

**UNITED NATIONS
GLOBAL COMPACT**

**COMMUNICATION ON PROGRESS
2016**

ROMRADIATOARE - Statement from the General Manager

Manufacturing industry is a polluting one by its nature and there is no way around it. I consider it our duty to the current and next generations to do our best to make it greener and to reduce its impact on the environment and on local communities. That is why we embarked on a one-way journey: to become more energy efficient, to pollute less and to provide our employees better working conditions.



The Communication on Progress gives us the chance to annually draw the line, evaluate and present our progress to our stakeholders, shareholders, business partners, customers and to the world. We are constantly keeping in mind and applying the UNGC's 10 principles on human rights, labour, environment and anti-corruption and we are committed 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.

Director General,
Oliviu Niculescu

Human rights & labour standards

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.

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.

We are convinced that our continuous success is strongly related to our employees' well-being. We are committed to respecting the law and regulations, and to providing the best opportunities for our employees to grow and develop within the company, no matter their race, color, sex, religion, ethnicity or nationality, sexual orientation, social origin or political beliefs.

Our collective labour agreement is aimed to promoting and implementing equitable labour relations as to enable a profitable activity, to ensure social protection for our employees and to avoid the appearance of collective labour conflicts. Employees are selected, hired and promoted based only on their qualifications and abilities.



Human rights & labour standards

We take respecting laws and regulations very seriously and we are committed to providing our employees better working conditions. The most important aspects we undertake and constantly monitor are:

Free choice of workplace

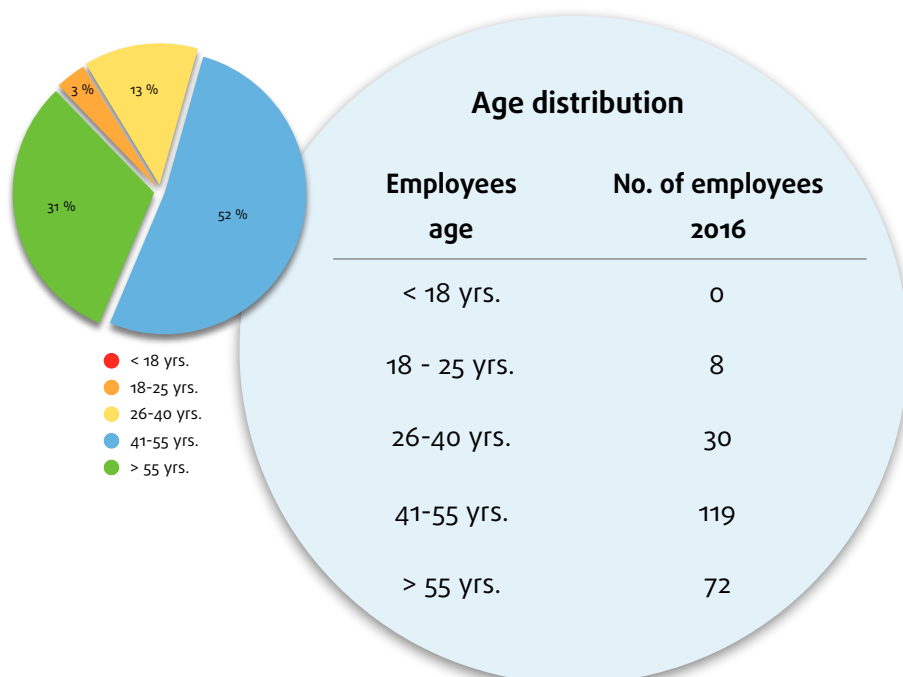
ROMRADIATOARE denies any use of forced, bonded or indentured labour.

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.

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 .



