

UNITED NATIONS GLOBAL COMPACT

Communication on Progress
February, 2016

ROMRADIATOARE - Statement from the General Manager

This year we celebrate 90 years of activity and five years since we report our sustainability policy, initiatives and results to United Nations Global Compact.

This Communication on Progress presents the fundamental social rights principles which are the pillars of ROMRADIATOARE business. A particular expression of the social commitment is shown by the sustained efforts to continuously ensure and develop new employment opportunities. However, for ROMRADIATOARE to exercise this responsibility, its current and future sustained competitiveness is essential. Furthermore, social responsibility is an indispensable part of a value-oriented management.



We are proud that in our day to day activity we keep in mind and apply the 10 principles on human rights, labour, environment and anti-corruption and we commit to respecting them further on in our business. Also, we support and encourage our business partners to take into considerations this statement in their own company policy.

General Manager
Oliviu Niculescu

We firmly believe that social responsibility is an important element for the company's continuous success and this relates to shareholders, business partners, customers and employees. This is a premise to contributing to peace and global development.

At ROMRADIATOARE, management and employees are handling together the challenges of globalization, using the opportunities for the success of the company and limiting all existing or potential risks. Achieving this goals is made with the proper consideration for the international applicable laws and recommendations.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

LABOUR STANDARDS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Freedom of association

We recognize the right of all employees to establish or join unions or other professional organizations. ROMRADIATOARE, the unions and the employees' representatives are working together in the spirit of a constructive and cooperative management for defusing potential conflicts.

Access to basic health and education


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 and IT.

Free choice of workplace

ROMRADIATOARE denies any use of forced, bonded or involuntary work.

No child labour

Child labour is prohibited. The minimum age for employment is in accordance with legal provisions. We never hired, nor we will hire, workers under the legal age of employment .



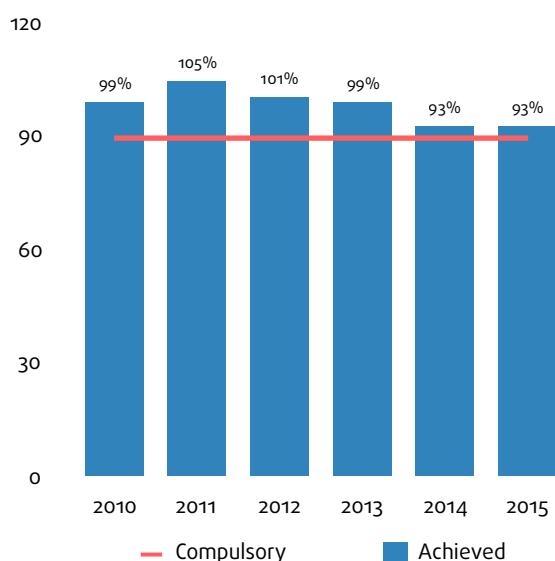
Employees' age	No. of employees 2015
< 18 yrs.	0
18 - 25 yrs.	6
25-40 yrs.	40
40-55 yrs.	110
> 55 yrs.	71

Providing training on health and safety aspects

Our employees benefit of trainings on quality, health & safety and emergency procedures since the beginning of their working in the company until the contractual agreement ends.



Level of trainings on OHS



Employee satisfaction

We constantly monitor our employee's satisfaction by yearly surveys. Based on the results, we adjust, improve or change different aspects that relate to their well being. In the last years, we managed to constantly improve our performance in this regard.

Collective Labour Agreement

This agreement is aimed to promoting and implementing 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 in order to find solutions regarding social and professional aspects.

No discrimination

We provide equitable opportunities and treatment, regardless of race, color, sex, religion, nationality, sexual orientation, social origin or political beliefs. Employees are selected, hired and promoted based only on their qualifications and abilities.

Providing safe and healthy working conditions

Our employees are our most precious resource, so we are currently in implementation process of OHSAS 18001, a framework for occupational health and safety management, in order to improve working conditions, in line with internationally recognized best practices. By the end of 2016, OHSAS 18001 will be fully implemented and operational.

Occupational Health and Safety Procedures

Our company respects national and international laws regarding healthy and safe working conditions. ROMRADIATOARE ensures occupational safety and health at its workplaces by minimizing and isolating risks for employees, contractors and visitors.



Employees' gender	No. of employees 2015
Male	155
Female	72

Employees' ethnicity	No. of employees 2015
Romanian	221
Hungarian	4
Gypsy	2

Compensation & Remuneration

The paid remuneration is provided for a standard working month and it complies with the principle: equal payment to equal work. The working hours, overtime and paid holidays are equitable and non discriminatory remunerated, according to national laws.

