

WORK POLICY HANDBOOK

OF MODULO DECORATIVE SOLUTIONS

MODULO
THE FASHION HOUSE FOR WALLS

Review and Updates

The Policy Book will be reviewed as often as needed and updated as necessary to ensure it remains relevant and effective in promoting honorability and transparency within the organization.

This Policy Book is further enhanced by internal procedures tailored to specific departments, such as HR, Environmental Compliance, and Financial-Accounting, all in accordance with both Romanian and European legislation. It highlights two essential documents drafted in Romanian, as mandated by Romanian law, the Internal Regulations and the Collective Labor Agreement. Moreover, the company's policies and procedures are aligned with its integrated ISO management system, ensuring consistent compliance across all operational areas, including labor rights, environmental standards, and financial regulations.

WORK POLICY HANDBOOK

OF MODULO DECORATIVE SOLUTIONS

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Your Guide to Company Policies and Procedures

www.modulo.fr

MODULO
THE FASHION HOUSE FOR WALLS

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INTEGRITY
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ANDARDS

CRISIS
ETHICS
LISOPHY
PERFORMANCE
TIQUETTE
DECENCY
FAIRNESS
CRITERIA

MORALS
RESPECT
VIRTUE
STANDARDS

1. INTRODUCTION

A Policy Book is essential for any company, providing clear standards, principles, and guidelines for smooth operations. It helps employees understand their roles, ensuring consistent decision-making and ethical conduct. This framework boosts efficiency, supports legal compliance, and fosters a collaborative work environment. Ultimately, a Policy Book sustains stakeholder trust and contributes to long-term success.

At MODULO, we aim to promote strong values shared by all employees, which guide our daily actions. These values shape our behavior not only within the company but also in our relationships with customers, suppliers, service providers, and other partners.

Trust, Professionalism, Respect, and Flexibility are our core values. Building trust through transparency and honesty in all our internal and external interactions. Professionalism is demonstrated by our commitment to performance, continuing learning, and being dedicated to best practices in everybody's profession and ethical conduct. We uphold respect by valuing diversity and treating everyone with dignity. Flexibility drives us to be proactive, practical, and adaptable in a constantly changing and unpredictable environment.

- **Increasing awareness** through training and constructive feedback;
- **Continuous monitoring and evaluation**, auditing, and timely definition of objectives and necessary actions;
- **Continuous safe and confidential reporting** will be established between departments and in relationships with owners.
- **Disciplinary Actions:** Appropriate disciplinary actions will be taken against individuals who violate this Policy Book, up to and including termination of employment.

Review and Updates

The Policy Book will be reviewed as often as needed and updated as necessary to ensure it remains relevant and effective in promoting honorability and transparency within the organization.

This Policy Book is further enhanced by internal procedures tailored to specific departments, such as HR, Environmental Compliance, and Financial-Accounting, all in accordance with both Romanian and European legislation. It highlights two essential documents drafted in Romanian, as mandated by Romanian law, the Internal Regulations and the Collective Labor Agreement. Moreover, the company's policies and procedures are aligned with its integrated ISO management system, ensuring consistent compliance across all operational areas, including labor rights, environmental standards, and financial regulations.



2. MODULO CODE OF CONDUCT

The Code of Conduct serves as a mandatory guide for daily activities. Non-compliance with these principles can cause harm to both employees and the company's image.

2.1. Desired Behaviors

Honesty and Fairness: We are honest with colleagues, suppliers, and customers. We are fair in all our communications and actions.

Feedback: We give and receive feedback to improve ourselves and others. We provide constructive feedback and focus on solutions, not blame, aiming to solve problems. We do not generalize or label but discuss the impact of behavior and what could be done differently. We respond to emails in real-time, and if we do not have a solution, we send a message within 24 hours with realistic response times.

Respect, Kindness and Politeness: We treat all colleagues with respect, without discrimination. We strive to treat others as we wish to be treated. We respect colleagues' time (punctuality), their interactions (not intervening unnecessarily), other opinions and perspectives, actively listen, understand, and accept others' views, and respect company resources, departmental resources, and our own.

Ethics and Integrity: We are consistent in thought, words, and actions. Maintaining integrity requires moral courage and the strength to do what is right despite strong pressure to act otherwise.

Self-Management: We take responsibility for our actions and relationships. We develop self-awareness, self-confidence, self-motivation, and self-development.

Proactivity and Support: We get involved where needed or where help is required, anticipate needs rather than react. We work to transform our work environment into what we desire, not expecting others to improve it for us. We help and support our colleagues, and they support us. Kind words, recommendations, and warmth are welcome and create a friendly environment.

Assumption of Responsibility: We have the courage to apologize when we make mistakes under pressure or inadvertently offend someone. We take responsibility for our decisions and all our behaviors.

Role Modeling: I am a role model – I expect to receive only the behaviors I offer.

Presence: I actively listen to my colleagues; in a discussion, I listen to other perspectives, being mentally and emotionally present in the conversation.

Empathy and Assertiveness: I consider the feelings of those around me, manage my negative emotions, and am assertive - I express my opinion without offending or humiliating. I am directly responsible for my physical and emotional state and strive to offer constructive, specific opinions unrelated to my immediate feelings.

Non-Discrimination and non-harassment: We adhere to anti-harassment and anti-discrimination policies, refraining from discriminatory attitudes towards anyone, regardless of race, religion, sex, sexual orientation, political affiliation, or any other criteria that could be the basis for discrimination and harassment.

Within the framework of employment relationships, the principle of equal treatment applies to all employees and employers.

2.2. Unacceptable/Prohibited Behaviors

Impulsiveness

Selfishness: Focusing solely on oneself without considering the feelings and needs of others.

Aggressiveness: Demanding something immediately, disregarding other projects and priorities, and expressing it in an inappropriate tone.

Criticism

Vulgar Language and Attitude

Lack of Politeness

Lack of Respect and Manners

2.3. Behavioral principles

In accordance with the Code of Conduct described/defined above, the practical principles, defined below, become a relevant behavioral guide. Failure to comply with them is considered a disciplinary offense and may attract sanctions.

- Smoking is permitted only in designated areas.
- Theft, encouragement, or support for the unauthorized taking or appropriation of any company property, colleagues' property, or any legitimately held items, as well as the failure to report to company management and hierarchical superiors any act/intention to prepare for theft, attempted theft, theft, or unauthorized appropriation/use for personal interest or purposes by other employees or third parties of company products/items, equipment, inventory, fixed assets, cash, or any other company property, the property of its employees, or its partners, is equally punishable.
- Immediate reporting to company management and/or hierarchical superiors of any criminal act, contravention, or serious disciplinary offense committed by a colleague, client, or supplier of the company is mandatory.
- The consumption and introduction, for any purpose, of alcohol, drugs, or other psychotropic

substances on company premises and properties are strictly prohibited.

- Physical or verbal violence (whether directed at a superior, colleague, subordinate, contractor, client, or visitor) is not permitted.
- Dangerous or potentially dangerous games and jokes (which can endanger the health of colleagues/clients/suppliers of the company and/or the integrity of equipment) are not permitted.
- Rules, instructions, and training on Occupational Safety and Health, Emergency Situations, and Firefighting must be strictly followed. Wearing the necessary protective equipment for work is mandatory.



3. MODULO BUSINESS ETHICS ASPECT

3.1. Honorability & Transparency Policy

This policy is designed to promote and uphold the highest standards of honor, integrity, and transparency within our organization. It applies to all employees, management, and stakeholders to ensure that our operations are conducted ethically and openly.

3.1.1. *Core Principles*

Integrity: Demonstrates integrity in our interactions by treating others with respect and taking responsibility for our actions. By embodying business integrity, we foster trust among colleagues and supervisors, ultimately enhancing our collective reputation.

Transparency and Accountability: Transparency, accountability and reliability have become universally recognized key operational principles for a good and sustainable management system. MODULO holds his accountable for actions and decisions.

Respect: Treating people with dignity and respect is not only the right thing to do morally, but also a legal requirement in work related relationships.

3.1.2. *Behavioral principles*

Ethical Conduct and Conflict of Interest: All employees and stakeholders are expected to conduct themselves ethically in their professional and personal dealings related to the organization. Any actual, potential, or perceived conflicts of interest must be avoided or managed appropriately to safeguard our operations and maintain public trust.

Access to Information and Decision-Making: Relevant information about the organization's activities, decisions, and financial performance will be accessible to stakeholders. Our decision-making processes will be transparent, with clear criteria and rationales provided for major decisions. We will ensure accurate and timely reporting of financial and operational information to maintain transparency and trust.

Workplace Rights & Internal Negotiation: We respect and uphold the right of employees to freely associate, form unions, or elect employee representatives. This is a fundamental aspect of fostering an open and transparent workplace. To support this:

- Employees have the right to freely associate and elect representatives to advocate for their interests.
- We maintain and regularly review both our Internal Regulations and our Collective Labor Agreement, ensuring these documents reflect fair workplace practices.

- Internal negotiation processes are conducted transparently and in good faith, with revisions to the ROI and CCM being made through internal negotiations at least once every three years.

Grievances/Complaints Principle: We are committed to providing a fair and structured process for handling grievances or complaints related to organizational actions or data privacy concerns. All complaints will be reviewed promptly, with appropriate actions taken to address and resolve issues transparently.

3.1.3. *Compliance Procedure*

Policy Distribution: All employees must receive a copy of the Honorability & Transparency Policy and familiarize themselves with its contents. It is essential that employees understand their responsibilities under this policy. If clarification is needed, employees should seek guidance from their supervisors.

Training: Employees will participate in regular training sessions designed to ensure a comprehensive understanding of the policy and its principles. These sessions will address ethical conduct, conflict of interest, transparency, accountability, and grievance handling.

Consequences for Non-Compliance: Violations of the policy may result in disciplinary actions, including warnings, corrective measures, or termination of employment in serious cases. Accountability for actions is a core principle of our organization, and any non-compliance will be addressed appropriately.

Conflict of Interest and Grievance Handling:

Disclosure of Conflicts: Employees must disclose any relationships or circumstances that may present an actual, potential, or perceived conflict of interest, whether within the company or with business partners. This step is crucial to maintaining public trust and safeguarding our operations.

Form Submission: A conflict-of-interest disclosure form must be completed and submitted for review to the HR department. Employees may also use the suggestion/complaint boxes available in the workplace by filling out the cards provided.

Confidential Reporting: Employees can report concerns regarding favoritism, misconduct, or conflicts of interest using the following confidential methods:

- Use the cards provided and submit them in the designated boxes throughout the workplace.
- Send an anonymous email to resurse.umane@modulo.fr to report any concerns or issues.

Reporting Grievances: Employees are encouraged to report grievances related to organizational actions, data privacy concerns, or any legal violations without fear of retaliation. All grievances can be reported through the same confidential channels mentioned above.

Upon receipt of a conflict-of-interest disclosure or grievance, the HR department will conduct an initial assessment, and a response will be provided within ten business days.

If it is deemed that a complaint or conflict requires further investigation, Human Resources will notify the relevant departments or individuals in the respective area. If there are no internal

resources available, a third party, auditor, or external consultant may be engaged to provide guidance and clear resolutions.

Outcome Communication: Employees will be informed of the outcome of the investigation within five business days of its conclusion. If further action is required, it will be clearly communicated, along with any next steps.

3.2. Anti Bribery & Anti-Corruption Policy

This Policy is addressed to all MODULO's employees and applies to all members of strategic, control and executive bodies, tied agents (e.g. financial advisors) and temporary employees of MODULO (hereinafter, jointly "Employees") and across all business activities, and shall be applied in compliance with legal requirements and regulations locally in force. In case local legal requirements are more restrictive than the principles of this Policy, the more restrictive requirements of local laws in force are to be adopted.

