



SUSTAINABILITY
R E P O R T

MODULO, in its pledge towards a better tomorrow, proceeds to publishing its first Sustainability Report, regarding the year of 2023, showcasing its commitment to sustainable development and establishing a milestone for future developments.

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We are proud to present our first Sustainability Report, marking the beginning of an ongoing journey toward transparency and accountability. This report has been meticulously crafted in line with the Ministry of Finance Orders No. 1938/2016 and No. 2844/2016, as well as the Directive 2014/95/EU and the EU's non-binding guidelines for non-financial reporting.

The report will refer in a consolidated manner, to both MODULO DECORATIVE SOLUTIONS and its subsidiary, MODULO STONE.

Our company, in its pledge towards a better tomorrow, proceeds to publish its first Sustainability Report, regarding the year 2023, showcasing its commitment to sustainable development and establishing a milestone for future developments.

MODULO is committed to aligning its internal processes and work practices with Environment, Social and Governance (ESG) standards, ensuring that all the company collaborations reflect the belief that sustainability is not just the right thing to do but also essential for our future success.

We are proud to present our first Sustainability Report, marking the beginning of an ongoing journey toward transparency and accountability. This report has been meticulously crafted in line with the Ministry of Finance Orders No. 1938/2016 and No. 2844/2016, as well as the Directive 2014/95/EU and the EU's non-binding guidelines for non-financial reporting.





Iulian Gabriel Mangalagiu
CEO

Mr. Iulian Gabriel Mangalagiu, is mandated as CEO, in conducting the daily activity of the company.

CEO Statement

It is my pleasure to present to you our first annual sustainability report for 2023.

This report reflects our commitment to promoting and creating positive social and environmental practices through all our business operations.

2023 was a difficult year due to substantial changes in the building materials industry. This was driven by a slowdown in construction sectors, rising inflation and reduced consumer purchasing power. Our strategy in response to all these facts was to expand into new markets, diversify our online sales channels, whilst introducing a new range of decorative bricks and a new line of 3D architectural products.

By continuously evolving, we aim to reinforce our position as a leader in premium decorative solutions for the construction sector, bringing high-quality and forward-thinking products to our markets.

This adaptation highlights key achievements and goals while maintaining a Sustainability orientation.

As a leader I recognize our responsibility to respond to all the challenges and opportunities of the 21st century, and in this context, Sustainability is not just a legal obligation or an opportunity as a competitive advantage for now, it is a responsibility that we take for the next generations.

In 2023, despite the challenging economic conditions, we did not hesitate to invest time and resources to advance and support our sustainability goals.

As a conclusion for 2023, we can confirm significant strides towards sustainability by adding clear objectives and a plan of developing sustainability practices in all the company Projects.

We are proud of our kickoff processes towards a culture oriented to Sustainability, but we are also aware that there is still much work to be done and the challenges we face are complex and dynamic.

Investors

After several changes in ownership, SEET INVESTMENT HOLDINGS, a private equity fund, has become the majority shareholder of MODULO DECORATIVE SOLUTIONS in 2021, owning 91.4% of the shares of the company, alongside two private investors, owning 5% and respectively 3,6% of the shares.



private equity fund - 91.4%



private investor - 5%



private investor - 3.6%

Board of directors

MODULO is managed by a Board of Directors, formed out of 4 Directors of mixed nationalities, each therefore integrating its culture in the decision-making progress. Now, there are no independent members in the Board of Directors.



Anthony Stalker



Didem Anil



Sebastian Tcaciuc



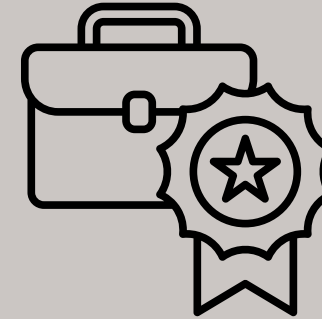
Iulian Gabriel Mangalagiu

TRUST



Building trust through transparency and honesty in all our internal and external interactions.

PROFESSIONALISM



Professionalism is demonstrated by our commitment to performance, continuing learning, and being dedicated to best practices in everybody's profession and ethical conduct.

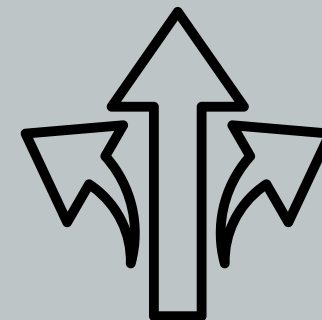
CORE VALUES

RESPECT



We uphold respect by valuing diversity and treating everyone with dignity.

FLEXIBILITY



Flexibility drives us to be proactive, practical, and adaptable in a constantly changing and unpredictable environment.



PLANT SAFETY

As a confirmation of MODULO's commitment to a sustainable activity, **in 2023 we have been recertified by Bureau Veritas the Integrated Management System regarding ISO 45001, ISO 14001 and ISO 9001** demonstrating our dedication to maintaining high standards in occupational health and safety, environmental management, and quality control. This recertification underscores our ongoing efforts to improve operational efficiency and minimize our environmental footprint, while ensuring the highest quality standards in our

ESG KPI's

CATEGORY	KPI	KEY FIGURES for 2023	2024 TARGET / FOCUS	
Governance	Board Diversity	<ul style="list-style-type: none"> Recertification has been obtained for the three ISO Standards: 9001, ISO 14001, and ISO 45001. 	Maintain a balanced representation of genders and expertise.	
	Board Independence		Ensure at least 50% of board members are independent.	
	Business Ethics		Zero instances of non-compliance with ethical standards. Conduct mandatory annual ethics training for 100% of employees.	
	Data Privacy		Achieve 100% compliance with GDPR and other data protection laws.	
	Sustainable Governance		Strengthening ESG oversight at board level with quarterly reviews.	
	Disclosure Practices		Increase transparency through comprehensive sustainability reporting.	
	Always operate within the law		Zero fines or sanctions for Modulo during 2023	
	Environmental Operations		<ul style="list-style-type: none"> Achieving EPD (Environmental Product Declarations) certifications for both product lines, separately for cement-based products and gypsum-based products; 	Reduce specific energy consumption by 5%.
	GHG Emissions		<ul style="list-style-type: none"> Meters for measuring electricity and gas consumption, separately for different phases of production and administrative processes, have been installed. 	Decrease CO ₂ emissions by 5% by end of 2024.
	Energy		<ul style="list-style-type: none"> Developed new packaging concept, with brown carton, 100% recyclable and 80% recycled raw material and start replacing existing packaging material (2 years program). 	Conduct feasibility study for photo-voltaic panels, apply for grants, submit projects, with implementation by end of 2025 and having benefits in 2026.
Waste Management		Increase waste recycling rates to 75%.		
Social	Hires and Leavers	<ul style="list-style-type: none"> No workplace accidents reported, as the Company closely monitor near misses and report any hazardous incidents; 100% of employees trained in safety and environmental topics; 100% of employees participated in health screening campaigns; 30% share of women in the 10 highest paid positions. 100% new jobs created in the Turda-Cluj area, prioritizing our commitment to local employment and local community development; 20+ rural children engaged in extracurricular activities supported by the company with gifts and opportunities for Skill Development; 3+ Summer Jobs Created Specifically for Students, Supporting Youth Employment and Skill Development ; 	Reduce overall employee turnover below 40%, with a specific focus on reducing turnover in support roles to max 20%.	
	Age Breakdown		Regularly monitor workforce age demographics.	
	Executive Pay Ratio		Ensure that average employee pay is consistently above the national minimum wage, maintaining a gap of at least 20% above the national minimum.	
	Gender Pay Ratio		Reduce gender pay gaps to less than 5%.	
	Compensation & Benefits		Offer competitive packages in line with industry benchmarks.	
	Social Policies		Ensure compliance with anti-discrimination and fair employment laws.	
	Health and Safety		Maintain a zero-accident rate across all facilities.	
	Training		We will train all relevant employees each year using a holistic compliance program focused on higher-risk areas involving third parties.	
	Social Projects		Support at least two community initiatives per year.	
	Local Development		Invest in infrastructure or education initiatives in local areas.	

