

**2006 Corporate Social Responsibility
and Sustainability Report**

About this Report

Welcome to TITAN's 2006 Corporate Social Responsibility (CSR) and Sustainability Report. This Report documents the Group's continuing efforts to embed CSR and Sustainability principles in all its operations.

We are still at the beginning of this effort and acknowledge that there is much more to be done.

Covering the Group's main activities (cement, aggregates, ready-mix concrete fly ash and other cementitious products) from January 1, 2006 to December 31, 2006, the Report focuses on key facts and figures. It highlights examples of practice in respect to given environmental and social challenges and complements our 2006 Annual Report and Annual Bulletin.

The examples presented in this report are only an indicative sample of the various initiatives and projects featured on our website (www.titan-cement.com).

The online version of this Report contains additional information for those interested in learning more about our activities. All links to our website as well as to other relevant sites, are listed on pages 63-64 of this Report and are indicated by *italics*.

Since our **2003 Report** in, each year we have highlighted certain priority issues, starting with Education and Training as a special focus in our 2004 Report and Culture and Cultural Heritage in our 2005 Report.

This year's Report places particular emphasis on the environment and the "3R" concept: Reduce, Reuse and Recycle.

In compiling this Report, relevant best practice standards and international guidelines, including the *Global Reporting Initiative's (GRI) 2002 Guidelines* and *Communication on Progress* as defined by the United Nations' Global Compact Office, have been followed.

As a member of the *World Business Council for Sustainable Development (WBCSD)* and the *Cement Sustainability Initiative (CSI)* we have furthermore specified key performance indicators in respect to occupational health and safety and environmental performance according to *CSI* standards.

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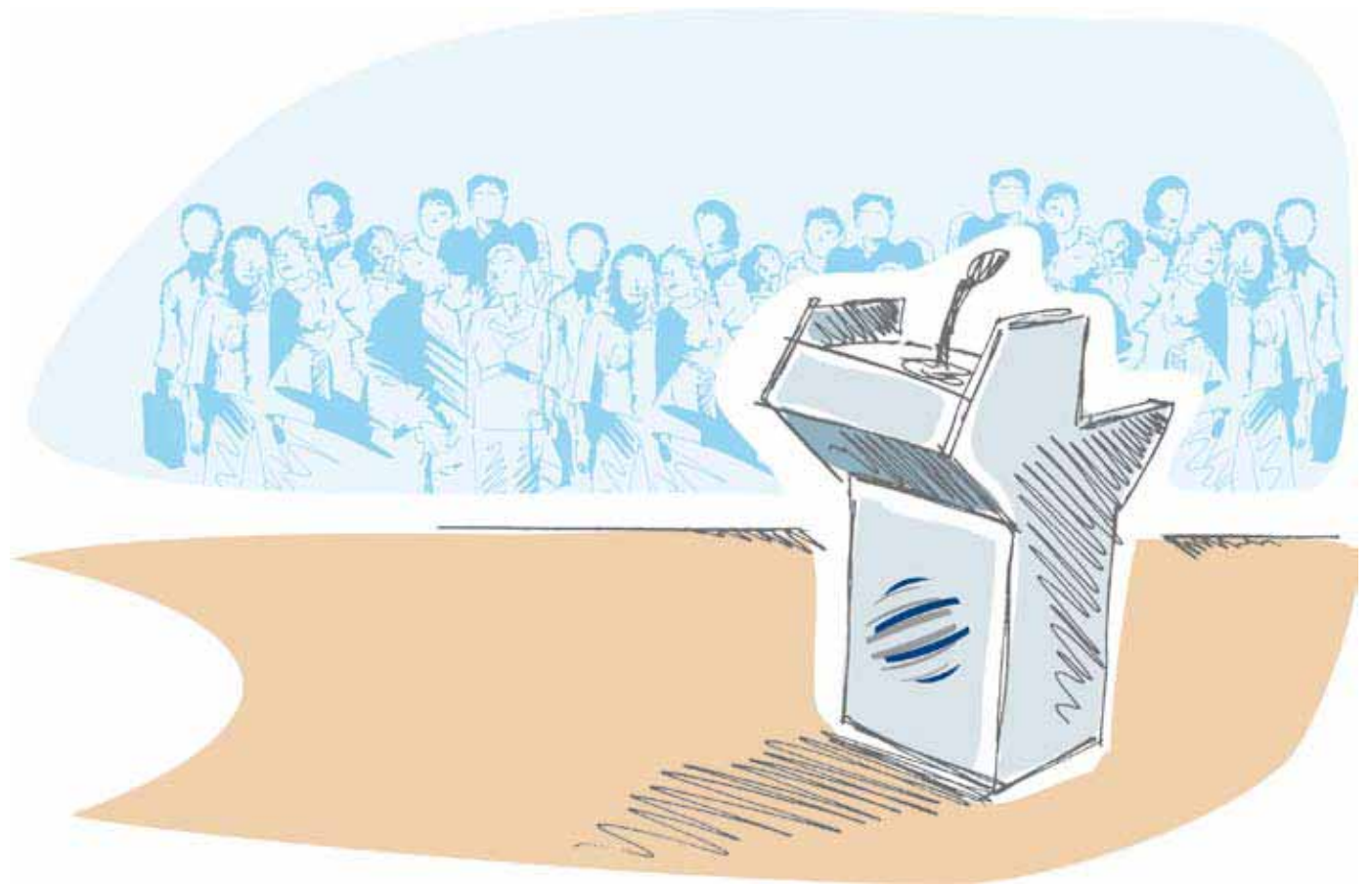
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“Each one of us is a cause of global warming,
but each of us can become
part of the solution ...”

Al Gore, An Inconvenient Truth

Message from the Managing Director





Message from the Managing Director



Corporate social responsibility has been one of TITAN's core values long before it became high on the social agenda in recent years. We believe that profitability and responsibility should advance hand-in-hand, as a matter of good business practice.

As a Group, we are engaged in a number of relevant initiatives, reference to several of which can be found throughout this Report. However, the nature of our business is such that two issues dominate: environmental sustainability and occupational safety.

2006 will probably be remembered as the year during which the issue of global warming captured the world's attention. In recent months we have witnessed a remarkable shift in public awareness of climate change, as an issue requiring a coordinated global response.

