PANDORA

Development & Manufacturing
Established in 1994

ANNUAL REPORT 2025

SUSTAINABILITY & ESG

Statement by the general manager

2025 was the year of multiple challenges at the macroeconomic, sectorial, and local levels, which the company Pandora Prod SRL, which I have been leading as CEO for more than 30 years, faced.

The performance indicators achieved in 2025 were the result of the dedication, continuous improvement efforts, passion for fashion, and for the sustainability, environmental, and social objectives assumed by an extraordinary team that I am proud to lead.

Our commitment to the company's customers: Quality at the best price in a sustainable way, is more relevant today than ever. However, in the context of sectorial challenges, customer expectations are evolving rapidly, and it is essential for us to adapt. Since the foundation of the company in 1994, we have experienced remarkable growth, while preserving the family business culture and the entrepreneurial spirit on which the company was built.

Our core values: **Professionalism, Promptness, Quality, Team spirit**, and **Responsibility**, motivate us to offer the best experience for our customers.

Our strong organizational culture and shared values have been essential in the constant effort to adapt the business model to achieve steady and profitable growth, while reducing energy consumption, increasing the use of renewable energy, and reducing the impact of our production on the environment, thus contributing to a fashion industry that is as sustainable as possible.
We closely monitor global geopolitical developments and their impact on our operations.

I look forward to continuing our journey as a top company in fashion production alongside our amazing team.

Dorel Boris SIMIZ
General Manager

In 2025, Pandora Prod continued to place great importance on monitoring the performance indicators established in the company's ESG (Environmental, Social, and Governance) strategy and comparing them with the specific indicators of the garment industry. ESG indicators are showing an increasingly quantifiable nature, which allows for the monitoring of progress in achieving the set objectives and contributes to reflecting operational and strategic aspects in financial terms.

The table below presents the key performance indicators (KPIs) for the year 2025 established by Pandora Prod for monitoring progress within the ESG strategy for the 2025–2030 period, compared to the value of the indicators in the reference year 2024.

These indicators reflect the commitments undertaken by the company in the environmental, social, and governance areas.

Year	Reducere CO_2 (%)	Energy from renewable sources (%)	Fabrics with certified material content (%)	Employees trained annually (%)	ESG anual report
2025	0	25	40	100	YES

01

Environmental initiatives - E$_{SG}$

Currently, Pandora Prod is certified ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and holds 6 international certifications specific to the garment industry: RCS (RECYCLED CLAIM STANDARD), GRS (GLOBAL RECYCLED STANDARD), OCS (ORGANIC CONTENT STANDARD), RWS (RESPONSIBLE WOOL STANDARD), RDS (RESPONSIBLE DOWN STANDARD), and EUROPEAN FLAX ® CERTIFICATION.

I. Reducing the carbon footprint

Objective

2025 Objective: Maintaining the carbon footprint/manufactured product at the 2024 level.
Scope 1: Direct emissions from owned or controlled sources
Scope 2: Indirect emissions from the generation of electricity, gas, and cooling systems.

Indicator	2024	2025
Combined Scope 1 direct and Scope 2 indirect emissions	3483e+5Kg CO2e	3.684e+5kg CO2e
Combined Scope 1 direct and Scope 2 indirect emissions	3483e+5Kg CO2e/433.187=0.00804	3.684e+5kg CO2e /493.514=0.007565
Progress recorded 2025 vs 2024	-0.00058/ -7% per product; in absolute terms, emissions increase (3.483e+5 -> 3.684e+5 kg CO2e), because production increased from 433,187 to 493,514 units	

2025 Objective: Energy from renewable sources at least 25% of total consumption.

II. Energy consumption (electricity and gas)/ unit of product

	Electricity	Gas
2024	**3.12** kWh/unit	**0.32** m^3/unit
2025	**2.14** kWh/unit	**0.638** m^3/unit

Significant reduction of 31% in electricity consumption/unit of product compared to 2024.
Attention is focused on optimizing natural gas consumption to reduce production costs.

III. Percentage of energy produced from own sources/total consumption

1,057,443kWh
total electricity consumption

967,650kWh
energy produced entirely from PV panels

-92%
% energy produced from own sources / total consumption

The underutilization of the green energy produced justifies the purchase of an electrical energy storage capacity and/or investments in photovoltaic panels at the other production sites and electric vehicle charging stations.

