



**S.C. Turism Felix S.A. Băile Felix**  
417500, Băile Felix, com. Sânmartin, jud. Bihor, România  
Nr. Reg. Com.: J05/132/1991  
C.U.I.: RO 108526  
Capital social subscris și vărsat: 49.614.945,60 lei

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## NON-FINANCIAL STATEMENT

### THE COMPANY'S ACTIVITY

#### *General presentation*

S.C. Turism Felix S.A. is registered at the Trade Register Office under the number J05/132/1991, having as unique registration code RO 108526.

It functions as a joint-stock company according to the Law no/ 31/1990 republished, including subsequent amendments and additions, having as basic activity balneary treatment, public food service and leisure activities, internal and international tourism, exploitation of thermo mineral water sources, and their distribution. The activity field stipulated at art. 5 from the Act of Incorporation of the company and according to NACE classification the main activity is Hotels and other similar accommodation facilities – NACE code 5510.

S.C. Turism Felix S.A. has been initially founded in 15.10.1990, on the structure of the former Hotels and Restaurants Complex (HRC), functioning as a joint-stock company according to the Law 31/1990 republished and the Government Decision 1041/1990, with unlimited functioning duration.

It is a publicly owned company, in conformity with the terminology provided in the Law 297/2004 regarding the capital market, being registered at the National Securities Commission in conformity with the registration certificate of securities no. 3191/04.12.2006.

From 1997 and during the year 2006, the company's shares have been registered and traded on the RASDAQ stock market, having the symbol "TUFELIX". The inventory of the shareholders and shares held by them is kept by the Central Depository according to the provisions of Law 297/2004 and of the contract no.7778/01.03.2007. On 19.02.2007, the company has been admitted to trading on regulated market administered by S.C. Bursa de Valori București S.A.

#### *Description of the activity*

The activity object of TURISM FELIX S.A. is provided in art. 5 of the Articles of Incorporation of the company. According to the NACE classification, the main activity is Hotels and other similar accommodation facilities - NACE code 5510, consisting of balneary treatment, accommodation, public food and leisure, domestic and international tourism, exploitation of thermal mineral water sources and their distribution based on the license concession law. of exploitation of thermal waters for a period of 20 years, with the possibility of extension for successive periods of 5 years. The perimeter of exploiting the resources and reserves of thermomineral water covers the entire Felix and Băile 1 Mai area. TURISM FELIX S.A. is solely responsible for the exploitation activities of the thermal mineral water reserves, being able to transfer the exploitation right to other entities on the basis of the delivery contracts concluded with them, as long as their activities do not influence their own exploitation activities.

In carrying out its basic activity, the balneary tourism, TURISM FELIX S.A. offers packages of services, generally consisting of balneary treatment, accommodation and meals. The packages of services offered are different, depending on the specific target audience.

The basic treatment remains the classic balneary one, balneophysical and medical recovery, but at the same time the prophylaxis and wellness / leisure programs have an increasing weight. To provide medical services, TURISM FELIX S.A. it has five treatment bases (International, Thermal, Poienița, Mureș and Unirea).

The treatment services are custom and are in terms of the health affections/troubles of each tourist. The balneophysical treatment and medical recovery include medical visits (one each week) and the prescribing of a number of 2-4 therapy procedures each day are performed by consultants.

The treatment procedures include hydrotherapy, kinetotherapy, elongations, electrotherapy, aerosol inhalations, thermotherapy, aromatherapy, mesotherapy, etc., according to the doctor's recommendation. Similarly, at least a medical visit is included in the prophylaxis and wellness packages and procedures such as hydrotherapy and kinetotherapy are performed under medical surveillance.

In addition to the medical and recreation services, there are the wellness centre services from the tourism compounds Internațional, Termal and Apollo, where clients can take relaxing aromatherapy baths, jacuzzi, massage, sauna, solar bathing, saline and which dispose of fitness rooms. The wellness centre from Internațional has in addition an indoor pool with thermal water, with water beds and several hydromassage units.

For accommodation services the company owns 7 hotel structures, in single rooms, double rooms, triple rooms or apartments – total approx. 2.394 seats.

For meal services the company has seven restaurants of the category a I-a (International, Termal, Nulighthouse, poenita, Mures, Somes, The Union), each of which has 1-3 rooms and terraces designed for this purpose. To this is added the Poiana complex where a club with a capacity of 300 seats has been arranged, so that a total of about 2.892 seats are available for serving the table..

In the food services department there are also the bars from the hotels, Dark Club, the Summer Garden, the pastry shops, the ice cream parlor, as well as the area for buffet and buffet-restaurant from the Apollo-Felix Compound.

The recreation services, the most requested throughout the year, are the services offered by the recreation Compound Apollo, which include the indoor or outdoor thermal water pools, gaming areas and the wellness centre. Between May and September, in addition there are the services within the Felix swimming place – thermal water pools and swimming pools (with cold water), children's pool, mini aqua-park (water slide with five tracks), beach volley and mini-football courts. Starting with 2010 the Venus lido from Baile 1 Mai resort will be submitted to an extensive modernization process

Other touristic services offered are:

- fee-based valorification of their own touristic services through S.C. Transilvania Travel & Hotels S.A. and other tour-operators, which also ensure touristic assistance and information, organizing festive nights, trips, etc.;
- transport with their own vehicles – transfers to/from terminals, railway stations, bus stations, trips;
- renting halls for conferences and other similar events, making available the necessary equipment, etc.;
- touristic service packages for holidays or similar, such as: New Year's Eve, Christmas, Easter, 1<sup>st</sup> of May, 8<sup>th</sup> of March, Valentine's Day, etc.

Complementary to its basic activity, S.C. Turism Felix S.A. also performs other activities, which are:

- renting areas and spaces for different commercial activities or service providing based on contracts concluded with third parties;
- thermomineral water distribution to physical and legal people from Băile Felix, based on contracts;
- utility distribution (cold water, hot water, heating) to physical and legal people from Băile Felix, based on contracts, according to the prices approved by the National Regulation Authority for Public Utility Community Services or other authorities from the field

In Romania there is a significant number of tourist resorts especially oriented towards the balneary segment the best known being Băile Herculane, Sovata, Băile Olănești, Covasna, Vatra Dornei, Băile Tușnad, Ocna Șugatag, Năvodari, Sângeorz Băi, Slănic Moldova, Mangalia, Soveja. The tourist facility of these resorts is mainly formed of hotel complexes built before 1989 some of them being subject to modernization investments once taken over by various investors.

An important competitor of the company is the company SIND Romania reorganized in ventures, from which SC CSDR SIND Turism SRL and SC SIND Tour Trading SRL, that owns assets in the resort. SC SIND Romania is considered one of the most important tourism companies in Romania. It owns approximately 20.000 accommodation places (hotels, villas) especially in the two stars category from which 10% in the resort Băile Felix.

Important to mention is the fact that each resort mentioned above is specialized in the treatment of specific disease, being impossible to speak about a direct competition between them.

Another important aspect in making the competition analysis is also the category of tourist services offered by companies, with usually a well-defined segment of customers for each company which usually does not correspond to other companies. As a result we can speak about a direct competition only locally, inside the Băile Felix resort, here being mainly about the same segment of clients that are concerned about the curative properties specific to thermal waters in the resort.

It is to mention the fact that thermal water sources in the Băile Felix resort are in the property of the company following their concession by the state for a period of 20 years. le Felix se află în proprietatea societății ca urmare a concesiunii acestora de către stat pe o perioadă de 20 ani.

