

Communication on Progress 2012 – United Nations Global Compact

Brasov, 29.04.2013

Human Rights

One of the most important goals of our company is to respect international human rights and to continuously improve our social performance.

The main policies and management systems that support human rights are:

- *Quality and environment policy of the company:* Romradiatoare S.A. ensures occupational safety and health at its workplaces by minimizing and isolating risks for employees, contractors and visitors.
- *Collective labour agreement:* This agreement is aimed to promote and implement equitable labour relations as to enable a profitable activity, ensure social protection for employees and avoid the appearance of collective labour conflicts. In our company there are regular meeting between employee's representatives and employer's representatives as to find solutions regarding social and professional aspects.
- *Health and safety procedure:* Our company respects the national and international laws regarding healthy and safe working conditions.
- *Code of conduct:* Every business contract issued by Romradiatoare S.A. has an appendix named code of conduct which binds the business partners (suppliers, contractors etc.) to respect the human and labour rights.

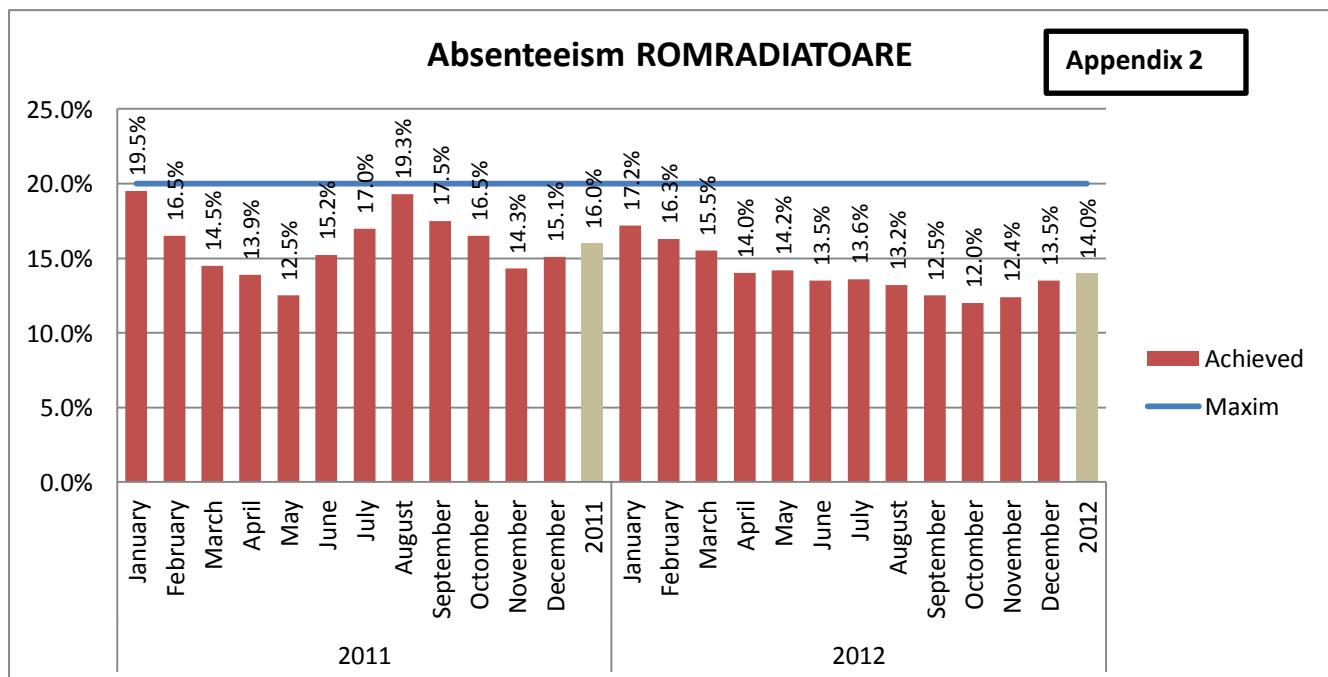
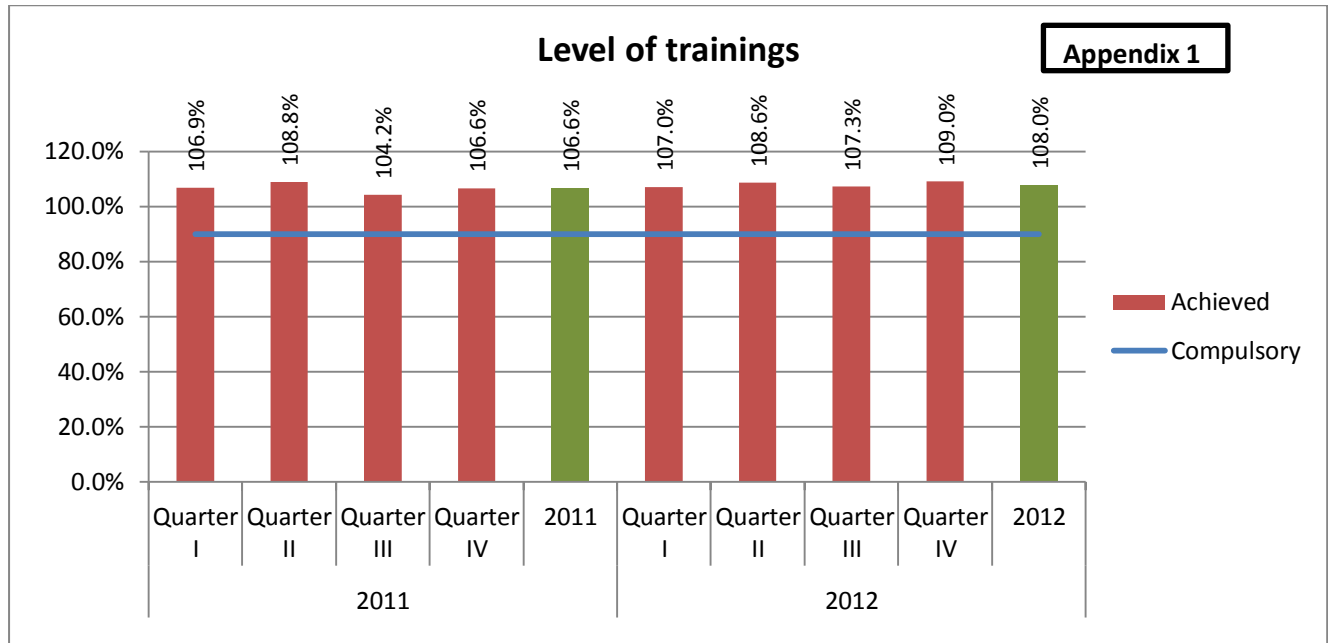
The most important practical activities undertaken to support human rights are:

