

CHIMCOMPLEX

We add value to natural resources for a better life



NONFINANCIAL STATEMENT

2019

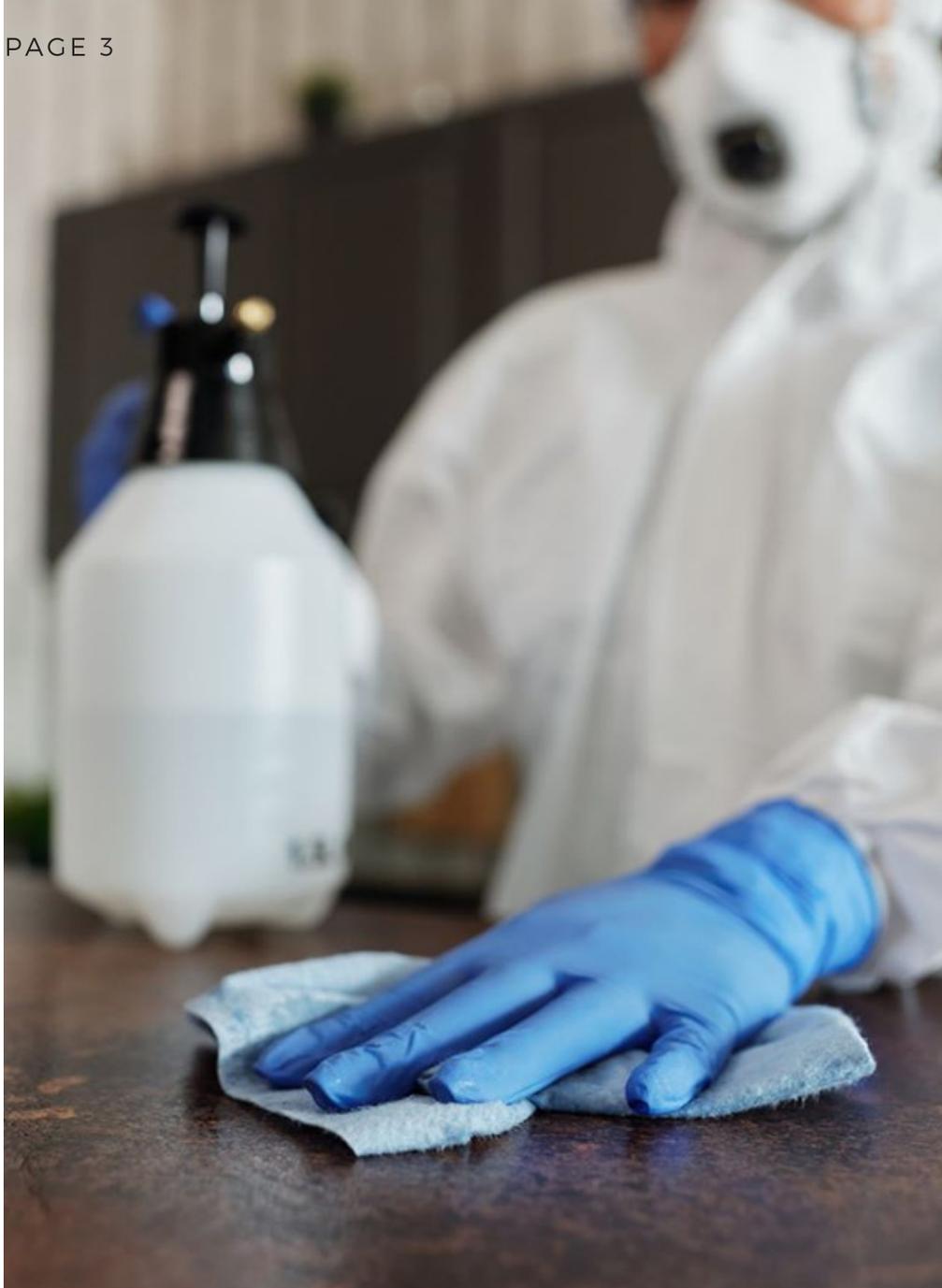
 **CHIMCOMPLEX**
SUCURSALA RAMNICU-LEA

ABOUT US

A photograph of three workers in blue uniforms and hard hats standing in front of an industrial plant. The workers are smiling and looking towards the camera. The background shows industrial structures, including tall chimneys, under a clear blue sky. The workers are wearing blue hard hats with the '100 CHIMCOMPLEX' logo and blue t-shirts with the 'CHIMCOMPLEX' logo.

