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Greenhouse Gas Emissions
REPORT

2025

Reporting period: 2025
Issued: 15.06.2026

CONTENTS

MODULO is proud to share its 2025 Greenhouse Gas Emissions Report, reinforcing its dedication to sustainable production and transparent environmental reporting.

1. EXECUTIVE SUMMARY

This report presents the Greenhouse Gas (GHG) emissions inventory of Modulo Decorative Solutions SRL for the reporting period 01 January 2025 – 31 December 2025.

The inventory has been prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and covers the organisation's Scope 1 (direct greenhouse gas emissions) and Scope 2 (indirect emissions associated with purchased electricity) under the operational control consolidation approach.
The purpose of this report is to provide a transparent, consistent and accurate assessment of the company's operational greenhouse gas emissions, establish a reliable baseline for future performance monitoring, and support management decision-making regarding energy efficiency and climate-related initiatives.
Although the company continuously evaluates emissions across its wider operations, this report intentionally addresses only operational greenhouse gas emissions (Scope 1 and Scope 2) in accordance with the reporting objectives established for the 2025 reporting cycle.

The data has been computed applying emission factors from Ecoinvent 3.11, Probas and Exiobase and verified internally against invoice-level source documents. No third-party external assurance has been obtained for this reporting period.

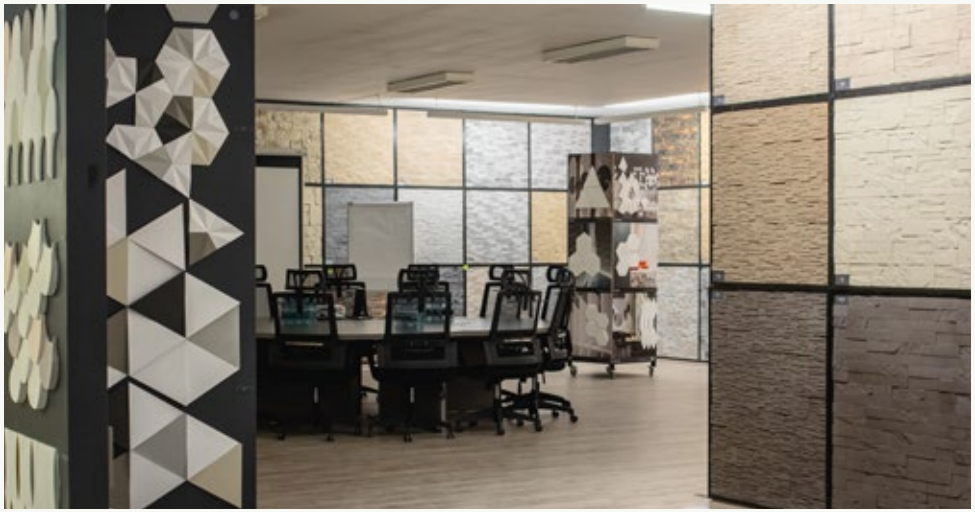
1.1. Key Performance Indicators (KPIs) — 2025

Indicator	2025 Value	2024 Value	Change (YoY)
Scope 1 Emissions	830.5 tCO2e	1,147 tCO2e	-27.6%
Scope 2 Emissions (market-based)	80.6 tCO2e	215 tCO2e	-62.5%
Total GHG Emissions (Scope 1+2)	911.1 tCO2e	1,362.0 tCO2e	-33.1%
Eco-Efficiency Ratio (kgCO2e/m²)	2.12	2.38	-8.9%
Natural Gas Consumed	3,793.8 MWh	5,227 MWh	-27.4%
Electricity Consumed (grid + green)	733.52 MWh	1,081.59 MWh	-32.2%

Principal findings for management attention:

- Scope 1 and Scope 2 emissions declined in 2025 compared to 2024, driven primarily by a significant reduction in natural gas consumption and increased use of renewable electricity.
- Scope 1 emissions remain the dominant source of operational greenhouse gases, accounting for approximately 91% of total operational emissions. Natural gas combustion within industrial drying processes continues to represent the largest single emission source.
- The eco-efficiency ratio (Scope 1+2 per m² produced) is estimated to have improved by approximately 9% year-over-year, ahead of the 2025 target of -5% (vs. 2023 base year) that was already achieved early.
- A third-party limited assurance engagement is recommended for future cycles to formalize the tracked Scope 1 & 2 reductions
- The results demonstrate that the energy efficiency measures implemented during recent years continue to deliver measurable reductions in greenhouse gas emissions and provide a solid basis for achieving the company's long-term operational decarbonisation objectives.

2. INTRODUCTION AND GOVERNANCE



2.1. Description of Organization

Modulo Decorative Solutions SRL (hereinafter 'MODULO') is a European leader in the production and distribution of decorative stone veneers, bricks, and 3D wall panels. The company was established in Turda, Cluj County, Romania in 2004, building on over four decades of French stone veneer legacy. MODULO combines craftsmanship with efficient industrial production, a commitment to eco-design, and user-friendly installation systems.

This report covers MODULO DECORATIVE SOLUTIONS SRL and its wholly owned subsidiary MODULO STONE, both headquartered and operating from the facility located at 29, 22 Decembrie 1989 st., 401113 Turda, Cluj County, Romania. The manufacturing plant encompasses 11,078 m² and employs 123 Full-Time Equivalent (FTE) employees.