The main outlet market of the basic tourist products have been:

- On the Romanian market: SC Transilvania Hotels & Travel SA București as main tour operator, SC Exim Tour SRL, SC Sejur Perfect SRL, SC Bibi Touring SRL, SC International Turism&Trade SRL SC Accent Travel&Events SRL și SC Nova Travel SRL, balneary treatment addressed to the insured of the National House of Health Insurances of Bihor county.

-On the external market towards countries such as Germania, Israel, Austria etc.

-On-line reservation of hotel services

We must mention the fact that the selling of the tourist products (other than the contracts with the National House of Public Pensions and with non-tourism companies) was mostly realized through SC Transilvania Hotels & Travel SA Bucharest, the tour operator travel agency that administered the accommodation places from the hotel units and public food services from the tourism portfolio of SIF Transilvania, from which SC Turism Felix SA. is part.

The outlet market to redistribute thermal energy and waste and thermo-mineral water are juridical and natural persons from Băile Felix, due to the fact that the existing heating installation and water networks are own, being thus a captive distributor. From the beneficiaries of these deliveries, the main are: SC CSDR Sind Turism SRL, SC SIND Tour Trading SRL, SC Transilvania Tour SA, Băile Felix Recovery Hospital

### *Objectives*

Given the economic situation at the branch level, the results are remarkable in 2020 due to the measures taken through the sales policies regarding the formation of tariffs and the cost management, of which we list:

- modernization of the tourist reception capacities through the implementation of the development strategy materialized through the realization of the investment program
- optimization of arrivals in tourist reception establishments to ensure an occupancy rate that allows operation under conditions of efficiency
- flexibility of opening hours of tourist reception establishments closely related to market segments and their seasonality
- continuous development and promotion of the service packages which led to increased customer satisfaction in conditions of economic profitability

- implementing some policies of selling of leisure services in order to attract new tourists from internal and external surrounding areas
- optimization of utilities consumption
- Effective human resource management in correlation with operational capacity at the lowest achievable cost
- Rhythmic supply and minimum stock of goods, raw materials and consumable materials
- efficient cash flow through tracking measures of the due of receivables and payables
- commitment of expenditure in correlation with the moment of realization of income developed in closely concordance with ensuring availabilities
- engaging in maintenance, repair and minimal modernization, in crisis conditions ensuring necessary comfort

## RESPONSIBLE MANAGEMENT AND SUSTAINABLE STRATEGIES

Starting from the definition of sustainability, "meeting today's needs without sacrificing the ability of future generations to meet their own needs", also known as sustainable development, we emphasize the importance of such a development policy. The sustainable development policy helps the organization to avoid, reduce or control the harmful impact of its activities on the environment and the population, to comply with the applicable legal requirements and can be part of a trend that customers appreciate.

The basic pillars of sustainability are:

- increasing competitiveness through innovation and transfer of new technologies;
- environmental protection through the implementation of environmental management systems, by streamlining processes or by reducing the consumption of natural resources;
- organizational development and integration of IT in the company, through the development of IT personnel that will substantially increase the value added in the company of the department, respectively the ability to adapt to market requirements. Implementation of the integrated IT system, with competitive ERP programs, through which the management of the relationships with clients and collaborators, the economic management, the business administration is ensured;
- human resources communication and development through interactive methods and simulations of key situations.

Responsible management can be described as an attempt to maintain the balance between the interests of the whole world (people, companies, environment) for the prosperity of both the present and future generations. In order to respond to this principle, the policies adopted within the company aim to:

- minimizing the negative impact of the activities carried out on the natural and social environment;
- generating economic and social benefits of the local community;
- improving working conditions;
- conservation of natural heritage.

Through the adopted policies regarding the integrated management system quality-environment, health and occupational safety, it is a clear proof that TURISM FELIX SA takes responsibility for the importance of ensuring an organizational climate in which all those interested: employees, shareholders, customers, suppliers, community and environment be able to interact efficiently and responsibly both economically and socially.

**Measures implemented within the tourist reception structures with functions of accommodation, public catering, balneary treatment and leisure, in order to prevent and combat contamination with SARS-Cov-2 virus**

**Felix SA** has implemented all general and specific measures to prevent and combat contamination, for receiving tourists and staying in **health safety** conditions, based on **joint Orders**: issued by the Ministry of Health, Ministry of Economy and Business Environment; Ministry of Labor and Social Protection; ANSVSA; Ministry of Environment, legislation in force during the State of Alert, as well as based on the recommendations of OPTBR.

**Our tourist reception structures with accommodation, food, balneary treatment and leisure functions** have ISO 9001: 2015 Certification and Codex Alimentarius Certification, for the Food Quality and Safety Management System, maintained and controlled by the Supervision Audits performed by Tuv Rheinland Romania Auditors (August 2020 - External audit Tuv Rheinland).

The SMCSA documentation includes System Procedures for all processes, but also Working Instructions on sanitation operations (cleaning, disinfection with biocidal products) for all hotel spaces, food blocks, service rooms, spaces and medical equipment in the Treatment Bases, swimming pools and spaces related, Sanitation and disinfection plans, Operational registers for monitoring the sanitation-disinfection operations, related to spaces and equipment, as documented evidence.

In this context, **the additional measures** adopted by **Turism Felix SA** to prevent and combat contamination with SARS Cov 2 virus, were specified as follows:

**1) Own Occupational Safety and Health Instructions have been developed and implemented to prevent and combat** contamination, staff training, endowment with protective equipment specific to each job, providing disinfectant biocidal products for staff; performing the epidemiological triage for the employed staff, daily before the beginning of the program.

**2) Health safety procedures have been developed to prevent and combat SARS CoV2 virus** contamination for each sector of activity: hotel, public catering, balneary treatment and leisure.

**3) The general and specific prevention measures** have been implemented, corresponding to each sector of activity:

- carpets impregnated with disinfectant solutions were placed at all access points in the units, dispensers with biocidal disinfectant for tourists were placed in all access areas and common areas.

-plexiglass protections were placed at the hotel receptions and the receptions of the treatment bases, the physical distance lines and the traffic corridors were marked in the crowded areas.

Communication with tourists is materialized by:

\*informing the tourists, by the Hotel Reception / Treatment Base regarding the prevention conduct and guiding the tourists in case of specific Covid-19 symptoms;

\*displaying information / warning signs regarding the conduct in the hotel complexes regarding the infection prevention measures: wearing a protective mask in all common areas of the hotel, observing the social distance of at least 1.5 m, hand and breathing hygiene and performing heat scanning;

\*updating the company's website on measures to prevent and combat contamination with the new virus.

- the **Epidemiological Triage** for tourists is performed at check-in and check-out, as well as at the entrance to the restaurant, with records in the Epidemiological Triage Sheet. Epidemiological triage is performed by **designated medical personnel**. Also at check-in and check-out, tourists complete the **Declaration at their own risk**.

- Specific instructions and monitoring registers for additional disinfection operations were developed and implemented, with a higher frequency (in correlation with the SMCSA Procedures) of the points, **contact surfaces with a high risk of contamination.**

4) The observance of the sanitary safety measures by all the units of the company is constantly verified. \* Throughout the alert state, the inspectors of the control body within DSP Bihor, DSVSA Bh, OPC Bh, did not identify non-conformities / deviations from the legal provisions in force.

## ENVIRONMENTAL ISSUES

Principalele activități din domeniul protecției mediului, desfășurate în anul 2020, s-au efectuat în mod planificat și organizat, în scopul prevenirii poluării, reducerii riscurilor de producere a unor incidente de mediu pe amplasamentele din cadrul societății, precum și respectarea conformității cu prevederile legale în vigoare.