Employees' type

Employees' type	No. of employees 2015
Blue collar	165
White collar	59
Management	3

Employees' gender/type

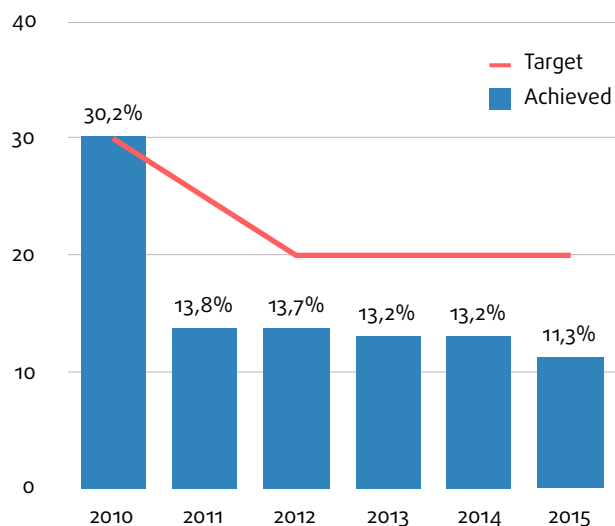
Average salary - €

	2013	2014	2015
Women (blue collar)	230	235	341
Men (blue collar)	279	286	364
Women (white collar)	425	430	605
Men (white collar)	497	498	652

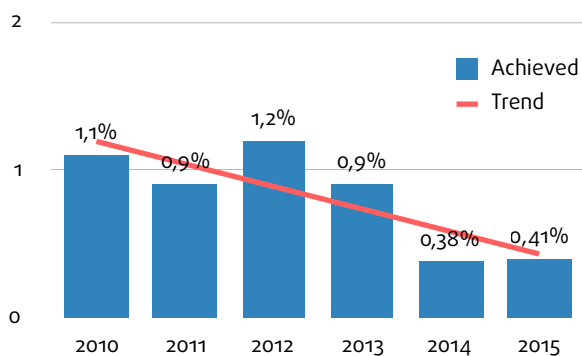
Absenteeism

Absenteeism is an indirect measurement of employees satisfaction with their workplace and work conditions. ROMRADIATOARE's management takes this indicator very seriously and, by closely working with labour union in order to solve worker problems and complaints, each year we managed to constantly reduce absenteeism, from over 30% in 2010 to a little over 11% in 2015.

Absenteeism



Voluntary employee turnover



Voluntary employee turnover

In direct correlation with absenteeism, voluntary turnover of ROMRADIATOARE's employees decreased from over 1% in 2010 to less than 0,5% in 2013.

ROMRADIATOARE is committed to protecting the environment by preventing pollution through promoting and implementing the best technologies in its production processes. Along with human rights and labour standards, the protection and continuous care for the environment are among the most important objectives of ROMRADIATOARE.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

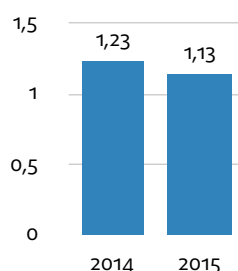
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

With this concern in mind we decided it was time to act, so we recently started a € 1.100.000 investment program in order to significantly improve our environmental performance. The project is called „Green Business Development for Increased Competitiveness” and it is supported by a grant for Norway, through the Norway Grants 2009-2014.

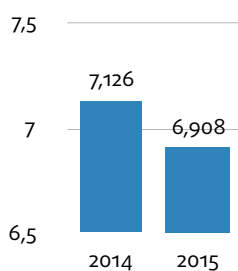
Quality and environment policy

ROMRADIATOARE has an open communication with all its stakeholders about its environment policy. Our company has implemented best industry practices and technologies for its manufacturing processes. We are in constant search for the best ways to improve our environmental performance and for innovative and eco-friendly technologies and materials. We constantly monitor all these indicators through Management Analysis and ISO 14001:2005 audits and we managed to reduce energy consumption, water consumption and scrap levels due to quality issues. By adopting a top of the line technology in the degreasing bath, compared with 2014, we also reduced the PH value in wastewater.

Scrap due to quality issues (% of total raw material used in production)



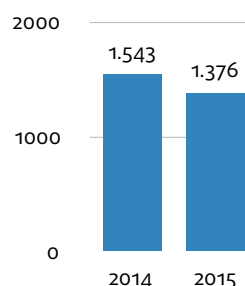
PH level in wastewater



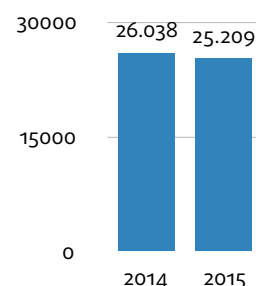
Selective waste collection

All our employees are trained in selective waste collection. In our production facility and in our offices, we provide separate recycle bins for better managing all types of waste.