Chimcomplex is the leading manufacturer and supplier of vital chemicals of the region, specializing in polyols-polyethers, chlorosodic products, inorganic chlorides, biocides, organic solvents, alkylamines, organic synthesis products and technical gases but also other solutions that contribute to the development of sustainable communities and industries.

With over 60 years of experience, the company operates the largest chemical plant in Romania, on its 2 industrial platforms, at **Borzești and Râmnicu Vâlcea.**



Chimcomplex is the only manufacturer in Romania of biocidal active substances based on chlorine, sodium hypochlorite, lime chloride.

THESE PRODUCTS PROVIDE SURFACES TREATMENT AND DISINFECTION IN THE FIGHT WITH THE MOST DANGEROUS VIRUSES AND PATHOGEN AGENTS

and are also used in the treatment process of drinking water. Chimcomplex is thus a strategic company of the Romanian economy for national security regarding public health in the field of water. Our products are marketed both at national and international level being used in Romania, Moldova, Hungary, Bulgaria, Ukraine, Serbia and 31 other countries. Chimcomplex products are used in the energy sector, the automotive industry, in chemistry and petrochemistry, pulp and paper, pharmaceuticals, plastics, metallurgy, food, wood and furniture.

SOLE BIOCIDES MANUFACTURER FROM ROMANIA



WE RELAUNCH THE ROMANIAN CHEMICAL INDUSTRY

We continuously invest in **new technologies** to increase efficiency and become a company with a **small ecological footprint** and a **new organizational culture**.

We know that the chemical industry is **essential** for the economic development of production chains. We also recognize **the relevance of the business** and its impact on society, which is why **we invest** in a strategy of responsible growth, with a focus on **people's well-being** and **efficient management of resources**.



ACQUISITION OF OLTCHIM'S ASSETS

Following the acquisition by Chimcomplex SA Borzești in December 2018 of the five asset packages belonging to Oltchim, the year 2019 was dedicated to integration actions of the activities on the Borzești and Rm. Vâlcea platforms (administratively/organizationally, financial accounting, production, computer science, etc.)

Chimcomplex has launched an extensive investment program for the chemical platforms from Borzești and Rm. Vâlcea, which will ensure the increase of the turnover to over 1 billion EUR in the next five years.

During 2019, the company made investments, on the Borzești platform, worth about 3 million euros and at Rm. Vâlcea Branch of 6,892,350 lei.

INVOLVEMENT OF INTERESTED PARTIES

Stakeholders	Main topics	Communication channels
Government	<ul style="list-style-type: none"> Operation compliance Safety management Answer to climate change Scientific research and technology innovation Integrity and anti-corruption 	<ul style="list-style-type: none"> Biannual meetings and presentations Regulations and state authority supervision
Shareholders	<ul style="list-style-type: none"> Business Performance Improvement Change, modernization and development 	<ul style="list-style-type: none"> Meetings Dedicated documentation
Clients	<ul style="list-style-type: none"> Improvement of service and product quality Scientific research and technology innovation 	<ul style="list-style-type: none"> Daily communication Meetings Feedback survey Website
Employees	<ul style="list-style-type: none"> Workplace safety and security Career development 	<ul style="list-style-type: none"> Meetings with union members Regular trainings Internal events
Communities	<ul style="list-style-type: none"> Risk control Safety management 	<ul style="list-style-type: none"> Sponsorships and philanthropical actions Media relations
Environment	<ul style="list-style-type: none"> Energy efficiency improvement Carbon emissions management Leak reduction Resource recycling 	<ul style="list-style-type: none"> Environmental and social risks management Environmental performance monitoring

The trust and support of stakeholders are of fundamental importance for the sustainable development of the company. We have established an open communication mechanism with stakeholders that we are continuously optimizing. The company grows with it and revitalizes the chemical industry in Romania.