Freedom of association

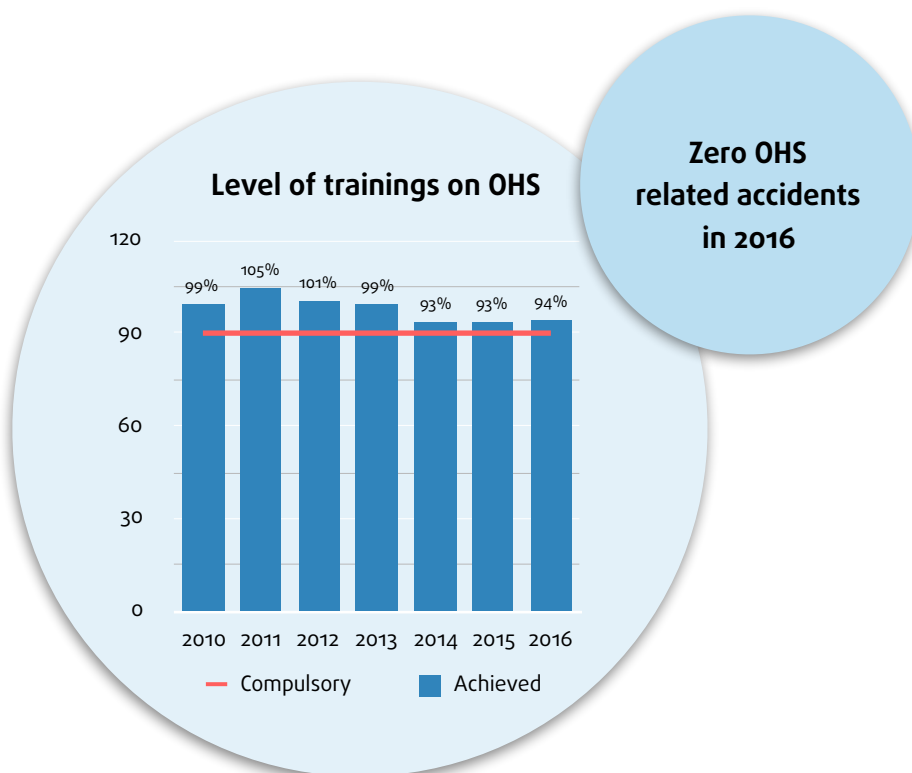
We recognize the right of all employees to establish or join unions or other professional organizations. ROMRADIATOARE, the unions and the employees' representatives are working together in the spirit of a constructive and cooperative management for defusing potential conflicts.

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.

Providing training on health and safety aspects

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



Providing safe and healthy working conditions

We implemented OHSAS 18001, a framework for occupational health and safety management, in order to improve working conditions, in line with internationally recognized best practices. This improved the working conditions and greatly reduced the occupational risks for our employees.

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.

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.

Gender distribution in management positions

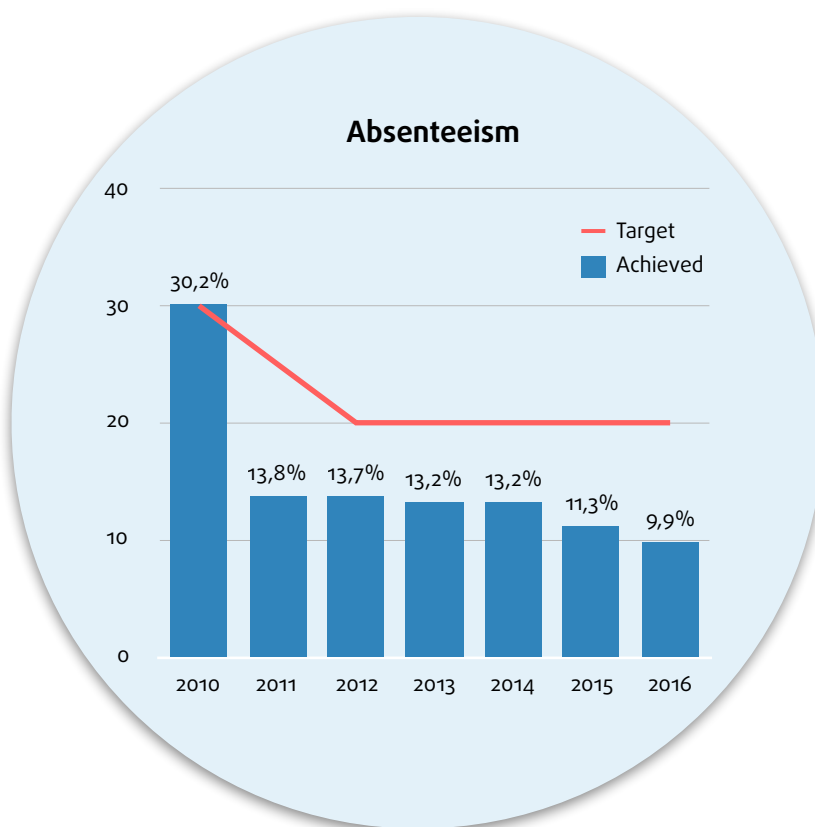
Employees gender	Empl. no.
Male	19
Female	9