3.2.1. Core Principles

Zero Tolerance: By committing to zero tolerance to bribery and corruption MODULO commits that every behavior in breach of the principles of this Policy and every concern raised as for possible act of bribery and corruption will be assessed and where appropriate investigated and disciplinary action will be taken in addition to the sanctions contained in the applicable regulations. No Employee will suffer demotion, penalty, or other adverse consequences for refusing to pay acts of corruption or reporting actual or attempted acts of corruption.

Compliance with Laws: We adhere to all anti-bribery and anticorruption laws and regulations and all business relationships across our global network.

3.2.2. Compliance Procedure

This procedure is designed to ensure MODULO and its affiliates fully comply with anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA) and other applicable international regulations. The policy applies to all employees, subsidiaries, agents, and entities where the company holds a majority interest, globally.

Prohibited Actions: Anti-corruption laws, including the FCPA, prohibit the following actions by the Company, its executives, directors, employees, representatives, agents (collectively "employees"), subsidiaries (including foreign subsidiaries where actions further business operations), and any other legal entities controlled by the company:

Offering, promising, authorizing, paying, or giving, directly or indirectly, anything of value to:

- Any foreign official, political party, party representative, candidate for political office, or any public international organization, for the purpose of:
 - Influencing any act or decision of the foreign official in their official capacity.
 - Inducing the foreign officials to use their influence within the government to affect or influence any act or decision to assist the Company in obtaining or retaining business, or to secure business for another person.
 - Securing any improper advantage.

- Any intermediary if the Company's employee or agent knows or has reason to believe that the payment would be used for a prohibited purpose.

The term foreign official includes any person acting in an official capacity on behalf of a government, agency, ministry, or state-owned entity. This includes employees of state-owned enterprises, whether they hold high-ranking or low-level positions. There is no distinction between high-ranking officials or lower-level government employees such as customs agents.

Definition of "Anything of Value": The prohibitions are not limited to cash payments. "Anything of value" may include:

- Gifts
- Travel
- Entertainment expenses
- Stocks or commissions
- Political contributions
- Debt cancellations
- Discounts or other financial incentives

Prohibition of Facilitation Payments: Under the FCPA, minor payments to expedite routine governmental actions (facilitation payments) are permitted. However, MODULO strictly prohibits any such facilitation payments, aligning with the Anti-Bribery Laws of other jurisdictions where such payments are illegal.

Pre-Authorization for Gifts or Expenses: Any employee intending to provide anything of value to a foreign official must:

- Obtain prior written authorization from the Company's legal representative.
- Follow the Company's FCPA procedures for expense reimbursement, gift-giving, and entertainment.

All approved expenses must be supported by relevant documentation in compliance with the company's record-keeping policy. Failure to comply with these requirements may result in disciplinary action, including termination.

Business Conduct Standards and Financial Disclosure: In accordance with the FCPA's record-keeping and reporting provisions, the Company must maintain accurate and complete financial records and implement adequate internal accounting controls. These systems ensure:

- Transactions are properly recorded.
- The company's financial statements fairly reflect its assets and obligations.

All employees must adhere to the company's record-keeping policy to ensure compliance with these provisions. The Company requires accurate and transparent documentation of every transaction, especially those involving foreign officials.

Reporting Violations: Employees are required to report any suspected or actual violation of this policy. Reports may be made to:

- A direct manager,
- A Human Resources representative, or
- Appropriate national authorities in the country where the violation occurred.
- If a violation is identified, it will be referred to the relevant local, national, or international authorities responsible for investigating and enforcing anti-corruption laws in that jurisdiction.

This could include:

- Romanian National Anti-Corruption Directorate (DNA), if the incident occurs in Romania.
- Equivalent anti-corruption bodies in other countries (e.g., Serious Fraud Office (SFO) in the UK, Federal Bureau of Investigation (FBI) in the US, etc.).

Reports should be made within 24 hours of identifying the issue to ensure timely investigation and resolution.

Role of National Authorities: The relevant national or local authorities will:

- Investigate any reported violations of this policy.
- Collaborate with the company's legal team to ensure compliance with applicable anti-corruption laws, including the FCPA.
- Ensure appropriate legal and disciplinary measures are taken if violations are confirmed.

Consequences of Non-Compliance: Failure to comply with this policy, including the offering of improper payments, failure to report violations, or failure to maintain accurate records, may result in:

- Disciplinary action, up to and including termination of employment.
- Potential legal consequences, including fines or prosecution under applicable anti-corruption laws.

Legal Framework: This procedure is aligned with:

- The U.S. Foreign Corrupt Practices Act (FCPA), which governs international anti-bribery practices for companies operating globally.
- Romanian anti-corruption laws and other relevant European Union directives.

MODULO upholds the highest standards of integrity and compliance across all jurisdictions in which it operates.

3.3. Data Privacy Policy

This Data Privacy Policy outlines the measures we take to protect the personal data of our users, clients, and employees, in compliance with relevant European and Romanian legislation, including but not limited to the EU General Data Protection Regulation (GDPR) and Romania's national data protection laws (Law no. 190/2018). This document also defines the procedure for handling grievances or complaints related to data privacy.

A Data Protection Policy (DPP), while not a legal requirement, serves as a crucial security protocol to

systematize the utilization, oversight, and governance of data within an organization. Its paramount purpose is to safeguard and secure every piece of data that an organization handles, stores, or processes, ensuring that it complies with data protection standards and regulations.

It is essential to establish clear definitions for key terms and concepts. This will ensure that all stakeholders understand the scope and requirements of the policy.

Personal data: Information relating to an identified or identifiable individual, such as name, identification number, location data, online identifiers etc.

Processing: Operation performed on personal data, such as collection, recording, organization, structuring, storage, adaptation, retrieval, destruction, etc.

Data controller: The entity that determines the purposes and means of the processing of personal data.

Data processor: The entity that processes personal data on behalf of the data controller.

Data subject: The individual whose personal data is being processed.

Consent: A freely given, specific, informed, and unambiguous indication of the data subject's agreement to the processing of their personal data.

3.3.1. *Core Principles*

Lawfulness, Fairness, and Transparency: We process personal data in a lawful, fair, and transparent manner, ensuring that individuals are informed about how their data is being used.

Purpose Limitation: Personal data is collected for specified, explicit, and legitimate purposes and will not be further processed in a manner incompatible with those purposes.

Data Minimization: Only personal data that is adequate, relevant, and limited to what is necessary in relation to the purposes for which it is processed will be collected.

Accuracy: Personal data must be accurate and kept up to date. Inaccurate data will be rectified or deleted promptly.

Storage Limitation: Personal data will not be stored longer than is necessary for the purposes for which the personal data is processed.

Integrity and Confidentiality: Personal data will be processed in a manner that ensures its security, including protection against unauthorized or unlawful processing, accidental loss, destruction, or damage.

Accountability: We are responsible for, and able to demonstrate compliance with, all data protection principles outlined in the GDPR and applicable Romanian laws.

3.3.2. *Behavioral principles*

Transparency in Communication: We commit to clear, concise, and transparent communication regarding the processing of personal data, including information on the rights of the data subjects and how to exercise those rights.

Respect for Data Subject Rights: We ensure that individuals can exercise their rights, including but

not limited to the right to access, rectify, erase, restrict processing, and object to the processing of their personal data.

Secure Data Handling: All employees and stakeholders are expected to handle personal data with the highest level of care and in compliance with security protocols to prevent unauthorized access or breaches.

Continuous Training: Employees responsible for data handling will undergo regular training on data privacy laws and internal procedures to ensure compliance and awareness.

3.3.3. *Compliance Procedure*

At MODULO, we prioritize the protection of personal data in compliance with GDPR regulations. When we collect personal data directly from data subjects, we provide all necessary information at the time of collection.

For cases of indirect collection, we ensure that the required information is communicated to data subjects within one month of obtaining their personal data. We understand that this period can be shortened in specific circumstances:

- If we use the personal data for communication purposes, we inform the data subject at the latest during our first communication with them.
- If the data is shared with another recipient, we notify the data subjects at the time of the data transfer.

We strictly adhere to the one-month maximum period for informing data subjects and do not extend this timeline under any circumstances.

Internal protection of personal Data: No original personal documents are kept. Relevant copies are archived in a secure system with minimal internal access to employees' personal data. Access to Employees personal data could be given to an external part just for control/audits or as a law obligation to Governmental institutes with the obligation to sign GDPR agreements between parts.

MODULO ensures that we only provide information to data subjects when necessary. We are not required to inform an individual if they have already received the required information.

In collaboration with IT, a comprehensive inventory cataloging the storage locations of sensitive company data (in both on-premises and cloud-based applications) should be actualized annually.

- The inventory should include the following analyses:
 - HR system data (i.e. employee records, payroll, health and retirement benefits);
 - Unstructured data residing in company equipment, remote servers and email accounts;
 - People with view or edit access to data;
 - The volume of data and aging;

In practice, we maintain a careful and ethical approach to data handling while ensuring compliance with all applicable regulations.

Lodging Complaints: Any individual who believes that their personal data has been processed in

violation of this policy or applicable law has the right to lodge a complaint. Complaints can be submitted in writing via email or post to our Data Protection Officer (DPO) at the following contact details:

- Email: resurse.umane@modulo.fr
- Postal Address: 22 Decembrie 1989, no 29, Turda, Cluj, 401113, Romania

Internal Review: Upon receiving a complaint, the DPO will initiate an internal review of the matter within 30 days. This review includes verifying the alleged breach, identifying any non-compliance, and implementing corrective measures if necessary.

Communication of Outcome: When data subjects exercise one of their rights, the controller must respond within one month. If the request is too complex and more time is needed to answer, then the company may extend the time limit by two further months, provided that the data subject is informed within one month after receiving the request.

Escalation: If the complainant is not satisfied with the outcome, they have the right to escalate the matter to the relevant supervisory authority, namely the Romanian National Supervisory Authority for Personal Data Processing (ANSPDCP), or to seek judicial remedy under applicable laws.

Audit and Monitoring: Periodic internal audits will be conducted to assess the effectiveness of this Data Privacy Policy and ensure ongoing compliance with both GDPR and Romanian regulations. Any identified risks will be mitigated promptly.

Data Breach Notification: In the event of a data breach that poses a risk to individuals' rights and freedoms, we will notify the supervisory authority within 72 hours of becoming aware of the breach, and affected individuals will be informed in a timely manner.



4. MODULO HR & SOCIAL POLICY

4.1. Respect for human rights

Our company is committed to respecting and promoting human rights in line with multiple Development Goals (SDGs) established by the United Nations. We are dedicated to creating a workplace where the fundamental rights of every individual are protected and promoted, in accordance with the best practices, including compliance with ISO standards and relevant legislation. We are determined to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.

FIGURE 1: The 17 Goals



Do you know all 17 SDGs?

Source: <https://sdgs.un.org/goals>

Goal 1 – End poverty in all its forms everywhere

Legal Employment Contracts: MODULO ensures that all employees have legal employment contracts and avoid any form of illegal labor, in full compliance with Romanian labor laws.

Fair Wages: MODULO provides salaries that exceed the national average minimum wage, respecting Romanian wage legislation and we pay all the legal social security taxes. Fair measurement of every working hour and fair payment for all the employees.

Social Protection: MODULO respects a comprehensive social protection system for all employees, aligning with Romanian social security laws. All employees have the right to paid medical leave and pension insurance in the national system.

Goal 2 – End hunger, achieve food security

Meal Vouchers: MODULO offers meal vouchers for each working day, in the form of extra-salary benefits, granted monthly to each employee.