As a cement manufacturer, and thus a heavy emitter of carbon dioxide, TITAN chose early action. In 2003 we voluntarily committed to curbing our CO₂ specific emissions per ton of cement by at least 15% by 2010, compared to 1990 levels. We are pleased to report that we are well on track towards achieving this goal.

Obviously, other sustainability issues are also addressed in this report, such as recycling, highlighting that "we can do well by doing good".

Unfortunately 2006 will also be remembered by the TITAN family for a tragic accident that related to the collapse of a ship loader, during maintenance works, at the dock of Elefsis (Greece). This unprecedented event in the history of our Company cost the lives of two people. In this context, it matters little that the numbers show that our overall safety record compares favorably with industry data compiled by the Cement Sustainability Initiative.

In my message last year, written barely three months before the accident, I stated that "another danger is complacency or self-indulgence, considering past successes as permanent achievements, taking them for granted. There is nothing worse than self-satisfaction in matters that require continuous vigilance and endeavor for improvement, such as safety".

The Elefsis accident has become a wake-up call in our Group to overhaul and improve our whole occupational health and safety policies, systems and training programs, and to strengthen our safety culture. A critical lesson learned is that fostering and retaining a strong safety culture is a never-ending process.

Looking ahead, we continue working towards improving transparency, accountability and constructive dialogue with all stakeholders. We cooperate for the development and the broader dissemination of the outcomes of the *CSI* 5-year action plan. Furthermore, we have signed up with two independent verification experts to start assessing our Report according to *CSI* and *GRI* standards.

Improvement is our continuous endeavor and we welcome your criticisms, suggestions or general feedback.

Dimitri Papalexopoulos
Managing Director

*Caring for nature:
Recycling yearly over a million tons...*



“Cement is the basis of much of civilization’s infrastructure and physical development. Cement markets are growing fastest in the developing world where populations and infrastructure needs are growing rapidly.

Given cement’s key role in development, the industry needs to engage with that **agenda** and understand what it means for its own, and the planet’s long-term future.

The **WBCSD**’s Cement Sustainability Initiative, has established a **Company Charter** reflecting the members’ commitment to sustainability, and continues to explore meaningful ways to effectively manage CO₂ impacts including the application of sector-based approaches.”

WBCSD (2005) - The CSI Progress Report

Group Overview





Group Overview



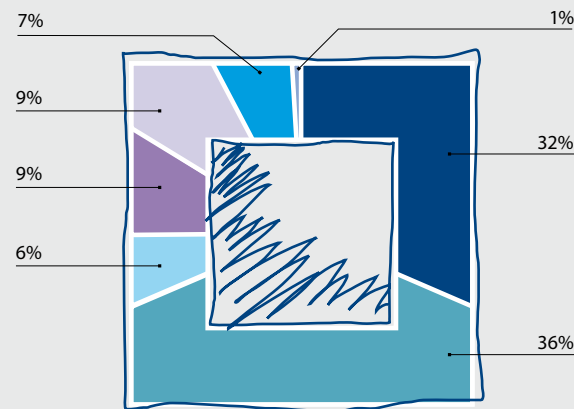
2006 TITAN Group overview

KEY FINANCIAL RESULTS (in million €)			
Turnover	1,568	Cement sales	897.3
Operating Earnings	481	Aggregate sales	106.5
Net Profit*	259	Ready-mix concrete sales	465.8
Investments**	236	Blocks	73.0
		Other	25.5

* After taxes and minority rights

** Including investments in fixed assets and acquisitions for more information see 2006 TITAN Group Annual Report and Annual Bulletin

EMPLOYMENT PER COUNTRY (as of December 31, 2006)



Greece: 1,844	Bulgaria: 507
U.S.: 2,163	Egypt**: 401
Serbia: 379	Other: 57
FYRoM: 540	Total: 5,891

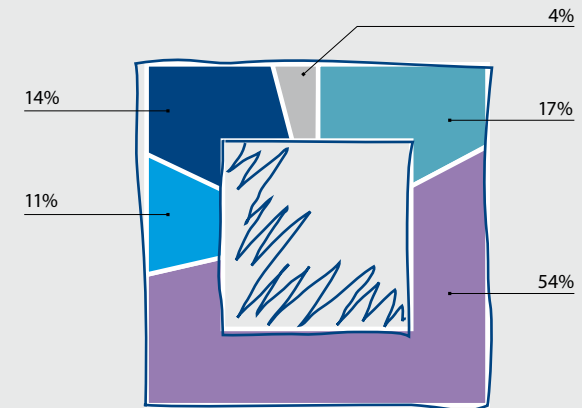
SALES & STAFF PER REGION

Region	Sales (thousand €)	Staff
Greece and European Union	607,032	1,844
North America	712,297	2,203
South Eastern Europe*	186,836	1,443
Eastern Mediterranean**	61,944	401
Total	1,568,109	5,891

* Bulgaria became a member of the EU on January 1, 2007

** Joint venture with Lafarge, calculated on an proportionate basis.

DISTRIBUTION OF INCOME TO STAKEHOLDERS



To employees for salaries, pensions and social benefits (beyond those obligatory by law): €259.7 million

To local and international suppliers: €825.0 million

For new Investments in fixed assets: €160.1 million

For taxes to state and local authorities: € 211.0 million

For dividends to shareholders: €63.4 million



Group Overview

Corporate governance

Our corporate governance activities are covered in our Annual Report (p. 51-59). A brief reference is made here because we believe that our efforts should not only comply with all relevant local and international legislation but go beyond it wherever possible. Further to our last Report, in 2006 we made important progress in this area.

Among the most recent developments are: term and age limits for Board members and a system of evaluating individual Board members and Committees. It has also been decided that at the forthcoming General Assembly the election of the new Board will have a majority of independent non-executive members.

Responding to the call of the investor community to focus more on raising awareness among shareholders of social and environmental issues, we have introduced a summarized version of our CSR and Sustainability Report in our 2006 Annual Report and Annual Bulletin (see page 18-19).

Organizational developments at Group level

In 2006 a number of organizational changes took place in order to better reflect our structure as a Group of inter-related but distinct companies and one that gives prime importance to its people.

Our Industrial Training Department and Occupational Health and Safety Department have been expanded at Group level to ensure further synergies and cohesiveness in these areas. The Group Internal Control Department has undertaken an overall review of the application of our **Code of Conduct** while additional policies to support compliance are currently under development.

