, the company focused on the retention of the qualified personnel but also on the integration and training of the newly hired personnel.
- ✓ **Credit risk** – although there are contracted loans, this risk is almost non-existent because the company's economic-financial indicators regarding the level of indebtedness, solvency rate and the liquidity rate are very good.
- ✓ **Interest rate risk** – it is also an indicator which the company secured through financial instruments for some of the contracted loans, but even if the interest rate would increase by up to 2 percentage points, it would not threaten the financial stability of company.
- ✓ **Currency risk** – is quite low because the sale price of all the marketed products is negotiated in EUR.
- ✓ **The risk determined by the correlation with the evolution of the global market** – a possible economic crisis

at the global level may be reflected on the stability of the company, giving that the company has signed contracts with many external partners, directly or indirectly, and a global crisis, however, would influence the domestic market and the domestic consumer behavior.

- ✓ **The risk related to the regulatory framework and legislation** - can become a major risk in the case of

frequent legislative changes, which do not allow the drafting of a coherent revenues and expenses budget. Also, frequent regulations regarding the renewal of authorizations/approvals/certifications can become a major risk, so measures have been taken to keep this activity under control.

Conduct criteria – the company has a “zero tolerance” policy for any form of conduct that contravenes the code of conduct or the Norms and Directives regarding the business practices. Among the conduct criteria implemented at the company level, we may list the following:

- ✓ No incorrect payments, offers, promises are made; no amounts or other benefits are granted, either directly or through intermediaries, in order to gain any business deals.
- ✓ We do not offer or receive gifts, payments, favors or services to / from current or potential business partners and which could be deemed as influencing the commercial transactions and which are not parts of the usual protocol obligations.
- ✓ We do not enter into agreements with actual or potential competitors to set or establish prices or allocate products, markets or customers.
- ✓ We do not obtain or share with competitors the current or future information regarding the price, profit or cost limits, offers, market shares and payment terms.
- ✓ We do not act in any way which would generate incorrect benefits to one client over another competing client.
- ✓ We are selecting, hiring and paying the staff of Metaplast according to their qualifications for the relevant job, without discrimination based on race, religion, nationality, ethnicity, color, sex, sexual identity, sexual orientation, age, citizenship, marital status, disability or any other characteristic protected by law.
- ✓ We do not exploit children.
- ✓ We provide training, coaching and promotion opportunities to all the employees working at Nicprem Impex SRL.
- ✓ We are protecting the moral integrity of employees, ensuring adequate working conditions observing the dignity of individuals.
- ✓ We prohibit any kind of harassment at work.
- ✓ We are providing a safe and healthy work environment, according to the laws and standards of occupational safety and health.
- ✓ We are constantly developing solid and lasting relationships of honesty and transparency with all the partners. It is strictly forbidden to offer or receive any masked fees, bribes or other similar payments.
- ✓ We do not knowingly infringe the intellectual property rights of others.
- ✓ We are observing the trade secrets or private data of others.
- ✓ Existence and real implementation of the adequate quality systems.’
- ✓ We undertake to comply with the appropriate quality standards for all the products and services offered by Nicprem.

- ✓ We promptly respond to all the notifications, complaints and requests regardless of who submitted them.
- ✓ We are complying with all the laws applicable to the business of trade companies.
- ✓ Nicprem undertakes to protect the environment.
- ✓ We do not finance political parties or candidates or their representatives, nor do we sponsor conventions or festivities whose sole purpose is the political propaganda.
- ✓ We do not pay contributions/sponsorships to organizations whose interests might conflict with ours.

We undertake to fully comply with the Labor Code, Tax Code, Accounting Law and any other law applicable on the territory of Romania and elsewhere.

DIRECTOR,
Drugescu Jean