The Company provides dining areas with systems for keeping food safe and ensuring specific cleanliness and hygiene twice a day.

Goal 3 – Ensure healthy lives and promote well-being for all at all ages

ISO 45001 Certification: MODULO is certified ISO 45001 for occupational health and safety, ensuring a safe and secure working environment.

Health Protection: MODULO offers exclusively at the employer's expense a health protection system for all employees, which includes:

- paid medical leave;
- pre-employment checks;
- annual assessment of the state of health
- protective equipment and the possibility of their regular maintenance/cleaning
- coherent assessment of workplace risks and implementation of measures to reduce the risks
- near miss accident reporting system, confidential through the complaints boxes

ISO 9001 Certification: MODULO is certified ISO 9001 for quality management systems, ensuring consistent quality in operations and employee well-being.

Goal 4 – Ensure inclusive and equitable quality education

Internship Programs: MODULO offers internship programs and special activities designed for pupils and students. The company allows specific determined period employment for individuals aged 16 to 18 through internship programs and partnerships with various schools or for a limited duration as summer jobs. However, this is only permitted with parental consent, for somebody to gain experience and no overtime or night shifts are allowed for this age group.

Annual Training Plan: We implement an annual training plan for all employees, tailored by professional categories, ensuring continuous learning and growth.

Goal 5 – Gender Equality

Ending Discrimination: MODULO is committed to eliminating all forms of discrimination against women and girls, in compliance with Romanian anti-discrimination laws.

Equal Opportunities: The Company ensures equal opportunities for all employees regarding employment, promotion, and development.

Maternity & Paternity Protection: The company protects maternity rights by providing adequate leave and support, in accordance with Romanian legislation.

An anti-harassment and Anti-Discrimination Policy are in place with clear Procedure and all the aspects are included in the Internal Organization Regulation and Bargaining Agreement, too.

Goal 6 – Clean Water and Sanitation

MODULO ensures that all employees have access to safely managed drinking water at the workplace by choosing a supplier that can justify with relevant analysis the quality of the water. The company provides access to safely managed sanitation services, ensuring workplace hygiene.

Goal 8 – Decent Work and Economic Growth

No Slavery or Child Labor: We are committed to eradicating all forms of slavery and child labor in our operations.

Inclusive Environment: We create an inclusive environment for people with disabilities.

Financial Aid: We offer financial assistance in special family situations, such as the death of a relative or the birth of a child.

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of ideas.

MODULO believes that every person has the right to work, be paid for his work and have the chance to be integrated into a supportive work community. Having a job can be an important chance for rehabilitation, so we have 0 tolerance for discriminatory behaviors.

Goal 9 – Industry, Innovation, and Infrastructure

MODULO invests in research, development, and production of environmentally friendly construction materials, aligned with our innovation goals.

4.2. Anti-Harassment & Anti-Discrimination Policy

MODULO commits to providing a safe environment for all employees, free from discrimination based on race, nationality, ethnicity, language, religion, social status, beliefs, gender, sexual orientation, age, disability, non-contagious chronic disease, HIV infection, membership in a disadvantaged group, or any other criterion that aims to restrict or eliminate the recognition, enjoyment, or exercise, on an equal footing, of human rights and fundamental freedoms in political, economic, social, cultural, or any other fields of public life.

4.2.1. *Core Principles*

Ensuring equal opportunities and treatment between men and women is fundamental, and any manifestation of power relations between men and women is strictly prohibited, being considered a violation of human dignity and creating an intimidating, hostile, degrading, humiliating, or offensive environment.

MODULO will enforce a **zero-tolerance** policy towards sexual harassment and workplace moral harassment, addressing all incidents seriously and promptly, and investigating all harassment allegations.

All complaints regarding acts of harassment will be investigated, and any person proven to have harassed another will be subject to disciplinary action, which can include termination of employment, depending on the severity of the offense.

The application of any disciplinary sanction will comply with the provisions of the Government Emergency Ordinance No. 57/2019 regarding the Administrative Code, with subsequent amendments and completions, as well as Law No. 53/2003 - Labor Code, republished, with subsequent amendments and completions.

At MODULO, **a safe environment for all employees will be ensured**, where all complaints of sexual harassment and workplace moral harassment will be treated seriously, promptly, and confidentially. Throughout the complaint investigation process, all involved parties will be listened to and treated with respect and consideration, ensuring the protection of identity data to safeguard employees.

The purpose of this policy is to guide employees with the necessary tools to fully exercise their individual rights and freedoms in the workplace.

The main objective of this guide is to ensure an optimal working environment based on equal respect for human dignity and to provide all employees, regardless of gender, with the necessary conditions for a climate where trust, empathy, understanding, professionalism, and dedication to the general interest prevail.

Harassment is unwanted behavior, including sexual in nature, that makes a person feel offended, humiliated, or intimidated. This includes situations where a person is asked to engage in sexual activities as a condition of their employment, as well as situations that create a hostile, intimidating, or humiliating environment. Harassment involves multiple incidents and/or repetitive actions that constitute physical, verbal, and non-verbal harassment.

4.2.2. *Behavioral principles*

Defining Harassment

Examples of conduct or behaviors that constitute workplace harassment include, but are not limited to:

- **Physical Conduct:** Unwanted, repeated physical contact (inappropriate body touching), physical violence (including sexual assault), using threats or rewards related to employment to solicit sexual favors.
- **Verbal Conduct:** Comments about an employee's appearance, age, private life, sexual

comments, sexual stories and jokes, sexual advances, repeated and unwanted social invitations for dates or physical intimacy, insults related to the employee's sex or other characteristics, overly familiar remarks, sending humiliating, degrading, sexually explicit messages via phone, email, or other communication means if done systematically/repeatedly and if they aim to, result in, or are likely to lead to physical, psychological, sexual harm.

- **Non-verbal Conduct:** Displaying suggestive or sexually explicit materials, sexually suggestive gestures, whistling, persistent staring, if done systematically/repeatedly.

Moral Harassment at the Workplace as per Government Ordinance No. 137/2000:

- Any behavior exercised towards an employee by another employee who is their hierarchical superior, a subordinate, and/or a comparable hierarchical employee, related to work relations, aiming to or resulting in a deterioration of working conditions by violating the employee's rights or dignity, affecting their physical or mental health, or compromising their professional future, manifested in any of the following forms: a. Hostile or unwanted conduct; b. Verbal comments; c. Actions or gestures.
- Any behavior that, due to its systematic nature, can harm the dignity, physical, or mental integrity of an employee or group of employees, endangering their work or degrading the work climate. Stress and physical exhaustion fall under moral harassment at the workplace as per this law.

Discrimination Prohibition

Direct and indirect discrimination, as well as discrimination by association and victimization, are strictly prohibited within MODULO. Direct discrimination refers to any act that restricts or eliminates equal treatment based on a protected criterion, while indirect discrimination refers to any seemingly neutral provision or practice that disproportionately impacts a specific group unless objectively justified by a legitimate aim.

MODULO guarantees equal treatment and non-discrimination in all aspects of employment, including:

- Hiring, modifying, or terminating employment contracts;
- Setting job duties, salaries, and benefits;
- Offering professional training, development, and promotion opportunities;
- Applying disciplinary measures;
- Displaying or disseminating offensive or indecent material;
- Systematic/repeated insinuations, insults, or obscene or sexist/racist/homophobic remarks;
- Using offensive language to describe a person with disabilities or mocking a person with disabilities;
- Comments about a person's physical appearance or character that cause embarrassment or distress;
- Unwanted attention, such as spying, constant following, excessive familiarity, or unwanted verbal or physical attention;
- Repeatedly making or sending unwanted phone calls, SMSs, e-mails, social media messages, faxes, or letters with sexual, hostile connotations, or that affect a person's private life;

- Unjustified, inappropriate, or persistent questions about a person's age, marital status, personal life, interests, or sexual orientation, or similar questions about a person's racial or ethnic origin, including their culture or religion;
- Unwanted sexual advances, repeated requests for dates, or threats;
- Suggestions that sexual favors could lead to professional promotion or that refusing them would harm the person's career;
- Online harassment, carrying out previously described behaviors through digital media.

Legitimate Behaviors in Employer-Employee Relations: Examples of legitimate attitudes in employer-employee relationships, which are employer prerogatives and do not constitute harassment:

- Directly supervising employees, including setting performance expectations and providing feedback;
- Taking measures to correct performance deficiencies, such as placing an employee on a performance improvement plan;
- Taking reasonable disciplinary measures in case of disciplinary offenses;
- Delegating/detaching the employee;
- Giving directives related to tasks and how and when work should be done;
- Requesting updates or reports on the status of task completion;
- Approving or denying time-off requests.

4.2.3. Compliance Procedure

Applicability

Harassment can occur between individuals of different genders or the same gender. In situations where actions contrary to legal, ethical, and professional conduct in the workplace occur and are unwanted or unwelcome by the recipient, measures outlined in this guide will be taken.

Harassment is an expression of power relations and can also occur in unequal workplace relationships, such as between MODULO management and employees, but not exclusively. Power relations can take multiple forms and can manifest subtly and unpredictably (employees in subordinate positions are not always just victims).

Any type of harassment is prohibited both in the workplace and outside it, when participating in various events, business trips, training sessions, or conferences, including interactions with MODULO partners.

The complaint and resolution procedures at the employer level are administrative. The steps a victim of gender-based harassment or moral harassment at work can follow are:

Informal procedure: Directly addressing the harasser or their superior about inappropriate behavior.

Employees facing harassment should inform the alleged harasser that the behavior is uncomfortable. If direct communication is not possible, the victim can approach the harasser's

superior or a higher-level representative. These individuals must ensure that the victim is aware that pursuing an informal solution doesn't exclude the option of later seeking formal resolution if harassment persists.

Amicable resolution: Attempting a mutual agreement to resolve the issue.

Both the victim and the alleged harasser can reach an agreement without interference from the employer. They must submit a written statement outlining their understanding and commitment to cease any harassing behavior.

Formal procedure: Reporting to the designated person responsible for handling harassment cases.

When a formal complaint is received, the designated person must:

- Record the complaint and relevant details.
- Ensure the victim understands the process.
- Keep confidential records.
- Respect the victim's choices.
- Inform the victim of their right to submit complaints to external authorities.

The person responsible will guide the victim through legal and psychological support options. The procedure must follow specific administrative steps, including filing the complaint, documenting facts, interviewing the accused, and proposing protective measures if necessary.

External complaint: Submitting a complaint to external authorities.

Victims may file complaints with other institutions, such as the territorial labor inspectorate, the National Council for Combating Discrimination, courts, or criminal investigation bodies if the harassment qualifies as a criminal offense.

Any person found guilty of harassment may face sanctions, as outlined in company policy and applicable laws.

4.3. Child and/or forced labor policy

This policy outlines our commitment to combating human trafficking, child exploitation, and forced labor. It is designed to align with international laws, such as the UK Modern Slavery Act of 2015, the International Labor Organization (ILO) Conventions, and applicable Romanian legislation. The policy reflects our zero-tolerance stance on any form of modern slavery and supports global initiatives to eradicate these heinous practices.

4.3.1. Core Principles

Zero Tolerance for Human Trafficking and Forced Labor: The company is firmly committed to preventing human trafficking and forced labor in any form. We adhere to international laws that prohibit the recruitment, transportation, and exploitation of individuals through coercion, fraud, or force. This includes, but is not limited to, forced labor, sexual exploitation, and organ trafficking.

MODULO believes that every person has the right to work, be paid for his work and have the chance to be integrated into a supportive work community. Having a job can be an important chance for rehabilitation, so we have 0 tolerance for discriminatory behaviors.