Responding to increasing requests for more detailed description of key Group policies and relevant management structures, an overall updating and re-engineering of our website started in 2006 and will be completed in 2007. Accordingly, for more information on CSR and Sustainability management issues see our website: www.titan-cement.com.

MAIN OPERATING COMPANIES OF THE TITAN GROUP (December 31, 2006)

GREECE	%
TITAN Cement S.A.	100
Interbeton Construction Materials S.A.	100
Gournon Quarries S.A.	100
TITAN Cement International Trading Co S.A.	100
Naftitan S.A.	100
U.S.	
TITAN America LLC	100
EUROPEAN UNION	
Intertitan S.A.	100
TITAN Cement U.K. LTD	100
Fintitan SRL	100
SOUTHEASTERN AND MEDITERRANEAN	
Cementara Kosjeric A.D.	74.28
Cementarnica Usje A.D.	94.84
Eastern Mediterranean Beni Suef Cement Co.	49.93
Alexandria Port. Cem. Co.	48.64
Zlatna Panega A.D.	99.99

All TITAN affiliates are owned by the Group with the exception of companies in Egypt which are jointly controlled with Lafarge Group.



Patras plant Greece, 2006

“Corporate social responsibility matters for all of us because it mirrors the core values of the Society in which we wish to live.

It matters to individual companies big or small, which through innovative products and services, new skills and stakeholder engagement can improve their economic, environmental and social performance in the short – and long– term.

It matters to those who work in and for companies, for whom it can help to create a more rewarding and inspiring working environment

...It matters to local communities where companies operate...

...and it matters to our children and future generations who expect to live in a world which respects people and nature...”

E.U. Business Alliance for Corporate Social Responsibility, March 2006

Branching out and adding value





Branching out and adding value

Corporate social responsibility and sustainable development

Following the branching out and adding value concept is one way of enhancing our internal capacity to learn from our own efforts and experiences and create value for all interested parties. Since 2003 we have focused on collecting, analyzing and testing good practices and rolling them out throughout the Group and beyond.

Relevant examples of the most recent initiatives include:

- Expansion of **Separation Technologies'** activities and diffusion of innovative technology from the U.S. to Canada and Europe (see page 47).
 - Implementation of the **Technical Training Program for unemployed youths** in FYRoM after the rewarding experience gained in a similar initiative adopted in Patras (Greece) beginning in the early 1990s.
 - Expansion of additional health care and medical services programs to cover all Group employees.
 - Adoption of new programs for supporting children of our employees in South Eastern Europe similar to programs operating in Greece, including among others: the free "school kit" for primary school children, a vocational guidance program for pupils in secondary education, financial support for university students, etc.
 - Dissemination of the **FAOS** local partnership program in other regions and expansion of networking with local stakeholders (see page 30).
- Establishment of a new business-to-business partnership ("**Play it Safe!**") to promote local synergies and cooperation with stakeholders (see page 30).

An important lesson learned during the past few years is that the more we strive to improve, the better we understand the need to strengthen and focus our endeavors.

In 2006 an overall review of our CSR reporting system was carried out so that we are now ready for independent expert assessment in order to introduce an external verification process in 2007.

Special attention has been also given to learning from others through our participation in joint initiatives and networks (see pages 56-59). Listening to stakeholders and making every effort to capitalize on the expertise and feedback they provide is an additional aspect of our drive for continuous improvement.



As in 2003 and 2004, the Report is in general easily accessible for the reader, well structured and covers the main areas of importance in an innovative manner both in terms of content and style.

To ensure continued reporting cohesiveness and transparency as well as showing the progress the company is making, TITAN might consider using the CSR KPIs as a way to structure the Report and to show what these are, what has been achieved and what the targets are going forward.

Building further synergies between the printed CSR Report and the website, specifically in and around areas where further information (often technical, financial and statistical) is needed for the reader to gain further information.



Feedback provided on our 2005 CSR and Sustainability Report by CSR Europe



Visit at Kamari plant, Greece, 2006

“...Reporting is not an easy road to go down ...Many companies that have opted for a sustainability report would say that it is a permanent learning process...”

Philippe de Buck, Secretary General of Business Europe, 2004 (formerly UNICE)

“Issuing a Social Report will not establish automatically a more meaningful dialogue with stakeholders. ...The Company definitely needs to continue the good work it began with the 2003 Report but, at the same time develop new channels of communication with stakeholders. I think TITAN still has a lot of important work to do in this area...”

Prof. M Skoullou, Mediterranean Information Office for Environment, Culture and Sustainable Development, (MIO-EDSCE), 2004



Branching out and adding value

Stakeholder dialogue, co-operation and commitments

Since 2003 we have pledged to develop common corporate standards for CSR and sustainable development at Group level. This is an on-going process and we understand that there is still a lot to be done. During this period, we have worked on developing an integrated measuring and reporting system – compatible with *CSI*, *GRI* and *Communication on Progress (CoP)* standards – that would address our commitments and responsibilities with respect to our three priority areas:

- Our people (employees, shareholders, business partners and customers)
- Environment
- Local communities

Last year we developed additional means for communicating our social and environmental performance through the following activities:

- A summarized version of our *CSR and Sustainability Report* was developed and distributed to all our staff in Greece and the U.S. (where approx. 70% of our staff is) so as to meet the need for more tailor-made communication with different stakeholder groups.
- Feedback cards were included in both the printed and the web version of the 2005 Report yielding a diverse range of comments and suggestions on ways we can improve our CSR reporting.

- Online accessibility of our Reports was significantly enhanced both on the TITAN corporate website as well as through our participation in an e-mail alert service reaching thousands of individuals and corporations interested in socially responsible investing and CSR.

We have tried to measure the effect of these additional efforts and have noted the following:

- Four times more hits on our online Report version compared to 2005.
- Increasing requests from academics in Greece and abroad for copies of the Report to be used as material for training on CSR issues.
- More than 30% of our staff in Greece have asked to learn more about the full range of our CSR activities.
- New proposals from different stakeholder groups (including NGOs) seeking TITAN's cooperation.

“ *The Group's 2005 CSR Report is a comprehensive document covering a range of sustainability issues faced by the company across a broad geographic scope, and addressing the interests of all key stakeholder groups.*

The reference to the GRI gives the Report a good structure and makes it a useful document for the investment community. The inclusion of commentary from experts lends credibility to the report and a positive external perspective on the Group's performance

...The Report can and should be used as a valuable tool to educate stakeholders on the importance of sustainable business to the Group but to do this it needs to be made more accessible...”