2.2. Sustainability Commitments

Principal findings for management attention:

- **ECO-Design:** Product development prioritises reusability, reduced material intensity, and end-of-life recyclability.
- **Low-Carbon Manufacturing:** Local raw material sourcing reduces upstream transportation emissions. Process optimisation and LED retrofitting have systematically reduced energy intensity since 2021.
- **Waste Circularity:** 95% of production waste is recovered or recycled, as documented in the Waste stream analysis (Section 5.3).
- Renewable Energy Transition: In 2025, 329 MWh (44.9% of total electricity) was sourced from renewable / green grid contracts.
- **EPD Certification:** MODULO holds a valid Environmental Product Declaration (EPD) that provides independently verified life-cycle environmental performance data for its products.
- Preparation of annual greenhouse gas inventories in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, enabling consistent monitoring of operational emissions and supporting continuous improvement initiatives.

2.3. Governance and Responsible Persons

Overall responsibility for the preparation, accuracy and approval of this greenhouse gas inventory rests with the management of Modulo Decorative Solutions SRL.
Compilation of the greenhouse gas inventory and application of the calculation methodology were coordinated by: Adrian Bancos, Product Manager

Technical methodological support was provided by: ENVIROCERT SRL.

Management confirms that, to the best of its knowledge, the information presented in this report provides a fair, transparent and representative account of the organisation's operational greenhouse gas emissions for the reporting period.

METHODOLOGY

3. METHODOLOGY

3.1. Sustainability Commitments

This greenhouse gas inventory has been prepared in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

The inventory quantifies greenhouse gas emissions arising from the organisation's operational activities during the reporting period 01 January 2025 – 31 December 2025.

The report includes:

- Scope 1 – Direct greenhouse gas emissions from sources owned or controlled by the organisation.
- Scope 2 – Indirect greenhouse gas emissions associated with purchased electricity consumed by the organisation.

This inventory does not include Scope 3 emissions and therefore focuses exclusively on operational greenhouse gas emissions under the organisational control of Modulo Decorative Solutions SRL.

3.2. Organisational Boundaries

The organisational boundary has been established using the Operational Control approach.

Under this consolidation method, the organisation reports 100% of greenhouse gas emissions arising from operations over which it exercises operational control, irrespective of ownership interest.

The reporting boundary includes:

- manufacturing operations;
- production equipment;
- industrial dryers;
- boilers;
- company-owned vehicles;
- LPG forklifts;
- warehousing activities;
- maintenance workshops;
- administrative buildings.

The following legal entities are included within the reporting boundary:

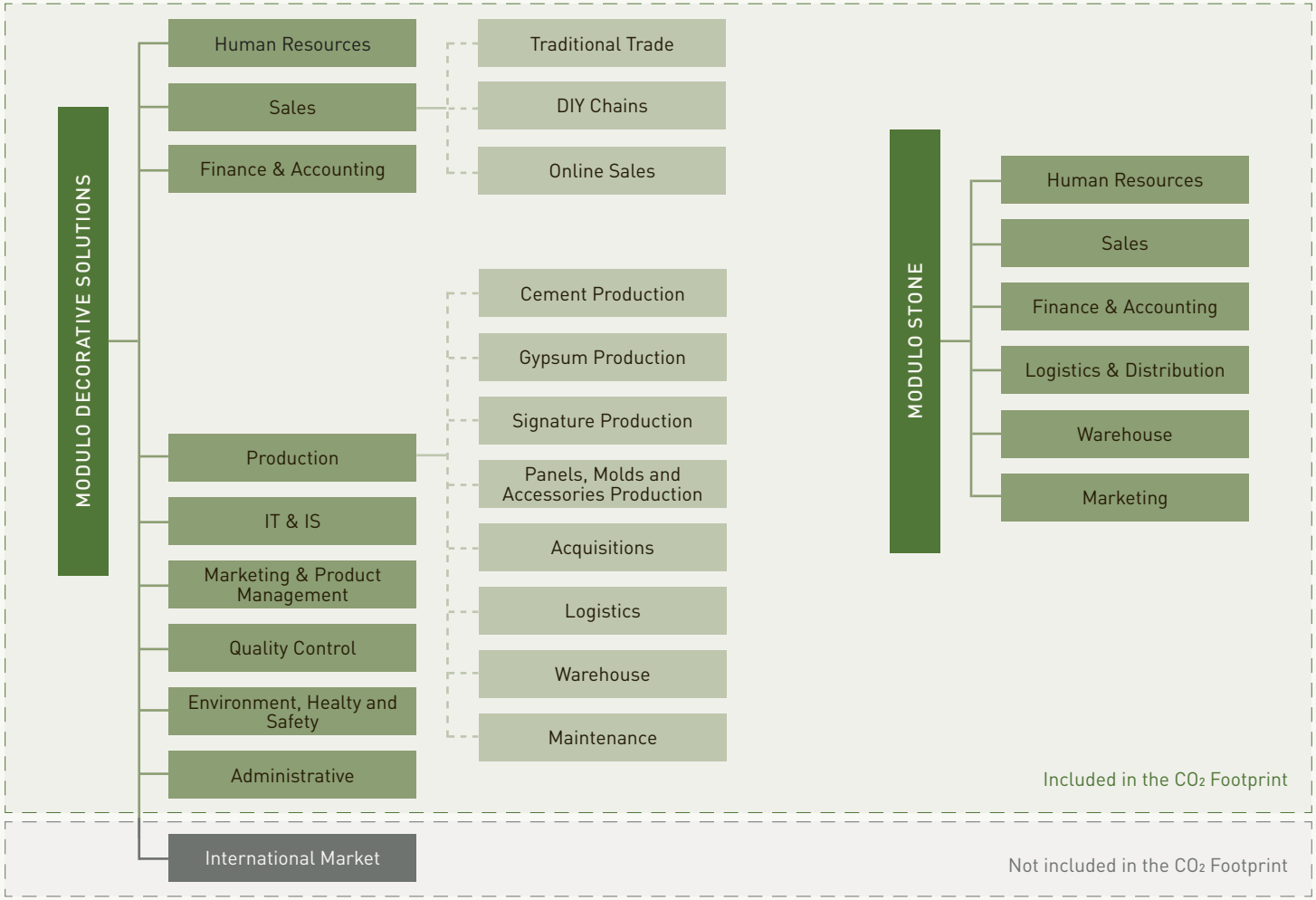
- Modulo Decorative Solutions SRL
- Modulo Stone

Both organisations operate from the same production facility located in Turda, Romania and are managed under a unified operational structure.
No significant organisational changes affecting the reporting boundary occurred during the reporting period.