MAIN SALES MARKETS AND QUOTA FOR MAIN PRODUCTS – DISTRIBUTION METHODS

Borzești branch: The main outlets are Romania 55%, European Union 37%,

The Middle East 1%, other regions 7%.

Rm. Vâlcea branch: The main outlets are:

European Union 57%, Romania 27%,

Middle East 5%, other regions 11%.

The sale of the products is made directly to end-users or through companies specializing in the distribution of chemicals. The sale of products through distributors ensures that the risk of non-payment of the final consumer is taken up, the financing of production through advance payments, logistical conditions (authorized motor vehicles for the transport of dangerous goods, warehouses), the reduction of selling costs in more distant geographical markets, the redistribution of products in small quantities to small consumers, the prospecting of the market and the promotion of products.

Relations with suppliers are traditional in nature and are operated within an integrated quality management system – environment ISO 9001:2015, ISO 14001:2015.



Valuation of sales activity

In 2019, the company's turnover increased by 330%, from 294,3 million lei in 2018 to 1.277.8 million lei, with the 2018 Oltchim assets acquisition background.

On the domestic market Chimcomplex SA Borzești, in its field of activity, has become a unique manufacturer, consolidating its position on the market, after the acquisition of the assets of Oltchim SA Rm. Vâlcea holds similar technologies of obtaining chlorosodic products.

Globally, Chimcomplex holds a share of the small market for chlorosodic products, the main outlets being the domestic market and the other countries of Eastern Europe and the Balkan area.



We have paid particular attention to the risks in the process of sustainable development. The Audit Committee, set up within the Board of Directors, is responsible for reviewing risk management and providing advice to the board. Departments responsible for managing and mitigating risks related to product safety, environmental protection, climate change, finance, anti-corruption, and security have been created. Working groups on risk management regularly convene meetings to organize, identify and assess major and significant risks, determine control measures, and formulate solutions.

Risk factors

By implementing the requirements of the new standards ISO 9001:2015 and ISO 14001:2015, were identified and assessed both the risks generated by the processes identified at the level of the company, as well as those associated with the environmental aspects generated by the activities, products and the services carried out and we have documented the management of these risks. The management has the obligation to permanently monitor the risk register together with a program of measures to minimize them.

Thus, process managers systematically analyze the risks associated with the activities' performance and devise appropriate plans in order to limit the possible consequences of these risks.

By the nature of the activities performed, the company is exposed to risks that include, without being limiting, the risks presented below:



SUSTAINABILITY

Capital Risk Management - management's objectives are to protect the entity's ability to continue its business to provide benefits to shareholders and benefits to other interested parties and to maintain an optimal capital structure to reduce the cost of capital.

The company uses loans that are usually guaranteed with its assets. If the company cannot generate appropriate cash flows to cover the debts, it may suffer a partial or total loss of capital. A relatively small movement in the value of assets or income may result in a large, disproportionate, unfavorable, or favorable movement in the value of the company's economic indicators.

Capital risk management is carried out using the debt indicator, which shows the degree to which equity provides financing of the business indicating to what extent its medium and long-term commitments are guaranteed by equity. It is calculated as the ratio between medium- and long-term liabilities and total capital.

Credit risk - represents the risk of financial losses for the company if one of the parties to a financial instrument contract fails to fulfil its contractual obligations. The company's exposure to credit risk is mainly influenced by the individual characteristics of each customer, so a broad customer base reduces the credit risk.

Liquidity Risk - Prudent liquidity management involves maintaining sufficient available cash and credit lines through continuous monitoring of estimated and actual cash flow and matching due dates of financial assets and liabilities. Given the nature of its business, the company aims to be flexible in terms of financing options by maintaining the credit lines available to finance operating activities as well as investments.



Market risk

The macroeconomic environment in general and the chemicals market, in particular, continue to be affected by the economic crisis, with negative consequences on the company's development potential. Market risks to which the company is subject include currency risk in commercial and financial transactions and price risk.

Interest rate risk. The company could be at risk of future cash flows fluctuating due to changes in market interest rates on loans and cash held.

Economic risk. Any economic downturn generally adversely affects the value of a company, so that the return on an investment in a productive society depends to a large extent on the economic conditions in the domestic and international markets, the volume of orders received, and the value of contracts concluded, as well as changes in the prices of raw materials and finished products.