The objective for the year 2025: Energy from renewable sources of at least 25% of total consumption was fulfilled, meaning that the energy produced from own photovoltaic panels and consumed in the production process represents 37% of the total electricity consumption in the production process.

Objective Increasing the share of sustainable materials used in the garment production process.

IV. Increasing the use of recycled and organic materials in Pandora Prod products.

2025 Indicator: 40% Products with certified recycled and organic materials

	Total quantity (buc)		Certified quantity (ml)		%	
Year	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**
RWS (Recicled Wool)	24027	106329	8259	67355	34,37	63
GRS (Global Recicled Standard)	27686	250964	14214	217344	51,36	87
OCS (Standardul de conținut organic)	7396	7606	2322	2535	31,4	33
RCS (Recycled Claim Standard)	45460	141867	28010	81968	61,61	58

The average percentage of fabric quantity (lm) for which certification was obtained in finished products is 73%

V. Waste management

The activities carried out have always taken into account the waste management hierarchy.

- The first option is waste prevention, by choosing the best technologies right from the design phase. If preventing waste generation is not always possible, then the amount of waste generated must be minimized through reuse, recycling, and energy recovery.
- The waste disposal stage should only be applied after all other means have been fully utilized, in a responsible manner so as not to cause negative environmental impacts.

2024	2025
164,424 Kg total volume of recyclable waste	**199.020** Kg total volume of recyclable waste
337 m^3 total volume of non-recyclable household waste	**295** m^3 total volume of non-recyclable household waste
0,38 Kg/product recycled waste/product	**0,403** Kg/product recycled waste/product

Educating employees and suppliers regarding waste management best practices.

Indicators:

- Training sessions with employees in the field of separate collection of different types of waste: 1 training session
- Participants (% of the total number of employees): 770 / 100%

02

Social responsibility - $_{E}S_{G}$

The core values of Pandora Prod are: **Professionalism, Promptness, Quality, Team spirit**, and **Responsibility**, motivating the staff to offer the best experience for our customers, thereby enabling us to unlock additional human potential to meet growing expectations and improve our services.

I. Employee well-being

Objective Promoting a safe, as well as rewarding, workplace.

1.292LEI
value of investment in occupational health and safety/employee

0
work accidents/employee

5,17 zile
number of sick leave days/average number of employees (2.08% of total working days in 2025)

II. Promoting diversity, equity, and inclusion at all levels of the organization

82% femei
within the company, women represent 82% of the total employees and 87% of middle and senior management

64%
employees thet come from the rural areas of Vrancea County

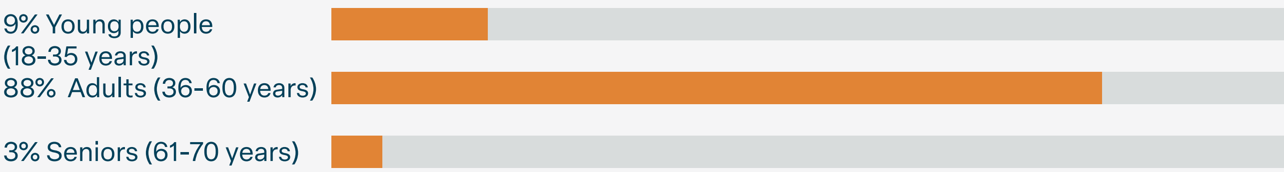
1,3%
the percentage of persons with disabilities employed within the company

6054.10LEI
average gross salary across the company**
** including benefits: vouchers, bonuses, private health insurance, transportation

+49.49%
The average gross salary per company (including benefits), compared to the gross minimum wage in Romania in 2024

0
complaints

Employee categories %



III. Providing continuous training and professional development opportunities for employees.

> ## We hapilly develop professionally fulfilled people!
>
> – Pandora Prod's mission and vision

Achieved based on the assessment of personal development needs, using external resources and internal training capacity, especially in conducting training, development, and onboarding programs for new employees, which totaled 14,726 hours, the equivalent of 2.34 days of training/personal development programs per employee.