Energy consumption (kWh/ton of raw material used in production)



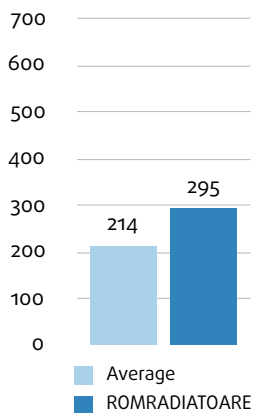
Water consumption (mc³)



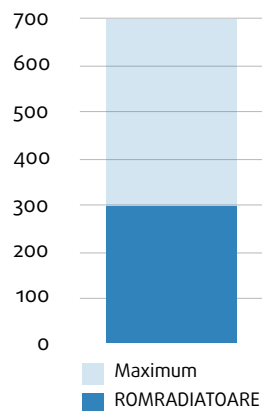
Green areas & green mobility

One of our goals is transforming our facility into a greener space (more trees, grass etc). It's good for the environment and it's good for our employees. We encourage our employees to come to work using green means of transportation, like walking and biking. Where this is not possible, our employees share a car in order to reduce energy consumption, pollution and cost. Recently, we arranged a rack and a parking space for employees using bikes for commuting to and from work.

**GBIndex score
vs. average**



**GBIndex score
vs. maximum**



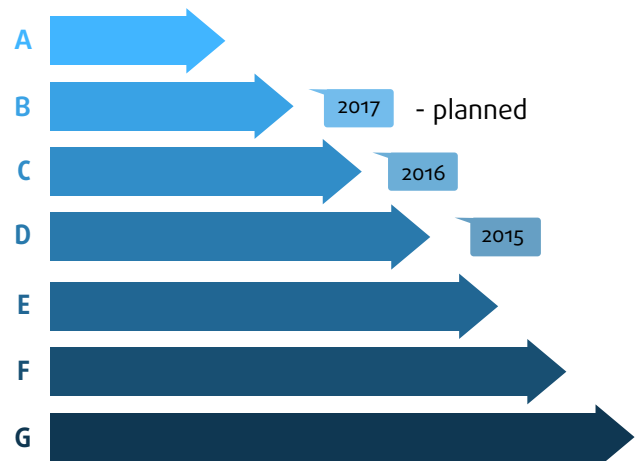
Green Business Index voluntary reporting

In our quest for becoming a more environmentally responsible company, we voluntarily reported to Green Business Index, an online assessment instrument developed by Green Revolution Association. Even if our green performance was evaluated above average, there is a lot of work to be done in order to reach the maximum of evaluation points. From now on, we are committed to annually reporting and using this instrument to better focus on those key areas that impact our green performance.

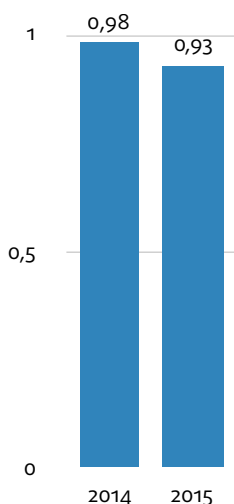
Energy efficiency of buildings

Buildings are at the front line of energy efficiency issues because of their high consumption of energy. Efficient buildings offer opportunities to save money while reducing greenhouse gas emissions. Last year we evaluated our buildings from an energy efficiency point of view. The result (efficiency class D) was not great, but it was a starting point. So, we decided to improve this aspect and renovated the entire building. Currently, our building is class C and the renovation improved the comfort of our employees, also. We plan on achieving class B until the end of this year.

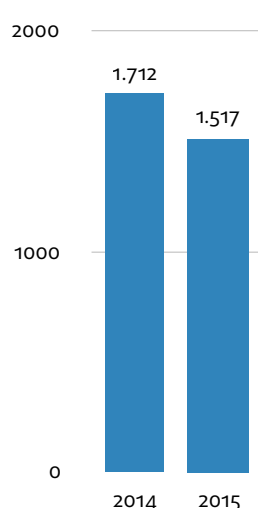
**Building efficiency class
2015 vs. 2016**



**Zinc emissions
(mg/l)**



**CO2 emissions
(kg/ton)**



Modern technology is good for the environment

The modern machinery acquired through „Green Business Development for Increased Competitiveness“, an investment project supported by a grant from Norway through Norway Grants 2009-2014 Programme, significantly improved our environment performance in many areas, like: energy consumption, CO2 emissions, zinc emissions in wastewater, scrap levels due to quality issues, raw material usage and it will help us double the production capacity for greener heat exchangers (e.g. brazed aluminum heat exchangers). Currently, we passed the midway of the implementation timeline and we are eagerly waiting for the final results.

ROMRADIATOARE recognizes that corruption has an adverse effect on communities and businesses wherever it occurs, so our company is committed to fighting corruption in all its forms. ROMRADIATOARE complies with national legislation against corruption and one of our most important goals is maintaining our integrity.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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, 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. Our procurement protocol for investments included clauses that explicitly stated that potential suppliers must obey the principles of anti-corruption practices. Our committee for evaluating the offers was also vetted on anti-corruption and conflicts of interests.

We have a zero tolerance approach to bribery and corruption and none of our employees has ever been involved in any corruption, bribery or conflict of interests.