Impact of government laws and regulations. The Company is subject to the laws and regulations relating to taxation, planning, laws, and regulations which, by applying them, may have an effect of increasing expenditure and decreasing income or the rate of Profitability:

Taxation -The taxation system in Romania is constantly changing and is trying to strengthen and harmonize with European legislation. In this respect, there are still different interpretations of tax legislation. In certain cases, tax authorities may treat certain aspects of taxation differently, including transfer pricing, and additional taxes and charges and related interest and penalties are calculated.



SUSTAINABILITY

Litigation – The Company is subject to several legal actions arising in the course of the normal activity. They will have no significant negative effect on the Financial Performance and Financial Position of the Company.

Environment - Environmental regulations are in a development phase in Romania and Chimcomplex has not incurred debts as of 31 December 2019 for any anticipated costs, including legal and consulting fees, design, and implementation of environmental remedial plans.

Economic, political, and social conditions in Romania or other countries.

The company's performance may be particularly affected by changes in legal, regulatory and tax rules, as well as by general financial conditions at the national and global levels.

- changes in political, economic, and social conditions in Romania and/or other countries Central and Eastern Europe;
- changes in Government policies or changes in laws and regulations, or interpretation of laws and regulations;
- change in foreign exchange rate regulations;
- the measures that can be introduced to control inflation and the interest rate;
- changes in the percentages or methods of taxation.

The climate change faced by humanity in the twenty-first century poses a serious challenge. It is a major global problem that has a profound impact on the economy and social and environmental development. The company has proactively identified the risks and opportunities related to climate change, developed the strategy to reduce emissions carbon and promoted energy efficiency and CO2 reduction. We know we have a big responsibility. We work in an industry with a major impact on natural resources. What we decide now will produce important effects for us and for all future generations. Therefore, we must decide wisely and act accordingly.

Chimcomplex capitalizes on local mineral resources with BAT technologies and in compliance with European norms.

The purified wastewater from the Onești platform complies with the conditions established by the regulatory acts (with values below those established by the applicable national legislation) and is discharged into the emissary, the Trotuș River. In addition to comprehensive water management, Chimcomplex continues to innovate and raise awareness of the need to reduce the amount of waste resulting from technological processes. In Vâlcea and Onești some of the industrial waste generated is reused in other industrial processes;

CARE FOR THE ENVIRONMENT

Recoverable waste (old iron, paper, and cardboard, spent oil, used tires, DEEEs, light bulb and lighting waste, etc.) **is selectively collected and recovered or handed over to authorized operators.**

Efforts are being made to reduce the amount of waste requiring disposal in authorized warehouses or disposal by incineration. The ability to use cleaner, more affordable and more sustainable energy resources is a key challenge in the effort to address climate change issues, volatile prices and falling resources.



Technology and innovation:

Chimcomplex branches are certified for Integrated Management System according to ISO 9001. Furthermore, Chimcomplex has obtained the certification of the Environmental Management System according to standard 14001 and 18001 for the Certification of Occupational Health and Safety Management Systems.

These moments marked the assumption of an integrated Policy of quality, environment, health, and occupational safety by all branches in Romania, through which we assume The Chimcomplex values: responsibility, passion, respect and orientation towards client.

Carbon footprint

measurement: each type of human activity generates greenhouse gas, either directly through the consumption of electricity for production, the use of motor vehicles, etc., either indirectly, by means of technologies producing carbon dioxide during the production, distribution, consumption stages, etc. Since 2007, Chimcomplex has been calculating the quantities of greenhouse gas emissions annually.

On the Onești platform one of the cogeneration installations, as well as one of the 2 thermal power plants also operate with hydrogen obtained in the membrane electrolysis plant, which contributes to the reduction of CO₂ and burned gas. emissions into the atmosphere.

CARE FOR THE ENVIRONMENT

Protecting biodiversity:

Our activities have an impact on natural ecosystems.

Moving towards biodiversity conservation is a necessary commitment for a responsible company. Our platforms are true spaces for biodiversity.

Protecting resources:

Chimcomplex acts according to values that it concretely supports through activities oriented towards protecting the environment, solidarity and protecting the heritage.