Matters related to sustainability, the environment, social and governance issues are submitted to the Board of Directors monthly, contained in reports. The responsibility for reporting to the Board of Directors lays within the ESG Representative, appointed at MODULO level.

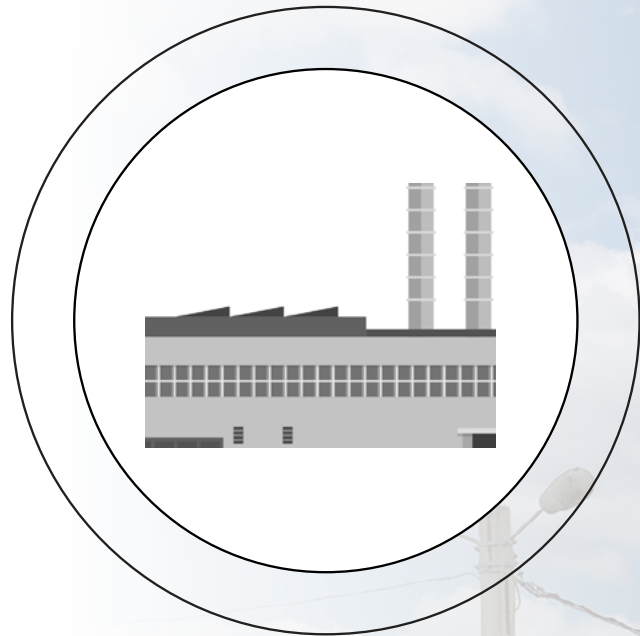
Also, an annual ESG Report was introduced, to observe our progress and to ensure accountability for our proposed targets. This report is further consolidated at the level of the ultimate shareholder – CEECAT.

Therefore, at MODULO, sustainability is firmly embedded within the company's core governance structure, overseen by the highest internal forum – the Board of Directors.

This integration reflects our commitment to responsible decision-making and accountability at all levels. We firmly believe that the system of checks and balances implemented at MODULO has demonstrated its effectiveness, as evidenced by the absence of any financial penalties related to ESG compliance breaches.



OUR COMPANY



27.500 sqm production plant



1.400.000 sqm production capacity



180 employees

Our company is one of the largest manufacturers of cement and plaster brick / stone veneers in Europe, with a production capacity of approximately 1.400.000 sqm annually.

MODULO was founded in France in 1978 and it further relocated its production plant in Turda, founding as a result MODULO DECORATIVE SOLUTIONS SRL in 2004.

We own a sole production plant, located in Turda, Romania. Its premises include approximately 27.500 sqm, comprising both the production facility and its warehouses and an average number of 180 employees in 2023.

The MODULO group comprises 2 companies in Romania (as previously mentioned, MODULO DECORATIVE SOLUTIONS SRL and its subsidiary, MODULO STONE SRL) and 1 company in France (MODULO SAS).

In 2023, MODULO recorded sales revenue of 15.606k Euro and capital expenditure amounted to 500k EUR.



MODULO presence in the world 2023

MODULO Presence



In 2023, MODULO maintained a strong presence across Europe, with a particular focus on Central and Eastern European markets such as Romania, Hungary, Bulgaria. France remains MODULO's first market, serving as the milestone of its distribution strategy.

To support growth, the company has established active sales agents in several Western European countries, including Germany, Belgium or UK, and is actively recruiting other regions. This reflects MODULO's ambition to expand further into Western Europe and strengthen its foothold in key markets.

Beyond Europe, MODULO has extended its reach to the United States and Africa through strategic partnerships and direct collaborations. The company ensures regular and strategic deliveries to these continents, further reinforcing its global presence and adaptability to international markets.

PORTFOLIO

Our product portfolio highlights our commitment to innovation, quality and sustainability. Through our focus on innovation and continuous improvement, we ensure that each product, from conceptual design to final manufacturing, meets the highest standards of precision and functionality. Using the latest in innovative technology such as CNC machining and 3D printing, the approach aims to reduce material waste and energy consumption during prototyping. Similarly, the use of natural gypsum and a more efficient production process confirm our dedication to providing environmentally responsible solutions without compromising on design and performance.

Our products are rigorously tested through our internal Laboratory or certified by third parties to align with the highest sustainability and safety standards.



MODULO offers a varied range of stone, brick veneers and 3D architectural elements, all produced in Turda, Romania, alongside the natural stone, imported from China, Egypt, India and Turkey, Vietnam.