- *Providing safe and healthy human conditions.* All the employees have protection equipments. In the past year there were not registered any work-related incidents.
- *Providing access to basic health, education and housing for workers and their families.*
All the employees have access to our own physician office, which is open daily and where they can benefit of free consultation and medical treatments. Romradiatoare provides for all employees free access to cold and hot drinks through the vending machines located in each workshop.
Our company offers internal and external trainings in many different areas such as: sales, project management, quality systems, environment, IT etc. Our company has the possibility to offer housing for workers and their families. In past year one of our employees has benefited of this possibility.
- *Providing trainings on health and safety aspects.* The employees benefit of trainings on health and safety aspects since beginning to work in the company untill the contractual agreement ends.

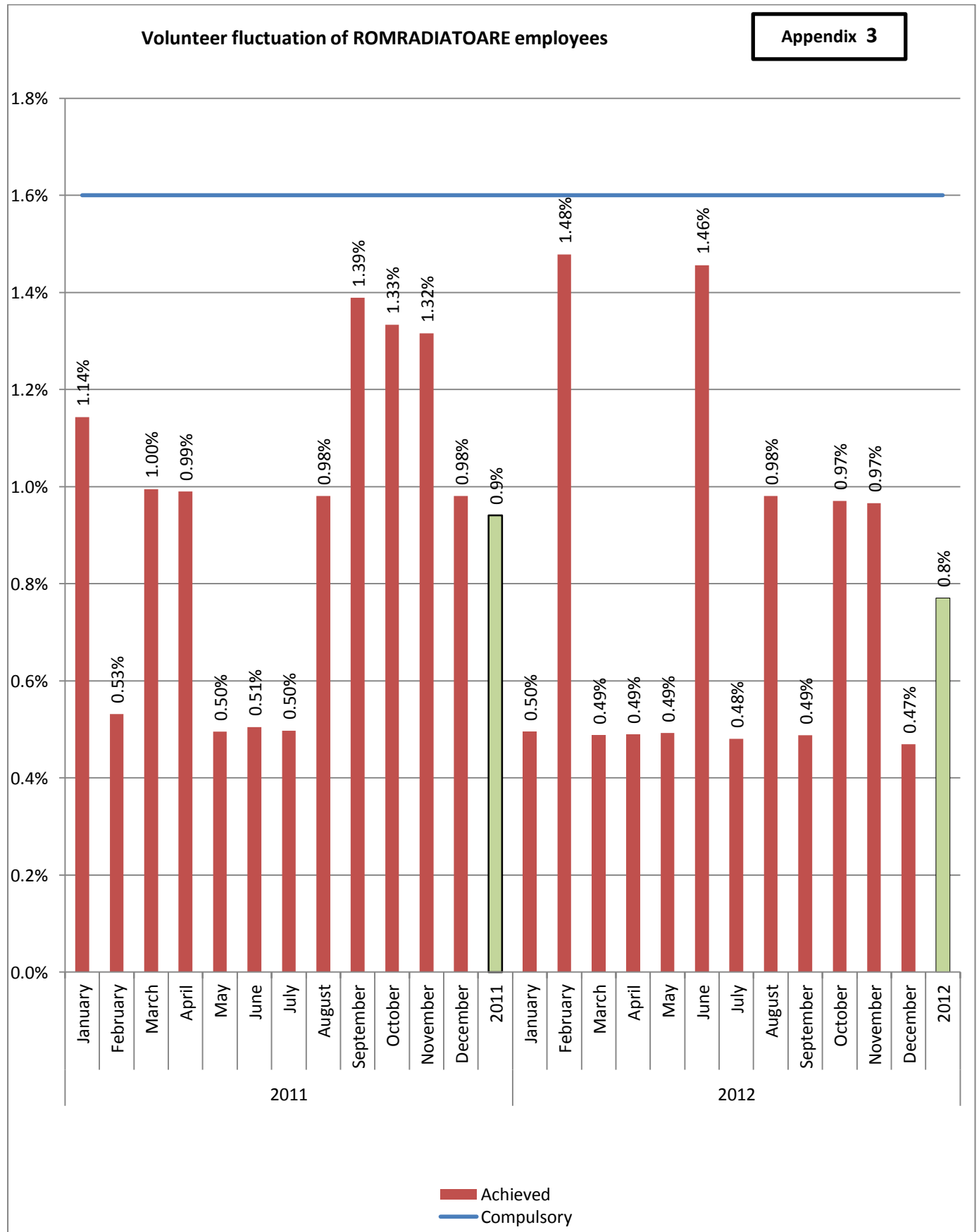
Table No.1 shows our progress in the last years and also the target for 2013 regarding human rights issues. Regarding trainings, the percent increase with 1,4% in 2012 since 2011. The trainings are analyzed in Table No.1., dealt with quality & environment, health and safety, emergency situations. Regarding trainings, for 2013, our objective is to achieve a percent of 109%. The percent of absenteeism decreased from 16% in 2011 at 14% in 2012 and has to reach 12% in 2013. The volunteer fluctuation of employees has decreased at 0,8% in 2012 and has to reach 0,7% in 2013.