769
participants in continuous training programs, including onboarding programs for new employees

2.117 days
number of onsite and online training days (2.3 training days/employee)

18
topics/ training sessions and training events

Pandora Prod is also involved in activities aimed at the community. The goal is to support community projects, set a positive example for other citizens, and create a code of best practice at the community level together with other partners, whether private companies, authorities, or NGOs.

Objective

Positive impact on the communities where we operate: Focșani and the rural communities adjacent to the city of Focșani.

597.116,08 LEI
value of annual sponsorships granted to community organizations, institutions, and entities

16
organizations / community projects supported in the year 2025

In the year 2025, the company granted sponsorships to community organizations, institutions, and entities totaling 597,116.08 lei. The support targeted fields such as humanitarian aid, social support, education, culture, sports, and the backing of local communities. A total of 16 organizations / community projects were supported, including the Romanian Red Cross - Sector 6 Branch, the Saint Stelian Association, Rotary / the Rotary Club Association, places of worship, cultural associations, sports clubs, and educational institutions.

IV. Developing partnerships with local and national organizations to meet community needs

16
partnerships / collaborations with local or national organizations and institutions in the year 2025

Educational partnerships

1. "Gheorghe Asachi" Technical University of Iași
Partnership for the implementation of the PEO project activities, titled "Practice for a Green Industry!", SMIS code 305138, financing contract no: G2025-5732/27.01.2025, project duration 24 months (01.02.2025 – 31.01.2027).
The partnership aims at organizing and supporting internships for University students within the company Pandora Prod Srl.
In the year 2025, Pandora conducted internships for a number of 10 fourth-year students, during the period of May 5-16, 2025.

2. Vrancea County Council
Entering into a partnership for the establishment of the Vrancea Dual Education Consortium, within the European project Integrated Professional Campus, High School and University Vrancea County.
Pandora Prod's responsibility within the project: establishing and supporting the target group, supporting through school scholarships a number of 10 students enrolled in a form of education (dual education).

V. Ethical raw materials and materials supply chain

Objective

Pandora Prod becomes a “Learning organization,” transferring know-how in the field of ESG and business ethics to partners, suppliers, and customers, thereby ensuring compliance with the principles of sustainability and durability, business ethics, and ESG along the supply and distribution chain and within local partnerships.

Types of audits performed by Pandora Prod: social, environmental, quality, technical, financial, and fabric certification: SMETA II Pillars, FSLM, FEM, ISO 9001 and ISO 14001, OCS, RCS, GRS, RWS, FLAX, ZDHC fabric certification, financial, or audits directly requested by clients. In 95% of cases, regardless of the type of audit, verifications are carried out on-site by third-party auditors.
Independent audit platforms: 12 platforms: Higg/Worldly, Supplier Portal, Sedex, ICS, Tennaxia, VMS, Extranet, One Trust, Retraced, ZDHC Gateway, Open Supply Hub (Apparel Registry), ICEA, Textile Exchange.

23
Audits conducted (social: 9; environmental: 4; quality: 2; financial: 1; fabric certification: 7)

54.000 EUR
Audit budget in 2025, both own audits and audits for subcontractors

03
Corporate governance - $_{ES}$G

The corporate governance of SC Pandora Prod is built on three main pillars: Transparency and accountability, Risk management and compliance with the regulatory requirements specific to the sector of activity, and Diversity and independence of the board of directors.

Within the ESG Committee, the potential risks that Pandora Prod's activity may face have been identified, along with the proposed prevention and audit activities, which are monitored and reported semi-annually during the Board of Directors' meetings. Proposals for investments and expenses are submitted to the Investment Committee of Pandora Prod and are included in the annual investment plan.
The diversity and independence of the board of directors are ensured by promoting diversity within the board, which is composed of three members: 2 men and 1 woman (the Chief Executive Officer, the Executive Director, and the Chief Financial Officer), and by ensuring independence and integrity in the decision-making processes set forth in the company's Internal Regulations.

I. Transparency and accountability

Objective Maintaining the highest standards of corporate governance.
Actions: Establishing an ESG Committee composed of 5 representatives from the operational departments of Pandora Prod, responsible for collaborating with the consultant to develop the ESG strategy for the 2025-2030 period using the 2024 results as a baseline for indicators/targets, establishing the annual program and calendar of activities and actions, and the ESG budget.