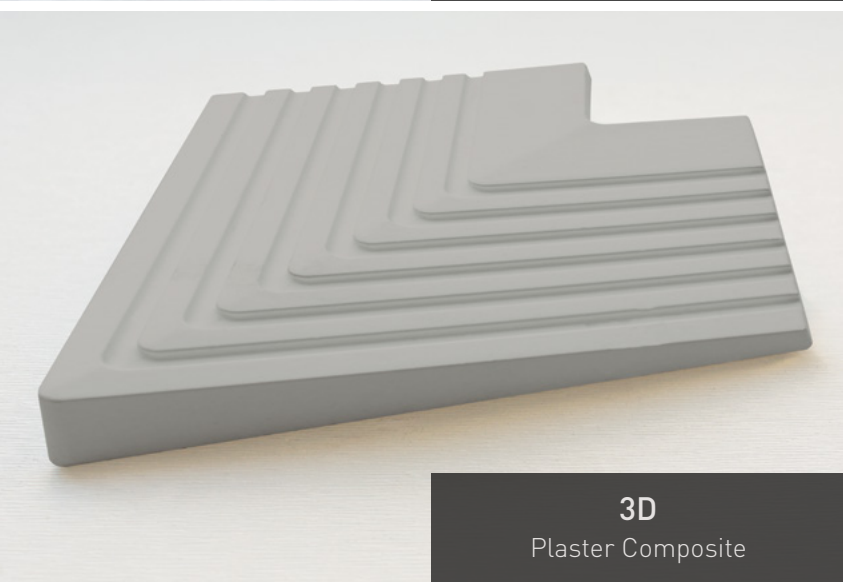
Brick Veneers
Plaster / Cement



Accessories
Adhesives, Joints, Protectors, Cleaners



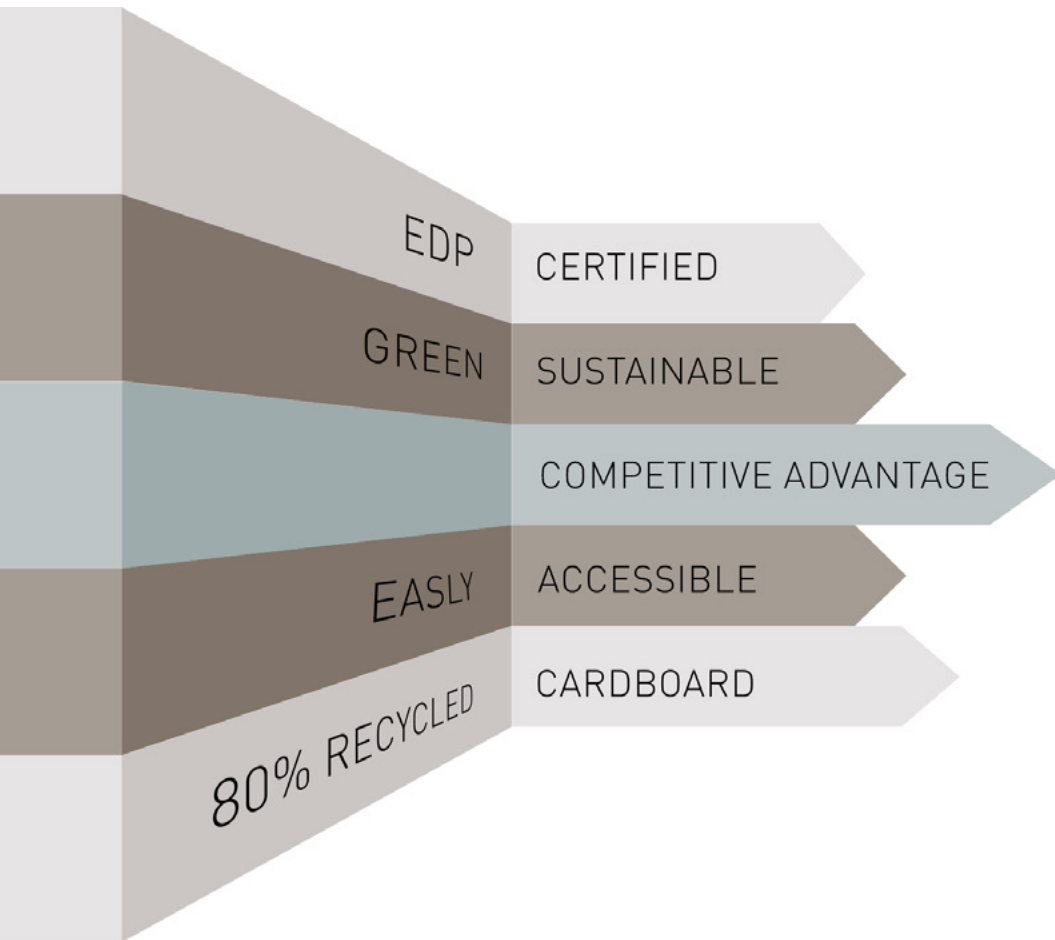
Stone Veneers
Plaster / Cement



3D
Plaster Composite



Natural Stone



Our company is committed to obtaining recognized product certifications that validate the safety, quality, and environmental performance of its solutions. These certifications ensure compliance with international standards, provide transparency for customers and partners, and strengthen the trust in our brand. By focusing on continuous improvement and third-party validations, MODULO aims to deliver products that meet the highest expectations in terms of performance, sustainability, and market requirements.

MODULO's products respond to the customers' needs, enjoying a competitive advantage, as they are:

- **EPD certified:** ensuring compliance with the highest environmental standards and looking forward to establishing a transparent and sustainable product lifecycle.
- **sustainable** (green): Unlike many industry practices, we do not use fly ash or synthetic gypsum in our production process. Instead, we exclusively use natural gypsum with 98% purity, sourced from carefully managed quarries in Turda. This approach reflects our commitment to minimizing environmental impact by providing a more sustainable alternative.
- are **easily accessible**, hence the long-term partnerships with DIY chains, traditional trade sales force, and multilingual online store, being also easy to install.
- packaged in **80% recycled cardboard, with low weight, respecting EU safety and environmental norms**, with no PVC, ensuring that our packaging is fully recyclable and eco-friendly, aligning with our sustainability objectives.

PACKAGING

- Modern design
- Sustainable
- FSC certified materials (sustainable forest exploitation)
- Min **80% recycled material**
- **100% Recyclable cardboard**
- **Recycled** paper/corrugated cardboard separators
- **PVC free** packaging



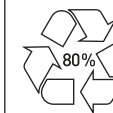
France



Italy

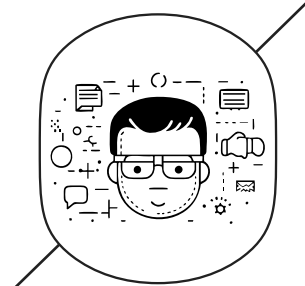
SCATOLA	ETICHETTA	FOGLIO INTERNO
PAP20	PAP22	PAP20
Racolta differenziata CARTA		

All



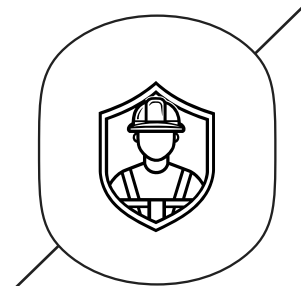
SUSTAINABILITY

CUSTOMER-FOCUSED



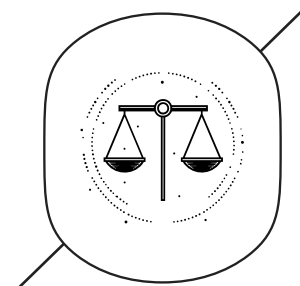
Dedicated to understanding and fulfilling our customers' needs and aspirations.

SAFETY

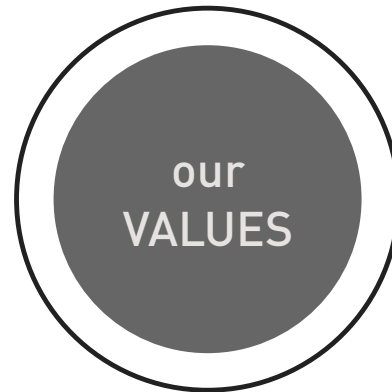


Prioritize safety and maintaining optimal working conditions.