Table No.1: Human rights indicators

HUMAN RIGHTS	INDICATOR	2011	2012	2013 (target)
Trainings	Hours planned/hours achieved	106,6%	108%	109%
Absenteeism	% from total working hours	16 %	14%	12%
Volunteer fluctuation	Number of voluntary departures/average number of employees	0.9%	0.8%	0.7%



Labour



Romradiatoare S.A. commits to protect the national and international labour rights by all means. All our employees are entitled to join unions for the protection of individual and collective interests.

The main policies and management systems that support labour rights are:

- *Quality and environment policy of the company.* Romradiatoare S.A. ensures occupational safety and health at its workplaces by minimizing and isolating risks for employees, contractors and visitors.
- *Collective labour agreement.* This agreement is aimed to promote and implement equitable labour relations as to enable a profitable activity, ensure social protection for employees and avoid the appearance of collective labour conflicts. In our company there are regular meetings between employee's representatives and employer's representatives as to find solutions regarding social and professional aspects.
- *Health and safety procedure.* Our company respects the national and international laws regarding health and safety working conditions.
- *Code of conduct.* Every business contract issued by Romradiatoare S.A. has an appendix named code of conduct which binds the business partners (suppliers, contractors etc.) to respect the human and labour rights.

The most important practical activities undertaken to support labour rights are:

- *Freedom of association.* We recognize the right of all employees to establish or join unions or other professional organisations. ROMRADIATOARE S.A., the unions and the employees' representatives are working together in the spirit of a constructive and cooperative management for defusing potential conflicts.
- *No discrimination.* We provide equitable opportunities and treatments, regardless of race, colour, sex, religion, nationality, sexual orientation, social origin or political beliefs, as long as this is based on democratic principles and on tolerance for the people that think differently. Employees will be selected, hired and promoted only based on their qualifications and abilities.
- *Free choice of the workplace.* ROMRADIATOARE S.A. denies any use of forced, bonded or involuntary labour.
- *Abolition of child labour.* Child labour is prohibited. The minimum age for employment is in accordance with applicable laws.
- *Compensation / Remuneration.* The paid remuneration provided for a standard working month and complies with the principle: "equal payment to equal work".
- *Working hours.* The working hours and paid holidays are at least according to national legal requirements.
- *Safety and health protection at workplace.* ROMRADIATOARE S.A. meets all national standards for a hygienic and safe working environment. Following this, the company takes all the required measures to provide health and safety at the workplace, and to maintain healthy working conditions.
- *Qualification.* ROMRADIATOARE S.A. supports the qualification of its workforce as to facilitate increasing levels of performances and high quality work standards.

Table No.2 shows our progress in the last years.

Regarding employees age, most of our employees have 40-55 years.