Facilities included in the 2025 inventory:

- Manufacturing plant and registered headquarters: 29, 22 Decembrie 1989 st., 401113 Turda, Cluj County, Romania (MODULO DECORATIVE SOLUTIONS SRL — Scope 1 & 2 production boundary).
- Subsidiary registered office: same address (MODULO STONE — administrative operations consolidated).

The organisational perimeter encompasses all production activities (cement stone veneers production, gypsum stone veneers production, panels, moulds and accessories production), logistics and warehouse operations, and administrative functions, all situated on the same site. International sales and marketing subsidiaries operating under different operational control are excluded from the Scope 1 and 2 boundary.



3.3. Reporting Boundaries and Scope Definitions

The following GHG emission categories are included:

Scope	Category	Description	Status
Scope 1	1.1 Fuel Combustion	Natural gas (boilers, dryers), diesel, petrol, LPG (fleet & forklifts)	INCLUDED
Scope 1	1.2 Company Transport	Company-owned/leased vehicles (mileage basis, if applicable)	INCLUDED (captured in 1.1)
Scope 1	1.3 Fugitive GHGs	Refrigerant leaks from HVAC/refrigeration equipment	INCLUDED (nil reported)
Scope 2	2.0 Electricity	Purchased electricity from Romanian national grid and green energy contracts	INCLUDED

3.4.Emission Factors and Calculation Methodology

Activity data is multiplied by the appropriate emission factor (EF) to derive GHG emissions. All results are expressed in tons of CO2-equivalent (tCO2e) in summary tables. Emission factors apply Global Warming Potentials (GWP) on a 100-year time horizon (GWP100) consistent with the IPCC Fifth Assessment Report (AR5).

Emission Category	Primary EF Source	Unit
Fuel combustion (Scope 1)	Ecoinvent 3.11	kgCO2e / unit fuel
Electricity, Market-based, Romania (Scope 2)	Supplier-specific emission factors: 0.19653 kgCO2e/kWh (grid mix)	kgCO2e / kWh
Electricity – green tariff, Market-based, Romania (Scope 2)	Supplier-specific emission factors: 0.00344 kgCO2e/kWh	kgCO2e / kWh
Electricity, Location-based, Romania (Scope 2)	Romanian national residual grid mix: 0.17972 kgCO2e/kWh (grid mix)	kgCO2e / kWh

Scope 2 emissions are reported using the market-based approach as the primary method.

3.5. Base Year

For operational emissions (Scope 1 and Scope 2), the company has established 2021 as its base year for performance tracking and target setting. Historical emissions data from 2021 onwards are maintained to support trend analysis and performance evaluation.
The inventory will be recalculated where significant structural changes occur, including acquisitions, divestments, mergers, outsourcing or insourcing of activities, changes in organisational boundaries, major methodological improvements, or the identification of material errors. Recalculation will be considered where such changes are estimated to affect the base-year inventory by more than 5%.
The purpose of recalculation is to maintain consistency and comparability of greenhouse gas performance over time in accordance with GHG Protocol requirements.

3.6. Data Quality and Uncertainty Assessment

Data quality has been assessed using the principles of transparency, completeness, consistency, and accuracy established by the GHG Protocol.
Scope 1 and Scope 2 emissions are based primarily on invoice-level utility data, fuel purchase records, and supplier documentation and are therefore considered to have high reliability and low uncertainty.

3.7. Application of GHG Protocol Principles

This inventory has been prepared in accordance with the GHG Protocol principles of Relevance, Completeness, Consistency, Transparency and Accuracy. These principles have guided the selection of organisational and operational boundaries, the identification of material emission sources, the choice of emission factors, the treatment of exclusions, and the disclosure of assumptions and limitations throughout this report.

4. QUANTIFIED GHG EMISSIONS INVENTORY — 2025

4.1. Consolidated Statement of GHG Emissions

The inventory includes all direct greenhouse gas emissions (Scope 1) and indirect emissions associated with purchased electricity (Scope 2), as defined by the GHG Protocol Corporate Accounting and Reporting Standard.

All emissions are expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Scope	Category	Description	Status
Scope 1	1.1	Stationary & Mobile Fuel Combustion	830.47
Scope 1	1.2	Company Transport (mileage basis)	0
Scope 1	1.3	Fugitive GHGs (refrigerants)	0
SCOPE 1 TOTAL			**830.47**
Scope 2	2.0	Purchased Electricity (Market-based)	80.60
SCOPE 2 TOTAL			**80.60**
SCOPE 1 + SCOPE 2 TOTAL			**911.07**

Note: Biogenic CO2 is reported separately and is not included in Scope totals, consistent with GHG Protocol guidance. All emissions are expressed in kgCO2e using GWP100 (IPCC AR5).

5. DETAILED EMISSIONS ANALYSIS

5.1. Scope 1 — Direct Emissions

Scope 1 total operational greenhouse gas emissions for the 2025 reporting period amount to 830.47 tCO_2e.

Direct emissions (Scope 1) represent the dominant source of greenhouse gas emissions, accounting for approximately 91% of the operational inventory.
Indirect emissions associated with purchased electricity (Scope 2) account for the remaining 9% of total operational emissions.
The emissions profile reflects the energy-intensive nature of the company's manufacturing process, where natural gas is primarily used for industrial drying operations.
The continued transition towards renewable electricity procurement has substantially reduced the contribution of Scope 2 emissions compared with previous reporting years.