Directii de actiune:

### *1. Monitoring regulatory acts*

In order to carry out the complex activities, specific to the field of activity and to respect the legal framework of operation, TURISM FELIX SA holds the following authorizations:

- Environmental authorization for each hotel complex, for the thermal power plant and the collection and distribution of the thermal mineral water

- Authorization for water management on the company

- *The connection-discharge agreement to the city sewerage network.*

### *2. Assessment of compliance with the legislation in the field*

#### A. Internal assessment

This activity was carried out by planning different types of internal inspections.

As such, following these inspections to evaluate compliance with the legislation in the field and to improve the activity, environmental protection measures have been established:

a) in the field of the management of dangerous substances - sodium hypochlorite, the revised safety data sheets of the substances used in the treatment bases were displayed; all biocidal substances used for the disinfection operation are authorized by the National Commission for Biocidal Products;

b) in the field of pollution prevention - training of personnel with intervention plans in case of accidental pollution;

c) in the field of waste management - the proper labeling of the containers, the preparation of the documents related to the legislation, the proper storage of the medical waste, household, recyclable, waste - animal tissue, waste oils, ferrous and non-ferrous waste.

The company has contracts with authorized service providers:

-Eco Bihor SRL – for non-hazardous waste sanitation services: household, industrial, recyclable;

-Ecologic Solution Prod SRL- for the verification and decontamination of the fat separators and waste collection generated by the work points;

-Ecoby Impex SRL- for the collection and destruction of waste resulting from medical activities

-Alvi Serv SRL- for collecting, neutralizing products / by-products of animal origin, not intended for human consumption.

#### B. External assessment

In 2020, Turism Felix SA was subjected to external inspections, carried out by the control structures within the National Environmental Guard and the Romanian National Administration of Waters

#### C. Applies sanctions

As a result of the controls and inspections, no non-compliances were identified, no sanctions were applied, improvement measures, recommendations, as established by the control body's minutes, were established in the following areas:

- waste management;
- analysis of environmental factors;
- authorizations for water management;
- plans of intervention in case of accidental pollution;
- management and storage of hazardous chemicals.

D. Specialized reports to the authorities in the field were made monthly and quarterly reports to the authorities in the field, according to the obligations of the regulatory acts held by the company:

- regarding the Environmental Fund, the company is exempted from the payment obligation to the Administration of the Environment Fund, representing the monthly taxes for emissions of pollutants into the atmosphere and the oil introduced on the internal market, as a result of providing tourist accommodation, food, treatment and leisure services in its own structures. of reception from Băile Felix Resort, declared a Balneary Resort of national interest.

The Environmental Officer respects the provisions of Law no. 211/2011 (R 2014) - Establishing the necessary measures for the protection of the medal and the health of the population. Regarding the waste regime, they are monitored and centralized at the company level with the annual transmission of the Register of waste records to the National Agency for Environmental Protection Bihor - was monitored the waste management produced at the company level and reports were made to the authorities, according to the obligations from environmental permits;

In accordance with the requirements of the Environmental Authorizations, issued by the National Agency for Environmental Protection Bihor, the monitoring involved the systematic carrying out of measurements on the environmental factors as follows:

- carrying out measurements regarding the noise level and microclimates at the paraffin sections in the Treatment Bases;
- determination of the emissions of atmospheric pollutants emitted by the thermal power plant;
- preparation of measurement reports, environmental assessment sheets and monitoring reports.

#### E. Environmental protection expenses

In order to carry out the environmental protection activity properly, there were provided expenses related to the purchase of specific services and expenses related to the fees requested by the authorities. In the company's programs, the necessary environmental services were substantiated and budgeted, and environmental protection materials and products were requested.

Different types of environmental services were purchased:

- a) Contract with Public Health District Authority Bihor for:
  - physical-chemical analysis services for domestic wastewater;
  - physical-chemical and microbiological analysis services for bathing water and network water;
  - services for measuring radioactivity parameters.
  - BUI-IBAC powder determination services, at the laundry and the wood dust at the household group- Joinery
- b) Contract with DERATON SRL, for pesticide and pest control services.
- c) Preparation of the annual Program for the exploitation of the thermal mineral water, on drilling and consumers and the transmission to the National Authority of the Mining Resources of Bucharest and NAMR Oradea, for annual approval.
- d) Quarterly preparation of the Geo-Mining Report and submission to NAMR Oradea.

e) Centralization and transmission of data on utility consumption, to the National Regulatory Authority for Community Services of Public Utilities – NRACSP

F. Procedures established by the SMCSA Structure for the purpose of environmental protection

The Environment Manager, as owner of processes, respects and applies the PROCEDURES:

- Water supply: Working instruction regarding the collection of water samples from the distribution network, Water analysis records and daily water monitoring;

- Pest control, rat control, pest management: Pest and Rat Control Plan, Pest and Rat Control Registry, Register for control of cages with baits for rodent poisoning, Cage monitoring register with poisoning baits;

- Waste management, waste water: waste management register;

- Maintenance: Work instructions for the maintenance of green spaces, Register of green spaces.

## QUALITY MANAGEMENT

### 1. THE POLICY OF TURISM FELIX SA in the field of Food Quality and Safety

TURISM FELIX SA has gained the prestige on the market of tourist services by promoting high quality standards of accommodation, food, balneary treatment and leisure services, enjoying notoriety, credibility and recognition, both nationally and internationally.

The open and sincere orientation towards the clients, the concentration of the organization's efforts for the realization of superior products and services, therefore on quality and total services, as a source of satisfying the clients' requirements and as a means of establishing lasting relationships with them, has been and represents the main objective. of quality policy. TURISM FELIX SA is positioned on the Romanian tourism market among the largest competitors.

The company's history, the experience more than relevant, the organization's ability to adapt rapidly to changes in the market, to the increasing demands of customers, by adopting the appropriate market strategies, have demonstrated an efficient management.

The preoccupation and involvement of the management at the highest level to ensure the satisfaction of the clients' requirements, was materialized by the alignment with the international standards, successfully implementing the MANAGEMENT SYSTEM FOR FOOD QUALITY AND SAFETY and obtaining the certification in 2012, according to the ISO 9001 and HACCP, as well as the re-certification in 2018, according to SR EN ISO 9001: 2015.

The management of the organization considers the satisfaction of the requirements of its clients as a fundamental and defining element for its activity, giving a special importance to the knowledge, understanding and satisfaction of the implicit and explicit requirements of the clients.

In this regard, the management at the highest level of TURISM FELIX SA, taking into account the internal and external context of the organization, the stakeholders and the strategic direction of the company, defines the quality policy, as follows:

- development of a performance management at all levels, based on quality and customer-oriented;
- the realization of products and services that comply with the quality requirements of the client and the requirements of the company, respectively the legal regulations regarding the protection of life and health, the protection of the environment;
- raising awareness of the entire staff of the company for understanding and learning the quality policy, tending towards a PROCALITY culture;
- emphasis will be placed on the continuous improvement of the human resource and on its motivation through positive staff motivation techniques;

- providing the resources necessary for the continuous functioning and improvement of the SMCSA, by analyzing its effectiveness;
- establishing and maintaining a very close connection with all customers, which will be finalized by understanding and satisfying all customers and their requirements. Gaining customer confidence in the organization's ability to consistently deliver on the promised quality. In the event of complaints, our response will be prompt to remedy the problems;
- error-free work is the most effective way of maintaining and improving quality.

The highest level management, of TURISM FELIX SA, aims as main objectives of the food quality and safety policy, which aims to create a higher value for the customer and is committed to: increasing the satisfaction of customers; increasing employee satisfaction; continuous improvement of the SMCSA, of the organization's processes.

The management of the food quality and safety system will permanently follow the requirements of all customers, respecting the applicable regulations in force and ensuring the achievement of food quality and safety objectives, for business development, ensuring material well-being and professional development of employees.