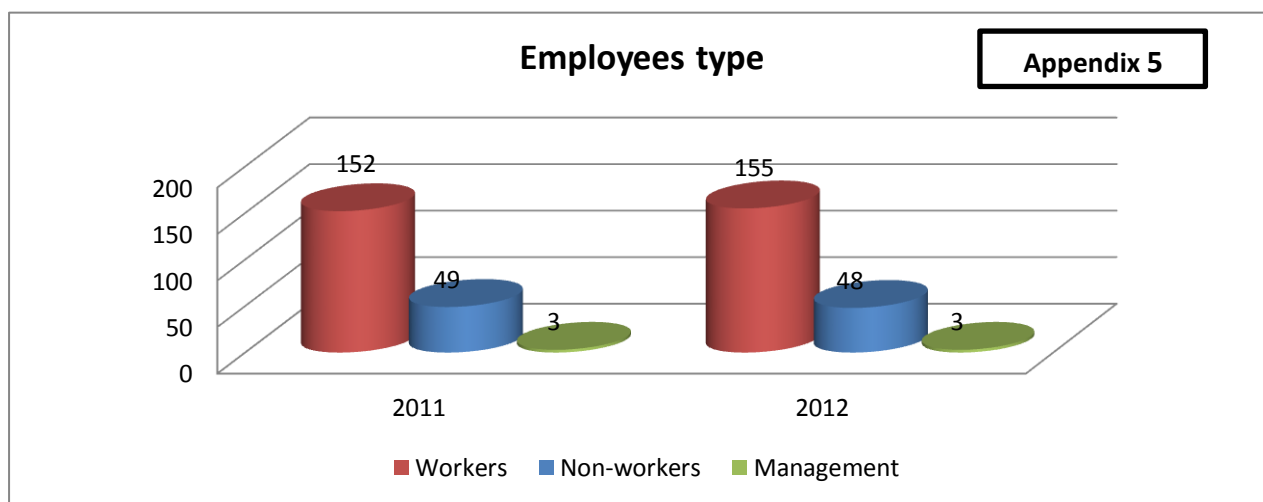
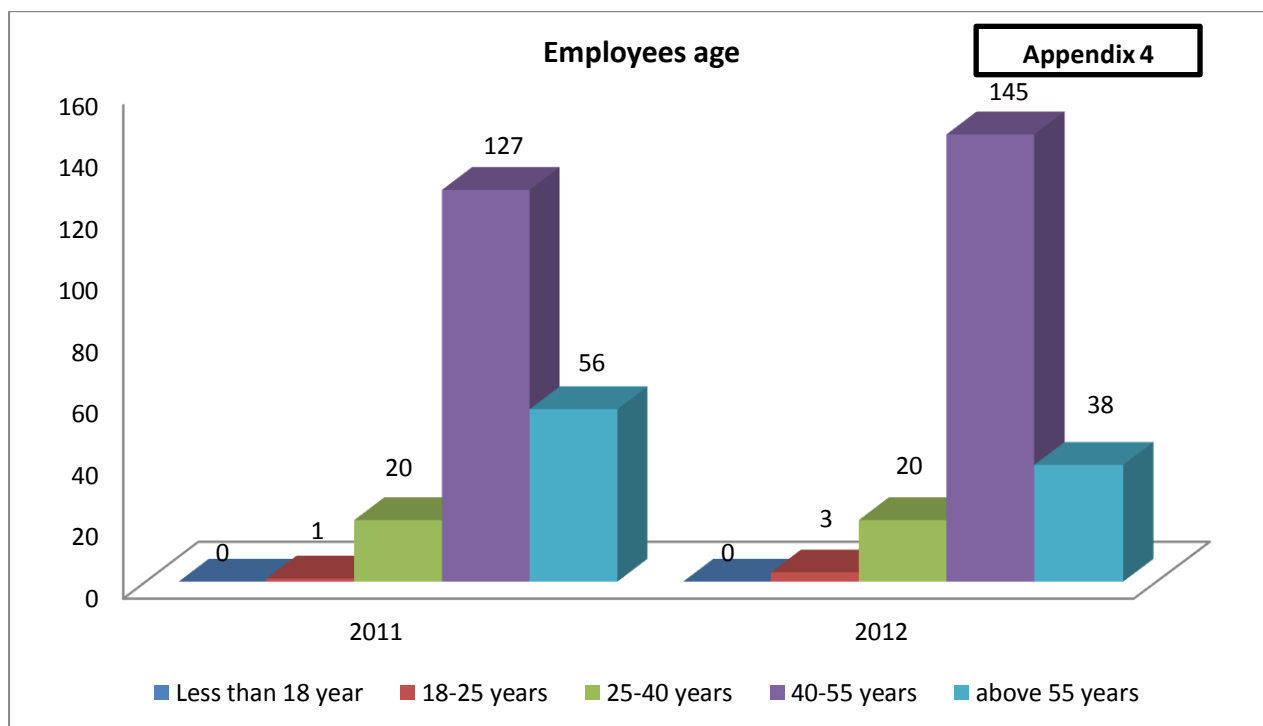
Regarding employees type, the number of blue collar workers grew with 2% in 2012 compared with 2011. The number of male employees grew with 0.9% in 2012, meantime the number of female employees grew with 1,5%. The average salary for all the types of employees has increased in 2012 with 2%.

The gap between men (blue collar) workers and women (blue collar)workers has decreased in 2012 with 1% Also the gap between men (white collar)workers and women (white collar)workers has decreased with 4.0% in 2012 compared with 2011.

Regarding the ethnicity, there weren't registered major fluctuation in 2012 compared with 2011. In 2012, most of the employees were Romanian (95.5%), a small part Hungarian (3.5%) and a very small part Gypsy (1%).