Feedback provided on our 2005 CSR and Sustainability Report by Peter de Graaf, Managing Director of First & 42nd

KEY STAKEHOLDER ENGAGEMENT ACTIVITIES AND TARGETS

Stakeholder Groups	Activities in 2006	Targets for 2007
Investors	Annual results presentations and investor road-shows	An extract of CSR and Sustainability Report included in the 2006 Annual Report and Annual Bulletin
Employees and their representatives	CEO briefings, performance and development reviews, employee surveys, trade union meetings, internal publications and magazines	On-going process
Governments	Direct contacts as well as contacts through industry and business associations	<ul style="list-style-type: none"> • On-going process • Communication in the framework of the <i>EU Business Alliance for CSR</i> and <i>Global Compact</i>
International Organizations	Membership in UN <i>Global Compact</i> , <i>WBCSD/CSI</i> , <i>European Alliance for CSR</i> , <i>CSR Europe</i>	<ul style="list-style-type: none"> • On-going process • Participation in laboratories in the framework of the <i>EU Business Alliance for CSR</i> and <i>Global Compact</i>
Communities	Consultation with local representatives	On-going process
Contractors and Suppliers	Open days, co-operation and exchange of information	Consultative meetings, safety meetings and performance reviews
Customers	Complaints procedures, consultation meetings on possible synergies and co-operations	Satisfaction surveys, focus groups and co-operation on issues of common interest
NGOs	Meetings and discussions on specific issues, involvement in partnerships	Stakeholder meetings, exchange of opinions on relevant issues



MBA Students' Forum, Kamari plant, Greece, 2006

“Building and maintaining a “national preventative safety and health culture” means increasing general awareness, knowledge and understanding of the concepts of hazard and risk, starting from the age of basic education and continuing throughout working life.

Such a culture requires the development of practices that contribute to the prevention and control of risks at all levels.

It should include the promotion of safety consciousness in general and an openness to build on lessons learned.

It can be significantly enhanced by strong leadership and visible commitments to high standards of occupational safety and health.

Such a culture can make a contribution to creating decent work by encouraging respect for workers’ safety and dignity.”

International Labor Organization “Safe and Healthy Workplaces: Making Decent Work a Reality,” Geneva, 2007

Commitment to our People





Commitment to our People

Employment

Respect for our people and their needs is an integral part of our human resources policy. To maintain a high level of employee satisfaction, safe working conditions and continuous improvement, we have adopted Group-level programs in the following directions:

- Recognition of employee involvement and participation in business-goal achievement
- Compensation systems relevant to local market conditions and industry trends
- Continuous investment in professional development and career management
- Benefits beyond legal requirements and collective labor agreements to meet employee needs and expectations

Long-term employment is a characteristic feature of our Group and relevant bonuses for ten, twenty and thirty years of service are offered to our employees.

Low staff turnover was one of the main factors contributing to TITAN Greece's recognition as one of the Best Places to Work in Europe in 2004 and 2005.

Labor issues and standards

We offer pay and benefits at least in line with industry and local practice, adding bonuses linked to company and personal performance targets. In some cases, equity participation and pension programs are also provided, depending on tax regimes and industry practices in the countries of operation.

Wage negotiations are carried out according to local industry practices. Our pay structures, furthermore, reflect that there is no discrepancy in pay between male and female employees performing the same jobs.

Labor relations are built on mutual trust and understanding, reflected in the distinctively low number of days lost due to industrial disputes. In 2006 few man-hours were lost only in Greece (due to participation in general strikes) equivalent to only 0.02% of all man-hours.

Equal opportunities

In the context of our CSR commitment we provide a work environment that embraces diversity and provides equal opportunities for all.

In 2006, the percentage of women in total employment was 12% and their participation in management was also 12%. It is recognized as an area for improvement among the majority of cement companies, as well as TITAN. In the U.S. in 2006 three cases regarding TITAN practices were submitted for examination by the *Equal Opportunities Commission* and all have been settled without any further involvement of the Commission.

In order to encourage initiatives increasing awareness and promoting a different mindset on issues relevant to gender equality, we have actively participated in efforts undertaken by the Hellenic Network for CSR. This initiative consists of a Memorandum in partnership with the *Hellenic General Secretariat for Gender Equality* designed to support gender equality in the workplace and broadly disseminate examples of good practice (see page 56).

The percentage of managers of local origin at Group level is approximately 92%.

Finally, four percent of our employees are individuals with special needs according to data collected from regions where the Group operates and collection of relevant data is permitted.



Control room, Separation Technologies, Pennsuco, U.S., 2006

“Add Value”

To encourage and reward employee involvement, in 2005 we launched the “Add Value Program” at our Greek operations. The winner of the 2006 “Add Value Program” was an accident prevention proposal from our Patras plant (Greece).

“Add Value” was initially launched as a pilot program in two cement plants in Greece. It aims at initiating and acknowledging contribution of our employees in meeting our objectives in respect to improving productivity, quality and customer satisfaction, as well as care for the environment and occupational health and safety.

Given the very positive response to this particular initiative, in 2006 all Greek cement plants participated and a total of 59 proposals were submitted.



“Add Value” awards, Athens, Greece, 2006



Commitment to our People

Human resources development

In 2006, more than 110,000 training man-hours implemented in various training activities with the participation of more than 4,400 employees. The number of training man-hours per employee was 18 (a 30% increase over the previous year). Most training hours were focused on safety but also included technical and environmental topics, leadership and other skills.

The challenge remains nonetheless to increase safety awareness throughout the hierarchical levels of our Group and to truly become a learning organization capitalizing on the expertise, skills and competencies of all.

In addition, succession planning tools, on-the-job development, coaching and mentoring are used to ensure that a pool of talented people is ready and well-prepared to meet the Group's strategic objectives.

Moreover, programs like "Mentor" and "Career Pre-heater" are focused on the continuous development of technical know-how and core capabilities of our new managers in Greece and South Eastern Europe. The organizational experience gained will be used for the development of relevant programs to cover all Group operations.

Communication and employee participation

Our employees are encouraged to provide feedback in a variety of ways (surveys, digivote, open-days, feedback cards, etc.) in a process of open dialogue and communication. Living up to our values implies that management must know how employees view, understand and apply them in day-to-day operations.