5.1.1. Stationary Fuel Combustion — Natural Gas

Source	Fuel Type	Emissions (tCO2e)
Boilers & Industrial Dryers	Natural Gas	766.35

5.1.2. Mobile Source Fuel Combustion — Internal Fleet

Source	Fuel Type	Emissions (tCO2e)
Internal Fleet — Passenger Cars	Diesel	31.07
Internal Fleet — Passenger Cars	Petrol (Gasoline)	25.52
Internal Fleet — Forklifts	LPG	7.53
MOBILE FLEET TOTAL		64.12

5.1.3. Fugitive GHG Emissions

No fugitive GHG emissions (refrigerant leaks) were recorded for 2025. This contrasts with 2024, where a new AC system installation resulted in 1.5 kg of HFC-32 refrigerant charge (1,016 kgCO2e). The nil result in 2025 reflects the absence of new HVAC installations and no reported leakage events during scheduled maintenance checks. Fugitive emissions monitoring should be formalised as part of an annual maintenance protocol.

5.2. Scope 2 — Indirect Emissions from Purchased Energy

In accordance with the GHG Protocol Scope 2 Guidance, Modulo Decorative Solutions SRL formally adopts the Market-based approach as its primary method of reference for tracking, evaluating, and setting corporate carbon reduction targets. While the Location-based method is maintained in parallel to measure grid-level physical intensity, the Market-based approach serves as the executive operational metric. This strategic choice ensures that the company's commercial procurement decisions—such as contracting green tariffs and investing in certified renewable energy instruments—are directly accounted for and properly incentivised within our climate action performance KPIs.

5.2.1. Market-based approach

Scope 2 emissions total 80.6 tCO2e for 2025, representing a 62.5% reduction compared to the 215.0 tCO2e recorded in 2024. This reduction is attributable to two factors:

i. a lower overall electricity consumption (733.52 MWh in 2025 vs. 1,081.59 MWh in 2024, a 32.2% decline), and
ii. an increase in the share of electricity sourced from renewable contracts (44.9% in 2025 vs. 3.8% in 2024).

Source	EF Source	MWh	kgCO2e/kWh	tCO2e
Electricity — Grid Mix (Romania)	OMV Petrom	404.35	0.19653	79.47
Electricity — Green Renewable Tariff	OMV Petrom	329.17	0.00344	1.13
SCOPE 2 TOTAL		733.52		80.60

The renewable electricity volume reported under the market-based approach is supported by Guarantees of Origin (GOs) retired on behalf of the company for the 2025 reporting period. The certificates cover 329.17 MWh of electricity consumption and correspond to renewable electricity attributes exclusively claimed by Modulo Decorative Solutions SRL. Supporting documentation, including supplier declarations and GO retirement evidence, is maintained within the company's environmental reporting records.

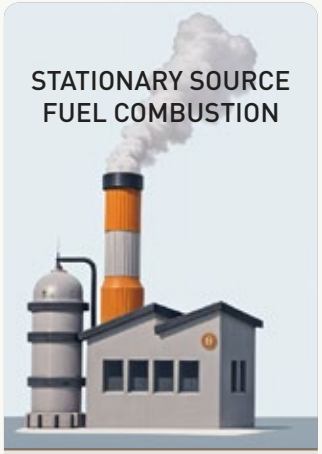
5.2.2. Location-based approach

In parallel with the Market-based method, Modulo Decorative Solutions SRL calculates and reports its Scope 2 emissions using the Location-based approach. This method quantifies the physical greenhouse gas intensity of the local electricity grid where the company's manufacturing facility operates (Turda, Romania), regardless of specific green power contracts, financial instruments, or utility-specific procurement choices.

For the 2025 reporting period, the total electricity consumed by the organization was 733.52 MWh. Under the Location-based framework, this entire volume is evaluated against the official grid average from the national electricity label (0.17972 kg CO2e/kWh), which reflects the direct generation emissions at source for the Romanian energy mix. Consequently, the total Scope 2 Location-based emissions for 2025 amount to 131.83 tCO2.

Method	MWh	Factor (kgCO2e/kWh)	tCO2e
Electricity — market based approach	733.52	0.19653 / 0.00344	80.60
Electricity — location based approach	733.52	0.17972	131.83
			-38.8%

Assesed Sources of GHG Emissions

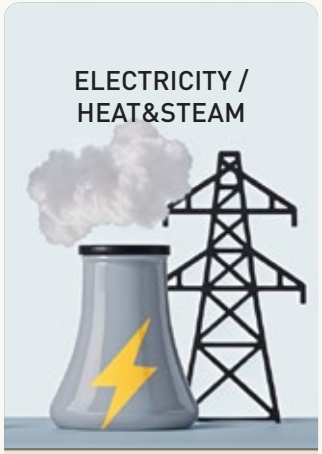


Boilers, dryers

Company vehicles

Refrigeration leaks

Fire suppression systems



Purchased energy

PERFORMANCE

6. OPERATIONAL GHG PERFORMANCE ANALYSIS (2021–2025)

Monitoring greenhouse gas emissions over multiple reporting periods enables the organisation to evaluate the effectiveness of its energy management initiatives and decarbonisation strategy.
Since the baseline year (2021), Modulo Decorative Solutions has systematically reduced its operational greenhouse gas emissions through continuous improvements in energy efficiency, optimisation of manufacturing processes and the progressive transition towards renewable electricity procurement.
Although production volumes have fluctuated over the reporting period, operational greenhouse gas emissions have shown a sustained downward trend since 2022, demonstrating a progressive decoupling of business growth from carbon emissions.