Child Labor Prohibition: We strictly prohibit the employment of children under the age of 16, in line with Romanian law. For individuals aged 16 to 18, employment is permitted only with written consent from their parents or legal guardians. These young employees are not allowed to work night shifts or overtime. The company encourages the participation of young people in internships, apprenticeships, or educational programs under safe and legally compliant conditions.

Promotion of Ethical Practices: All employees, contractors, and agents are expected to uphold these principles and actively contribute to the identification and elimination of any instances of human trafficking, child labor, or forced labor within the company and its supply chains.

4.3.2. *Behavioral Principles*

Vigilance and Reporting: All employees must remain vigilant to any signs of human trafficking, child labor, or forced labor. If any suspicious activities are observed, they must be reported immediately to a manager or directly to the HR Department. Reporting can also be done anonymously through the designated company email (e.g., hr@modulo.fr).

Ethical Hiring Practices: All hiring processes must comply with local and international laws. Employees involved in recruitment and contracting must ensure that no child or forced labor is used. Verification of legal age for all employees by requiring a copy of the ID Card. Written parent consent is mandatory for all employees between 16 and 18 years old even if it is just a summer job. Written parental consent is required for children of any age participating in out-of-school activities or internship activities in collaboration or organized by MODULO.

Educational and Work Experience Programs: The company supports and promotes educational programs, internships, and work experience opportunities for youth if they comply with local laws and international standards. These programs must be structured to ensure the safety and well-being of all participants, without exploiting their labor.

Non-Compliance Consequences: Any employee or agent found to be in violation of this policy or failing to report known violations will face disciplinary actions, up to and including termination of employment or contract.

4.3.3. *Compliance Procedure*

Registration and Documentation: All employees and contractors must be registered in the company's Human Resources Information System (ASIS). This includes ensuring that all hiring and contracting procedures are documented and meet both local legal requirements and company policies. For minors aged 16 to 18, written parental consent must be filed and verified before employment.

All employment contracts are reported before the start of the activity to the Territorial Labor Inspectorate. Any citizen who might not have Romanian citizenship can work in MODULO only if all documents are valid and comply with national and international labor regulations. MODULO undertakes to facilitate the obtaining of documents, if necessary, but will not accept for employment persons whose status and permit of work on Romanian territory is not documented. No employee may work in the company without a signed and registered employment contract.

Monitoring and Reporting: The HR Manager is responsible for reporting the company's progress in enforcing this policy to the CEO annually. This includes updates on educational initiatives and any incidents or concerns related to human trafficking, child exploitation, or forced labor.

4.4. Maternity/Paternity Policy

This policy outlines the company's commitment to safeguarding the health, safety, and rights of employees who are pregnant, have recently given birth, or are nursing, as well as those exercising paternity rights. It is based on Romanian legislation and best practices to ensure a supportive and secure working environment for all affected employees.

4.4.1. Core Principles

Health and Safety Protection: The company undertakes to take measures on hygiene, health protection and safety at work of pregnant employees and/or mothers, lactating or breastfeeding, in accordance with GEO 96/14.10.2003 on maternity protection at work.

Maternity/ Paternity Leave: Compulsory postnatal leave is the 42 days' leave that the mother is obliged to take after childbirth, as part of the 126 days' pregnancy and maternity leave, which employees are entitled to under the law. This period is crucial for the recovery and health of both mother and child.

Beside women fathers have the right to paternity leave too, for up to 15 paid days, provided by the employer at the birth of the child.

After the first 42 days post-birth, either parent can opt for childcare leave until the child turns 2 years old, with a state-supported allowance. If the mother does not take childcare leave, the father can step in to receive this benefit.

Job Security: Employees who are pregnant, on maternity leave, or on paternity leave are protected against dismissal. The company ensures that employment cannot be terminated for reasons directly related to the employee's maternity or paternity status.

Financial support: at the birth of a child the company offers financial support from its own funds. In conditions of solvency and profit, the amount calculated and approved should not be less than 50% of the company's minimum wage for 8 h schedule. In the event of serious financial shortfalls, the decision may be taken to suspend payment, but only for short periods, with the recommendation that this facility be resumed as soon as possible and if possible, offered later.

4.4.2. Behavioral Principles

Notification and Documentation: Employees are required to notify the company in writing about their pregnancy, recent childbirth, or nursing status, and provide a medical certificate from their family doctor or specialist. This notification is essential for the company to implement necessary protective measures.

Risk Assessment and Work Adjustment: For employees engaged in work that poses health or safety risks, the company will conduct annual evaluations whenever there are changes in work conditions. If risks are identified, the company will adjust the employee's work conditions or schedule. If such adjustments are not possible, the employee will be reassigned to a safer role when possible.

Mandatory Medical Consultation: Pregnant employees, new mothers, and nursing mothers are required to attend regular medical consultations. This ensures that both the employee and the company are aware of any health concerns that may require adjustments in the workplace.

Prohibition of Harmful Work: Under no circumstances will the company require pregnant employees, new mothers, or nursing mothers to perform tasks that could be harmful to their health or that of their child. This includes exposure to hazardous substances, excessive physical strain, or any other conditions that could compromise their well-being.

4.4.3. *Compliance Procedure*

Medical Certification: Employees must submit medical certification to the HR department to validate their pregnancy, recent childbirth, or nursing status. This documentation is necessary for the implementation of protective measures and any adjustments in work duties.

Implementation of Work Adjustments: Upon receiving notification of an employee's pregnancy or nursing status, the company will immediately assess the work environment for potential risks. If risks are identified, appropriate adjustments to the employee's duties or working hours will be made. If such adjustments are not feasible, the employee will be granted maternal risk leave.

Leave and Job Security: The HR department will ensure that all eligible employees are granted their full maternity or paternity leave rights as per legal requirements. The company guarantees that no employee will be dismissed during their maternity or paternity leave or for reasons related to their parental status, except in cases of company reorganization or bankruptcy, as outlined by law.

Upon completion of the state-supported leave, the employer will facilitate reintegration into the workplace and will not refuse this for either parent, ensuring equal treatment for both men and women.

Dispute Resolution: Employees who believe their employment rights have been violated due to their maternity or paternity status have the right to contest the decision in court within 30 days of notification. The company is committed to resolving such disputes fairly and in compliance with the law.

4.5. Training and Development Policy

Training and development are a vital part of human resource development. It is assuming ever important role in the wake of the advancement of technology which has resulted in ever increasing competition, a rise in customers' expectations of quality and service and a subsequent need to lower costs. It is also becoming more important globally to prepare workers for new jobs.

4.5.1. *Core Principles*

70-20-10 Learning Model

The company adopts the 70-20-10 model, which emphasizes that:

- 70% of learning occurs through on-the-job experience.
- 20% from interactions with peers, mentors, and seniors.
- 10% from formal training sessions or external resources.

Learning by Doing with Senior Support: The primary method of training is through practical, hands-on experience. Senior employees provide guidance, offering immediate feedback and mentorship, creating an environment of continuous learning.

Strategic Alignment: All learning and development activities are aligned with the company's strategic objectives, ensuring that skills developed contribute to both individual growth and overall organizational goals.

Training Objectives

Improve Workforce Quality: Training programs will focus on enhancing the quality of work across departments, helping employees specialize and excel in their specific areas (e.g., finance, marketing, HR).

Enhance Employee Growth: Through targeted training, employees will develop professionally, mastering new skills that contribute to both personal growth and organizational success.

Prevent Obsolescence: By staying up to date with the latest trends and technologies through continuous learning, employees reduce the risk of job obsolescence and improve their relevance in the industry.

Assist New Employees: Training programs will assist new employees in adapting to the company's culture, technology, and work processes, ensuring a smooth transition and a sense of belonging.

Bridge the Gap Between Planning and Implementation: With improved training, employees will be better equipped to execute company strategies and deliver on planned objectives.

Health and Safety Measures: Training will include modules on health and safety, ensuring that employees are aware of potential risks in their roles and how to prevent accidents.

4.5.2. Behavioral Principles

Training Needs Assessment: A systematic evaluation will be conducted to determine who requires training, what specific skills or knowledge are necessary, and how the training aligns with organizational goals. This ensures relevance and efficiency in the learning process.

Clear Communication of Objectives: The purpose, objectives, and expected outcomes of each training session are clearly communicated to employees, increasing their motivation by explaining how the new skills will be applied and how it benefits their role.

Relevant and Practical Content: Training content is directly linked to the employees' job roles. This ensures that learning is immediately applicable and that participants can see the direct impact on their daily tasks, thus enhancing retention and effectiveness.

Active Demonstration by Trainers: Senior employees and trainers will actively demonstrate tasks and skills during training. This could include role-playing, live demonstrations, or hands-on examples directly related to job functions, ensuring a clear model of expected behavior.

Opportunities for Practice and Safe Environment: Workshops and training sessions will include

built-in opportunities for employees to practice new skills. The environment will be safe and supportive, allowing for mistakes without penalties, enhancing learning through trial and error.

Regular Feedback During Training: Trainers and senior employees will provide timely, constructive feedback during and after practice sessions. Feedback will focus on performance and be task-related, avoiding personal criticism. This ensures a supportive environment that fosters growth.

4.5.3. *Compliance Procedure*

Post-Training Environment: After training, employees will be given opportunities to apply their newly acquired skills in their work environment. Managers and seniors are responsible for ensuring that employees receive the necessary support to reinforce their learning.

Continuous Development and Growth: Employees are encouraged to continually seek growth opportunities through job tasks, mentorship, and peer collaboration. This ensures that the workforce remains updated with current trends, technologies, and best practices.

Health and Safety Integration: Training will also incorporate health and safety measures specific to the job, helping employees mitigate risks and adhere to company protocols, ensuring a safe working environment.

Tracking and Evaluating Training Effectiveness: The company will periodically evaluate the effectiveness of training programs through performance assessments, feedback from participants, and alignment with strategic outcomes. Adjustments will be made to ensure continuous improvement in the Learning and Development approach.

Induction period:

- **Mentorship and Shadowing:** New employees will undergo an Induction period facilitated by experienced mentors. This process will involve mentorship and shadowing, allowing new hires to learn directly from seasoned staff.
- **Incentives for Mentors:** Mentors who dedicate time and effort to information transfer may be rewarded with a bonus. This incentive is particularly aimed at employees in production roles and support departments.
- **Documentation Requirements:** Each position/department is required to document annual procedures and workflows for every process. This documentation should include clear procedural steps, along with print screens from relevant information systems to ensure clarity and consistency.
- **Post-Training Environment:** After training, employees will have opportunities to apply their newly acquired skills in their work environment. Managers and seniors are responsible for providing necessary support to reinforce learning.
- **Continuous Development and Growth:** Employees are encouraged to seek growth opportunities through job tasks, mentorship, and peer collaboration to remain updated with current trends, technologies, and best practices.



5. MODULO HEALTH & SAFETY POLICY

All employees have the right to health and safety at work. The company promotes a culture based on workplace safety, practices near miss and minor incident reporting and does not tolerate concealment of risks.

The policy applies to all companies in which MODULO has a controlling interest. Where MODULO is the operator of a joint venture, the policy must be applied to the joint venture's operations. Ongoing efforts are encouraged to ensure that non-controlling partners adopt equivalent principles.

5.1. Core Principles

Zero-Accident Culture: Health and safety are the responsibility of all stakeholders. MODULO works with local health and safety organizations to foster a zero-accident culture through continuous improvements, risk mapping, and compliance with legal standards.