The management at the highest level of TURISM FELIX SA ensures that the food quality and safety policy: is communicated and understood by the staff, and periodically, that it is adequate for the organization's purpose and analyzed for continuous adequacy.

Maintaining and improving the company's market position, the achievement of the proposed goals, are ensured by the effectiveness and efficiency of the food quality and safety policy, a special importance will be given to all activities in order to maintain and improve food quality and safety and by assimilating the technologies on the competitive edge on an international level.

The maintenance, monitoring and continuous improvement of the food quality and safety management system will be carried out under the direct coordination of the General Manager of TURISM FELIX SA.

## 2. GENERAL AIMS OF THE POLICY OF TURISM FELIX SA in the field of Food Quality and Safety

They are transposed into annual objectives, specific to each TESA compartment and to each profit unit, respectively the tourist reception structures that carry out activities of accommodation, food, spa treatment, leisure. For each objective, the actual actions for implementation, the necessary resources, the responsible ones, the deadlines for implementation and the monitoring of the actions in order to achieve the objectives are established.

## 3. ATTRIBUTIONS AND RESPONSIBILITIES OF THE DEPARTMENT OF QUALITY MANAGEMENT

Through the organizational structure, approved by the Board of Directors of the company, the Quality Management Office is directly subordinated to the General manager of TURISM FELIX SA. The specific tasks of the Quality Management Office are fulfilled by the SMC Coordinator, the HACCP Team Coordinator and economists specialized in the Quality Management of the Accommodation and Public Food Services.

The staff employed by the Quality Management Office carry out the following tasks and responsibilities:

- controlling the application and evaluation of the effectiveness of the SMCSA within the organization;
- coordinates the elaboration and implementation of the SMC documentation, according to the requirements of SR EN ISO 9001: 2015;
- elaborates, updates the SMCSA and the main documented information: Food Quality and Safety Manual, SWOT analysis, Quality policy, Quality objectives, SMCSA procedures, ensures the dissemination and management of these documents;

- prepares and submits to the approval of the Audit Program and organizes the conduct of the control activities by carrying out the internal audit;
- ensures that SMCSA processes are established, implemented and maintained;
- is responsible for the continuous implementation, evaluation and maintenance of the effectiveness and compatibility of the SMCSA with the quality policy of the organization;
- performs periodic analysis of the effectiveness of the implementation of documents in all compartments of the organization;
- is responsible for the elaboration, application and efficiency of the control procedure of SMCSA documents;
- centralizes SMCSA data, informs top management on the effectiveness of SMCSA;
- reports to the top management on the functioning of the SMCSA and the possibilities for improvement;
- plans, organizes and participates in the SMCSA analysis sessions, carried out by the top management;
- represents the organization in relation with the third parties regarding the aspects regarding the SMCSA, intermediates the conclusion of the service provision contracts with the accredited Certification Body and with DSP Bihor, DSVSA Bihor and monitors the implementation of these contracts;
- verifies compliance with the legal framework by the profit units, regarding the maintenance of the Certificate of Classification of the tourist reception structures with accommodation and food functions, according to the Technical Norms for granting the certification, established by the Order of the National Tourism Authority No.65/2013 and No. 415/2016, as well as of the Veterinary Sanitary Authorizations, the operating authorizations, the sanitary authorizations.

#### 4. SMCSA DOCUMENTATION

It was developed and grounded in accordance with the requirements of the standard SR EN ISO 9001: 2015, for which TURISM FELIX SA obtained the re-certification in July 2018, documentation which includes: Manual of Quality and Food Safety, Quality Policy and Objectives, SMCSA Procedures with Working Instructions , Related operational records, forms etc. The system procedures establish the responsibilities, process owners.

#### UNDERSTANDING THE NEEDS AND EXPECTATIONS OF INTERESTED PARTIES

Interested parties	Expectations	Risk	Measures to reduce/ cancel the risk	Objective
Top management	<ul style="list-style-type: none"> <li>- clear legislative framework, predictability so as to ensure a high level of compliance and a minimum level of sanction</li> <li>- material and financial resources, ensuring a high level of performance and organizational development, as well as increasing the prestige of the organization</li> </ul>	<ul style="list-style-type: none"> <li>- Unfavorable legislative changes, failure to comply with the legal framework for carrying out activities.</li> <li>- Shortage on the labor market of qualified</li> </ul>	<ul style="list-style-type: none"> <li>- Counteracting negative influences.</li> <li>-Responsibility of personnel,</li> </ul>	<ul style="list-style-type: none"> <li>Increasing customer satisfaction, Increased employee satisfaction, SMCSA re-certification, Continuous improvement of SMCSA.</li> </ul>

	<ul style="list-style-type: none"> <li>- competent, qualified personnel, dimensioned according to the activity volume</li> <li>- internal organizational climate based on merit, professional competence, integrity, collegiality, honesty and responsibility</li> <li>- provision of services to the quality prescribed by SMCSA, in accordance with the requirements of the clients.</li> </ul>	<p>HoReCa personnel</p> <p>Political decisions that could negatively influence the economic-financial results.</p>	<p>periodic training.</p> <ul style="list-style-type: none"> <li>- The conclusion of partnerships with pre-university educational institutions.</li> </ul>	
Employees	<ul style="list-style-type: none"> <li>- job and salary security</li> <li>- adequate working conditions for the performance of the job's specific tasks according to the aptitudes, competences and authority held</li> <li>- adequate working conditions for continuous professional development and recognition of merits</li> </ul>	<ul style="list-style-type: none"> <li>-Unmotivated employees, involved in meeting the quality requirements for products and services</li> </ul>	<ul style="list-style-type: none"> <li>-Ensuring a healthy and friendly environment, communicating with employees' representatives,</li> <li>- Ensuring professional development opportunities.</li> </ul>	<p>Staff training and continuous improvement.</p> <ul style="list-style-type: none"> <li>-Preventing and eliminating customer complaints.</li> </ul>
Clients	<ul style="list-style-type: none"> <li>-ensuring safe, high quality and professional services</li> <li>- getting positive feedback from customers</li> <li>-stability in collaborative relationships</li> <li>- stability and transparency in the application of the regulations of both parties</li> <li>- respecting the contracts concluded</li> <li>- the financial stability of the organization</li> <li>- win-win and long-term relationships</li> <li>- Effective and transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>-Customer complaints</li> </ul>	<ul style="list-style-type: none"> <li>-Response and prompt resolution of the complaint.</li> </ul>	<p>Credibility regarding the quality and timeliness of the services, Increasing customer satisfaction, creating lasting relationships, customer loyalty.</p>
Suppliers	<ul style="list-style-type: none"> <li>-stability in collaborative relationships</li> <li>- stability and transparency in the application of the regulations of both parties</li> <li>- respecting the concluded contracts</li> <li>- the financial stability of the</li> </ul>	<ul style="list-style-type: none"> <li>-Rising purchase prices</li> <li>- Supply of non-compliant products, delays in order fulfillment</li> </ul>	<ul style="list-style-type: none"> <li>-Signing long-term contracts with evaluated and accepted suppliers</li> <li>-Revaluation of the supplier</li> </ul>	<ul style="list-style-type: none"> <li>-Supply of raw materials, inventory items, equipment that meet the quality requirements.</li> <li>- Return of non-compliant</li> </ul>

	organization - mutually beneficial relationships - Effective and transparent communication		products. -Acceptance of the evaluated providers that achieve maximum score.
Shareholders	-Clearly defined strategic orientation: business development, profitability, compliance with the regulations and legislation in force; sustainability of resource use, investment policy		-Open, effective communication with shareholders, developing viable and profitable strategies for long-term business development -Increased occupancy of accommodation capacity, increase in number of days / tourist, turnover and profit

## EVALUAREA CONFORMITĂȚII

### 1) Internal assessment

This activity was performed based on the planning and carrying out of the planned internal verification and audits, according to the System Procedure „Internal Audit”, in order to evaluate: the conformity of the processes and products with the working requirements / procedures / instructions, established through the SMCSA and the effectiveness of the SMC for the achievement of the established objectives, which derive from the Company's policy in the field of Quality.