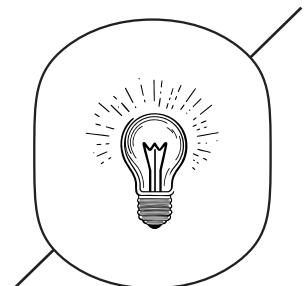
INTEGRITY



Acting with transparency and honesty, upholding the highest ethical standards.

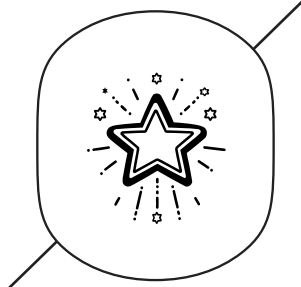


INNOVATION



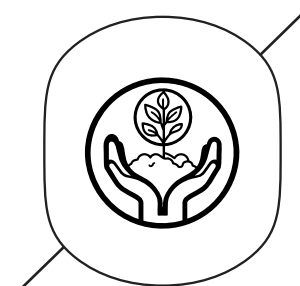
We embrace creativity and innovation to drive progress and adapt to change.

EXCELLENCE IN QUALITY



Constantly striving to exceed industry standards and deliver the best for our clients.

SUSTAINABILITY



Committed to sustainable practices that respect the environment and future generations.

At MODULO, sustainability is at the core of our operations and long-term strategy. As a responsible manufacturer, we are committed to reducing our environmental impact, aligning with global climate goals, and supporting the transition to a low-carbon economy. Our initiatives focus on measurable improvements across all aspects of our production process, from raw material sourcing to energy efficiency and carbon footprint reduction.

By investing in certifications, advanced monitoring systems, and long-term reduction plans, MODULO ensures that its products and processes contribute positively to both the environment and the communities we serve.

ISO Recertifications

MODULO successfully obtained ISO 9001 (Quality Management), ISO 45001 (Occupational Health and Safety Management) and including ISO 14001 certification, which underscores our commitment to environmental management systems. By adhering to these rigorous standards, we systematically assess, monitor, and reduce our environmental footprint, ensuring continuous improvement and compliance with global best practices, the recertifications in 2023, further demonstrating our commitment to maintaining high standards of quality and workplace safety.

Bureau Veritas Certification

MODULO DECORATIVE SOLUTIONS S.R.L.
22 December 1989 Boulevard, No. 29, 401113 Turda, Cluj County, Romania

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 45001:2018

Scope of certification

Production and sale of decorative reconstituted stone for indoor and outdoor decorations based on cement and indoor decorations based on plaster, with accessories.
Production and sale of thermal insulated decorative panels for outdoor and indoor, with accessories.
Sale of natural stone, with accessories.

Original cycle start date*:	23-06-2011
Expiry date of previous cycle**:	22-06-2023
Certification / Recertification Audit date**:	24-05-2023
Certification / Recertification cycle start date:	02-06-2023

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **22-06-2026**

Certificate No. RO2023.5604747S Version: No.1 Issue date: 02-06-2023

Previous Certificate No. RO2020.076.044S

Certification body address: 5th Floor, 86 Prescott Street, London E1 8HG, United Kingdom
Local office: 165 Splaiul Unirii, Building TN Offices 3, B Wing, 5th Floor, Bucharest, 3rd District, 030133, Romania

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Further clarifications regarding the scope and validity of this certificate and the applicability of the management system requirements, please call: +4021318380

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March 22, 2023

Bureau Veritas Certification

MODULO DECORATIVE SOLUTIONS S.R.L.
22 December 1989 Boulevard, No. 29, 401113 Turda, Cluj County, Romania

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 14001:2015

Scope of certification

Production and sale of decorative reconstituted stone for indoor and outdoor decorations based on cement and indoor decorations based on plaster, with accessories.
Production and sale of thermal insulated decorative panels for outdoor and indoor, with accessories.
Sale of natural stone, with accessories.

Original cycle start date*:	23-06-2011
Expiry date of previous cycle**:	22-06-2023
Certification / Recertification Audit date**:	24-05-2023
Certification / Recertification cycle start date:	02-06-2023

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **22-06-2026**

Certificate No. RO2023.5604747E Version: No.1 Issue date: 02-06-2023

Previous Certificate No. RO2020.076.044E

Certification body address: 5th Floor, 86 Prescott Street, London E1 8HG, United Kingdom
Local office: 165 Splaiul Unirii, Building TN Offices 3, B Wing, 5th Floor, Bucharest, 3rd District, 030133, Romania

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Bureau Veritas Certification

MODULO DECORATIVE SOLUTIONS S.R.L.
22 December 1989 Boulevard, No. 29, 401113 Turda, Cluj County, Romania

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 9001:2015

Scope of certification

Production and sale of decorative reconstituted stone for indoor and outdoor decorations based on cement and indoor decorations based on plaster, with accessories.
Production and sale of thermal insulated decorative panels for outdoor and indoor, with accessories.
Sale of natural stone, with accessories.

Original cycle start date*:	23-06-2011
Expiry date of previous cycle**:	22-06-2023
Certification / Recertification Audit date**:	24-05-2023
Certification / Recertification cycle start date:	02-06-2023

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **22-06-2026**

Certificate No. RO2023.5604747Q Version: No.1 Issue date: 02-06-2023

Previous Certificate No. RO2020.076.044Q

Certification body address: 5th Floor, 86 Prescott Street, London E1 8HG, United Kingdom
Local office: 165 Splaiul Unirii, Building TN Offices 3, B Wing, 5th Floor, Bucharest, 3rd District, 030133, Romania