The rules, instructions and instructions on Safety, Health at Work, Emergency Situations and Fire-fighting shall be complied with without deviation under the direct supervision of the team leaders and management team. The wearing of protective equipment, necessary for the performance of work, is mandatory. Any deviation from this principle will be subject to disciplinary action and may lead to termination of the employment contract.

ISO 45001 Certification: MODULO aims to maintain ISO 45001 certification for health and safety management. This ensures professional management of H&S risks.

Health & Safety Management Excellence: For all activities likely to present a specific risk of exposure to agents, processes and working conditions, the employer shall be obliged to assess annually, and whenever working conditions change, the nature, degree and duration of exposure of employees in order to determine any risk to their safety or health and any effect on pregnancy or breastfeeding.

5.2. Behavioral Principles

Engagement and Proactivity: Employees are trained, motivated, and encouraged to understand and actively contribute to local HSE rules and the commitment to a Zero Accident Culture. They are empowered to proactively identify and report unsafe conditions or activities that do not align with the company's safety ambitions.

Incident Reporting and Transparency: Full transparency is expected regarding health and safety incidents. Concealment or non-reporting of incidents is unacceptable and may lead to disciplinary action. Local company management is responsible for classifying, reporting, and analyzing incidents.

Regular Maintenance and Safety Standards: All buildings, and technical equipment are regularly maintained to meet high safety standards and comply with local legislation.

5.3. Compliance Procedure

Managing Discrepancies: If a local H&S policy contradicts this Health and Safety Policy, it is the local Managing Director's responsibility to resolve the issue in consultation with the HSE Manager. The more stringent regulation—be it national, local, or company policy—shall apply in case of discrepancies.

With a view to ensuring occupational safety conditions and preventing accidents at work, the employer shall provide the necessary framework for:

- adaptation of manufacturing technologies and / procedures in compliance with labor protection rules, by the use / application of which the risks of injury and occupational illness of employees and other persons participating in the work process are eliminated.
- maintenance of the conditions of work for which the company's authorization to operate has been obtained from the point of view of labor protection and its revision in the event of changes in the essential conditions under which it was issued.
- establishing technical, sanitary and organizational measures for the protection of work, appropriate to the working conditions and environmental factors specific to the company
- drawing up its own rules for the application of labor protection rules, appropriate to the conditions in which the work is carried out at the workplace.
- ensuring and controlling the knowledge and application, by all employees and participants in the work process, of the technical, sanitary and organizational measures in the field of labor protection, respectively sanctioning deviations from these measures.
- providing the necessary materials for informing and educating employees and participants in the labor process: posters, leaflets and the like on labor protection.
- informing each person, prior to their employment, of the risks to which they are exposed at work and of the necessary preventive measures.
- the employment of only those persons who, following a medical examination by occupational medicine and a check of their psycho-professional aptitudes, are suitable for the work they are to perform.
- to ensure that the measures laid down by the labor protection inspectors in the course of inspections or verification of the causes of accidents at work are carried out.
- ensuring access to the occupational health medical service and conditions for first aid in the event of accidents at work.

Incident Follow-Up: Local management must record, report, and analyze all health and safety incidents in compliance with local legislation. They are also responsible for initiating appropriate corrective actions to prevent recurrence.

Local Compliance and Communication: Company must ensure that all employees have access to this Health and Safety Policy through intranet, emails, or physical copies available at the company headquarters. Local H&S Managers are responsible for implementing the policy, supporting operational H&S challenges, and aligning with legal and Group standards.

Regular Reviews and Updates: This Health and Safety Policy is managed and updated by the SVP of Operational Development. Any changes must be approved by the EMT and the MODULO Board.



6. MODULO PRODUCTION POLICIES

This Production Policy describes how MODULO utilizes its semi-manual manufacturing processes and technical development to enhance competitiveness. The main objective is to supply customers worldwide with high-quality products and services delivered on time and in accordance with agreed standards and expectations. Our products are essential components of MODULO' offerings and critical to our competitive advantage. Through these practices, we strengthen our sustainable growth model, fostering a culture of continuous improvement and quality management. This policy provides guidance on our business activities and establishes the framework for production and technical development.

6.1. Core Principles

Manufacturing Excellence: MODULO aims to produce products of strategic importance within our single site in Turda, Romania. We focus on manufacturing products that embody strategic technologies or add significant value. The production is organized to ensure efficient use of resources and adherence to quality standards, despite lacking automated technologies. Continuous improvement and quality are prioritized, with new employees learning from seasoned artisans.

Technical Development: MODULO seeks to be recognized as a technical leader, delivering world-class products, solutions, and services to customers. Technical development and the ability to convert such knowledge into meeting customer expectations are core enablers of our strategy. We aim for a market leadership position as the preferred partner for external customers and stakeholders, ensuring our offerings fully satisfy their requirements.

Customer Focus: We strive to meet and exceed customer expectations through innovative, high-quality products. Regular monitoring of performance ensures that we adapt to changing requirements and maintain competitiveness.

6.2. Behavioral Principles

Collaboration: All employees are encouraged to share knowledge and best practices to enhance production quality. Teamwork is vital in maintaining high standards and fostering a culture of continuous improvement.

Responsibility: Each employee, from management to the production floor, is responsible for adhering to quality standards and contributing to the overall success of the company. This includes active participation in training and development initiatives.

Commitment to Quality: Employees are expected to uphold the highest quality standards in their work. Continuous training and improvement initiatives are integral to our operations, ensuring that

our artisans maintain and enhance their skills.

6.3. Compliance Procedure

Monitoring and Reporting: The Managing Director (MD) of each Local Company is responsible for ensuring that technical development, design, and collaboration are executed efficiently and meet Group requirements. Relevant positions, such as Local Technical Manager and Local Design Manager, should be appointed to oversee these functions.

Coordinated R&D Process: Each Local Company is expected to run a coordinated R&D process with an agreed technical development plan. This plan should align with local market demands and leverage MODULO' know-how and experience. Use of standardized design calculation rules and tools rooted in the Group design platform is essential, while also seeking market-driven improvements.

Support and Guidelines: MODULO establishes workgroups and networks to coordinate local projects and share best practices. We may publish guidelines, standards, manuals, and templates to support local R&D procedures and monitor goals and action plans.

Documentation: All production processes and improvements should be documented to facilitate knowledge sharing and continuous learning. This includes maintaining records of training sessions and employee progress.

Regular Reviews: The Production Policy will be regularly reviewed and updated to reflect changes in processes, technologies, and market demands. Employees are encouraged to provide feedback to improve the policy's effectiveness.



7. MODULO SALES & MARKETING POLICIES

This policy defines the Sales and Marketing strategies for our company, in order to maintain a leader position in producing decorative panels and apparent bricks for interior design. Our products are marketed globally through major DIY retail chains, complemented by imported natural stone products that expand our portfolio. Our approach combines strategic marketing theories with practical sales techniques, ensuring we effectively target both end consumers and professional buyers.

Our sales team operates both in-store and “on-field,” targeting professional contractors and designers. The aim of this policy is to ensure a cohesive and efficient approach to sales, cost management, marketing, and promotion, in line with best practices and strategic theories.

7.1. Core Principles

Strategic market Segmentation and Targeting: Employ strategic market segmentation to identify and target specific customer groups, including DIY enthusiasts, professional contractors, and interior designers. Tailor marketing messages and product offerings to meet the unique needs of these segments. For each group, we craft specific marketing messages and tailored offerings, focusing on how our products meet their unique needs.

Example:

For professional contractors, we emphasize the durability and high-quality craftsmanship of our panels and stone, while for DIY customers, we focus on ease of use and aesthetic appeal.

Differentiated Value Proposition: Clearly articulate our value proposition, emphasizing quality, design innovation, and competitive pricing. Highlight the unique features of our decorative panels and natural stone products that differentiate us from competitors. Our value proposition centers on high-quality craftsmanship, innovative design, and competitive pricing. In the case of our natural stone products, we emphasize the sourcing from premium suppliers and the eco-friendly qualities of natural materials.

Example:

Our decorative panels bring luxury into your space, offering unmatched design flexibility and sustainable beauty.

Customer Relationship Management (CRM) Integration with SAP B1-ERP: Our CRM is integrated with the SAP B1-ERP system, consolidating all customer data, sales history, and communication records into one platform. This ensures seamless tracking of interactions, orders, and client preferences, allowing us to tailor solutions effectively.

Some of our DIY clients use **online platforms** for managing orders, where both parties can interact, track shipments, and handle returns. We align with these systems to streamline the order process, minimize errors, and provide real-time updates on stock levels and delivery schedules.

By leveraging these tools, we enhance both efficiency and customer satisfaction, ensuring accurate and timely service across all channels.

Integrated Marketing Communications (IMC): We ensure consistency across all marketing platforms, from digital ads to in-store promotions. Every message conveys the same value and vision, enhancing brand recognition and trust.

Example:

Our social media campaigns, website, and in-store displays work together to provide a seamless experience, strengthening our brand's presence.

Sales Efficiency and Cost Management: Focus on optimizing sales processes to reduce costs while maximizing return on investment. Implement key performance indicators (KPIs) to monitor sales effectiveness and make data-driven decisions.

7.2. Behavioral Principles

Consultative Selling: Our sales team practices consultative selling, focusing on identifying customer needs and offering tailored solutions rather than pushing products. We train our staff to listen and ask relevant questions that reveal the client's requirements.

Example:

Instead of "pushing products," a better phrase might be "promoting products aggressively."

Proactive Customer Engagement: We follow up with customers proactively, ensuring satisfaction post-purchase and offering support as needed. This builds long-term loyalty and drives repeat business.

Alternative wording:

We make a habit of reaching out to customers after the sale to ensure they're happy and provide assistance.

Ethical and Transparent Practices: We are committed to maintaining high ethical standards in our sales and marketing activities. All product representations are accurate, and we avoid overstating or misrepresenting the features and benefits of our products. Transparency in communication builds trust with our customers, ensuring long-term relationships based on honesty.

Collaboration Between Teams: Marketing, sales, and customer support work closely together to ensure a unified approach to customer service. Regular communication between teams ensures everyone is aligned on strategy.

Improvement: "Unified" is stronger and clearer than "coordinated" in this context, meaning teams are working seamlessly toward the same goals.

7.3. Compliance Procedure

Regulatory Adherence: Ensure all marketing and sales practices comply with local and international regulations, including advertising standards, consumer protection laws, and data privacy regulations.

Training and Development: Implement regular training programs for the sales and marketing teams to keep them informed about industry trends, new sales techniques, and compliance requirements. This ensures that all staff stay up-to-date with best practices.

Performance Review and Adaptation: Conduct periodic performance reviews of sales and marketing strategies. Use analytics to measure success against established KPIs, adjusting tactics as needed to meet market demands.

Documentation and Reporting: Maintain thorough documentation of sales activities, marketing campaigns, and customer interactions to facilitate ongoing evaluation and improvement of strategies.



8. MODULO FINANCE POLICIES

The purpose of this financial policy is to establish clear and consistent procedures for managing the financial activities of the company, ensuring compliance with legal requirements, corporate governance standards, and industry best practices. It covers areas such as anti-money laundering, financial decision-making, export control, sanctions, and other critical financial aspects. This policy applies to all employees, contractors, consultants, and third-party service providers who handle the company's financial transactions, decision-making, and compliance with financial regulations. It includes the management of accounts, procurement, investments, budgeting, and risk mitigation strategies.

8.1. Core Principles

8.1.1. *Leadership and Responsibility*

Local Authority: The local CEO and CFO are primarily responsible for defining the principles and directions of financial management within the company. They set targets, budgets, and ensure that financial activities align with the company's strategic objectives.