CARE FOR THE ENVIRONMENT

Each year, Chimcomplex activities consume fewer and fewer natural and energy resources for production processes.

The natural resources used in the manufacturing processes at Onești are harnessed to their full potential, in the sense of incorporating about 90% in useful products marketed, the NaCl solution is returned to the supplier's probes after use, to be used in the dissolution of the salt deposit and then reused.

Cogeneration

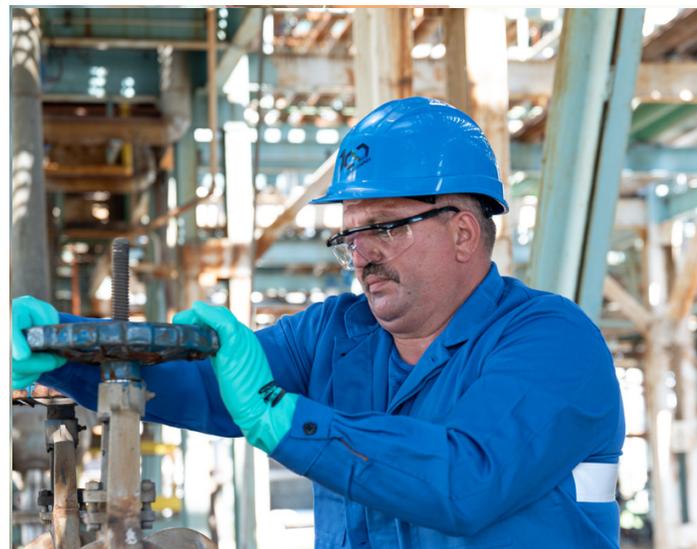
It is an intelligent system of simultaneous production of electricity and heat with an overall efficiency of over 75%. By comparison, separate electricity and heat production has a yield of less than 55%. Thus, only 25% to 50% of the burned fuel is converted into electricity, the rest being lost through cooling towers and chimneys. In the case of cogeneration, energy losses decrease considerably, amounting to no more than 15%-25%. As such, the environmental impact is also low.

Water consumption

Chimcomplex implements a strict water use plan in production and adopted alternative measures and solutions to reduce water consumption.

The company is constantly improving the rate of industrial water reuse to achieve efficient use of water resources.

The experts who are part of the Chimcomplex teams bring technological know-how, thus achieving a maximum level of efficiency and professionalism for the operation of production equipment and energy equipment.





SAFETY MANAGEMENT

Chimcomplex strictly complies with the requirements of the Production Safety Act. The company regularly conducts safety risk assessment and management, strengthens the control system for emergency management and raises awareness of the importance of employee safety and security measures to prevent all kinds of accidents.

Safety, our priority, is non-negotiable, which is why we hope to keep the number of injured, both at work and in our spare time, at zero throughout this year.

Our objective is to provide a safe working environment for every employee.

In 2019 we celebrated 0 work accidents on the Râmnicu Vâlcea industrial platform and on the Borzești industrial platform.

Through the Prevention and Protection Plan 2019, we have established strict measures to reduce risks at the workplace.



SAFETY

The safety of people and assets is a priority for Chimcomplex.

The company undertakes to implement all means to ensure the protection of its employees in the framework of their functions and also the necessary measures for the protection of its sites, installations, and intellectual heritage. In addition, the company pays close attention to damage to the image and its reputation.

COMPLIANCE

At Chimcomplex, we pay close attention to promoting our values, national legislation and rules of conduct adopted by international bodies in order to adhere to them.

To this end, bodies and procedures have been put in place to detect legal risks in compliance with international, European, and national standards applicable to the company. Without being considered a constraint, compliance proves to be a tool for the management and internal development of the company, a factor of empowerment, strengthening the cohesion of members around their own culture that transforms it into a value in itself. To achieve this, the company regularly raises awareness of compliance with applicable laws and regulations. The Internal Code of Conduct defines and illustrates the types of behavior to be prohibited, being susceptible to corruption or influence peddling.



Employees must prevent or avoid any situation that creates or could create a real or apparent conflict between the personal interests and those of Chimcomplex.

The personal interest of an employee means any advantage for himself or for relatives, friends or other persons or organizations who have a business relationship with the employee or company.