Gender distribution

Employees gender	Empl. no. 2016
Male	153
Female	76

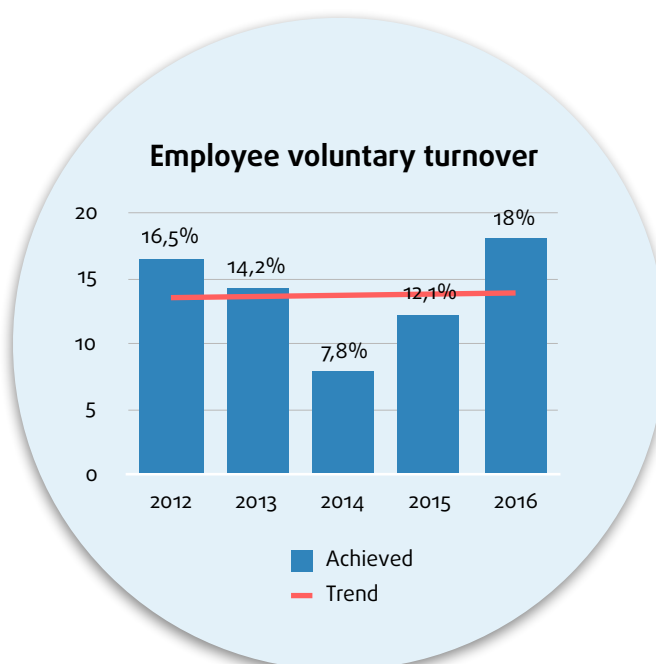
Absenteeism

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 under 10% in 2016.



Employee voluntary turnover

In correlation with absenteeism, employee voluntary turnover is an indirect indicator of employees' satisfaction. Employee voluntary turnover rose from 12,1% in 2015 to 18% in 2016. We take every measure to improve our working conditions, performance evaluation process, and transparency regarding all our operations.