Board Approval: The company's Board approves the Finance Policy, providing oversight and ensuring alignment with corporate governance standards.

8.1.2. *Compliance with Legal and Regulatory Standards*

Regulatory Adherence: The company commits to complying with all local laws, EU regulations, and international standards related to financial activities, including Anti-Money Laundering (AML) regulations, export control, sanctions compliance, and financial reporting standards like IFRS.

This Finance Policy supersedes all relevant Romanian and international legal regulations. In case of any contradiction with local or international regulations, it is the responsibility of the CFO to ensure alignment with applicable Romanian, European, or international laws.

8.1.3. *Risk Management and Financial Integrity*

Robust Risk Management: Implement comprehensive risk management strategies, including counterparty risk management, internal controls, segregation of duties, and regular audits, to ensure the safety and stability of financial transactions.

Financial Stability: Regular financial forecasting, budgeting, variance analysis, and cash management practices support informed decision-making and maintain financial integrity.

Approval Hierarchy: All financial transactions must be approved according to the company's hierarchy of authority. Large transactions, capital investments, or any unusual expenses must be approved by senior management or the board of directors.

8.1.4. *Financial Reporting*

Monthly and Quarterly Reports: The finance department must prepare detailed financial reports on a monthly and quarterly basis, including income statements, balance sheets, and cash flow statements. These reports will be reviewed by senior management and presented to the board for transparency.

IFRS Compliance: All financial reports must be prepared in accordance with International Financial Reporting Standards (IFRS) to ensure transparency and comparability.

8.1.5. *Ethical Financial Conduct*

Integrity and Transparency: All financial activities must be conducted with integrity, transparency, and in compliance with ethical standards to prevent fraud, bribery, and corruption.

Segregation of Duties: Enforce the principle of segregation of duties to prevent conflicts of interest and reduce the risk of errors or improper activities.

8.1.6. *Cybersecurity and Data Protection*

Data Security: The confidentiality and security of financial data are paramount. Employ encryption, restricted access, and comply with GDPR to protect financial information.

Cyber Risk Mitigation: Regular cybersecurity audits and incident response plans are in place to protect against cyber threats that could compromise financial data.

8.1.7. *Commitment to Continuous Improvement*

Policy Review: Review and update the financial policy annually to ensure it remains relevant and compliant with evolving regulations and best practices.

Training and Development: Provide continuous training to employees involved in financial operations to enhance their skills and knowledge of current regulations and ethical standards.

8.2. Behavioral Principles

8.2.1. *Financial Leadership*

Local CFO and CEO Roles: Lead by example in financial management, setting clear principles and directions for financial management, targets, and budgets.

Decision-Making Authority: Make financial decisions, including investments and budgeting, under the authority of the local CFO and CEO, with appropriate reporting to the Board.

8.2.2. *Anti-Money Laundering (AML) Practices*

Due Diligence: Conduct thorough due diligence (Know Your Customer - KYC) on clients, suppliers, and partners before engaging in business relationships.

Reporting Suspicious Activities: Immediately report any suspicious transactions or activities to the company's AML officer.

8.2.3. *Risk Awareness and Management*

Counterparty Risk: Be vigilant in managing counterparty risks, ensuring financial institutions meet minimum rating requirements and that investments are diversified.

Compliance with Hedging Policies: Avoid speculative activities and regularly update risk positions in accordance with approved hedging instruments.

Always require formal approval from the Board of Directors, CEO, and CFO before entering into negotiation of any external funding, to ensure that any group-wide covenants or financing constraints are reviewed and appropriate decisions are made based on the availability of financial resources.

Always check tax and regulatory aspects that could impact the financial strategy, such as:

- Withholding taxes;
- Taxes on dividends;
- Local financial market regulations.
- Keep local debt reporting up to date, including local covenant calculations.

Funding agreements must be systematically stored, both physically and electronically.

8.2.4. *Ethical Conduct and Integrity*

Segregation of Duties: Adhere to segregation of duties to prevent fraud and errors, following defined roles in the payment process and avoiding conflicts of interest.

Anti-Bribery and Corruption: Do not engage in bribery, corruption, or unethical practices in any form.

8.2.5. *Data Protection and Cybersecurity*

Confidentiality: Protect the confidentiality of financial data, adhering to data protection protocols and respecting access controls.

Incident Reporting: Follow incident response procedures promptly in case of cybersecurity incidents.

8.2.6. *Continuous Learning and Compliance*

Training Participation: Participate in regular training sessions on AML, compliance procedures, ethical standards, and cybersecurity measures.

Awareness of Policies: Stay informed about the company's financial policies and procedures, including any updates or changes.

8.3. **Compliance Procedure**

8.3.1. *Authority and Responsibility*

Policy Approval: The Finance Policy is approved by the company's CEO under the authority of the Board.

Policy Management: The local CFO is responsible for managing and updating the Finance Policy. Any changes require approval from the Board.

Local Compliance: Local laws and EU regulations supersede the Finance Policy when necessary. The Managing Director must inform the CFO and General Counsel of any conflicts.

8.3.2. *Bank Relationships*

Regular Communication: Maintain regular meetings with banks, update bank mandates as required, and securely store all legal documentation.

Bank Reconciliation: Conduct regular reconciliations of bank accounts to ensure accuracy.

8.3.3. *Counterparty Risk Management*

Minimum Ratings: Financial counterparties must meet minimum credit ratings of A- (S&P/Fitch) or A3 (Moody's). Any deviations require approval from the local CFO.

Investment Approval: All investment decisions must be approved by the local CFO and CEO, and must receive approval from the Administrative Council (Board) if the investment amounts exceed xxxxxx Euro.

Diversification and Maturity: Diversify investments across different banks and favor short maturities to minimize risk.

Monitoring: Regularly monitor the fair value of outstanding derivatives and inform management of any counterparty rating deteriorations.

8.3.4. *Payments*

Four-Eyes Principle: Apply the "four eyes principle" where all payment transactions are approved by at least two individuals from different functions.

Fraud Prevention: Take reasonable steps to prevent fraud and detect suspicious transactions.

Approval Workflow: Follow established approval hierarchies, with larger transactions requiring higher-level approvals.

8.3.5. *Segregation of Duties*

Defined Roles: Ensure that roles such as payment processing, approval, and bank reconciliation are performed by different individuals.

Access Controls: Reflect segregation of duties in system accesses, with annual reviews to ensure appropriate permissions.

Compensating Controls: Implement compensating controls with proper documentation when segregation isn't feasible due to team size.

8.3.6. *Funding*

External Funding Approval: Require formal approval from the local CFO before negotiating any

external funding.

Regulatory Considerations: Check tax and regulatory aspects, including withholding taxes and local financial regulations, that could impact financial strategies.

Documentation: Store all funding agreements securely, both physically and electronically.

8.3.7. Cash Management

Investment Decisions: Obtain approval from the local CEO, CFO with the support of the Finance Department for any investment decisions.

Cash Forecasting: Submit timely and accurate cash forecasts to the finance department, ensuring relevance and reliability.

Working Capital Monitoring: Identify and analyze unusual working capital variations using relevant KPIs.

8.3.8. Guarantees

Parent Company Guarantees: Prioritize parent company guarantees over external guarantees when possible.

Legal Approval: Have the legal department approve any guaranteed contracts issued.

Collateral Management: Avoid cash collateral where possible; any use must be made by the finance department.

8.3.9. Hedging

No Speculation: Speculative activities are strictly forbidden.

Approved Instruments: Use only approved hedging instruments (e.g., spot, forwards, swaps, options) for managing currency or commodity risks.

Hedging Policy Compliance: Ensure compliance with the approved hedging policy before entering into any hedging transactions.

8.3.10. Reporting

Monthly Reporting: Prepare and distribute monthly financial reports, including deviations from the budget, and analyze performance based on KPIs.

Audit Review: Schedule audits to review compliance with the Finance Policy and provide transparency and transability for all the financial operations.



9. MODULO IT POLICIES

This IT policy outlines the principles and guidelines for the use of information technology systems and resources at MODULO. It is designed to ensure the security, reliability, and effective management of IT infrastructure, aligning with corporate governance trends and industry best practices.

This policy applies to all employees, contractors, consultants, and third-party partners who access or use the Company's IT systems, networks, and data. It covers aspects of security, data management, technology usage, and compliance with relevant industry and legal requirements.

9.1. Core Principles

9.1.1. *Cybersecurity and Access Control*

Firewalls and Intrusion Detection: Implement firewalls, intrusion detection, and prevention systems to protect internal networks from unauthorized access and threats.

Virtual Private Network (VPN): Remote access to company systems must be done via an encrypted VPN to ensure secure data transmission.

Role-Based Access Control (RBAC): Access to company systems is granted based on job roles and responsibilities. Administrative privileges must be strictly controlled and regularly reviewed.

Multi-Factor Authentication (MFA): MFA is required for accessing sensitive systems, such as those managing production, customer data, or financial information.

User Monitoring: Implement tools for monitoring user activities to detect unauthorized access or suspicious activities.

9.1.2. *Infrastructure and System Management*

Network segmentation is mandatory for isolating sensitive systems like production management from less sensitive networks to minimize the impact of a breach.

Patch Management: A structured process for regular patching of all software and operating systems to ensure known vulnerabilities are addressed promptly.

Regular Penetration Testing: Perform regular vulnerability assessments and penetration tests to identify and address potential weaknesses in IT infrastructure.

Antivirus and Malware Protection: All company devices, including desktops, laptops, and mobile devices, must have up-to-date antivirus and malware protection software installed.

Device Encryption: All company devices, particularly those used off-site, must have full-disk encryption enabled to protect data in case of theft or loss.

9.1.3. *Incident and Disaster Management*

Incident Response Plan: Establish an incident response team (IRT) to respond to security breaches and IT incidents. The IRT should regularly practice scenarios to improve response readiness.

Disaster Recovery Plan (DRP): Maintain a comprehensive DRP that ensures business continuity in case of IT disruptions. Regularly back up critical data and systems and ensure that backups are encrypted and stored offsite.

Data Breach Protocols: In case of a data breach, inform stakeholders and regulatory authorities as required by data protection laws (e.g., GDPR), within the legally mandated timeframes.

9.1.4. *Data Management and Compliance*

Confidentiality Levels: Classify data based on sensitivity (e.g., public, internal use, confidential, highly confidential) and apply appropriate security controls.

Personal Data: Ensure the collection, storage, and processing of personal data complies with regulations such as GDPR and local data privacy laws.

Data Retention Policy: Implement a data retention policy in line with legal and industry standards. Production-related data might be retained for five years, while HR data may be stored longer.

Secure Disposal: Ensure secure deletion of data when no longer needed, following best practices like DoD 5220.22-M wiping standards for electronic data and shredding for physical records.

Regular Backups: Perform daily backups for critical systems and weekly backups for less critical systems. Regularly test backups for integrity.

Cloud Storage: Use cloud-based backup solutions that comply with security standards (e.g., ISO 27001 certified) and legal data jurisdiction requirements.

9.1.5. *Authorized Use of Technology*

Authorized Software: Employees must use only company-approved software and applications on corporate devices. Unauthorized or unlicensed software is prohibited.

Personal Devices (BYOD): Bring Your Own Device (BYOD) is allowed but must comply with company security standards, including encryption, VPN access, and antivirus protection.

Internet and Email Usage: Employees are expected to use internet and email services responsibly and primarily for business purposes. Downloading non-work-related files and accessing inappropriate content are prohibited.

Cloud Storage Services: Only authorized cloud services may be used for storing and sharing company data.

Official Use: Employees may post about the company on social media only through authorized

accounts. Any representation on personal accounts must comply with the company's social media policy.