PROCESSES	OBJECTIVES	MEASURES	RISK
Quality management	-Maintaining in 2020 the SMCSA Recertification for the standard SR EN ISO 9001: 2015, obtained in 2018 -Maintenance, monitoring and continuous improvement of SMCSA -Reports to the top management regarding the efficiency of the SMCSA, the evaluation of the customer satisfaction degree - Maintaining the compulsory	- -Preparing / updating the SMCSA documentation for the external oversight audit 2 - Maintaining and improving SMCSA processes - Evaluation of the conformity of the processes with the requirements, procedures, working instructions established within the SMCSA - Evaluation of the ability to ensure compliance with the requirements, the legal regulations in force and the contractual ones - Verifying the effectiveness of the implementation in all	-Loss of SMCSA recertification causes loss of credibility among customers, employees, Travel agencies, public and the decrease in the number of tourists. Loss of competitive advantage. -Cancellation of

	<p>authorizations necessary to carry out the activities in compliance with the legal framework in force</p>	<p>compartments through internal audit actions.</p> <p>-Identification of non-conformities and application of corrective measures.</p>	<p>authorizations</p>
Human resources	<p>Ensuring the necessary qualified human resources.</p> <p>IContinuous training and improvement of operational personnel, in order to ensure the provision of services at the level of excellence</p>	<p>-personnel recruitment</p> <p>-Organization of courses to deepen the specialized knowledge, practical applications for training the skills and abilities specific to the job duties: nurse, receptionist, cook, waiter, waitress, etc.</p> <p>- Evaluation of the trainees</p>	<p>Personnel fluctuation</p> <p>Customer complaintsi</p>
Supply	<p>- Good collaboration and mutually advantageous relationships with suppliers evaluated and accepted.</p> <p>- Compliance with contractual clauses, timely delivery</p> <p>-Purchase of products that meet the quality conditions.</p>	<p>- Evaluation of suppliers according to the system procedure, acceptance of suppliers who obtain maximum score on evaluation.</p> <p>- Non-compliant product return.</p>	<p>-Supply of non-compliant products.</p> <p>- Customer complaints</p> <p>- Increasing purchase prices.</p> <p>- The bankruptcy of the supplier.</p>
Settlement-Marketing	<p>-Winning the public tender for the provision of treatment services, carried out through the CNPP</p> <p>-The increase in the occupancy rate of the accommodation capacity by 4.1% in 2019 compared to 2018 and of no. days / tourist with 7.7% compared to 2018</p> <p>- Promoting the brand, profit units, offering products and services through effective communication, attractive messages, visual identity elements, highlighting competitive advantages.</p>	<p>-Preparation of the documentation and participation in the public tenders</p> <p>- Identification of the needs, requirements, expectations of the clients</p> <p>- Creating attractive offers, diversified service packages, tailored to customer requirements, favorable price-quality ratio.</p> <p>- Elaboration of Marketing Plan, choice of forms, means of communication, appropriate techniques for promotion.</p>	<p>-Loss of a market segment</p> <p>- pensioners</p> <p>- The bankruptcy of the travel agency</p>

	- Handling customer complaints	- Prompt response to complaints received online on booking	
Investments-technical	-Increasing the degree of comfort towards customer satisfaction, through modernization works, endowments of accommodation capacities, restaurant rooms, treatment and leisure bases.  - Repair and maintenance work to ensure the functioning of the technical-material base	-Realization of the investment and repair plan within the established deadlines	Failure to respect execution deadlines by the suppliers
Accommodation, public catering, treatment, wellness-spa, leisure	-Identify customer needs, requirements and prompt satisfaction  - Ensuring the quality and safety of accommodation services, public food, treatment, wellness-spa, leisure.  -Increasing customer satisfaction  -Managing and promptly resolving customer complaints, eliminating complaints	- Efficient communication with customers, creating lasting relationships, loyalty  - Observance and application of procedures, working instructions according to  - Corrective actions applied, in case of non-compliance  -Respecting the legislation specific to each sector of activity	Penalties for failure to comply with applicable law.
Implementation and observance of health safety measures to prevent and combat infection with Sars CoV 2 virus	Carrying out activities in conditions of health safety of staff and tourists, to prevent and combat infection.	-Elaboration and training of the personnel with the internal Working Procedures and Instructions, specific to each activity sector - Permanent verification of compliance with health safety measures (staff, tourists)	Infection of staff and / or tourists

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## 2) Evaluare externă

Taking into account the commitments of the declaration regarding the TURISM FELIX SA policy in the field of quality, of products and services that comply with the quality requirements of the client, the requirements of the company and the legal regulations regarding the protection of life and health, the protection of the environment and the PRO-QUALITY culture promoted by the organization, in order to create superior value for the customer and to win the trust of the customers, the top management considered the decision to implement from 2008 the Quality Management System and Food Safety. The company has obtained SMCSA Certification, according to the standard SR EN ISO 9001-2012 and the Danish standard DS 3027 E: 2022 / Codex Alimentarius.

In 2018 TURISM FELIX SA successfully obtained the SMCSA re-certification, according to SR EN ISO 9001: 2015 and DS 3027 E: 2022, which gives it a competitive advantage, a favorable image on the domestic and international tourism market.

The SMCSA re-certification for accommodation, public catering, treatment, wellness-spa and leisure services was granted by the TUV RHEINLAND ROMANIA certification body, based on the external audit conducted in May 2018.

Turism Felix SA retains its SMCSA re-certification in 2020, according to the External Audit Report no.2, prepared by Tuv Rheinland Romania.

## CODE OF ETHICS AND INTEGRITY

Ethical conduct is one of the essential components of the functioning of society, and ethical foundations are the result of these inherent aspirations. We are dedicated to conducting activities correctly, based on a culture of ethics and compliance. Meeting the social needs is essential in the way we operate.

In the long term, we can successfully face the challenges of the competitive market by accepting the imperatives of moral responsibility, both as individuals and as a Company.

We can ensure the confidence of our employees, customers, shareholders, business partners, communities and each external stakeholder and we can ensure the Company's reputation through ethical conduct and full compliance with the law.

## CONDUCT CRITERIA

The company has a "zero tolerance" policy for any form of conduct that contravenes the Code of Conduct or the Business Practice Directives.

Thus the company intends to prevent the occurrence of any form of conduct that contravenes the Code or the Directives on business practices and to terminate any such conduct as soon as possible after its discovery.

The company imposed several criteria of conduct as follows:

### 1. General conduct criteria:

- DO NOT make incorrect payments. In relation to public officials, political parties or their officials or any private / state sector worker, we never offer, do not promise, we do not grant sums or other benefits, either directly or through intermediaries, to obtain business.

- We do NOT offer, or receive gifts, payments, favors or services to / from current or potential business partners and which could be considered as influencing commercial transactions, which are not

part of the usual hospitality obligations or which are prohibited by the applicable law and which influence professional decisions.

- We do NOT conclude agreements with actual or potential competitors, in order to set or set prices or allocate products, markets, territories or customers.

- We do NOT obtain and do not share with current competitors current or future information regarding price, profit or cost limits, offers, market share, distribution practices, sales terms, customers or specific distributors.