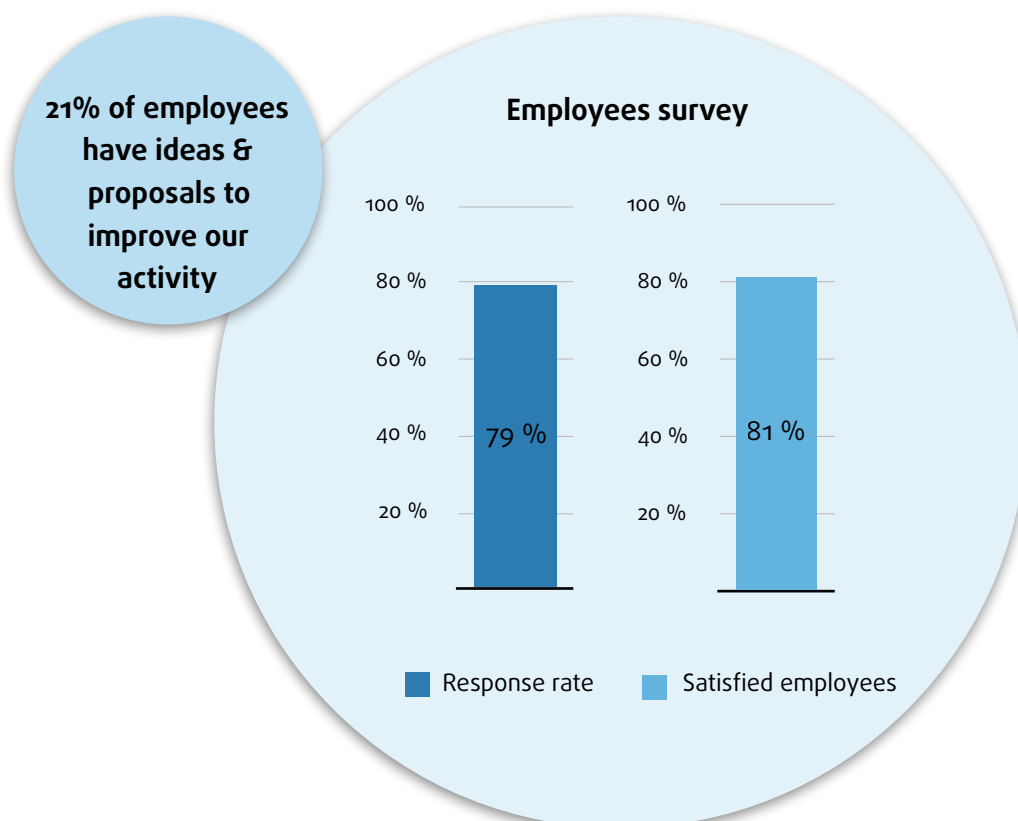


Collective Labour Agreement

We are proud to be among the Romanian companies who have a 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.

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. This year, we had a 79% response rate, of which 81% declared „they are satisfied” with our working conditions. 21% of respondents also had ideas and proposals regarding ways of improving our activity. Our employees satisfaction with the working conditions in our factory, health & safety, collaboration and communication are a constant concern for us and we strive to improve them every year.



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.

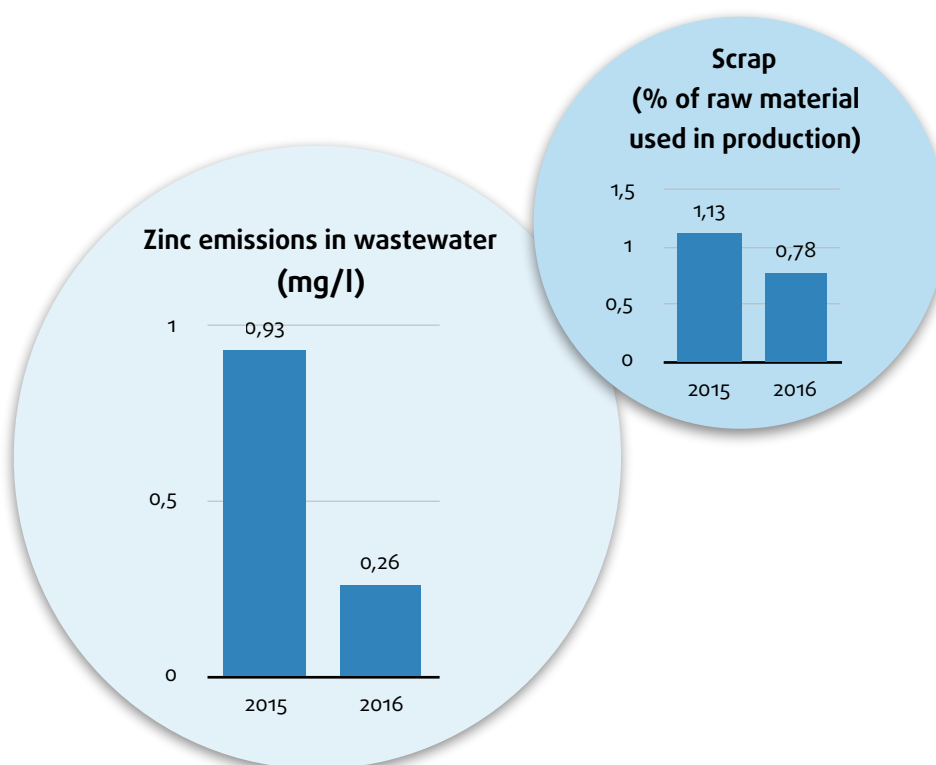
ROMRADIATOARE is committed to protecting the environment by preventing pollution through promoting and implementing the best technologies in its production processes. Along with human rights and labour standards, the protection and continuous care for the environment are among the most important objectives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

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



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 internal audits and we managed to reduce the scrap levels due to quality issues and our Zinc emissions in wastewater.



Green Business Index voluntary reporting

It is the second year since we began voluntary reporting to Green Business Index, an online assessment instrument developed by Green Revolution Association. We use this tool to yearly asses, evaluate and improve our environmental performance.

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.

Anti-corruption

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

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.

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.