Confidentiality: Do not share confidential business information, trade secrets, or proprietary data on social media platforms.

9.2. Compliance Procedure

The Compliance Procedure chapter ensures that all aspects of the IT policy are monitored, enforced, and aligned with legal and industry-specific requirements. It outlines how compliance is achieved, how breaches are handled, and how continuous improvement is maintained.

As a general frame we have the segregation of responsibilities as it is written below:

The IT Administrator has, in this regard, the following responsibilities:

- ensure compliance with the general and specific departmental information security framework;
- ensure prompt and effective implementation of corrective actions to rectify information security incidents in his/her area of responsibility;
- ensure compliance with information security standards;
- report incidents;
- establish the direct responsible person or user of assets within its area of responsibility and new responsible persons for existing assets, where applicable;
- ensure appropriate security levels for all information in the area of responsibility
- Employees have the following responsibilities in this regard:
 - protect the hardware, software and any other information entrusted to them;
 - prevent the introduction of potentially dangerous software into the Company's computer system;
 - notify any potential or existing security risk.

9.2.1. Industry-Specific Compliance

Data Handling for Industry-Specific Operations: For sectors like construction, we must adhere to local regulations that govern the handling of sensitive project specifications, designs, and client data.

Building Information Modeling (BIM): Ensure IT systems support BIM processes securely, especially when sharing data with architects, contractors, and clients. All BIM data must be protected to maintain confidentiality and comply with industry standards.

9.2.2. Data Privacy

GDPR Compliance: As part of our operations in the EU, we ensure compliance with the General Data Protection Regulation (GDPR). This includes securing consent for personal data processing and respecting individuals' rights, such as the right to data deletion (right to be forgotten).

Local Jurisdictional Compliance: In addition to GDPR, the company must comply with data privacy laws in all countries where it operates. For example, adherence to the California Consumer Privacy Act (CCPA) in the U.S.

9.2.3. *Intellectual Property*

Protection of Intellectual Property (IP): Employees must take all necessary precautions to safeguard company IP, including production designs, trade secrets, and proprietary processes. Only authorized personnel are permitted to share this information externally.

Contractor and Vendor Agreements: Ensure all contractors, third-party vendors, and partners sign non-disclosure agreements (NDAs) to protect the company's intellectual property and confidential information.

9.2.4. *Monitoring and Enforcement*

Regular Audits: Conduct regular IT audits to assess compliance with internal policies and external regulations. Any issues uncovered during these audits must be promptly addressed to minimize risks.

Employee Monitoring: The company reserves the right to monitor employee usage of IT systems (e.g., email, internet, and software) to ensure that company policies and legal obligations are met. Monitoring must be transparent and aligned with legal standards.

9.2.5. *Non-Compliance Penalties*

Disciplinary Actions: Employees found in violation of the IT policy may face disciplinary action, including potential termination in cases of severe non-compliance. Non-compliance that leads to data breaches may also result in legal action or fines.

Incident Reporting: All employees are encouraged to promptly report any potential security breaches, non-compliance, or policy violations to the IT department or the designated compliance officer for immediate investigation.

9.2.6. *Continuous Improvement*

This IT policy is subject to regular review, at least annually, to ensure its alignment with the latest technologies, industry best practices, and evolving legal or regulatory frameworks. Any major developments, such as new legislation or significant changes in IT infrastructure, will prompt an earlier review and update of the policy. Continuous monitoring and feedback loops are critical for maintaining the effectiveness of IT compliance.



10. MODULO QUALITY POLICY

MODULO is committed to producing high-quality bricks and stone veneers using cement or gypsum plaster. Our objective is to consistently meet and exceed customer expectations through adherence to European Union regulations, continuous process improvements, and sustainability efforts. This policy serves to outline the company's dedication to quality, ensuring compliance with relevant standards and striving for excellence in all aspects of production and customer service.

10.1. Core Principles

Commitment to Quality: MODULO is committed to delivering products that meet the highest quality standards. We strive to understand customer needs, provide durable and sustainable construction materials, and ensure that all products comply with applicable regulations and performance criteria.

We foster a culture of continuous improvement across all departments, including production, quality control, and customer service. Our goal is to enhance product quality, reduce waste, and improve operational efficiency.

Compliance with EU Regulations: All MODULO products comply with the EU Construction Products Regulation (EU) No 305/2011 and carry the CE marking, ensuring conformity with EU safety, health, and environmental protection standards. Additionally, all substances used comply with the REACH Regulation (EC No 1907/2006) ensuring that ensures that all chemical substances used in the production of cement and gypsum plaster are properly registered, evaluated, and authorized. We are working closely with suppliers to guarantee the safety of the materials used in our products.

ISO Certification: MODULO follows the ISO 9001:2015 standard, reinforcing our commitment to product quality, regulatory compliance, and continuous process improvement.

Sustainability and Environmental Responsibility: We strive to source materials sustainably, reduce waste, and minimize our carbon footprint, contributing to environmental responsibility and regulatory adherence.

10.2. Behavioral Principles

Continuous Improvement: Across all departments, from production to quality control and customer service, MODULO fosters a culture of ongoing improvement to enhance product quality, operational efficiency, and reduce waste.

We will actively invest in R&D to improve the quality and performance of our products. This includes developing new, sustainable materials and improving the durability, energy efficiency, and aesthetic value of our bricks and stone veneers.

MODULO aims to be a leader in the construction materials industry by maintaining a reputation for high-quality, innovative, and sustainable products. We will engage with industry stakeholders, participate in EU-funded research projects, and collaborate with academic institutions to stay at the forefront of industry advancements.

Quality Control: Stringent quality checks are implemented throughout the production process.

Raw Material Inspection: We implement stringent controls over the sourcing and testing of raw materials such as cement, aggregates, and gypsum. This ensures the durability and performance of the finished products, while also guaranteeing compliance with environmental and safety standards. Inspections of raw materials, in-process monitoring, and final product testing to ensure compliance with environmental, safety, and performance standards.

In-Process Monitoring: During the production process, we use real-time monitoring and control systems to ensure that each batch of bricks and stone veneer meets the desired specifications. This includes regular tests for dimensions, water absorption, density, compressive and flexural strength and resistance to environmental factors, according to our own quality control plan.

Final Product Testing: Each finished product is rigorously tested to ensure that it meets the requirements of the relevant harmonized European standards. This includes detailed visual assessment before the packaging process, freeze-thaw resistance tests.

Employee Engagement: Regular training on quality systems, safety, and best practices empowers employees to contribute to improving processes and product quality. A formal recognition system rewards innovation and contributions to waste reduction and operational efficiency.

Supplier Management: MODULO works with vetted suppliers who adhere to high standards of quality and sustainability. Suppliers undergo regular audits to ensure their continued compliance with EU regulations.

10.3. Compliance Procedure

Performance Monitoring: Key Performance Indicators (KPIs) such as product defect rates, customer satisfaction, and sustainability goals are regularly reviewed to ensure continuous improvement in quality and performance.

Audits and Reviews: MODULO conducts annual reviews of its Quality Policy, making necessary updates to remain aligned with evolving industry standards, regulatory requirements, and customer feedback.

Customer Support and Feedback: MODULO is dedicated to providing exceptional customer service. A comprehensive support system will be established to address customer concerns, product inquiries, and after-sales service. Customer feedback is actively sought to drive continuous improvement.

Product Guarantees and Warranties: We provide product guarantees and warranties in accordance with EU consumer protection laws. Customers are assured that defective or non-conforming products will be immediately replaced or refunded.

Supplier Audits: Regular audits of suppliers ensure adherence to quality and sustainability standards, including compliance with REACH and ISO 14001.



11. MODULO ENVIRONMENTAL & SUSTAINABILITY POLICY

This policy outlines MODULO's commitment to sustainability and environmental stewardship in the production of bricks and stone veneers from cement and gypsum plasters. For MODULO, sustainability is about balancing environmental, economic and social impact throughout the whole value chain. We are committed to be a force in our industry and take the lead by conducting our business in a responsible way, taking all our various stakeholders' perspectives on sustainability into account.

11.1. Core Principles

Commitment to Sustainability: MODULO is dedicated to sustainability and environmental stewardship in the production of bricks and stone veneers from cement and gypsum plasters. This commitment is reflected in the integration of EU regulations, industry best practices, and our alignment with global sustainability goals such as the Circular Economy Action Plan and the EU Green Deal.

Sustainable Operations: We prioritize reducing our environmental footprint through sustainable sourcing, waste management, energy efficiency, and innovation in product development. Our goal is to ensure that all aspects of our operations contribute to environmental sustainability while complying with the highest standards.

Compliance with Environmental Regulations: MODULO adheres to all relevant EU environmental laws, including the EU Green Deal, EU Emissions Trading System (ETS), and Circular Economy principles. We are committed to achieving ISO 14001 certification, maintaining structured approaches to environmental management, and aligning with the EU's carbon neutrality targets for 2050.

Innovation and Continuous Improvement: We will continuously improve environmental performance through R&D investments, employee engagement, and stakeholder collaboration. Innovation in areas like low-carbon cement, recycled aggregates, and life cycle assessments (LCAs) will guide product development and further our sustainability objectives.

11.2. Behavioral Principles

Sustainable Sourcing and Supplier Engagement: We prioritize the sourcing of environmentally and socially responsible raw materials such as low-carbon aggregates and gypsum. Suppliers must meet our environmental standards, demonstrate compliance with environmental laws, minimize their own emissions and waste, and providing sustainability certifications.

Deliver safe, sustainable and high-quality products. New products shall be designed for low carbon and circular economy while maintaining high quality and maximizing the product lifetime.

Safe, diverse and dynamic workplaces where we work and develop together to achieve our goals and to create value for our stakeholders and for society.

Energy Management and Carbon Reduction: Regular energy audits will identify opportunities to improve energy efficiency, and we will transition to renewable energy sources. We aim to reduce Scope 1 and 2 emissions by 30% by 2030, in line with the Science-Based Targets initiative. When emissions cannot be reduced, carbon offsetting programs will be utilized.

Improve environmental impact through responsible use of raw materials, energy and water as well as lower emissions, improved waste management and phasing out harmful materials.

Waste Management: We monitor the amount of waste generated annually and how it is managed. Part of the waste is reintroduced into the production process, while another part is recycled by external partners, thus contributing to reducing environmental impact and supporting circular economic principles.

Water Conservation: Water-saving technologies and closed-loop recycling systems will reduce water consumption by 10% by 2030. Wastewater will be treated to meet EU standards before discharge to ensure minimal environmental impact. We constantly assess the risk of water contamination and identify potential environmental risks. No water pollution risks have been identified, as our discharge system is designed to protect the surrounding environment.

Employee Engagement and Training: We will cultivate a culture of environmental responsibility by providing training on sustainable practices and appointing Environmental Champions to lead sustainability efforts within each department. Awareness campaigns will highlight energy savings and waste reduction both in and out of the workplace.

Community and Stakeholder Involvement: MODULO will engage local communities in environmental awareness initiatives and communicate transparently about our environmental performance through annual sustainability reports.

11.3. Compliance Procedure

Regulatory Compliance Monitoring: We actively track and report on key Environmental, Social, and Governance (ESG) aspects, ensuring alignment with EU regulations such as the EU Green Deal and Circular Economy Action Plan. Our compliance monitoring includes participation in the EU Emissions Trading System (ETS), which ensures accurate CO₂ emissions reporting and compliance through the purchase of allowances when necessary. In addition, we are committed to further improving our ESG performance with the goal of obtaining a recognized certification in the future, demonstrating our dedication to sustainability and responsible corporate governance.