6.1 Scope 1 Comparison

The following analysis compares the 2025 inventory with the 2024 baseline established in the MODULO 2024 GHG Emissions Report (prepared in collaboration with ENVIROCERT SRL, issued 31 May 2025).

Scope 1 Category	2025 (kgCO2e)	2024 (kgCO2e)	Change (kgCO2e)	Change (%)
Scope 1 Category	2025 (kgCO2e)	2024 (kgCO2e)	Change (kgCO2e)	Change (%)
1.1 Stationary — Natural Gas	766,348	1,078,356	-312,008	-28.9%
1.2 Mobile — Passenger Cars (diesel)	31,070	27,507	+3,563	+12.9%
1.2 Mobile — Passenger Cars (petrol)	25,520	21,497	+4,023	+18.7%
1.2 Mobile — Forklifts (LPG)	7,534	18,195	-10,661	-58.6%
1.3 Fugitive GHGs (HFC-32)	0	1,016	-1,016	-100%
SCOPE 1 TOTAL	**830,472**	**1,146,570**	**-316,098**	**-27.6%**

The material reduction in Scope 1 emissions is primarily explained by a decrease in natural gas consumption from 522,667 m³ in 2024 (approximately 5,227 MWh) to 3,793.8 MWh in 2025, a reduction of approximately 27%. This is consistent with the planned energy efficiency investments (dryer insulation, process optimisation) noted in the 2024 reduction roadmap.
The increase in passenger car fuel consumption (petrol +18.7%, diesel +12.9%) warrants monitoring and may reflect fleet expansion or increased commercial activity.

6.2 Scope 2 Comparison

Scope 2 Category	2025 (kgCO2e)	2024 (kgCO2e)	Change (kgCO2e)	Change (%)
Electricity — Grid Mix (Romania)	79,346	214,857	-135,511	-63.0%
Electricity — Green Renewable Tariff	1,132	148	984	NA
SCOPE 2 TOTAL (market-based)	**80,599**	**215,006**	**-97,524**	**-62.5%**
Total Electricity Consumed (MWh)	**733.52 MWh**	**1,081.59 MWh**	**-348.07 MWh**	**-32.2%**

The 62.5% reduction in Scope 2 (market-based) emissions reflects both a lower absolute electricity consumption and a lower supplier-specific carbon intensity. The 2024 emission factor applied was 0.21254 kgCO2e/kWh (per the MODULO 2024 report), whereas the 2025 calculation utilizes the OMV Petrom declared factor of 0.19653 kgCO2/kWh for the conventional grid mix. While the reduction in the emission factor had a positive impact, the decline was primarily driven by the lower consumption volume and the strategic introduction of a 329.17 MWh renewable energy contract covered by Guarantees of Origin

6.3 Process Eco-Efficiency Ratio — Historical Trend

The Process Eco-Efficiency Ratio, expressed as kgCO2e per square metre of product produced (Scope 1 + Scope 2), continues its improvement trajectory:

Metric	2021	2022	2023	2024	2025
Eco-Efficiency Ratio (kgCO2e/m²)	3.10	2.80	2.60	2.38	**2.12**
Target (vs. prior year)	—	2.95	2.80	2.66	**2.52**
Improvement	—	-5%	-7%	-11%	**-16%**

6.4 Long-Term Absolute Emissions Trend (2021–2025)

An analysis of the historical data between 2021 and 2025 reveals a profound downward trajectory in MODULO's absolute carbon footprint for operational scopes (Scope 1 and Scope 2). Over this five-year period, combined operational emissions fell from 2,531.3 tCO2e in 2021 to 911.11 tCO2e in 2025. This represents a total absolute reduction of 1,583.3 tCO2e, or a -64% decrease in the company's direct and indirect energy footprint.

Metric	2021	2022	2023	2024	2025
SCOPE 1 TOTAL tCO2e	2,129.5	2,835.5	1,219.6	1,146.6	**830.5**
SCOPE 2 TOTAL tCO2e	401.8	426.1	255.2	215.0	**80.6**
SCOPE 1 + SCOPE 2 tCO2e TOTAL	2,531.3	3,261.6	1,474.8	1,361.6	**911.1**

The breakdown of this absolute long-term reduction highlights the following trends:

- Scope 1 (Direct Emissions): Decreased by 1,299.0 tCO2e in absolute terms, dropping from 2,129.5 tCO2e in 2021 to 830.5 tCO2e in 2025 (-61.0%). After a temporary peak in 2022 (2,835.5 tCO2e), direct emissions saw a sharp structural decline. This drop is primarily driven by lower production volumes during the period and a significant decrease in natural gas consumption per unit of finished product. Since MODULO's manufacturing process relies entirely on products being shaped/molded and then dried in a gas-heated industrial dryer, the targeted thermal insulation and energy efficiency improvements made directly to the dryer were highly effective in driving down gas consumption intensity.
- Scope 2 (Indirect Emissions from Purchased Energy): Decreased by 284.3 tCO2e in absolute terms, moving from 401.8 tCO2e in 2021 down to 80.6 tCO2e in 2025 (-80%). This steep reduction reflects a dual impact: a lower baseline energy demand aligned with reduced production volumes, combined with the strategic transition to renewable electricity. By 2025, the company successfully transitioned 44.9% of its total electricity consumption to green energy contracts backed by Guarantees of Origin (GOs).

Ultimately, while the contraction in manufacturing volumes played a role in the absolute emission drop, the concurrent optimization of the gas-heated dryer and the shift toward green power sources ensure that MODULO's operational core becomes structurally less carbon-intensive moving forward.

TARGETS

7. DECARBONISATION STRATEGY AND RECOMMENDATIONS

Bearing in mind the current progress in the company's efforts to lower its GHG emissions, newtargets have been taken into consideration for 2030:
Aim for a minimum 50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030. The reference year is 2021.