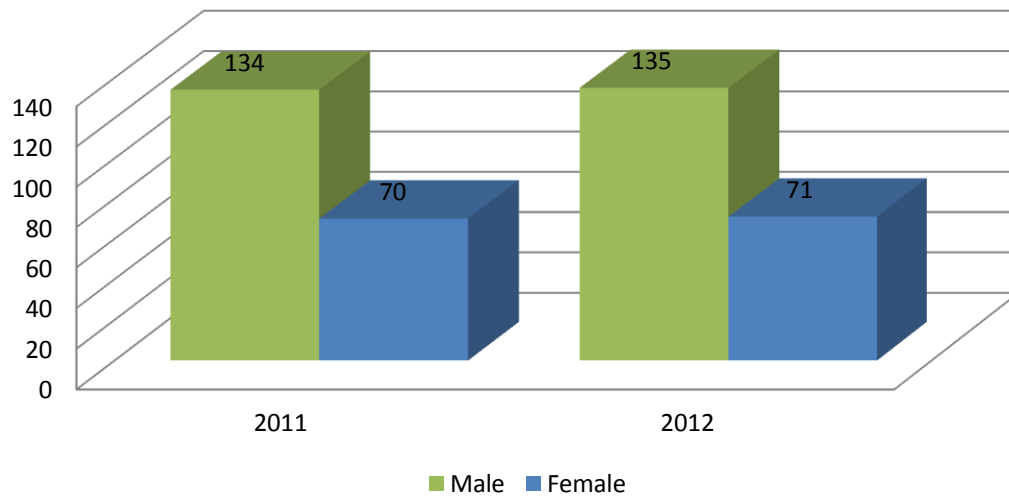
Table No.2: Labour rights indicators

LABOUR RIGHTS	INDICATOR	2011	2012
<i>Employees age</i>			
Less than 18 year	no. of employees	0	0
18-25 years	no. of employees	1	3
25-40 years	no. of employees	20	20
40-55 years	no. of employees	127	145
above 55 years	no. of employees	56	38
<i>Employees type</i>			
Blue Collar Workers	no. of employees	152	155
White Collar workers	no. of employees	49	48
Management	no. of employees	3	3
<i>Employees gender</i>			
Male	no. of employees	134	135
Female	no. of employees	70	71
<i>Employees average salary</i>			
Women (workers)	€	225	235
Men (workers)	€	236	242
Women (non-workers)	€	448	449
Men (non-workers)	€	454	465
<i>Ethnicity</i>			
Romanian	% from total employees	96%	95.5%
Hungarian	% from total employees	3%	3.5%
Gypsy	% from total employees	1%	1.1%