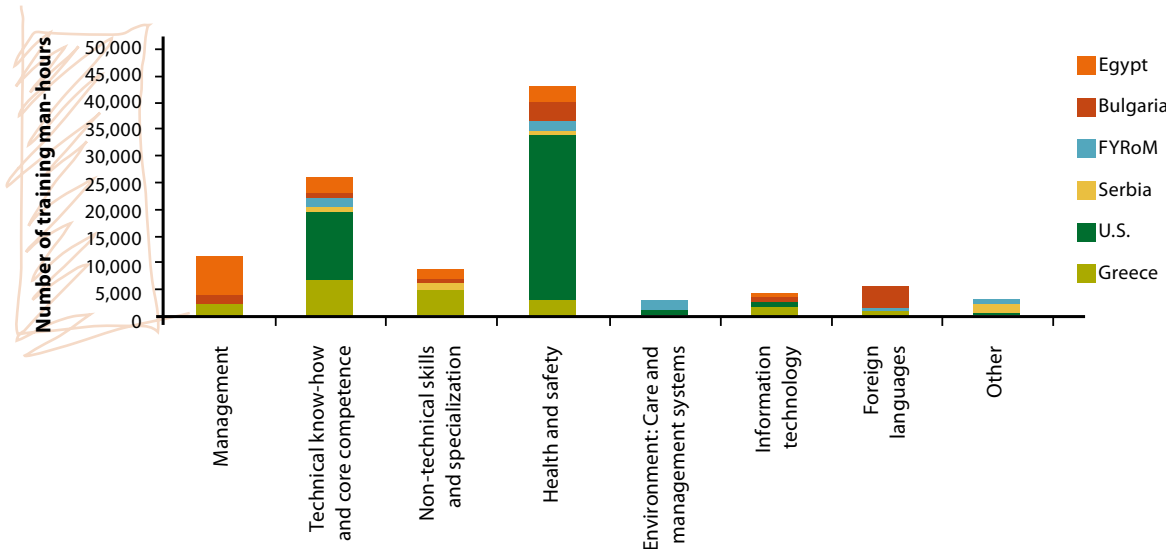
We launched our first comprehensive employee survey on a pilot basis in the U.S. in 2004, following the distribution of our "Corporate Values and Code of Conduct" Primer. Progress and improvement were noted in safety, communication and management in the follow-up opinion survey carried out in 2006.

A similar opinion survey was also launched in Egypt in 2006 and its findings are being currently evaluated. We plan to conduct this survey in Greece in 2007 and in other South Eastern European operations in the future.

In addition to the concise CSR and Sustainability Report published in 2006, in the context of our effort to develop a culture of safety, we developed and distributed to all our employees and contractors a number of booklets focused on accident prevention.

Moreover, an employee handbook was prepared and distributed to all our employees in Egypt, while a new Serbian-language magazine was published for our staff in Kosjeric.

TRAINING BY SUBJECT AND COUNTRY OF OPERATIONS





TITAN innovations in education and training: “Career Preheater”

“Career Preheater” is an intensive in-house classroom based learning program, officially launched in 2006 at our Greek cement operations.

It aims to effectively develop technical skills, leadership competencies and behaviors of new professionals. This program consists of 28 training modules, covering all relevant topics and was attended last year by 27 trainees for a total of 6,750 man-hours. It will continue in 2007, while we are currently considering to extend its implementation to other regions.



“Career Preheater”, Athens, Greece, 2006

“Mentor” Program

“Mentor”, the platform for learning, team-building and sharing best practices in TITAN’s South Eastern Europe operations was initially launched in 2003, aiming at the transfer of knowledge and expertise to the newly acquired affiliates.

This training approach is based on the designation of a senior manager for every working group, as well as to new training methods experimenting with personal competences and experiences.

In 2006 a new group was formed for occupational health and safety in addition to the eight initial groups focusing on extracting raw materials, quality control, mechanical maintenance, electronics maintenance, environmental protection, suppliers and sales. These nine groups met 28 times last year and their training program reached a total of 3,200 man-hours.



“Mentor Program”, Zlatna Panega, Bulgaria, 2006



Commitment to our People

OCCUPATIONAL HEALTH AND SAFETY

2006 was stigmatized by a tragic accident at the port of Elefsis (Greece), on May 31, resulting in the death of two of our contractors' employees. Never before in the history of our operations has this type of accident occurred.

While our commitment to the safety of our employees is steadfast, we recognize that we have a long way to go towards realizing our goal of "zero accidents".

Through openness and transparency we hope not only to improve our own safety record, but to serve as an example of responsible industry in all the countries in which we operate. In the U.S. we have intensified our efforts to develop a safety program and culture unique to TITAN America's conditions.

In Egypt, we sought specialized advice from world leaders in safety, in an effort to continue more intensively implementing the action plan we launched two years ago.

"OCCUPATIONAL SAFETY" TITAN GROUP PERFORMANCE INDICATORS ACCORDING TO CSI STANDARDS	
Number of LTI's, directly employed	42
LTI frequency rate* directly employed (per million man-hours)	3.42
Number of fatalities, (directly employed)	0
Fatality rate (per 10,000 directly employed)	0.00
Number of fatalities (indirectly employed)	2
Number of fatalities (third parties**)	1

* Frequency rate: Number of accidents multiplied by 1,000,000 and divided by the total hours worked.

** Third party: Any person not categorized as directly or indirectly employed

Safety culture development: The experience of TITAN America

In building a safety culture at Group level we benefit from good practices developed both within the Group and from the global cement and other industries. The approach followed to meet this goal in the U.S. can be summarized as follows:

- Establish rules, raise awareness and train employees, enforce and continuously assess policies.
- Make use of special tools like Safety Commitment Cards signed by each and every employee, Safety Task Assessments before all relevant activities to prepare for potential safety hazards and locally-relevant Safety Awareness Campaigns.
- Encourage employees to contribute to the development and ownership of a safety culture.
- Shift emphasis from downstream metrics (like incident rates that help gauge performance but not necessarily improve it) to upstream metrics (pro-active front-end activities – like regular safety meetings – aimed at creating a culture of safety in accordance with local conditions).

Healthcare

Within the framework of our CSR policy, in 2006 we continued our efforts behind the antismoking campaign, and the prevention and early detection of health problems.