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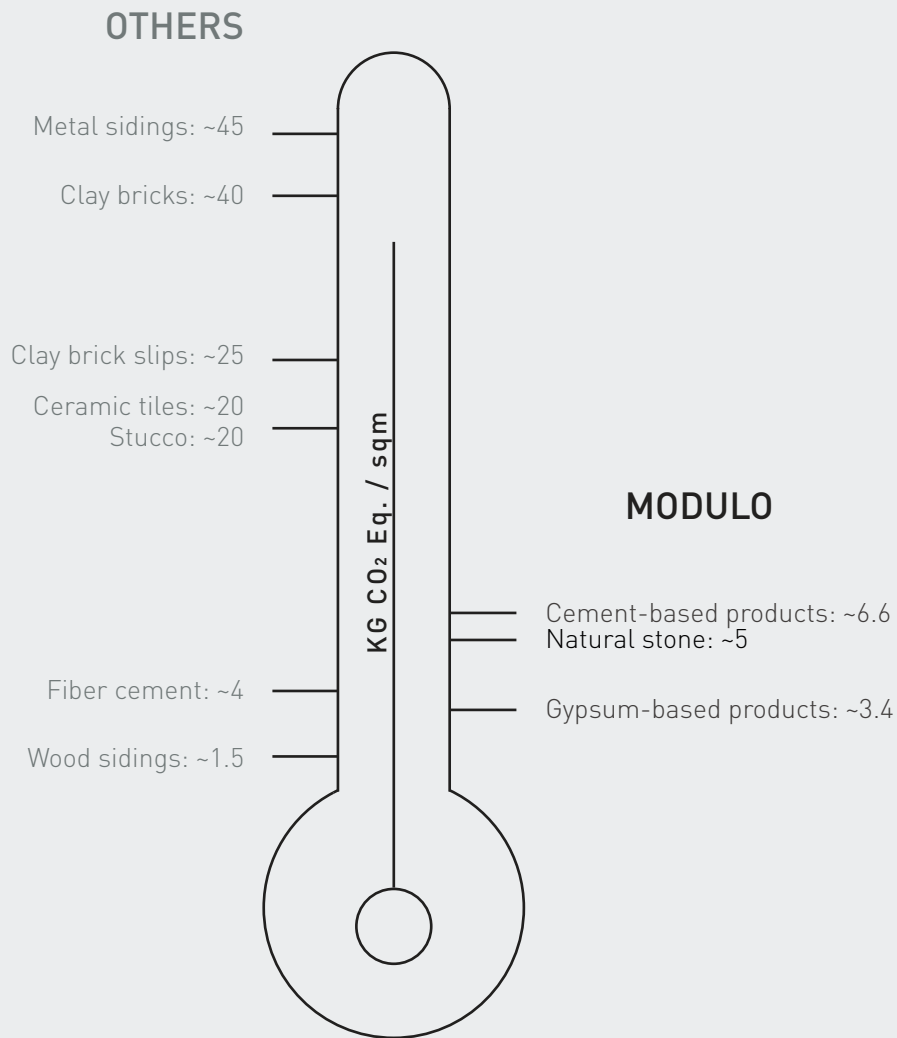
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March 22, 2023



EPD Certification – Commitment to Sustainability

EPD (Environmental Product Declaration) Certification is a process that validates the lifelong environmental impact of our main product categories. This certification is obtained through an active evaluation process under international standards, aiming to help customers and partners make informed choices regarding the environmental impact of MODULO's products.



Current Results:

- On average, for the production stages (A1–A3), MODULO cement-based reconstituted wall cladding products have a Global Warming Potential (GWP) of **6.6 kg CO₂ Eq. / sqm** (0.244 kg CO₂ Eq. / kg of product), while gypsum-based products have a GWP of **3.4 kg CO₂ Eq. / sqm** (0.259 kg CO₂ Eq. / kg of product). These values were calculated from cradle to gate (A1–A3) with optional modules A4, A5, C1–C4, and module D.
- Compared to other common cladding materials, MODULO’s products are well-aligned with industry benchmarks and, in many cases, are more environmentally efficient. For example:
 - Wood sidings (~1.5 kg CO₂ Eq. / sqm)
 - Fiber cement (~4 kg CO₂ Eq. / sqm)
 - Natural stone (~5 kg CO₂ Eq. / sqm)
 - Stucco (~20 kg CO₂ Eq. / sqm)
 - Ceramic tiles (~20 kg CO₂ Eq. / sqm)
 - Clay brick slips (~25 kg CO₂ Eq. / sqm)
 - Clay bricks (~40 kg CO₂ Eq. / sqm)
 - Metal sidings (~45 kg CO₂ Eq. / sqm)



Unlike many industry practices, we avoid using fly ash or synthetic gypsum, opting instead for natural gypsum with 98% purity, sourced from carefully managed quarries near our production plant in Turda. This proximity not only ensures the availability of high-quality raw materials but also significantly reduces carbon emissions from transportation.

Natural gypsum offers multiple environmental and practical advantages. Its mining and processing are less energy-intensive compared to the power-heavy industrial processes that produce synthetic gypsum. Additionally, natural gypsum extraction results in lower CO2 emissions and offers higher purity and consistency, eliminating the need for extensive processing.

Beyond its environmental benefits, natural gypsum has a long history of trusted use across industries. Its sustainable and accessible nature makes it an ideal material for our production, ensuring we deliver high-quality products while minimizing environmental impact.

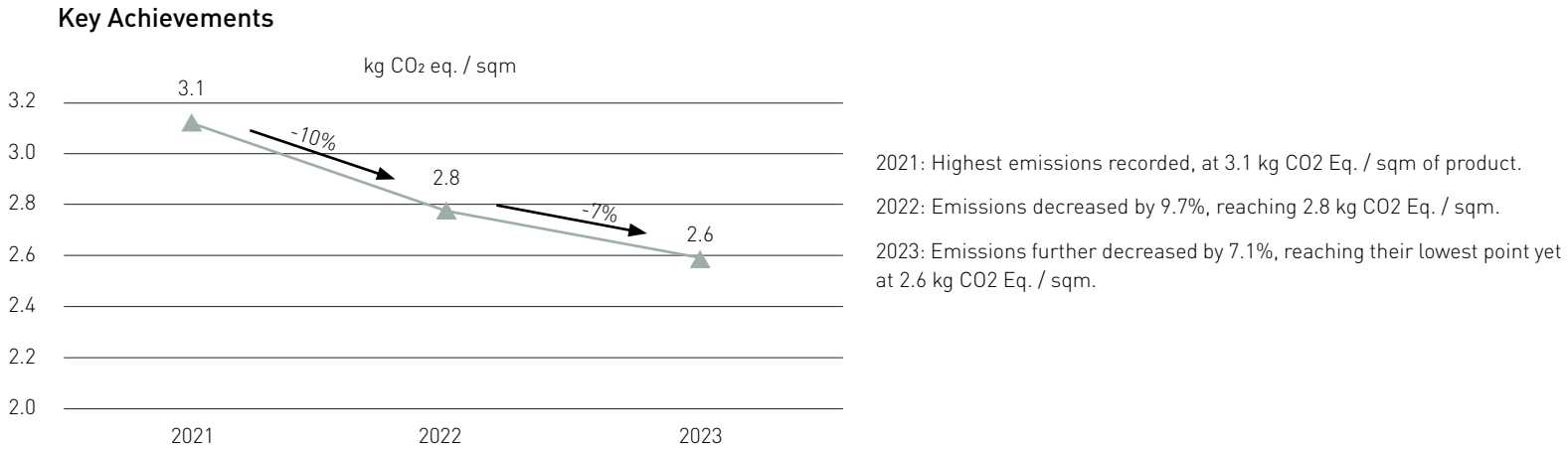


Carbon Footprint Measurement and Five-Year Target Plan

MODULO has taken significant steps to measure its carbon footprint, laying the foundation for future reduction strategies. This effort supports the company’s goal of tracking and mitigating its environmental impact in alignment with global sustainability standards.

Our company began accounting for greenhouse gas (GHG) emissions in 2020 with the support of a third-party specialist.

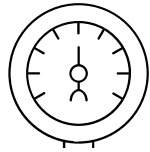
Emissions have been benchmarked against both annual production and annual turnover, allowing for more accurate tracking of progress.



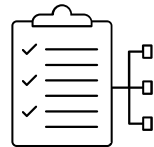
Starting with 2023, MODULO will prepare annual reports on its CO₂ emissions, this report being the first in the series.