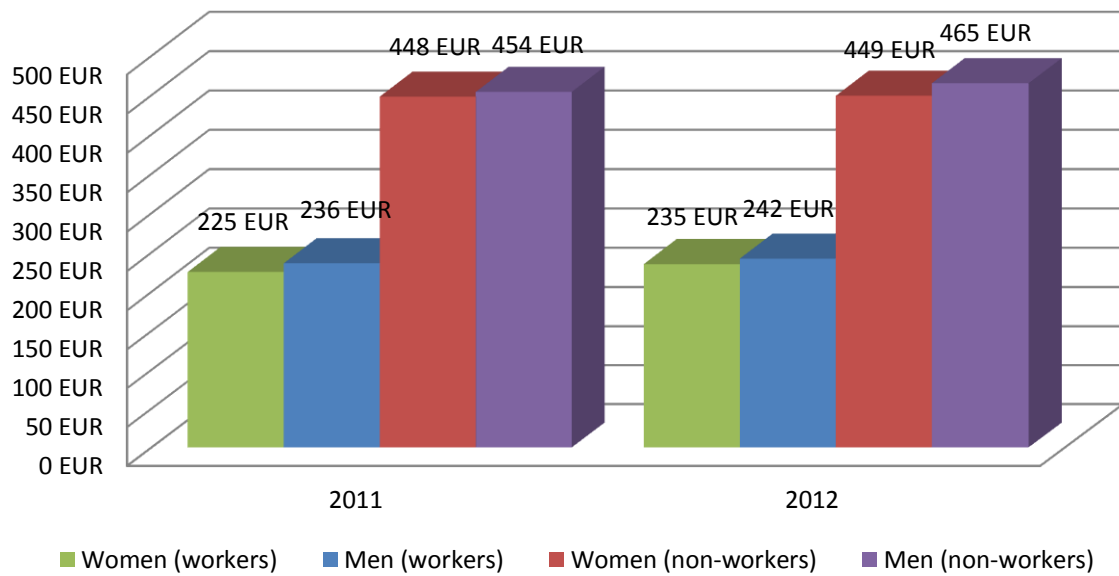
Employees gender

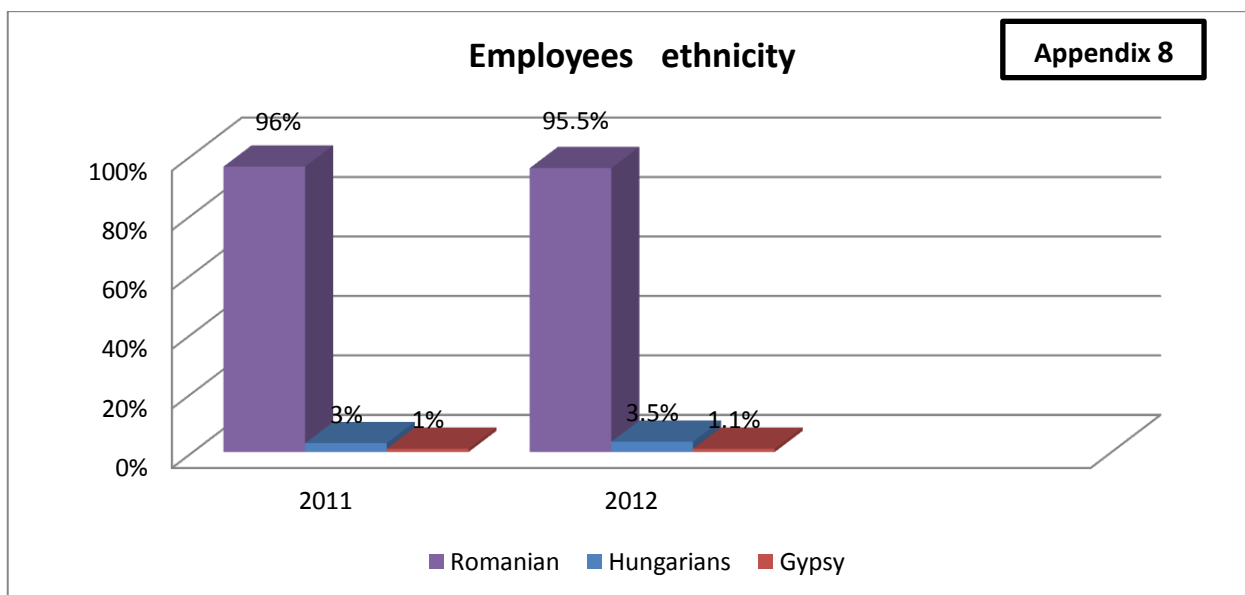
Appendix 6



Employees average salary

Appendix 7





Environment

Romradiatoare S.A. commits to protect the environment by preventing pollution through promoting and implementing the best technologies in its processes.

The main policies and management systems that support environment rights are:

- *Quality and environment policy of the company.* Romradiatoare has an open communication with all stakeholders about its environment policy. Furthermore Romradiatoare has implemented the best case practices for the new manufacturing technologies. The design of the products and processes are made taking into account the exhaustible energy resources. Romradiatoare goal is to improve the quality of life by increasing the green space within the company. All these targets are internal monitored through the Management Analysis and external monitored through ISO 14001:2005 Audits.
- *Code of conduct.* Every business contract issued by Romradiatoare S.A. has an appendix named code of conduct which binds the business partners (suppliers, contractors etc.) to respect the environment rights.

The most important goals for 2013 concerning environment rights are:

- 3% decrease of electricity consumption / unit of product
- 8% decrease of gas consumption / unit of product
- Maintaining the quality of wastewater
- Minimum 60% recycling of the carton introduced on domestic market

Tables No. 3, 4 and 5 shows our progress in the last years regarding environment rights issues. Energy consumption has decreased in 2012 with 6,81% compared with 2011. Gas consumption has decreased with 10,1% in 2012 compared with 2011.

pH maintained its value in 2012 between the minimum parameter (6,5%) and the maximum parameter (8,5) and achieved a value of 7,25.

Regarding paper and cardboard, the recycled quantity decreased from 62,24% in 2011 to 60,00% in 2012 (minimum quantity accepted).

Table No. 3: Energy and gas - environment rights indicators

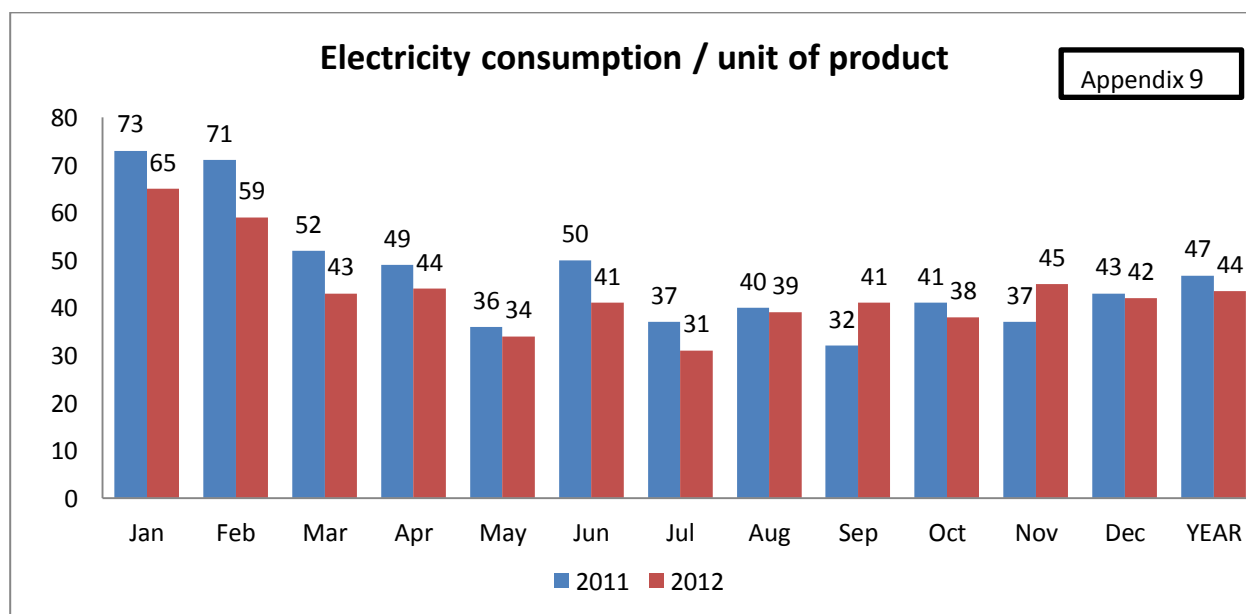
	JAN	FEB	MAR	APR	MAI	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
Energy													
2011	73	71	52	49	36	50	37	40	32	41	37	43	47
2012	65	59	43	44	34	41	31	39	41	38	45	42	44
Target 2013	63	56	39	38	29	37	30	37	35	35	41	40	40
Gas													
2011	1167	855	445	191	146	171	147	170	101	99	107	338	328
2012	956	823	436	170	139	154	125	164	98	87	105	324	298