TITAN in its effort to care for health placed defibrilators in all cement plants in Greece a few years ago, a practice we adopted from our operations in the U.S., as another example of our branching out philosophy. This issue is so important to Greek society that in 2006 the medical community called for placing these defibrilators in all public buildings as a response to increasing health problems among the general public.

In 2006 we also continued cooperation with St. Mary's Obstetrics and Gynecological Hospital in FY-RoM to offer a variety of medical check ups as well as lectures on relevant prevention topics to our female employees at Usje.

Moreover, in the annual "Health Run" in Attica (Greece) more than 170 people of all ages participated in 2006, expressing their support for this initiative undertaken by TITAN since 1998.



"Health Run", Attica, Greece, 2006

REACH: For the improvement of human health and the environment

The REACH Regulation (Registration, Evaluation and Authorisation of Chemicals), is the new EU regulatory framework formally adopted in December 2006 aimed at improving the protection of human health and the environment through the better and earlier identification of the properties of chemical substances.

The new EU Regulation is expected to enter into force on June 1, 2007 and gives greater responsibility to industry to manage the risks from chemicals and to provide safety information on the substances used.

In terms of the Regulation, cement is considered a preparation rather than a substance and is therefore exempt from registration under REACH. Obligations are limited to classification and consumer labeling which will not impose any new health and safety precautions in addition to the Chromium VI restriction that already exists (see our *2004 CSR and Sustainability Report*).

Natural raw materials and fuels are again exempted from registration, however certain synthetic materials and pet coke used in cement production are subject to registration. Although the burden of relevant obligations will fall on our suppliers, we are working with the European Cement Association *Cembureau* to develop procedures (at an industry rather than company level) in order to reduce their impact on our supply chain management and increase and ensure the ability of suppliers to meet new requirements.



Commitment to our People

Contractors' personnel

The cement industry typically uses a fairly high percentage of contracted employees in its operations (mostly in activities related to quarrying, cleaning and maintenance of facilities, transportation and security). Embedding our values among these employees presents a particular set of challenges.

At TITAN, contractors' personnel fall into two broad categories: permanent contractors' employees, such as drivers, who carry out everyday duties, and project employees who work on a contractual basis for specific projects, works or services. Living up to our CSR commitments means investing in the training of these individuals.

Given that road accidents are common in our industry, we have continued in 2006 the defensive driving training program for our contractors' personnel in transport and logistics. By the end of 2007, our objective is to have trained all such personnel and assess their competences according to relevant standards adopted by the Group.

Customers

Concrete is the second most widely consumed material in the world, after water. It is a fairly inexpensive material used to build homes, schools, hospitals, roads, bridges and other infrastructure projects: in essence, to fulfil critical human needs.

We respond to our customers' demands in a variety of ways. Among the most important ways we do this is by customizing our products to the specifications required in any particular place (such as in especially seismic areas) while simultaneously complying with the requirements of local legislation.

We also strive to constantly improve the long-term durability of our products through investment in research and development. These efforts are among our core business activities, to be sure. But they also represent ways in which we respond to society's needs for affordable and durable housing and other important infrastructure works that are prerequisites for economic and social development.



Construction and renovation of Law School, Athens, Greece, 2006

Shareholders

TITAN is among the oldest listed companies on the *Athens Stock Exchange*. Since 1912 when TITAN became a public company, it has made every effort to ensure the long-term interests of its shareholders.

In September 2006, the *Athens Stock Exchange*, at a ceremony commemorating its 130th anniversary, honored TITAN for its long-term profitability (56 consecutive years), and its consistent distribution of dividends (54 consecutive years).

TITAN also received a special award for investor information services having been voted by financial analysts and journalists as the best listed company on the *Athens Stock Exchange*.

In addition, recognizing that environmental, social and corporate governance issues can affect the performance of investment portfolios, the *United Nations'* Secretary General invited a group of the world's largest institutional investors to join a process to develop the *Principles for Responsible Investment (PRI)*. Written with support from a widely represented multi-stakeholder group of experts, the *PRI* provides a tool for further embedding CSR into business and investment decisions.

TITAN has actively monitored these developments and contributes where possible to incorporating the principles of the *Global Compact* in general and assessing the *PRI* for relevance to its own business and investment activities.



Athens Stock Exchange Awards, Athens, Greece, 2006

“In today’s world, stakeholders demand an increasingly high standard of behaviour.

Generous philanthropic programmes and benefit packages for employees in a company’s home country are no longer enough to demonstrate corporate responsibility.

To be credible, they need to be backed up by responsible business practices and rights protection for the most vulnerable company stakeholders, not just those at home...”

*The Prince of Wales International Business Leaders’ Forum: Human Rights: It is Your Business
(The Case for Corporate Engagement, 2005)*

Commitment to Society





Commitment to Society

Dealing with challenges such as poverty, unemployment, disease and climate change is not only the responsibility of governments, but also of companies which are expected to contribute to these macro-goals through joint efforts and cooperation.

In order to increase our effectiveness in this area, TITAN is focusing on listening to and understanding the dynamics and priorities of local communities and the impacts of our operations. This derives from a continuous dialogue with a wide range of stakeholders.

The need to recognize local differences in our operating environments has strengthened our efforts to build new channels of communication and ways of partnering with local stakeholders.

In the context of our branching out and adding value concept, our social contributions include not only cash and in-kind donations, but also staff time and expertise for administering and implementing community programs.

In addition to our donations in kind, our donations in cash in 2006 amounted to approximately €2 million at Group level, allocated in the following main areas:

- Education and training
- Care for health, safety and environment
- Community involvement and development
- Voluntarism and social solidarity

Education and training – 2006

Our initiatives have included the following among others:

- In 2006 the *MBA Students' Forum*, launched in 2002, hosted 450 students and 50 academics and business representatives at the two annual meetings, one that took place in Kamari and one in Thessaloniki (Greece).
- The Kosjeric (Serbia) plant supported an "ECO CAMP" and hosted 20 students, professors and assistants from the Department of Environmental Protection of the University of Belgrade.
- A second edition of the book "Making Schools Safer", by Ioannis Papadopoulos, Associate Professor at the University of Athens Medical School, was published with our support. The book was distributed to all public and private schools in the communities in which we operate in Greece, to public authorities, NGOs and to parents who participated in "*Play it Safe*" events in Ioannina and Thessaloniki. It is a valuable learning and guidance tool for teachers and can help to build safety awareness among parents.