- We do NOT act in a way that favors or benefits unfairly one client over another competing client.

## 2. Conduct criteria with the employees

- We select, hire and pay the staff according to their qualifications for the respective work, without discrimination based on race, religion, nationality, ethnic origin, color, gender, sexual identity, sexual orientation, age, citizenship, marital status, disability or any other feature protected by law.

- We don't exploit children

- We offer preparation, training and promotion opportunities that allow career development and hierarchical advancement for all employees of the company

- We protect the moral integrity of the employees, assuring them adequate working conditions that respect the dignity of the individual.

- We prohibit sexual harassment or any other type of harassment of the employees of the company by any person, at work or during the activities related to the company

- We eliminate any possible sources of danger at the workplace and offer employees a safe and healthy working environment, according to the laws and standards of occupational safety and health applicable through:

- a. introduction of a fully integrated system for risk and safety management and occupational health;

- b. continuous analysis of the risks and the elements of major importance in the processes and resources that must be protected;

- c. use of the best available technologies;

- d. control and updating of working methodologies;

- e. organization of communications and training initiatives.

## 3. Conduct criteria with the suppliers

- The basis of solid and lasting relationships with suppliers is honesty and transparency. Suppliers are business partners and it is normal for them to make a reasonable profit. We pay the same attention and apply the same treatment to all potential suppliers. The decisions are based on objective criteria such as price and quality as well as the seriousness and integrity of the trader. It is strictly forbidden to offer or receive hidden commissions, bribes or other similar payments. According to the SMCSA documentation, the "Supplier Evaluation" procedure is applied, which is performed on the basis of predetermined criteria, the Suppliers Evaluation Sheet form is completed, depending on the score obtained, the List of accepted suppliers and the List of unaccepted suppliers are completed. supplier evaluation (with default weights), are:

- a. the existence of the resources, properly documented, including regarding the financial assets, as well as the organizational structures, the planning of the capacities and the resources, the know-how, etc .;

- b. the existence and actual implementation of adequate quality systems (eg ISO / HACCP);

- c. the quality of the products / services;

- d. the price of the products / services;

- e. providing the obligatory accompanying documents;

- f. compliance with the established delivery terms;
- g. response to the requested corrective actions.
- we DO NOT knowingly violate the intellectual property rights of others.
- We respect the trade secrets or private information of others.

#### 4. Conduct criteria with the company

- We respect and apply all the legal provisions specific to the company's activities. We DO NOT stop at the letter of the law but we conform to its spirit.

- The company is committed to protecting the environment. The environmental strategy is based on the realization of investments and activities that are in accordance with the principles of sustainable development:

a. contracts with professional environmental institutions and associations;

b. environmental management systems that are certified by the ISO 14001 standard and are aimed at achieving continuous improvement of services and the organization of environmental services;

c. a system of periodic reporting of environmental data, aim to ensure the control of the performance levels of the different economic activities;

d. activities aimed to increase responsibility for environmental protection and public health, preparation and training employees for this purpose.

- We do NOT fund political parties or candidates or their representatives, nor do we sponsor conventions or festivals whose sole purpose is political propaganda;

- We do NOT pay contributions to organizations with which we may have conflicts of interest;

#### 5. Conduct criteria with the clients

- We build lasting relationships with our clients, based on mutual trust and respect, proving solicitude, fairness, politeness, professionalism.

- We undertake to guarantee the quality and safety of our products and services, according to:

\* the quality prescribed by the SMCSA documentation (certified according to SR EN ISO 9001: 2015);

\* the legal provisions in force;

\* according to the clients' demands and expectations, in order to satisfy their needs

- We undertake to respond promptly to all notifications, complaints and requests made by customers, either by direct response or by rapid means of communication (booking, e-mail, fax, telephone). According to the system procedure, handling customer complaints, answers to online complaints are transmitted to customers within 24 hours, online complaints are monitored (identification, registration, investigation, protective actions, settlement).

- By means of research-investigation methods of marketing information (opinion questionnaires, booking evaluations), it is determined the degree of customer satisfaction with the way they perceive the quality of the products and services they have benefited. The results of the research are information necessary for the management of the company in order to make decisions regarding the improvement of the quality of our products and services.

## COMBATING CORRUPTION AND BRIBERY

The internal policy regarding ensuring compliance with the regulations in this area concerns the following topics:

-anti-competitive practices;

- the fight against corruption;
- gift policies;
- conflict of interest.

Conflicts of interest may arise when personal interests conflict with the ability to perform the duties of service correctly and efficiently. As far as possible, the relationships or activities that may affect or seem to affect the ability to make objective and correct decisions when performing activities on behalf of the Company are avoided.

When integrating any new employee, the requirements regarding the expected behaviors regarding the issues listed above are presented and explained. Our employees have clear limitations regarding the acceptance of gifts, services and benefits of any kind from suppliers or customers for the purpose of favoring certain commercial transactions. They are authorized to accept or offer gifts and invitations that are appropriate in the given circumstances, subject to limitations, approvals and registration requirements, defined by internal orders. Under no circumstances may cash or equivalent gifts be offered or received. In the business relations that the Company has with public and state institutions, our employees do not ask for and do not accept gifts, services, favors, invitations or any other advantages, which are intended for them personally and which can influence their impartiality in the exercise of their position.

## STAFF ISSUES

The success of an organization is determined by the performance of its people.

Through the human resources policy, the company carries out the recruitment, selection, employment and retention of the best professionals on the labor market, which comply with the mandatory criteria regarding the hiring of personnel and the professional training in tourist reception structures with functions of accommodation, public food , treatment and recreation and to ensure the necessary human resources for carrying out the activity in good conditions, in order to produce products and services, which satisfy the quality requirements of the clients and in accordance with the quality prescribed by the SMCSA documentation.

The human resources strategy is an integral part of the business strategy and aims, through the way of managing human resources: organization, recruitment, selection, through the annual training and improvement plans, annual staff evaluations, obtaining professional performances and personal development of each employee.

We strive to ensure the trained and motivated workforce, which will contribute, through the continuous improvement of the individual and team performances, to the achievement of the Company's objectives. Each team member is important and can create additional value, which is why we always try to have the right man, at the right place.

Through the organizational culture Turism Felix SA promotes the true values: quality, seriousness, performance, values that are implemented in the steps of continuous improvement of processes, activities, quality of products and services offered to customers.

The Company's responsibility towards its employees means ensuring a safe and healthy working environment, offering professional and personal development opportunities, conducting a permanent dialogue to monitor the degree of satisfaction and their expectations.

Each employee has the responsibility to maintain a safe and healthy workplace for all employees, following the regulations and practices of work and health protection, accident reporting, injuries, equipment, as well as reporting unsafe practices and conditions.

The main strategic directions for occupational health and safety management that the Company aims and commits to achieve are: the prevention and continuous reduction of the risks of accidents and occupational disease, the creation of the conditions necessary for the continuous

improvement of the occupational health and safety performances and the involvement of all for achieving the proposed objectives.

At the end of 2020, compared to the year 2019, the personnel structure by type of activity is as follows:

No.	Expenses on employees	Actual no. of employees		Share in the total employees	
		2019	2020	2019	2020
1.	Total employees hotel complexes and leisure activities, from which	650	596	81,05	80,32
	- accommodation structures	190	179	23,69	24,12
	- public food service	287	250	35,79	33,69
	- leisure activities	32	36	3,99	4,85
	- treatment facilities	141	131	17,58	17,66
2.	Maintenance employees, reparations, transport, auxiliary, production	90	87	11,22	11,73
3.	TESA employees	62	59	7,73	7,95
4.	Total of employees	802	742	100,00	100,00

From the data presented above results the fact that the number of employees in 2020 has decreased with 7,48% respectively 60 employees. At level of the hotel complexes and leisure activities the number of employees has registered the following situation:

- accommodation structures → the number of employees decreased with 5,79 %
- public food services → the number of employees decreased with 12,89 %
- leisure activities → the number of employees increased with 12,50 %
- treatment → the number of employees decreased with 7,09 %

From the total of employees (742 salaried), 37,86% are men (281 salaried) and 62,13% are women (461 salaried)).