Table No. 4: Waste water pH max - environment rights indicators

2011													
	jan	feb	mar	apr	mai	jun	jul	aug	sep	oct	nov	dec	Year
pH max	min.	6,5	6,5	6,5	6,5	6,5	6,5	6,5	6,5	6,5	6,5	6,5	6,5
	R1	7,24	7,10	7,57	7,25	7,15	7,31	7,31	7,33	7,23	7,52	6,65	7,25
	max.	8,5	8,5	8,5	8,5	8,5	8,5	8,5	8,5	8,5	8,5	8,5	8,5

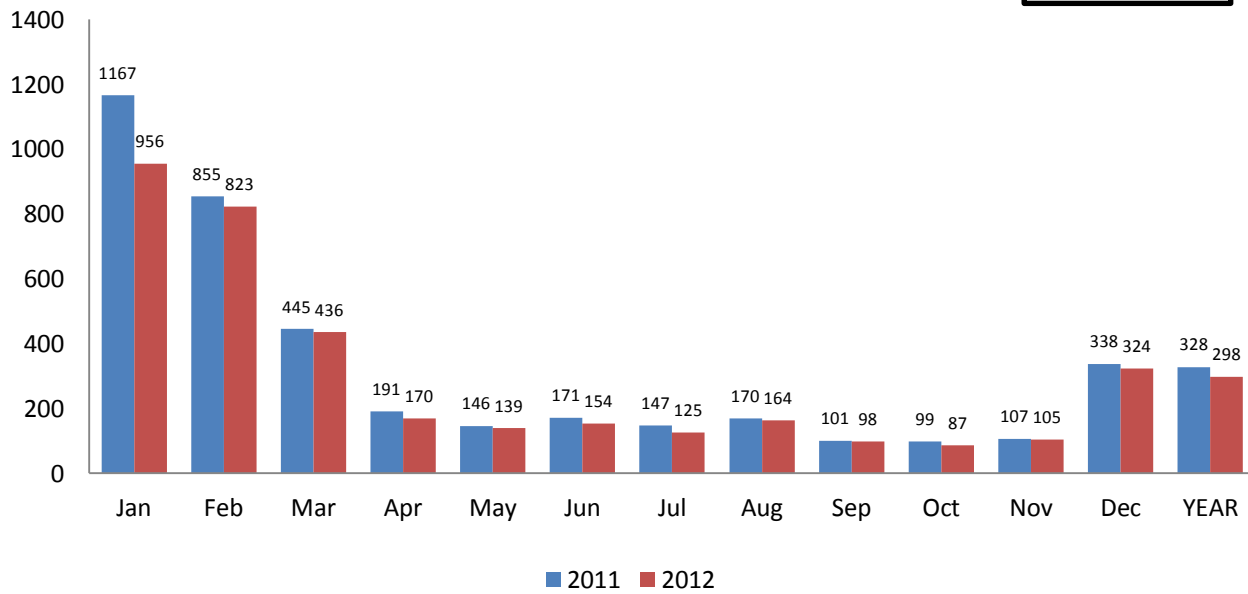
Table No. 5: Paper and cardboard- environment rights indicators

		2011		2012
		Average 2011	Average 2012	
Quantity introduced on domestic market		t	0,48	0,58
Quantity recycled		t	0,3	0,36
Quantity recycled		%	62,24%	61,00%
Minimum quantity accepted		%	60%	60%