To further reduce CO_2 emissions and meet the new 2030 target, several scenarios have been analyzed.

7.1 Reduction Targets — Revised Framework (2030 Roadmap)

Modulo has updated its decarbonization strategy to reflect achieved progress and to align with the Science Based Targets initiative (SBTi) requirements. Given that our previous 2030 process eco-efficiency target is highly likely to be met as early as the 2026 reporting cycle, management has approved a significantly more ambitious set of climate commitments. The revised framework accelerates our operational efficiency goals while adjusting our absolute value chain reduction path to match our structural and commercial realities.

Target Category	Scope	Baseline Year	Metric	Target Value 2030
Operational Efficiency (Relative)	**Scope 1 & 2**	2021 (3.10 kgCO2e/m²)	Eco-efficiency ratio (kgCO2e/m²)	**1.8 (-42% vs. 2021)**
Absolute Target	**Scope 1 & 2**	2021 (2531.3 tCO2e)	Absolute Emissions (tCO2e)	**1.250,0 (-50% vs. 2021)**

Note: The absolute target of 1,250 tCO2e assumes a return to baseline (2021) production capacities. For the optimized projection model based on current 2024-2025 sales volumes, see the methodological note in Section 7.5.

7.1.1 Strategic Alignment

- **Intensity Target (Scope 1 & 2):** Due to the accelerated implementation of 100% renewable electricity contracts and successful efficiency upgrades to our gas-heated dryer , the original target of a 35% reduction (2.015 kgCO2e/m2) is projected to be bypassed in 2026. To maintain a leadership position in sustainable construction products, Modulo has increased its ambition to a **42% reduction by 2030** compared to the 2021 baseline. This ensures that independent of future production capacity variations, the environmental footprint per square meter produced continues its steep downward trajectory
- **Absolute Target (Scope 1 & 2):** to demonstrate unwavering climate leadership and ensure a profound, permanent decoupling of economic activity from environmental impact, Modulo formally commits to reducing its absolute Scope 1 and Scope 2 greenhouse gas emissions by a minimum of 50% by 2030 compared to the 2021 base year. This absolute reduction target shall be strictly maintained and achieved irrespective of future variations in production volumes or manufacturing capacity

7.2 High-Impact Reduction Measures (Scope 1, 2)

Based on the 2025 emissions profile and the newly established dual-target framework, the following initiatives are planned to deliver the most significant reductions:

7.2.1 Renewable Energy Procurement

- Action: Increase renewable electricity to 100% of total consumption from 2026 onwards (up from 44.9% in 2025).
- Estimated Impact: Eliminates nearly all Scope 2 emissions (Market-based). This measure alone will likely lead MODULO to reach the 2030 Eco-efficiency Target (2.015 kg CO2e/m² - established 2023) as early as the 2026 reporting cycle.
- Mechanism: Expansion of green tariff contracts backed by Guarantees of Origin (GOs) to ensure high-transparency, market-based disclosure.

7.2.2 On-Site Photovoltaic Generation

- Action: Installation of approximately 5,000 m² of photovoltaic panels with full-year operational impact from 2028.
- Estimated Impact: ~5% further reduction in eco-efficiency ratio (2028 vs. 2027).
- Regulatory Driver: As of 2028, the Energy Performance of Buildings Directive (2024/1275/EU) requires all non-residential buildings exceeding 2,000 m² to incorporate solar energy systems. MODULO's facility (11,078 m²) falls within scope.

7.2.3 Natural Gas Efficiency (Scope 1)

- Action: Implement enhanced thermal insulation for all industrial dryers to minimize heat loss.
- Context: As the company focuses on immediate efficiency, natural gas remains the primary energy source for curing; however, optimized burner performance and waste-heat recovery will be prioritized to maintain the downward trend in Scope 1 intensity.

7.3 Medium and Low-Impact Measures

In addition to the major investment projects described above, the organisation will continue implementing operational improvement initiatives designed to enhance overall energy efficiency.

These initiatives include:

Energy Management

- optimisation of production scheduling;
- elimination of unnecessary equipment idle time;
- shutdown procedures outside production hours;
- optimisation of compressed air systems.

Maintenance

- preventive maintenance of combustion equipment;
- calibration of energy metering systems;
- inspection of insulation systems;
- optimisation of HVAC operation.

Production Optimisation

- continuous monitoring of production energy intensity;
- optimisation of curing cycles;
- reduction of process heat losses;
- improvement of equipment utilisation.