Health and safety

FAOS

In 2006, the *FAOS* program for the prevention of accidents in schools made two important accomplishments. First, a four-year long registration process of mapping all accidents in schools was completed and identified that, in the schools where the *FAOS* program operates in Patras (Greece), 40% fewer accidents have been recorded. Second, in Thessaloniki, *FAOS* was introduced to the local business community through a presentation organised for the Managing Board of the *Federation of Industries of Northern Greece*.

Play it Safe

The "Play it Safe!" program – a new business-to-business initiative – implemented under the auspices of *UNICEF HELLAS* in cooperation with Pantechniki S.A. *FAOS*, *Pediatric Trauma Care* and local authorities – aims at increasing awareness among parents and children on accident prevention on playgrounds. Last year the three-hour interactive program geared towards elementary school children and their parents was implemented in Ioannina and Thessaloniki (Greece) with more than 1,500 children, parents and educators participating.

Community development

Last year our activities in this field included the following among others:

- The donation of 7,000 saplings to support the re-forestation of an area burned by fire on the island of Milos island in Greece (see page 41).
- Support to the Municipality of Elefsis household garbage recycling program.
- The organization and support, in cooperation with local teachers, of a pilot program on building team spirit and combating violence among children through a theater workshop on acting and performing at the Kamari plant (Greece).
- Assistance with the construction of the new art museum in Roanoke (U.S.).
- Assistance with the building of the local Fire and Rescue Department which was destroyed by a hurricane, as well as the sponsorship of "*Crop Walk*", a community initiative to provide food and shelter to disaster victims, in Florida (U.S.).
- The supply of the computer center for students and new graduates in Beni Suef (Egypt).

Voluntarism and Social Solidarity

The way our staff live up to our values is expressed through various individual and collective initiatives. Some examples from 2006 are:

Blood donation: the gift of life

Blood donation is a long-standing tradition at TITAN since the 1960s. At our operations in Greece alone, more than 4,000 vials of blood have been collected from TITAN employees in the last twelve years. To encourage and motivate our younger employees, a new blood donation campaign was launched throughout the Group in 2006. We have also made special efforts to encourage our employees' children to become donors, as well as people living in neighboring communities, inculcating in them the life-long sentiment of giving and community service.

Planting the seeds of environmental awareness in the next generation

Within the context of its respect for people and stewardship of the environment, Cementarnica Usje began a project in the autumn of 2006 in their local community. Employees and schoolchildren from the Krume Kepeski elementary school participated by planting trees and flowers donated by TITAN.

This project is an example of practice also followed in most of our operations in Greece where last year more than 5,000 plants from our nurseries were donated in open days alone.

Relay for Life

Relay for Life is a special overnight event designed to celebrate survivorship and raise money for research programs of the *American Cancer Society*. Last summer in Virginia Beach, our employees joined local community and cancer survivors gathered at schools, fairgrounds or parks and took turns walking or running laps. Each group – including our team "Remember the Titans!" – kept at least one team member on the track at all times.

Helping those with special needs

In Serbia, for the last several years, TITAN Cementara Kosjeric (TCK) has responded to the requests of two groups representing individuals with special needs: the Child and Cerebral Palsy Association and the *Association of Blind and Visually Impaired* in Kosjeric. Whether through offering refreshments and sports equipment for Sports Day for the Child and Cerebral Palsy Association or taking up a collection among union employees for a cash donation to the Association of Blind and Visually Impaired or by providing relevant groups with fully-equipped meeting rooms, TCK is proud to contribute wherever possible.

“...as the scientific evidence accumulates
it is clear that the fight against climate change
is much more than a battle.

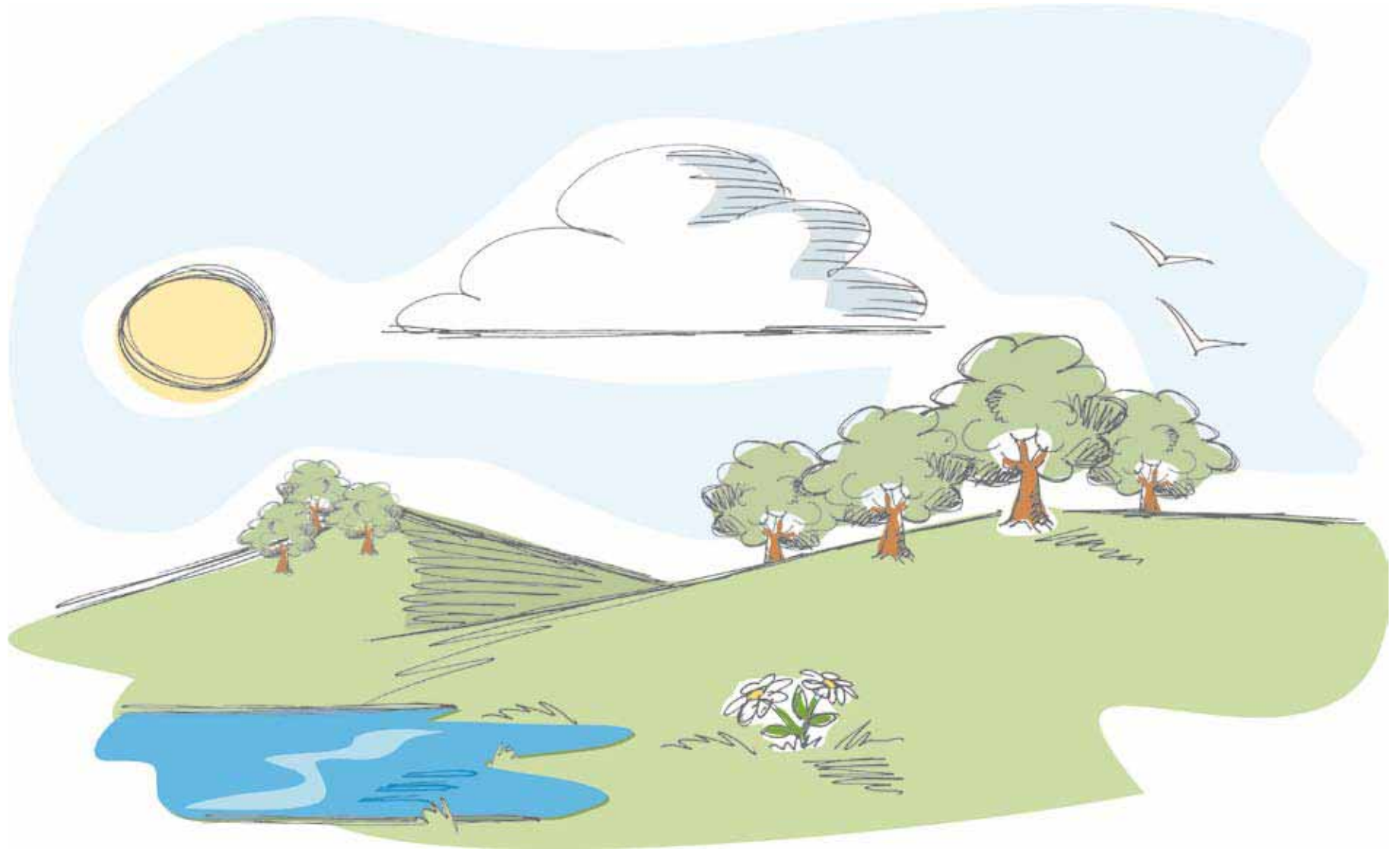
It is a world war that will last for many years
and probably for many generations...