Chimcomplex strives to ensure compliance, in the performance of its contracts, with the confidentiality regarding the use of data, information, knowledge, intellectual and industrial property rights and business secrets, closely related to its activities.



PEOPLE

Chimcomplex would not be the company it is today, without the employees who take care that the activities on the industrial platforms to unfold correctly and safely every day. We rely on 2000 professionals on the 2 platforms. We invest in our teams to jointly carry out the largest projects in the chemical industry in Romania.

The organizational structure of Chimcomplex is of the functional hierarchical type, consisting of compartments sized according to the volume and complexity of the activities, grouped by the criterion of the functions of companies. In order to achieve the objectives of the organization, the company has specialized personnel for all fields of activity.

Chimcomplex employees benefit from a professional and personal development environment, fair working relationships, objective appreciation of the performance, safety and personal security. Employees also benefit from social protection measures, bonuses and other perks set out in the Collective Labor Agreement.

Human rights

Chimcomplex strictly complies with the laws and regulations on the protection of human rights. We respect the right of employees to personal freedom, the right to leave, gender equality and the rights and interests of female employees and ethnic minorities.

40% of the management positions in the company's 2 industrial platforms are occupied by women. Thanks to this distribution, there is a diversity of views in the discussions and decisions we make for the benefit of the company. 90% of them are mothers and 40% have been working in the company for over 20 years. Internal policies prohibit all forms of discrimination: by gender, ethnicity, religion, and nationality.



TRUSCĂ
MĂDĂLINA

CLOROSODICE

COLEGA CARE
MĂ INSPIRĂ

TRANSFORMĂ
MEDIUL NOSTRU DE LUCRU
ÎNTR-UNUL
MAI PERFORMANT

PEOPLE

The company pays special attention to recognizing the efforts and merits of each employee, sharing his achievements and values with colleagues so that they feel that they have an important role in achieving the company's performance.

Feeling integrated, treated with consideration and fairness are key aspects for the daily involvement of employees, in accordance with the principles of promoting diversity, non-discrimination and the conditioning of acts of harassment.

The development of social dialogue, the support of employees in difficulty, and the increased attention on the development of each one hold an important place in the management of our human resources.

The professional development of employees is achieved by developing their skills, but also by inciting to change, innovation, accepting professional challenges.

Chimcomplex's desire to improve human resources management every day is supported by an active policy of professional training and career support.

Current Training

Through modern training programs, our employees have been able to update their necessary professional certificates and qualifications, but also to acquire new leadership, feedback and communication skills, organization and coordination, motivation, and involvement.

**175 participants in the
Metamorphoo program
500 hours of training
Over 24. 000 hours of work
safety trainings.**



PEOPLE

The company has also established possible successors for the key positions identified in the organizational chart and has ensured professional development programs focused mainly on:

- Development of managerial skills and abilities;
- Knowledge of the activities specific to the job for which they will succeed;
- Development of working skills in the team;
- Involvement in project teams.

Actions for prevention, health and security mean the daily improvement of prevention policies, in close collaboration with our employees.

The best practices for preventing work accidents and occupational diseases, empowering managers, raising employee awareness, observing the balance between professional and private life, etc. are identified with the employees and then shared within the company.