As a result of these measurements, MODULO is committed to developing a comprehensive five-year target plan to reduce its carbon footprint further. This plan will include periodic reviews to ensure that progress is maintained, and additional reduction opportunities are identified.

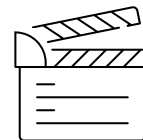
Energy Efficiency



During 2023, MODULO began implementing a European grant project to install gas, electricity, and water meters across different production streams. The aim of this initiative is to collect accurate data and identify opportunities to enhance energy efficiency.



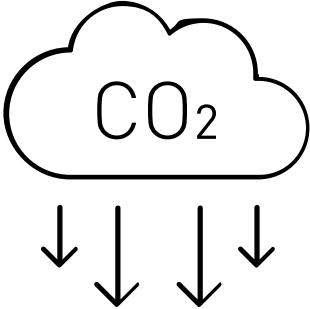
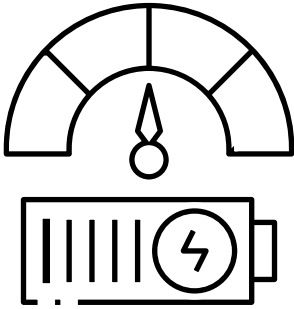
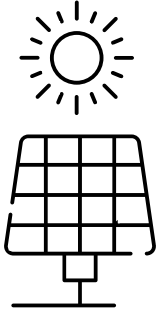
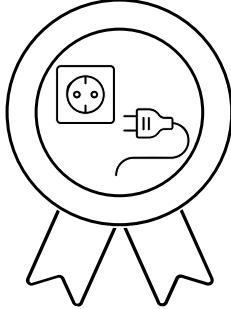
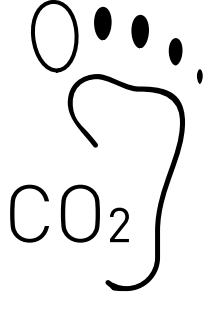
The installation process is deemed to be finalized at the end of 2024. An action plan based on the measurements to further reduce our energy consumption and CO2 emissions will be drawn up after at least a few months of monitoring, with implementation deadlines set for 2024 and 2025.



During 2023 following the same overarching goal of energy efficiency, MODULO also undertook a project to improve the thermal efficiency of its plaster and cement dryer. By repurposing older stock materials, including thermal insulation materials such as polyurethane, the company was able to enhance the insulation of the dryer. Although these materials were no longer available for commercial use, they were effectively reused to optimize the dryer's insulation, contributing to more energy-efficient operation.

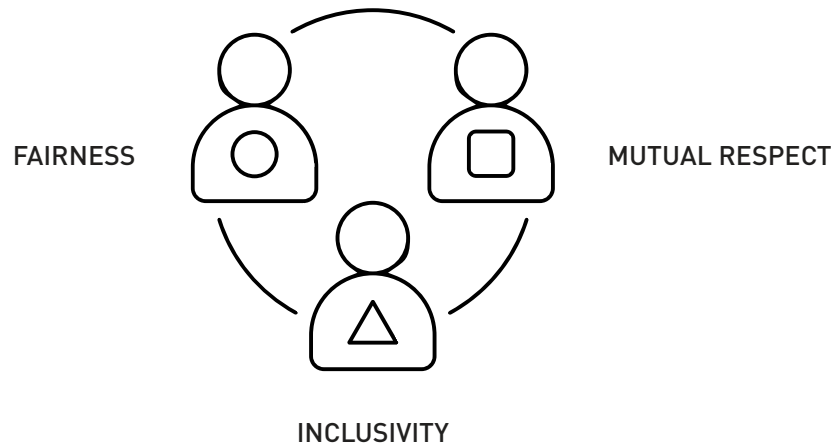
To complement the goals of 2025 and 2030, MODULO has laid out specific objectives for 2024 to further advance its sustainability efforts:

Commitment to a Green Future – 2024 Goals:

Reduction of CO ₂ Emissions	Implementation of Energy-Saving Measures	Transition to Renewable Energy	Promotion of Sustainable Practices	Carbon Footprint Recalculation
				
<p>Building on the previous milestones, MODULO aims to reduce CO₂ emissions by an additional 3% per square meter by the end of 2024.</p>	<p>In 2024, MODULO will continue to enhance its energy efficiency by implementing a range of energy-saving initiatives. These include optimizing production processes, improving thermal efficiency across facilities, and advancing the use of renewable energy sources.</p>	<p>As part of the feasibility studies initiated in 2023, MODULO will finalize decisions regarding the installation of photovoltaic panels and explore the adoption of electric alternatives to replace fossil fuel reliance across its operations. The implementation is targeted to begin in 2025, after comprehensive studies in 2024.</p>	<p>MODULO will engage its team and partners in promoting sustainable behaviors such as carpooling, reducing energy consumption by switching off idle equipment, and encouraging actions like unplugging unused devices. These everyday practices are key to achieving the company's environmental goals.</p>	<p>Continuing its commitment to transparency, MODULO will conduct its annual carbon footprint recalculations. This will help track progress toward its targets and inform further strategies for the reduction of environmental impact.</p>

In 2023, our focus was on fostering healthy and transparent relationships between employees and the company while navigating significant legislative changes that directly impacted our workforce. Our efforts reflect our commitment to providing a fair, supportive, and sustainable work environment, aligned with ESG principles and our core values.

This year marked an important step in strengthening labor relations through the revision of our Collective Bargaining Agreement and the adaptation of our Internal Regulations (ROI) to align with new legal requirements. These updates emphasize fairness, inclusivity, and mutual respect, reinforcing the foundation for a positive and collaborative workplace.



In response to government-mandated increases in the minimum wage for the Construction sector and legislative changes in taxation, we faced significant challenges in ensuring financial stability while maintaining our employees' well-being. Through careful planning and resource allocation, we adjusted gross salaries to preserve employees' net earnings and implemented additional measures to support a decent standard of living for our workforce. These efforts demonstrate our commitment to addressing economic challenges while prioritizing the needs of our people.

Amid these adjustments, we continued to prioritize the well-being of our team. Open communication, transparency, and active collaboration between employees and management were at the heart of our decision-making processes. Our actions reinforced a culture of trust and solidarity, ensuring that all employees felt valued and supported during this period of change.

By navigating these challenges, we reaffirmed our dedication to building a resilient and sustainable workforce. Our approach reflects our broader ESG commitments, ensuring that every step we take contributes to the long-term well-being of our people and the communities we serve.

Our Commitment to Diversity, Inclusion, and Fair Compensation

As part of our commitment to ESG principles, we prioritize diversity, inclusion, and fair remuneration practices. A comprehensive analysis of our compensation structure revealed that **women earn, on average, 13.15% more than the company’s median hourly wage and 15.54% more than men.** These results highlight our focus on ensuring pay equity based on performance, skills, and experience, regardless of gender.