ISO 14001 Certification: We will maintain ISO 14001 environmental management systems to track environmental performance and foster continuous improvement. This certification will provide a structured framework for setting environmental objectives and achieving sustainability targets.

Environmental Audits and Performance Reviews: Independent environmental audits will be

conducted annually to verify compliance with this policy. Quarterly reports on key performance indicators (KPIs) like energy use, water consumption, emissions, and waste generation will be reviewed by the board to ensure ongoing progress.

A multi-stakeholder perspective: based on materiality analysis aimed to generate value for MODULO broad number of stakeholders; shareholders/owners/investors, customers, partners, future and current employees, suppliers, the society, NGOs, etc.

A long-term perspective: to generate value in the present without compromising with our values and capabilities to create value for generations to come. MODULO and its local companies shall identify, evaluate and manage the positive and negative impacts that business decisions and activities may have in relation to the product, the environment, on people and business ethics.

A continues improvement: and innovation with the ambition to take a leadership role where MODULO drives the development in the industry. With the approach that MODULO pursue excellence and sustain a solid, transparent development and report on its sustainability work and business praxis.



12. MODULO RESEARCH & DEVELOPMENT POLICY

MODULO aims to achieve technical leadership and excellence in design and application through continuous innovation and development of concepts, solutions, and processes. This commitment strengthens the competitiveness of its gypsum and cement decorative panels. The company is dedicated to advancing both materials and technologies, fulfilling customer requirements, and fostering sustainability.

Technical development is central to our commitment to responsible use and reuse of materials. Our approach to innovation, safety, and environmental stewardship is supported by four strategic pillars: Customer, Local, Team, and Sustainability. This policy outlines the principles governing research and development (R&D) activities, ensuring alignment with market trends and European Union regulations.

12.1. Core Principles

Innovation and Technical Leadership: MODULO strives to lead the market by creating innovative, sustainable products and solutions. By using a combination of gypsum, cement, plaster (gypsum), and other materials, we ensure optimal performance in various applications while maintaining environmental responsibility. We aim to foster continuous innovation in product design, manufacturing processes, and material development, ensuring competitiveness and sustainability in the market.

Technical Development Excellence: All technical development at MODULO is market- and strategy-driven. New technologies and updated materials lead to revised products and solutions, which are central to our differentiation and branding. The development process focuses on the entire value chain to identify stakeholder value and ensure continuous alignment with market needs, driving our leadership in the industry. This includes adopting relevant standards at local, EU, and international levels.

Concrete, Plaster (Gypsum), and Emerging Materials: While concrete and plaster (gypsum) have historically been fundamental materials for MODULO, we are exploring innovative combinations of concrete, plaster (gypsum), and other materials to meet emerging market trends. This includes investigating technically, financially, and environmentally viable alternatives.

Sustainability and Resource Efficiency: Committed to responsible sourcing and reusing materials, MODULO focuses on minimizing waste and optimizing the lifecycle of its products. Sustainability is embedded in all R&D activities to ensure eco-friendly production methods. Our R&D aligns with the circular economy principles, reducing carbon footprints and improving recyclability in line with EU regulations.

Compliance: We ensure that all R&D activities comply with EU directives, such as REACH and CE marking requirements, as well as local and international regulations for safety, environmental protection, and product standards.

Customer-Centric Approach: Our technical and design developments are driven by customer needs and market demands. We aim to deliver innovative products that meet client specifications, offer cost-effective solutions, and support long-term sustainability goals.

Collaboration and Knowledge Sharing: Collaboration with academic institutions, industry partners, and research organizations within the EU and globally is promoted to foster knowledge exchange, accelerate innovation, and drive new technological advances.

12.2. Behavioral Principles

Excellence in Technical Development: Our technical development process is market-driven, focused on understanding customer needs, and incorporating new technological advancements. This ensures the continuous evolution of our product offerings and keeps us competitive in the market. We encourage adopting new technologies and production techniques to create high-quality products with a lower environmental impact.

Partnership and Cooperation: MODULO recognizes the importance of collaborating with third-party partners to bring competitive, integrated solutions to the market while maintaining and protecting our core competencies and intellectual property rights.

Integrated Design Process: A robust and efficient design process is essential for converting technical knowledge into products and solutions fit for the local market and efficient production. This requires intelligent interaction with users, regulatory authorities, subcontractors, consultants, and other project-specific stakeholders to deliver high-quality, cost-effective solutions with low lifecycle costs and fast throughput times.

Sustainability in Design: Sustainability must be at the forefront of both technical and design innovations. All new product developments should prioritize reducing environmental impact, from material sourcing to end-user application.

Continuous Learning and Development: Employees involved in R&D and technical development are encouraged to seek ongoing learning opportunities to stay up to date with the latest industry innovations and sustainable practices.

Product Innovation: Focus on developing innovative, sustainable brick and veneer products that use low-carbon materials, enhance durability, and reduce labor costs. We also aim to create products that contribute to energy-efficient designs. Improve production processes to increase efficiency, reduce waste, and lower environmental impact, including energy-efficient manufacturing and water conservation.

Intellectual Property (IP) Management: MODULO is committed to protecting its innovations through strategic IP management, including patents for novel inventions and processes, trademarks for designs, and secure protocols to safeguard trade secrets. We encourage collaboration with external partners while ensuring that the company's IP interests are protected through licensing agreements.

12.3. Compliance Procedure

Authority and Responsibility: The R&D Committee oversees all research and development activities, consisting of senior executives and department representatives. Local companies are responsible for implementing this policy. The Group R&D and Technology function oversees technical development, while the Group Design and Collaboration function is responsible for design integration and execution.

Documentation and Monitoring: Each local company must have an agreed-upon technical development plan rooted in market demand. All R&D processes and design activities should be thoroughly documented, with regular audits to ensure compliance with this policy and group standards.

Adherence to Local and EU Regulations: Compliance with national, local, and EU environmental standards is mandatory. The Managing Director of each local company is responsible for ensuring that technical development and design processes meet both group policies and local regulations.

Corrective Actions: In case of non-compliance, immediate corrective actions must be taken, involving a review of the root cause and implementation of solutions to align with company goals.



13. MODULO SUPPLIER & SUPPLY CHAIN POLICY

Through this Supplier & Supply Chain Policy, MODULO reinforces its commitment to conducting business responsibly across its entire value chain. Sustainability, legal compliance, ethical conduct, and respect for human rights are not optional requirements, but fundamental conditions for collaboration.

By integrating clear expectations, due diligence mechanisms, and verification rights into its contractual framework, MODULO ensures that environmental, social, and governance standards are consistently upheld not only internally, but also throughout its supply network.

This chapter reflects MODULO's long-term vision: building stable, transparent, and accountable partnerships that support product quality, regulatory compliance, decarbonization objectives, and sustainable growth. Continuous improvement, cooperation, and mutual responsibility remain essential pillars of every supplier relationship.

13.1. Core Principles

13.1.1. *Commitment to Responsible Supply Chain*

MODULO considers its supply chain an integral part of its ethical, social, and environmental responsibility. All suppliers, subcontractors, and partners must operate in accordance with sustainable, safe, and ethical business practices.

Compliance with the MODULO Supplier Code of Conduct constitutes an essential contractual obligation and forms an integral part of all contracts, orders, and agreements.

13.1.2. *Commitment to Responsible Supply Chain*

Suppliers must comply with all applicable national and international legislation, including but not limited to:

- labor legislation;
- environmental legislation
- health and safety legislation
- anti-corruption legislation
- REACH, CLP, and SVHC regulations
- GDPR and data protection regulations

Where applicable, suppliers must align with ESG standards and EcoVadis requirements.

13.1.3. *Respect for Human Rights*

Suppliers must respect internationally recognized human rights standards, including:

- prohibition of forced or compulsory labor
- prohibition of child labor below legal age
- compliance with ILO conventions
- freedom of association
- legal working hours
- payment of wages in accordance with legislation
- transparent employment contracts

13.1.4. *Health and Safety*

Suppliers must ensure:

- safe working environments
- adequate protective equipment
- regular training
- incident reporting mechanisms

13.1.5. *Environmental Responsibility*

Suppliers are required to adopt environmental practices aligned with MODULO's ESG, EPD, and CO₂ reduction commitments.

This includes:

- compliance with environmental legislation
- monitoring of energy and water consumption
- reduction of waste and emissions
- responsible waste and chemical management
- prevention of air and water pollution
- compliance with REACH and CLP
- provision of SDS documentation
- avoidance of SVHC substances

Suppliers are encouraged to:

- implement ISO 14001
- reduce emissions (target example: 20% by 2028)
- increase recycled material content

- provide EPD or LCA documentation
- contribute CO₂ footprint data (Scope 3 alignment)

13.1.6. Traceability and Quality

Suppliers must ensure:

- full traceability of raw materials
- legal origin of natural stone from authorized quarries
- quality control procedures
- accurate technical documentation
- relevant certifications (ISO 9001, ISO 14001, FSC, CE, etc., where applicable)

13.1.7. Business Ethics and Integrity

Suppliers must adhere to high ethical standards, including:

- prohibition of bribery and corruption
- absence of conflicts of interest
- contractual transparency
- compliance with competition law
- protection of confidential and commercial data

13.2. Behavioral Principles

Suppliers are expected to:

- apply this policy to their subcontractors and supply chain partners
- avoid sourcing materials from areas with social or environmental risks
- provide declarations regarding hazardous substances (REACH / SVHC)
- ensure VOC compliance for adhesives and auxiliary products
- use recyclable or FSC-certified packaging where possible
- ensure correct multilingual labeling in accordance with EU regulations
- measure and reduce GHG emissions
- participate in sustainability data reporting when requested

Suppliers must:

- immediately notify MODULO of any ESG-related incident
- cooperate in remediation processes
- implement corrective actions within agreed timelines

13.3. Compliance Procedure

13.3.1. *Contractual Obligation*

Acceptance of any order or contract from MODULO implies full compliance with this Supplier & Supply Chain Policy.

This chapter is a binding contractual annex applicable to all procurement activities.

13.3.2. *Due Diligence and Risk Management*

MODULO contracts include sustainability and ESG risk clauses covering:

- human rights
- child and forced labor prevention
- occupational health and safety
- pollution prevention
- waste and chemical management
- anti-corruption

These clauses apply even where sustainability aspects are not directly related to the commercial subject of the contract.

13.3.3. *Right of Verification and Audit*

MODULO reserves the right to:

- request ESG / EcoVadis documentation
- verify REACH, CE, FSC, ISO compliance
- conduct documentary or on-site audits
- request corrective action plans

Suppliers are required to fully cooperate.

13.3.4. *Penalties for Non-Compliance*

Depending on severity, MODULO may apply:

1. Official notification and remedial plan request
2. Temporary suspension of orders
3. Blocking supplier in internal systems
4. Unilateral termination of contract
5. Claim for damages

Serious violations include, but are not limited to:

- use of child labor

- major pollution or illegal waste disposal
- falsification of EPD or ESG statements
- delivery of raw materials from illegal sources
- major REACH or SVHC non-compliance

13.3.5. Liability and Compensation

Suppliers are liable for financial, legal, or reputational damage caused to MODULO or its customers due to non-compliance.

This includes costs related to:

- product recalls
- environmental penalties
- litigation
- commercial losses

13.3.2. Termination

Repeated or serious non-compliance may lead to:

- termination without notice
- removal from the approved supplier list
- exclusion from future tenders

13.3.7. Reporting and Communication

Suppliers must report incidents related to:

- pollution
- serious accidents
- ethical violations

They may also be required to provide data for:

- annual sustainability reporting
- GHG and Scope 3 calculations
- EcoVadis, ISO 14001, or EPD certifications