II. Risk management

Objective Integrating ESG risks into our general risk management framework.

Based on the 2024 ESG report and the Risk and Opportunity analysis, the ESG 2025-2030 strategy will be developed and approved by the Board of Directors of Pandora Prod in 2025, which will be regularly reviewed, updated, and completed with risk management policies to reflect the changing dynamics of the specific legal framework and ESG indicators and targets.

Compliance with these quality standards represents a way to verify Pandora Prod's commitments to sustainability and reducing the environmental impact, from the procurement of raw materials to the delivery of the finished product to clients.

	Identified risks	Potential optimizations
Mediu (Environmental)	Increasing compliance costs High consumption of resources and energy Consumer expectations eco-friendly products	Cost reduction through energy efficiency Market differentiation through sustainable products Possibility of accessing green funds
Social (Responsabilitate socială)	Working conditions . Difficulties in recruiting skilled workforce Supply chain transparency	Branding and increased customer loyalty Strategic partnerships More stable workforce
Guvernanță (Governance)	Risk of corruption and compliance ESG reporting requirements Limited access to green financing	Facilitated access to green investments and loans Competitive advantage in international markets Reduction of legal and reputational risks.

III. Ethical Business Practices

Objective: Promoting a culture of integrity and ethical behavior.
Actions:
With the support and at the initiative of one of Pandora Prod's clients (Burberry), 25 employees from the HR and legal departments, as well as factory managers, participated in a training session on "Modern Slavery." The primary objective of the course was to respect human rights and pursue ethical standards at the company level. The points covered during the training were: defining modern slavery, the risk profile of a region or country associated with modern slavery, the basic principles of responsible recruitment and background checks, and migrant workers.

THE CODE OF ETHICS, which functions as a minimum standard in pursuing Pandora Prod's objective of continuous improvement of the production environment and working conditions, from both an ethical and a social perspective. The guiding principles of the code of ethics are:

- **Responsibility** (the major value that guides actions and processes at all operational levels of our company) for our actions.
- **Confidentiality** regarding the information to which employees have access – internal documents or those related to clients, suppliers, and subcontractors.
- **Bribery and corruption policy** – zero tolerance; theft, negligence, and waste that can have a direct impact on the company and, implicitly, on its employees.
- **Proper use of company assets** (equipment, systems, and technological devices) solely for the lawful business purposes of the company.
- **Social accountability towards employees** by providing the necessary resources for the proper implementation of the management system and compliance with all requirements regarding company policies and legislation in force: child labor, forced and compulsory labor, prison labor, freedom of association and the right to collective bargaining, discrimination and harassment, occupational health and safety, working hours, disciplinary practices, and remuneration, etc.
- **Occupational health and safety** is one of the company's priorities. We believe that improving health and safety protocols within the company is essential not only to ensure the well-being of employees but also to protect the organization's reputation and to comply with legal regulations. A safe working environment contributes to boosting employee morale, reducing accidents, and increasing productivity. We implement essential strategies and investments to ensure a safe working environment.

Conclusions

The annual sustainability and ESG (Environmental/Social/Governance) report prepared by Pandora Prod SRL for the year 2025 is structured into 3 chapters—Environmental, Social, and Governance—and contains the actions carried out and the specific performance indicators achieved in 2025 and 2024; the value of the 2025 indicators was compared with the targets established in the 2025-2030 ESG Strategy approved in 2025.
All monitored ESG indicators for the year 2025 were met:

Year	CO_2 Reduction(%)	Energy from renewable sources (%)	Fabrics with certified material content (%)	Employees trained annually (%)	ESG annual report
2025 targets/ ESG strategy 2025-30	0%	25%	40%	100%	YES
Indicators achieved in the year 2025	-7%	37%	73%	100%	YES

Pandora Prod, through its Board of Directors, commits to monitoring and evaluating progress against the specific targets and objectives proposed for the year 2026 in the 2025-2030 ESG Strategy, reporting the progress achieved, and continuing to improve the company's performance in the environmental, social, and governance fields, placing importance on the implementation of ESG initiatives and investing for sustainability, competitiveness, and long-term success.