Profession for the future

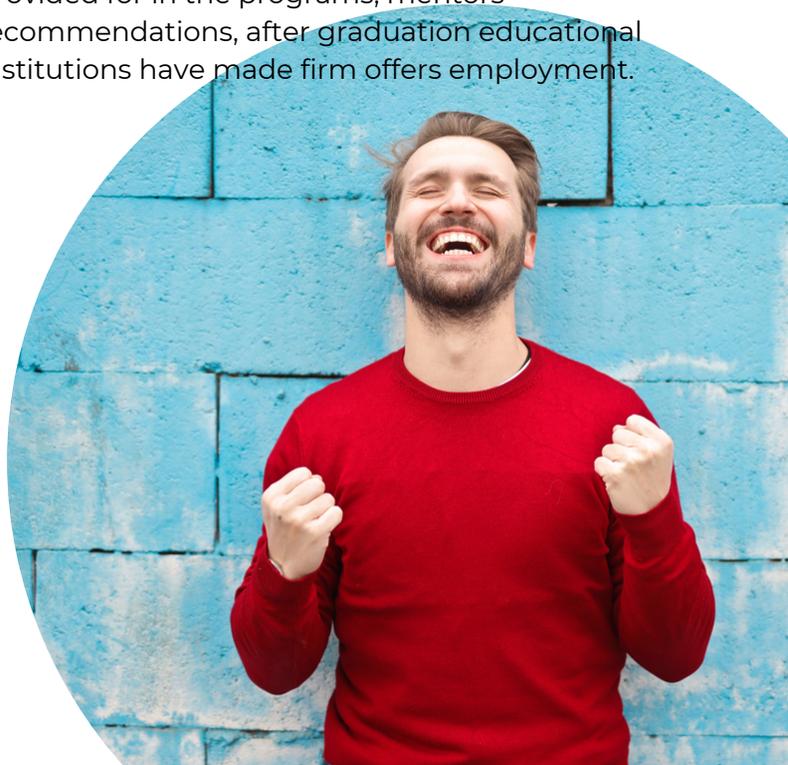
YOUNG CHEMISTS

Internships of about 2 weeks, study visits for students from the Faculty of Applied Chemistry and Science of materials – Bucharest, Faculty of Chemical Engineering and Environmental Protection – Iași and from the Faculty of Engineering and Environmental Protection Bacau

In partnership with the Ministry of Education and Gheorghe Asachi Technical College in Onești, jud. Bacau, we have been supporting a class for 2 years specializing in chemist operators (13 students) and welders (14 students), in the education professional dual system. During their studies 2017÷2019, students have benefited from the scholarship in the amount of 300 lei/pupil/month, internships under the guidance of Chimcomplex mentors, free transport from the Technical College – Chimcomplex. Thus, in 2020 we will have first-generation young chemist operators and welders who, after employment will continue to benefit from on-site training and integration programs work so that in 2 to 3 years to be able to take over the responsibilities of the retiring employees.

We organize internship programs on summer vacation period, approx. 2 months for students in the final years of the Faculty of Applied Chemistry and Science of materials – Bucharest, Faculty of Chemical Engineering and Environmental Protection – Iași.

During the internship program, the students have benefited from accommodation and transport free of charge, meal vouchers and scholarships. Periodically and at the end internship programs have been evaluated the performances as well as the potential of the students, and in depending on the assimilated knowledge, the degree of involvement in the activities provided for in the programs, mentors' recommendations, after graduation educational institutions have made firm offers employment.



COMMUNITY INVOLVEMENT

There are justified economic reasons for a company to act with social responsibility: preserving natural resources, collaborating with customers who are concerned about these issues and obtaining the respect of the authorities.

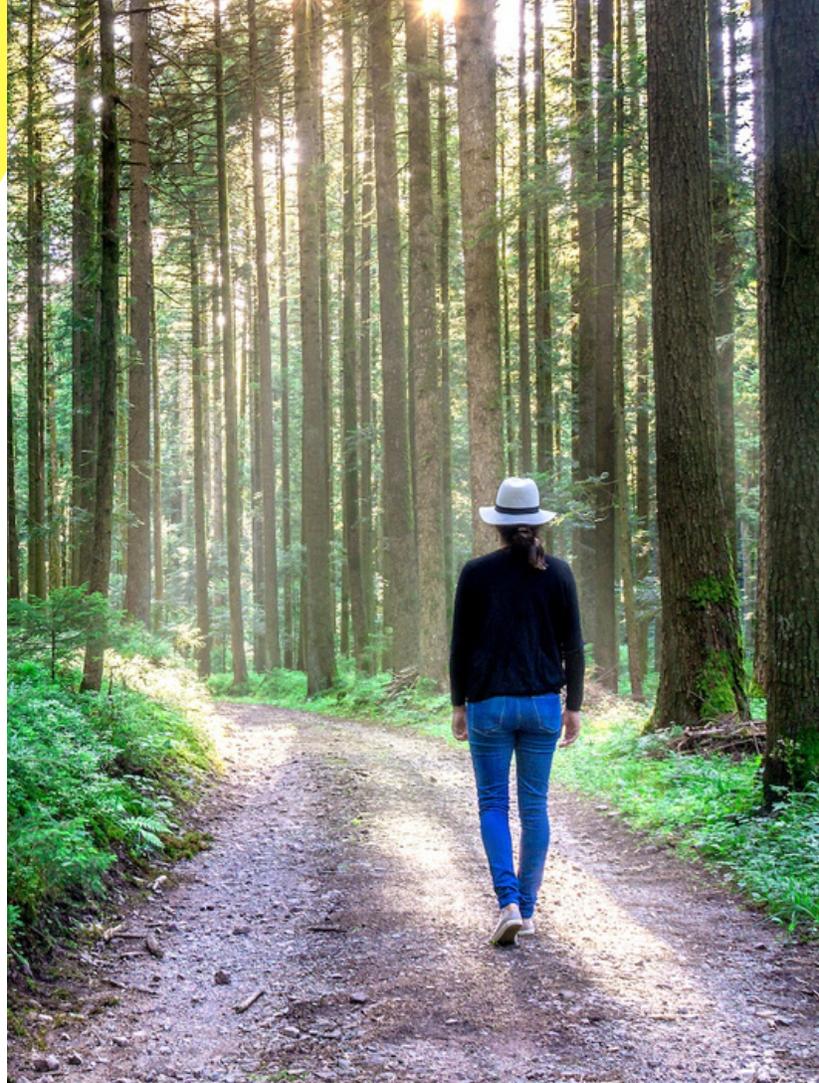
But the real responsibility is much deeper and is found in the hearts of each of us.