However, these figures must be understood in the context of our workforce composition and the industry we operate in. **Women represent only 17% of our total workforce, with 83.% of employees being men. The nature of our business—manufacturing materials for interior and exterior construction—historically attracts more male workers, particularly in physically demanding production roles, where men comprise 92.8% of the workforce. In contrast, in non-physical or support roles (TESA), women represent the majority at 52.6%, surpassing the number of men in these positions.**

This gender distribution significantly influences the average hourly wages, as women in our company are more likely to occupy medium- to high-skilled roles, while men are more represented in physically intensive positions. These dynamics explain the higher average hourly wage for women in our organization.

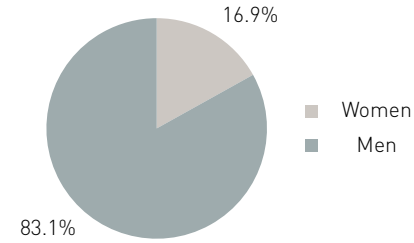
On a national level, we outperform the industry benchmarks. According to national statistics, the construction sector comprises 94% male and 6% female employees. This highlights that while we still face challenges in attracting women to production roles, our efforts to balance opportunities in support functions exceed industry standards.

Gender Pay Ratio Analysis

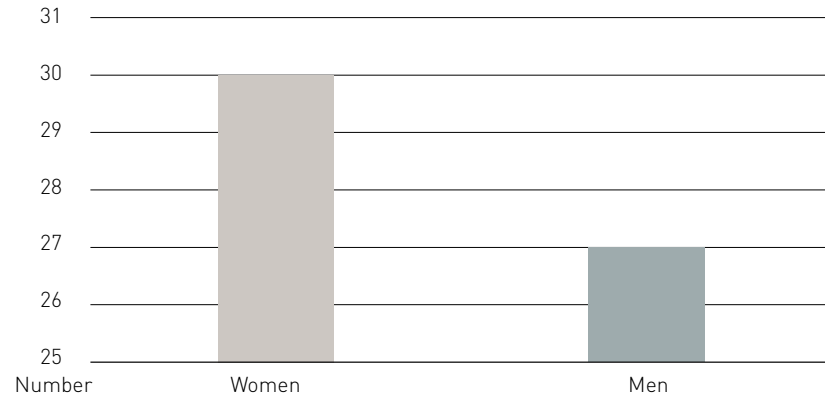
Women vs. Men: Women earn 15.54% more per hour on average compared to men.

Women vs. Company Average: Women earn 13.15% more per hour than the company’s median hourly wage.

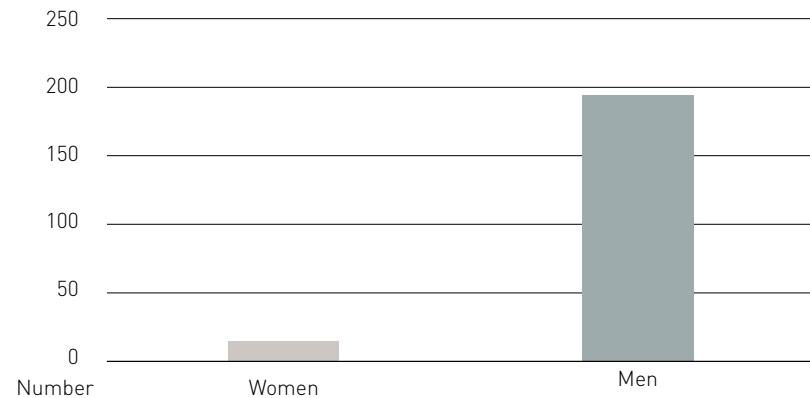
Employees on cumulative payrolls/year



TESA Employees - support positions



PRODUCTION Employees

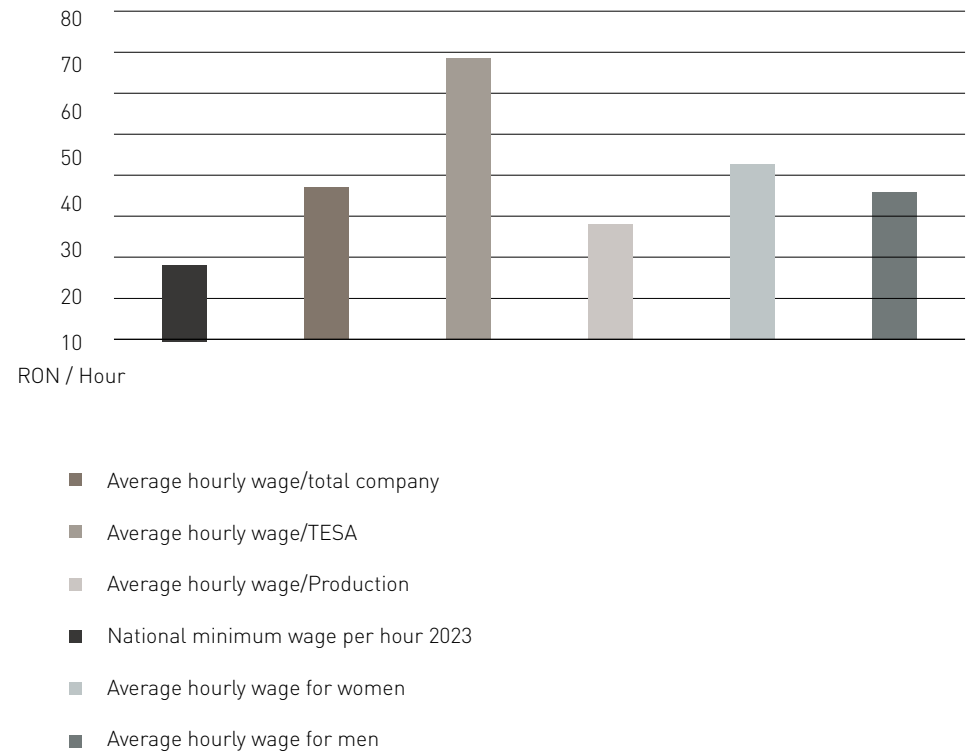


Competitiveness and Employee Well-Being

In 2023, our employees earned significantly above the national minimum hourly wage of 18.60 RON, with an average company hourly wage that was 49.72% higher. Production roles exceeded the minimum wage by 34.03%, while TESA roles achieved even greater competitiveness. Additionally, all employees benefit from meal vouchers, reinforcing our commitment to providing a decent standard of living.