Employee Awareness

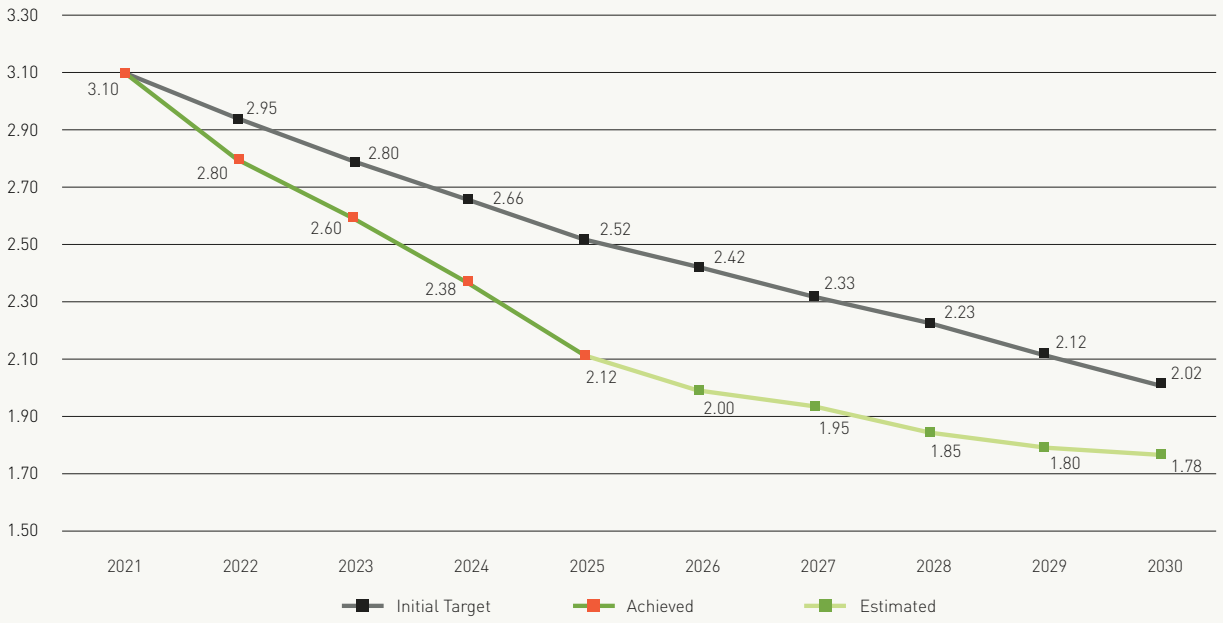
Operational personnel will continue receiving periodic training covering:

- efficient energy use;
- equipment shutdown procedures;
- reporting of energy losses;
- environmental awareness.

7.4 Projected Eco-Efficiency Trajectory (2025–2030) - Intensity Target (Scope 1 & 2):

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Initial Target (kgCO2e/m²)		2.95	2.80	2.66	**2.52**	2.42	2.33	2.23	2.12	2.02
Achieved (kgCO2e/m²)	3.10	2.80	2.60	2.38	**2.12**					
Estimated (kgCO2e/m²)						2.00	1.95	1.85	1.80	1.78
Variation vs. Previous Year		-10%	-7%	-8%	**-9%**	-6%	-3%	-5%	-3%	-1%
Variation vs. 2021	0.0%	-9.7%	-16.1%	-23.2%	**-31.6%**	-35.5%	-37.1%	-40.3%	-41.9%	-42.6%
Key Driver						100% renewable energy	Gas reduction	On-Site Photovoltaic		Process optim.

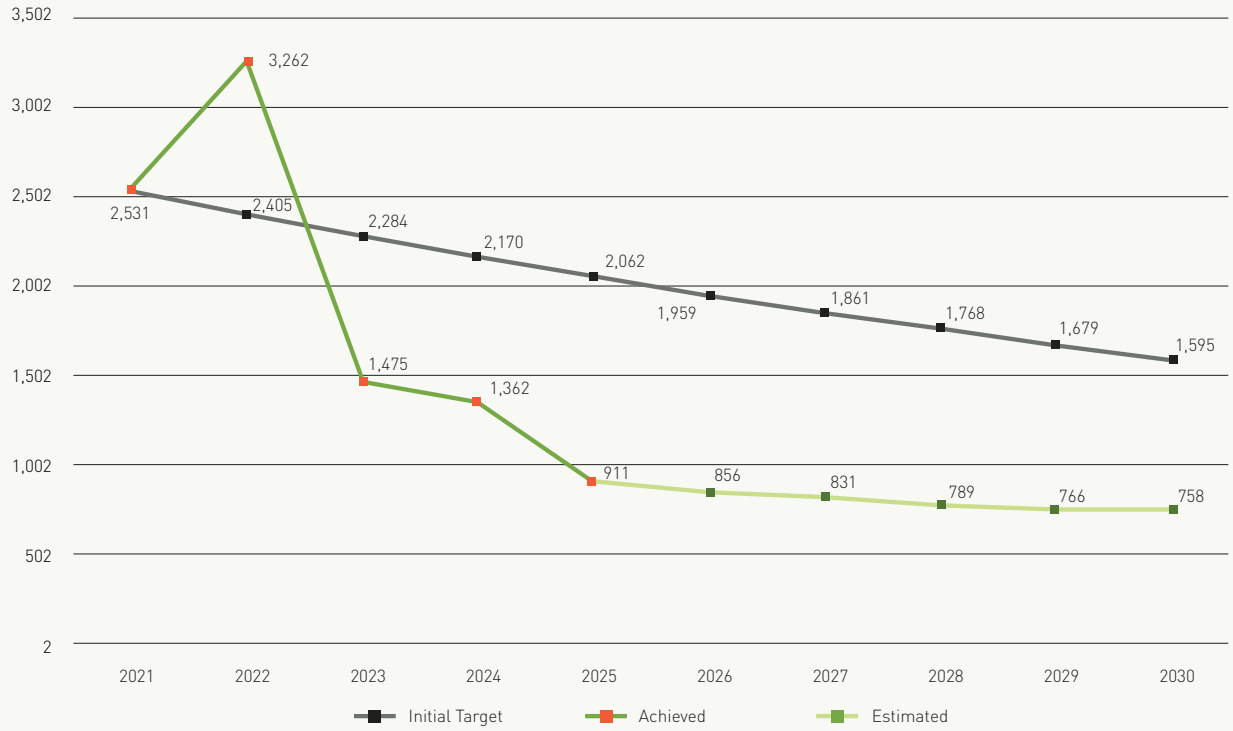
Disclaimer: Projections are based on planned initiatives and assumptions that are subject to change. Future statements are not guarantees of performance.



Intensity Target (Scope 1 & 2): Modulo has raised its 2030 climate pledge to a 42% total reduction from the 2021 base year. Consequently, our specific carbon impact per unit of output remains decoupled from future capacity changes.