On age categories, the situation of the personnel is the following: the age group between 50-59 predominates with a number of 211 salaried, and the first four age groups (up to 45 years old) include a number of 335 salaried representing 45,15% from the total of salaried.

In what concerns qualification, formation, instruction and training of employees, there is a number of 15 salaried who have qualified, trained, instructed and completed their studies.

At the level of hotel complexes there are professional training courses done, both in the serving space, production and in the accommodation and treatment spaces, by the company's personnel and the managers of the jobs and the salaried from the Quality Office.

The training is based on the themes from the Training Plan, appendix to the Collective Labor Agreement and are emphasized in the training's confirmation forms.

Also, in the medical field, the staff participated in training courses on various medical topics: "Assertive communication with patients", "News in the approach to osteoporosis", "Stress management techniques and restoring inner balance", "Waste management in units medical" etc.

New Conventions were concluded and the students from Dual Education, respectively from Partenie Cosma Economic High School, Mihai Viteazul Technical College, Traian Vuia Technical College, for the professions of: waiter, cook, hotel worker, continued their professional training. The students were rewarded with scholarships worth 200 lei per month.

The total value of the expenses with their scholarships (including settled subscriptions) in 2020 amounting to 71,133 lei.

Shortly, the Company's personnel's structure is thus presented:

Structure of the personnel	Average number
average number associated to financial year 2020	727
1. managing personnel - total, <i>out of which:</i>	37
- executive directors	3
- T.E.S.A. managing personnel – office chiefs	6
- managing personnel from hotel complexes and leisure activities	26
- managing personnel from auxiliary sectors	2
2. executive personnel - total, <i>out of which:</i>	690
- T.E.S.A. executive personnel	48
- executive personnel from hotel complexes and leisure activities - total, <i>out of</i>	432
a) hotel receptionists	21
b) maids	59
c) administrators: bar tenders, administrator cooks, barkeepers, administrator	26
d) cooks	53
e) waiters	62
f) kitchen workers: waiter helpers (unqualified)	52
g) kitchen workers: cook helpers (unqualified)	31
h) porters	34
i) other personnel	94
- executive personnel in auxiliary sectors	97
- executive personnel from the treatment facility	113

The average number of personnel, related to the financial year of 2020, is 727 people, of which 37 management and 690 executives.

There aren't any and signaled conflicting elements that can negatively affect the labor relations at the company level.

The company recognizes and supports the freedom of association, the right to form and join a trade union and the right to collective bargaining. At the company level, in the labor relations regarding elements of a union nature, the interests of the personnel are represented by the employees' representatives. The management of the Company meets regularly with the employees' representatives to discuss issues related to the human resources policy, results and strategies and priorities for the next period.

All activities carried out with various official institutions, members of the local community are maintained at the top management level. We are involved in the development of the community and we have carried out different social actions, promoting etc of the local activities.

The company pays particular attention to avoiding any kind of discrimination (for example, on the basis of sex) regarding the remuneration offered for a certain position at equivalent levels of individual performance.

Our employment criteria are based exclusively on the skills, motivation and experience required to perform various tasks within the Company. Employment opportunities are not conditioned by race, nationality, religion, gender, sexual orientation, disability, political affiliation or other opinions or beliefs as long as they are peaceful and tolerant.

We reject any behavior of harassment and sexual harassment by a person or submission of a person. Social responsibility also involves promoting diversity, non-discrimination, equal opportunities for all.

## FINANCIAL BENEFITS GIVEN ACCORDING TO CLA

### *Short-term benefits*

The short-term employee benefits obligations are not updated and are recognized in the statement of comprehensive income as the related service is provided.

Also, for staff retention, there are accessed health insurance, risk and accident insurance programs, supported in part, as the case may be.

Short-term employee benefits include salaries, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when the services are provided.

The Company recognizes a provision for the amounts expected to be paid by way of short-term cash premiums or schemes for the participation of staff in profit, provided that the Company currently has a legal or implicit obligation to pay those amounts as a result of the past services provided by the employees and whether the obligation can be reliably estimated.

### *Determined contribution plans*

The company makes payments on behalf of its employees to the Romanian state pension system, to the health and social insurance system, during the normal activity. All related contributions are recognized in the profit or loss account of the period when they are made. The company has no additional obligations.

### *Long-term employee benefits*

The net obligation of the Company regarding the benefits related to the long-term services is represented by the value of the future benefits that the employees have gained in exchange for the services provided by them during the current period and in previous periods.

The company is not engaged in any independent pension system or other post-retirement benefits system and has no other obligations in this regard. The company has no obligation to grant employees benefits on the date of retirement.

## INTERNAL CONTROL AND RISK MANAGEMENT

Ensuring responsible management from both the environmental, social, personal and control point of view of all the activities carried out in the company and the management of the associated risks is emphasized on the further development of the internal control environment at the company level.

Within the company there is a specialized department called "financial", subordinated to the economic director, made up of 4 employees, the head of the department having as main specific attributions: overseeing the accounting operations of the departments, especially the financial control systems and maintaining a financial control system on the accounting transactions.

Also, the company has an IMS department (integrated management system), which is subordinated to specialized departments for quality assurance and control, occupational health and safety.

Within the company, the internal audit function is outsourced and is carried out in accordance with the applicable legal requirements, respecting the international audit standards approved by the

Chamber of Financial Auditors in Romania. The tasks of the internal audit in relation to the financial reporting process include:

- checking the compliance of the company's activities with its policies, programs and management, in accordance with the legal provisions;
- evaluating the adequacy and application of financial and non-financial controls in order to increase the efficiency of the economic entity's activity;
- protecting the balance sheet and off-balance sheet assets and identifying the methods of preventing fraud and losses of any kind.

The management of the company is controlled by its shareholders and by the external financial auditor, according to the legal regulations valid in Romania.

## RISK MANAGEMENT

The notion of "risk" is closely linked to that of "control", fully demonstrating its effectiveness.

The strategic requirements, regarding the safety and the continuity in operation, determine the company to approach the risk management, by identifying and treating the potential losses before the generating events take place, with the preparation in advance of the specific technical, operational and financial solutions to counter these possible losses.

In addition to the risks mentioned in the previous points, other types of risks have been identified, among which:

### *Operational risks*

The results and activity of the Company may be influenced by specific operational risks, including the following:

- degradation of materials / goods due to inadequate storage spaces;
- escalation of the criminal phenomenon of theft of valuable materials / goods.

The level of operational risk of goods degradation is a risk with low tolerability, which required measures to verify and control the management and a continuous verification of the services provided.

The level of operational risk analyzed was low, it is a risk with low tolerability for which short-term measures have been established to keep it under control.

### *Personnel and salary system risk*

The personnel risk represents that in the future, the company will face an increasing lack of qualified personnel due to the departures of the employees for natural and social causes.

In 2019, given the economic context, the migration of the labor force, the lack of skilled labor force, the company has focused all the attention on the retention of the qualified personnel, but also on the training of the new employees. Thus, in order to maintain within the company the qualifications necessary to ensure the services in the company's portfolio, personal recruitment activities have been carried out in order to provide vocational training in deficient jobs on the labor market.