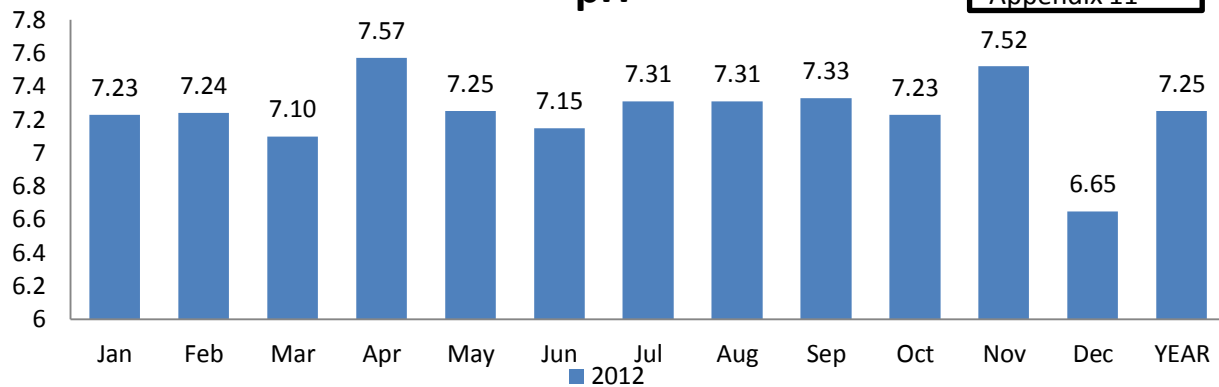
Gas consumption / unit of product

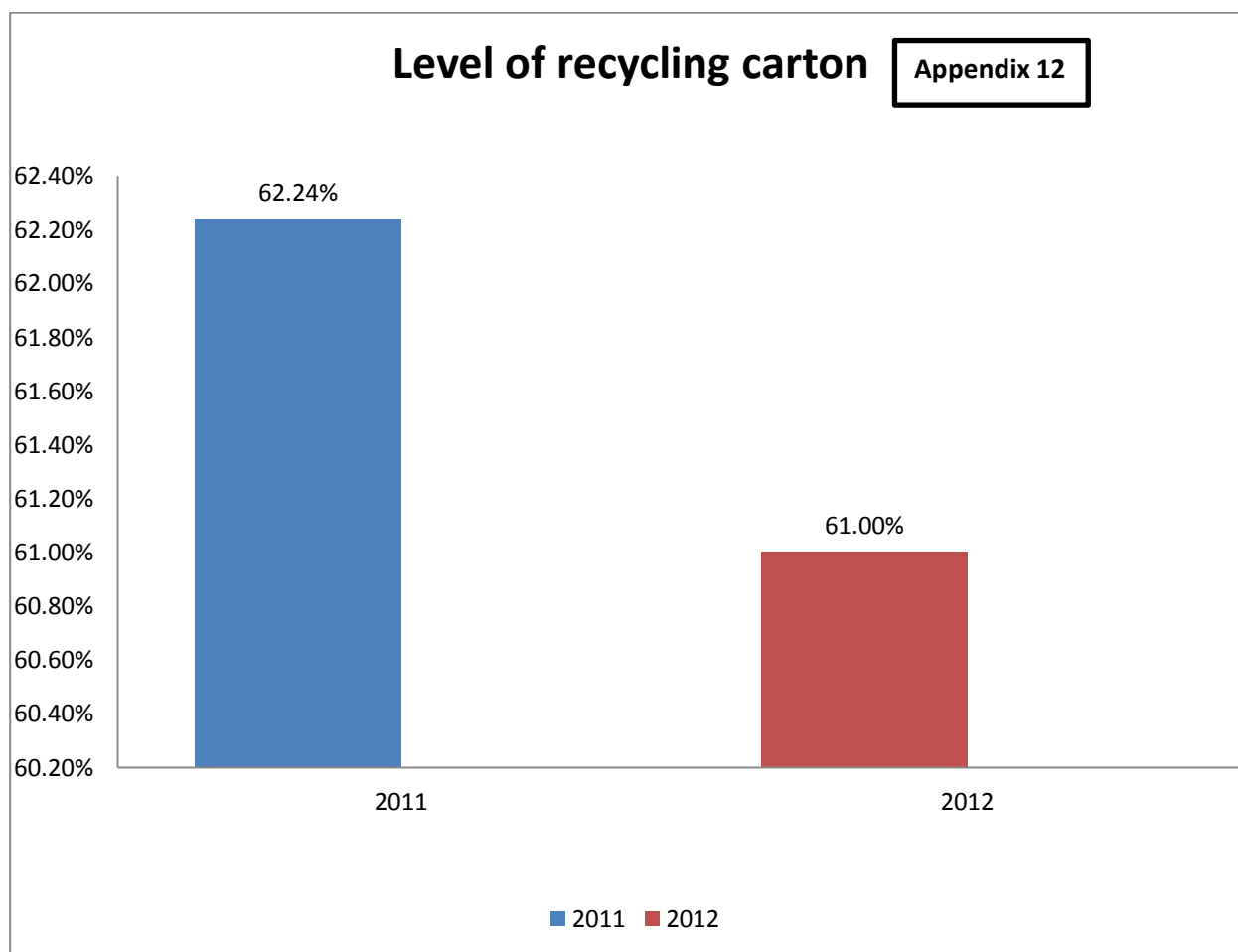
Appendix 10



pH

Appendix 11





Anti-corruption

Romradiatoare S.A. complies with national legislation against corruption and one of the company goals is to maintain its integrity.

The main policies and management systems that support anti-corruption rights are:

- *Code of conduct.* Every business contract issued by Romradiatoare S.A. has an appendix named code of conduct which binds the business partners (suppliers, contractors etc.) to respect the anti-corruption rights.

The most important practical activities undertaken to support anti-corruption rights are:

- *Providing trainings for employees.* Our employees behave honestly, are trustworthy and set a good example. Furthermore they use the resources of the company in the best interest of Romradiatoare S.A., and do not misuse these resources. Our employees do not pay or accept bribes. As employees, they make a clear distinction between the interests of our company and their private interests, and avoid possible conflicts of interest. They do not accept gifts, invitations or other benefits which could contradict this principle.

Table No. 6 shows that all the employees were trained on anti-corruption rights in 2011 and 2012. Our goal is to maintain this level of trainings on anti-corruption aspects.

Table No. 6: Anti-corruption rights indicators

ANTI – CORRUPTION RIGHTS	INDICATOR	2011	2012	2013 (target)
Employees trained on anti-corruption aspects	% from total employees	100%	100%	100%