7.5 Absolute Target (Scope 1 & 2):

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Initial Target (tCO2e)	2531	2,405	2,284	2,170	**2,062**	1,959	1,861	1,768	1,679	1,595
Achieved (tCO2e)	2531	3262	1475	1362	**911**					
Estimated (tCO2e)						856	831	789	766	758
Variation vs. Previous Year	0.0%	+29%	-55%	-8%	**-33%**	-6%	-3%	-5%	-3%	-1%
Variation vs. 2021	0.0%	+28.9%	-41.7%	-46.2%	**-64.0%**	-66.2%	-67.2%	-68.8%	-69.7%	-70.1%



The trajectory illustrated above outline Modulo's commitment to absolute carbon reduction across our operational boundaries (Scope 1 and Scope 2). Following a temporary production-driven spike in 2022 where emissions peaked at 3,262 tCO2e, the company has successfully induced a structural decoupling of its growth from its carbon footprint. By the end of 2025, absolute operational emissions dropped significantly to 911 tCO2e—marking a 33% year-over-year decline and outperforming the initial 2025 target trajectory by

more than 57%.
This steep downward trend is projected to continue through 2030, driven by the consecutive roll-out of high-impact energy efficiency programs, thermal optimization of industrial dryers, and the integration of on-site photovoltaic generation. The forward-looking model estimates that by 2030, Modulo's absolute operational footprint will contract to 758 tCO2e. This represents an extraordinary **70% absolute reduction compared to the 2021 baseline** (2,531 tCO2e), firmly placing the organization ahead of standard sectoral pathways and securing a highly competitive, low-carbon manufacturing core.

Methodological Note on 2030 Targets and Forecasts: *The formal absolute target of 1,265.6 tCO2e represents a strict carbon cap based on the benchmark production volumes of the baseline year (2021). This target guarantees that even if business operations scale back up to maximum baseline capacity, absolute emissions will remain strictly below this 50% threshold, driven by deep structural energy efficiencies. Conversely, the 758 tCO2e projection reflects an activity-based model, assuming that current market conditions and product sales volumes (registered in 2024–2025) remain constant through 2030. By tracking both scenarios, Modulo demonstrates a true decoupling of corporate growth from environmental impact.*

7.6 Monitoring and Review

The implementation of the operational decarbonisation strategy will be reviewed annually as part of the greenhouse gas inventory preparation process.
Performance will be monitored through the following key indicators:

- Scope 1 emissions (tCO_2e);
- Scope 2 emissions (Market-based and Location-based);
- Total operational emissions;
- Natural gas consumption;
- Electricity consumption;
- Renewable electricity share;
- Operational carbon intensity ($kgCO_2e/m^2$).

Where significant changes occur in production processes, organisational structure or energy procurement, greenhouse gas targets will be reviewed and, where necessary, updated to maintain consistency with the GHG Protocol Corporate Standard.

CONCLUSIONS

8. CONCLUSIONS

The 2025 Greenhouse Gas Emissions Inventory demonstrates the continued progress achieved by Modulo Decorative Solutions SRL in reducing greenhouse gas emissions associated with its operational activities.

- Prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, the inventory provides a transparent and consistent assessment of the organisation's Scope 1 and Scope 2 greenhouse gas emissions for the reporting period 01 January 2025 – 31 December 2025.
- During the reporting year, total operational greenhouse gas emissions amounted to 911.07 tCO_2e, representing a 33.1% reduction compared with 2024.
- This reduction reflects the successful implementation of operational measures aimed at improving energy efficiency, optimising production processes and increasing the procurement of renewable electricity.
- Natural gas combustion remains the principal source of direct greenhouse gas emissions and therefore continues to represent the organisation's primary decarbonisation priority.
- The transition towards renewable electricity has substantially reduced Scope 2 emissions and demonstrates the effectiveness of the organisation's energy procurement strategy.
- In addition to the reduction in absolute emissions, operational carbon intensity improved to 2.12 $kgCO_2e/m^2$, confirming that greenhouse gas emissions continue to decrease independently of manufacturing performance.
- Overall, the 2025 results demonstrate that operational greenhouse gas management has become an integral component of the organisation's environmental management system and supports the company's long-term sustainability objectives.

MODULO's progress demonstrates that a manufacturing company operating in the decorative materials sector can deliver continuous, material reductions in carbon intensity while expanding production. The company's commitment to annual reporting, public disclosure of reduction targets, and engagement with internationally recognised reporting frameworks (GHG Protocol, EPD) positions it as a leader in sustainable construction products in the Romanian market.

Although the company has not submitted its greenhouse gas reduction targets for formal validation by the Science Based Targets initiative (SBTi), the target-setting approach has been developed with reference to key SBTi principles and guidance.

Modulo intends to periodically review its targets against evolving SBTi methodologies and may consider formal target validation in the future as the maturity and granularity of its greenhouse gas data continue to improve.

Emission calculations are based on documented activity data, recognised emission factor databases, and transparent methodological assumptions. Management considers the inventory to provide a fair and representative account of the greenhouse gas emissions associated with the organisation's activities during the reporting period.

This report will be submitted to management for review and published on request to customers, procurement partners, and certification bodies.

Greenhouse Gas Emissions Report

Reporting Period	01 January 2025 – 31 December 2025
Organisation	Modulo Decorative Solutions SRL (consolidated with Modulo Stone)
Reporting Standard	GHG Protocol – Corporate Accounting and Reporting Standard
Scopes Covered	Scope 1, Scope 2
Emission Factor Source	UK BEIS GHG Conversion Factors 2025 / Ecoinvent 3.11 / EU AIB
Consolidation Boundary	Operational Control
Verification Status	Not externally verified (self-declared, invoice-based)
Date Issued	15 June 2026

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MODULO
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