We, the employees of Chimcomplex, want to live in a clean environment that we can pass on in good conditions to our children and grandchildren. We want to create clean products using processes that do not affect nature. We want to make sure that every colleague works safely and gets home healthy after work. Chimcomplex's partnership commitments are made mainly in the form of sponsorship operations verified and validated by a special review committee.

The main pillars of corporate social responsibility are environmental protection, concern for people and education.

PROTECTION OF THE ENVIRONMENT

The company makes every effort to raise awareness and education on how we use natural resources, and we are actively involved in the development of projects for environmental protection and solidarity.



Chimcomplex is committed to investing in recovery and recycling by developing a mix of technology, moderate use, and increased efficiency to conserve resources, both in terms of internal activities and in relation to customers. The consumption of natural resources is closely monitored, and we ensure that they are used efficiently and incorporated into useful products marketed.

We operate energy-efficient machinery and equipment. We also develop manufacturing processes that use the waste from other industrial processes (used hydrochloric acid and trimming – scrap metal waste), with the production of products with wide use, in various topical areas (ferric chloride)

COMMUNITY INVOLVEMENT

CONCERN FOR PEOPLE

The care for employee development is manifested by the programs of expertise transfer and career management for the people of Chimcomplex, on the one hand, but also by the responsible approach of health and safety aspects at work, on the other.

In 2019 we offered biocides for disinfection of the county hospitals in Onești and Vâlcea, as well as to schools and high schools in the communities where we at the same time, we support the Romanian Polo Federation by providing sodium hypochlorite for water disinfection in the swimming pools: FR Polo Floreasca, CS RAPID, CS ORADEA, CSSI Bucharest.

EDUCATION

Involvement in education is the company's commitment to actively participate in the life of the city and to positively influence the development of young specialists.

We also support the education of young chemists by sponsoring local chemistry Olympics.





FUTURE

The Investment Program of the Râmnicu Vâlcea Branch of CHIMCOMPLEX SA Borzești for 2020 is over 14 million euros and in Borzești about 8 million euros.

The investments are aimed at building/arranging new installations to diversify the range of products and expanding capacities and other investments for the modernization and maintenance of current production capacities.

Through the investment program proposed for 2020, CHIMCOMPLEX Borzești aims to continue the ongoing investment objectives of the 2019 program and new investments proposed derived from the Strategic Program 2016-2020.

CHIMCOMPLEX

A group of five workers, three men and two women, are standing in a line on a grassy area in front of industrial equipment. They are all wearing blue work jackets and blue hard hats. The equipment includes a large white cylindrical tank on the left, a tall white chimney stack in the center, and a red structure on the right. The sky is blue with scattered white clouds.

CHIMCOMPLEX S.A. BORZEȘTI
HEADQUARTERS

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