The level of this analyzed risk was medium, it is a risk with high tolerability for which the measures for keeping it under control are established in the medium and long term through the personnel policy and the monitoring of personnel fluctuations (inputs / outputs in / out of the company).

### *Credit risk*

Credit risk is the risk that the company will incur a financial loss as a result of the breach of contractual obligations by a client or a counter-party to a financial instrument, and this risk mainly results from trade receivables, cash and cash equivalents and short-term investments of the society.

The company has commercial relations only with recognized third parties, which justifies the financing during the period of the loan (advances), values that are guaranteed through different forms of guarantee.

The financial assets that may subject the Company to the collection risk are mainly trade receivables, cash and cash equivalents and short-term investments. The amount of net receivables (without impairment adjustments) represents the maximum amount exposed to the collection risk.

Given the general economic context, the level of this analyzed risk was an average one, for which the company applies special measures to keep it under control (monitoring the collection of commercial receivables, notifying the remaining clients, calculating penalties according to the contractual clauses, acting in court. bad clients).

#### *Interest rate risk*

The interest rate risk at fair value is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments bear interest at the market rate, therefore their fair values are considered to be not significantly different from accounting values.

#### *Liquidity risk*

The liquidity risk is managed by the management of the company by applying a policy of permanent assurance of the financial liquidity at maturity. This is a risk with a high tolerability for which the measures designed to keep it under control are reduced by closely monitoring the exposure to liquidity risk, maintaining sufficient cash and available credit lines. The company aims to maintain flexibility in financing possibilities through the support of the majority shareholder.

#### *Exchange rate risk*

The company may be exposed to fluctuations in the exchange rate through cash and cash equivalents, foreign currency receivables, long-term loans or commercial debt denominated in foreign currency.

The functional currency of the Company is the Romanian leu. Currently, the company is exposed to currency risk through cash and cash equivalents, as well as through purchases made in a currency other than the functional currency. The currencies that expose the Company to this risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in lei, at the exchange rate from the balance sheet date, communicated by the National Bank of Romania. The resulting differences are included in the profit and loss account, but they do not affect the cash flow until the liquidation of the debt. The exposure of the company to the currency risk was insignificant, the risk considered tolerable. Due to the associated costs, the Company's policy is not to use financial derivatives to mitigate this risk

#### *Risks regarding shares*

From the point of view of the value of the transactions carried out or of the market capitalization, the Bucharest Stock Exchange can be considered a small stock exchange, compared to other exchanges in the world, thus there are risks related to the reduced liquidity of the market, as well as the high volatility of the price of the traded shares.

The reduced liquidity of the market can determine the impossibility of buying or selling shares of the Company without having a significant impact on the share price, thus generating a high volatility of the stock price.

#### *The risk caused by the correlation with the evolution of the global market*

The events on the global financial market have a direct, but also indirect impact on the evolution of the Romanian economy, a fact reflected in the evolution of the Romanian capital market in recent years. Therefore, developments worldwide affect both the activity of the company and its evolution on the capital market.

#### *Legislative risk*

The results of the company's initiatives are difficult to anticipate and may suffer from the legal instability in Romania. The frequent modification of the normative acts, including those that have a direct impact on the activity of the company, can generate risks for the society.

The level of this analyzed legislative risk was high, it is a risk with medium tolerability for which measures have been established to keep it under its control through continuous participation in information and specialized courses.

#### *The risk related to the regulatory framework and authorizations*

The main activity of the company, involves obtaining and renewing the authorizations that regulate the activity of the Company, obtaining the authorizations, approvals and certificates necessary for the activity carried out.

The level of risk determined by the regulatory and authorization framework analyzed was average, it is an intolerable risk for which urgent measures have been established to keep it under control by monitoring the expiry dates of the respective authorizations / notices / certification and making the requests for their renewal.

#### *Litigation risks*

The company is the subject of a number of court actions resulting in the normal course of activity (commercial disputes and tax obligations). The level of risk is a small one, with low tolerability, the management of the Company considering that these actions will not have a significant adverse effect on the economic results and financial position of the Company.

## NON-FINANCIAL PERFORMANCE INDICATORS

These indicators represent performance measurement tools, which determine how well the company uses resources, mainly for:

- efficiency of internal activity;
- providing external services for clients;
- fulfillment of legal requirements.

Non-financial performance indicators are usually derived from company policy, customer satisfaction level, market share of the company.

In the analysis of the tourist activity's main indicators for the year 2020, the first analysed indicator is the places' occupancy rate (the average using index of the functioning capacity), which at the level of 2020 was of 54,94% being with 12,12 percentage points lower than in 2019 (when it was 67,06%).

The occupancy rate of the places indicates the efficiency of the use of the accommodation capacities in operation, in this sense it is worth mentioning the fact that in 2020 the accommodation capacities in operation were lower than in 2019 by 23.30%, respectively 4,591 places.

Accommodation capacities are usually closed during periods of low demand (in the off-season, quarters I and IV), but in 2020 they were also closed due to measures imposed by the authorities to limit the spread of Covid.

These reasons, together with the maintaining of the average length of stay, have determined in 2020 the realization of an average occupancy rate of the functioning places lower than in 2019.

In what concerns the realized total tourist days, in 2020 a decrease of 45,67% (172,664 tourist days) was registered, compared to 2019:

- the decrease of the number of tourist days with 45,67 ( 172.664 tourist days), from 378,173 tourist days in 2019 to 205.509 tourist days in 2020;

- total tourist day realized in 2020 have reached 205.509 tourist days, from which tourist days realized by Romanian citizens were 204.315 and those realized by foreigners were 1.194 tourist days.

As structure, in 2020 compared to 2019 the following modifications were registered at tourist days categories:

- the decrease of the number of tourist days on the 4\*; from 75.729 in 2019 to 40.124 in 2020 (47,02%, 35.605 tourist days)

- the decrease of the number of tourist days on the 3\* tourist accommodation segment; from 178.261 in 2019 to 104.408 in 2020 (41,43%, 73.853 tourist days)

- de 2\* the decrease of the number of tourist days on the 2\* tourist accommodation segment; from 124.183 in 2019 to 60.977 in 2020 (50,90% 63.206 tourist days).

- the average income/ tourist-day in 2020 is of 261,91 lei lei, higher with 15,77 lei compared to the previous year( 246,14 lei) in the conditions of the decrease of the tourist-days.

- It has decreased the number of foreigners' tourist-days with 89,17% that is with 9.834 tourist days;

- It has remained at the same level the average length of stay of 5,39 days, but decreased more sharply for foreign tourists from 1.77 days in 2019 to 1.21 days in 2020, the increase of 0.03 days for Romanian tourists offset the decrease in the average stay of foreign tourists;

The total number of tourists has decreased from 70.161 in 2019 to 38.098 in 2020 , the decrease being of 32.063 tourists, respectively 45,69%.

The market share of S.C. Felix Tourism S.A. in the balneary tourist activity in Romania in 2019 was 7.88% (as number of tourists), lower than in the previous year when it was 8.25%.

Regarding overnight stays (tourist days), the company had a share of 8.98% in 2018, increasing compared to the previous year when it held 7.99% on the domestic balneary tourism market.

The accommodation capacity held by the company represents 4.87% of the total existing accommodation capacity in Romania on the segment of balneary resorts / spas.

Market shares are calculated based on available statistical data, provided by the National Institute of Statistics through the Statistical Breviary - Tourism of Romania 2019, respectively 2018, which presents statistical information for 2018 - 2019.

The company's policy regarding the increase of the number of arrived tourists was based on direct contracts, which generated the increase on the relationship of organized domestic tourism. These figures place S.C. Felix Tourism S.A. on an important position in health tourism in Romania.

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