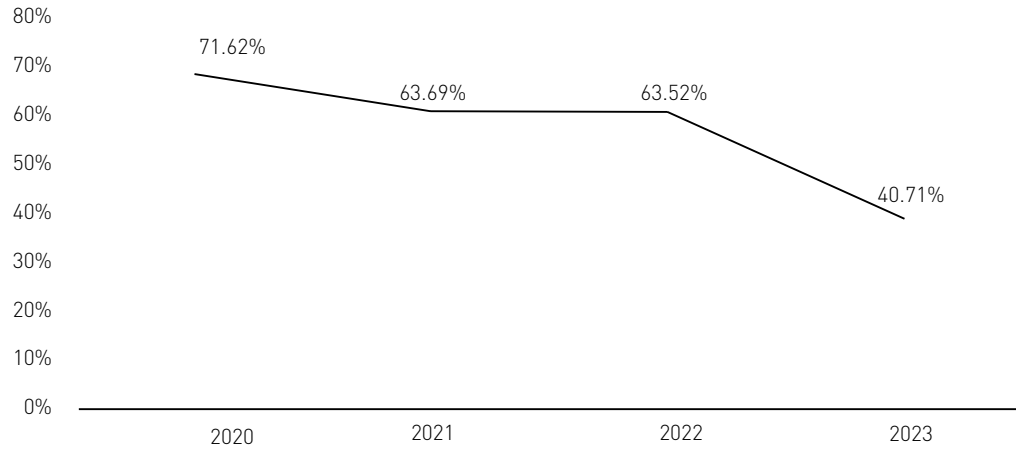
While our industry and cultural norms limit the potential to significantly increase female representation in production roles, we remain committed to promoting opportunities for women where feasible and ensuring pay equity for all employees.

Average hourly wage

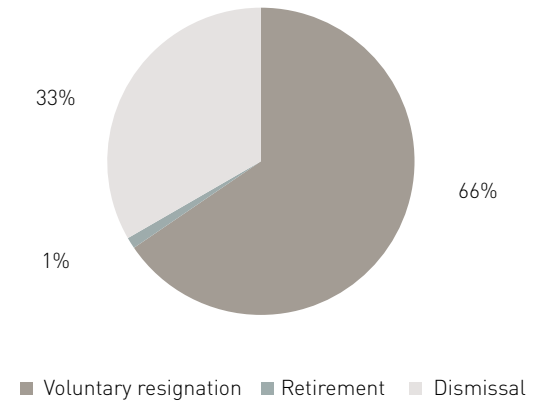


In 2023, we successfully reduced overall turnover rates, marking a significant achievement in stabilizing our workforce. This reduction can be attributed to several key factors that not only enhanced employee retention but also contributed to greater operational efficiency.

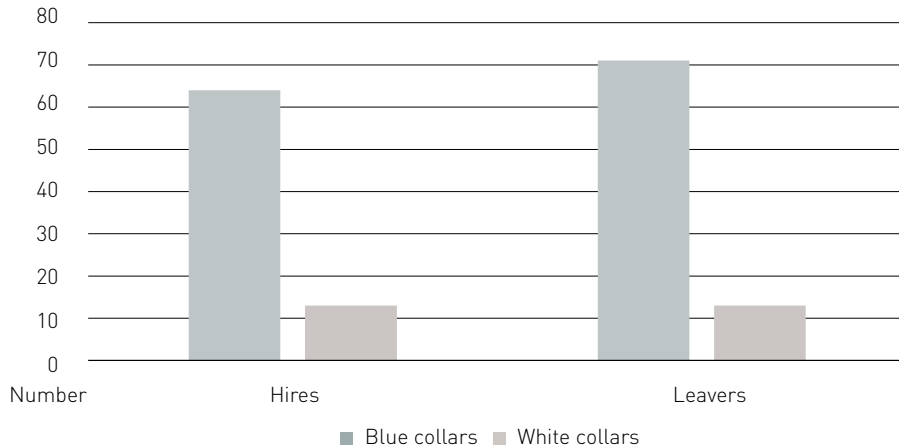
Employee turnover ratio



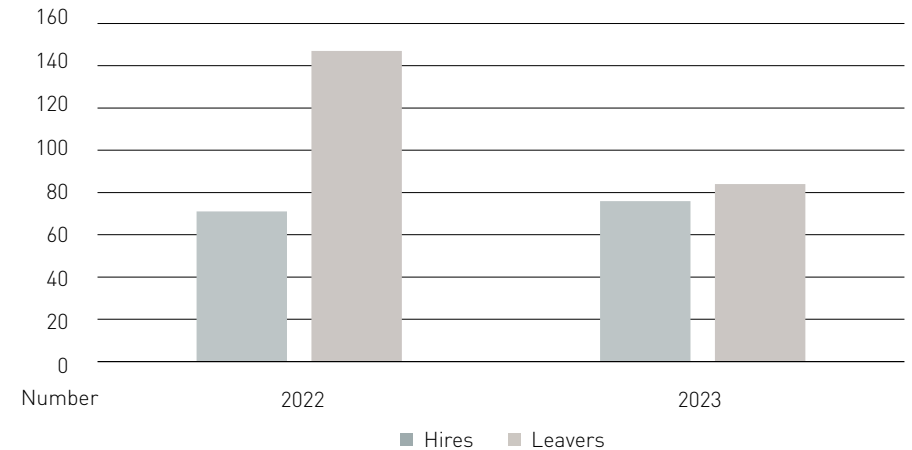
2023 Leavers



2023 Hires and leavers



Total hires and leavers

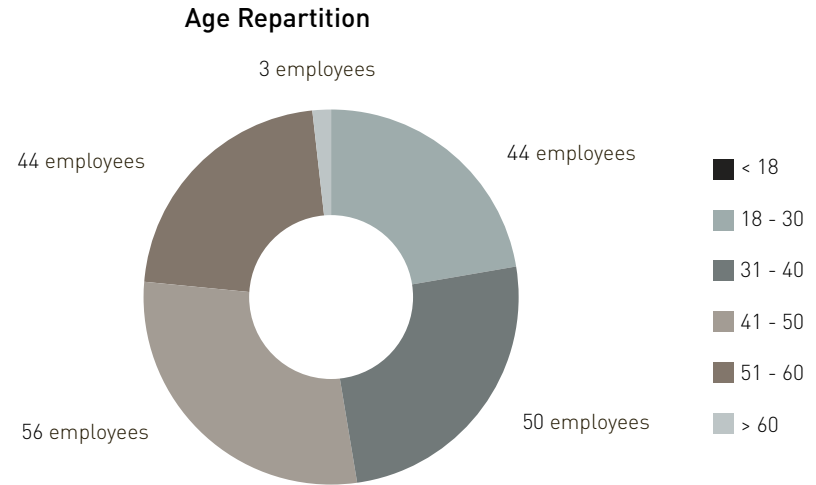


We regularly monitor the age demographics of our workforce to ensure a diverse and balanced team. As part of our commitment to creating inclusive opportunities, we do not hire individuals under the age of 18. However, we actively engage with students and young professionals through internship, exchange, and work experience programs. These initiatives provide real-world job experiences, preparing future talent for the workforce. Our partnerships with educational institutions play a vital role in this process, giving students hands-on exposure in the workplace.

It's important to note that participants in these programs do not hold employee status, as they are involved in temporary, non-paid activities. These internships and exchanges aim to benefit their personal and professional growth rather than bringing direct financial benefit to the company.

Average Age

The average age of our employees is 41 years, reflecting a seasoned and experienced workforce, with a balance of younger talent joining through internships and work-experience opportunities.





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THE FASHION HOUSE FOR WALLS

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