...It is like a war because to reduce emissions
something very like a war economy is needed.

All sectors – transport, energy, agriculture and foreign policy –
must work closely together to meet a common objective...”

*Stavros Dimas, Member of the **European Commission**, responsible for environment, at the launch event of the European Commission and the All Party Parliamentary Group on Climate Change Co-operation for 2007, London, U.K.*

Commitment to the environment





Commitment to the Environment

ENVIRONMENTAL IMPACTS AND PERFORMANCE

In 2006:

Our 40 active quarries extracted:

- 39.4 million tons of raw materials of which 22.4 million tons of aggregates

Main impacts were:

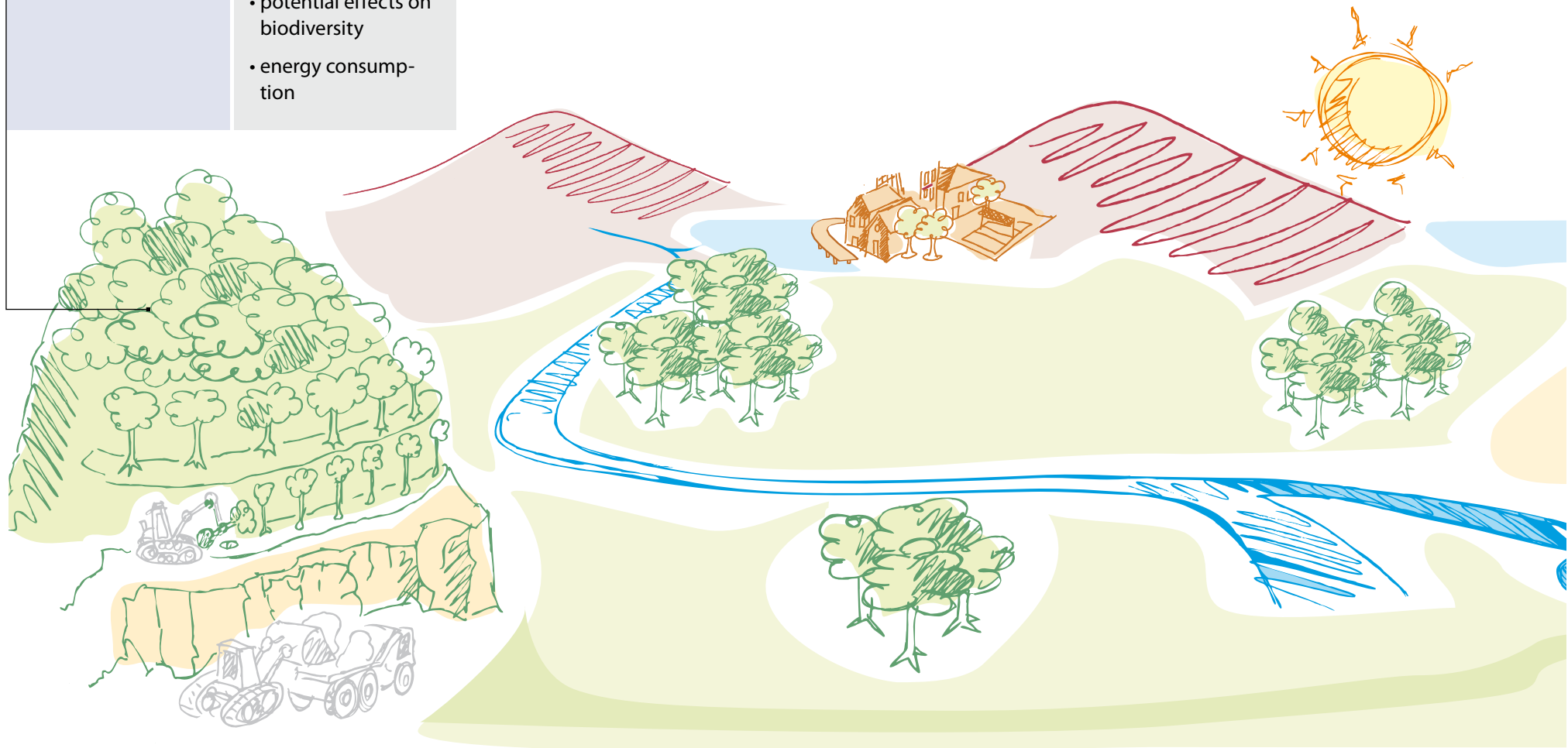
- noise
- vibrations
- dust
- alteration of landscape
- potential effects on biodiversity
- energy consumption

Investments to mitigate anticipated environmental impacts

- € 36.8 million in total excluding operational costs of which € 26.2 million of the above is for applying environmental friendly technologies (see page 40).

Separation Technologies

- 8 electrostatic separation units produced 1 million tons of recyclable processed fly ash (see page 47).



Our 11 cement plants produced:

- approximately 16 million tons of cement

Main impacts:

- CO₂ emissions
- energy consumption
- other emissions (dust, NO_x, SO_x)
- noise

Our 97 ready-mix facilities produced:

- 6.0 million m³ of concrete

Main impacts:

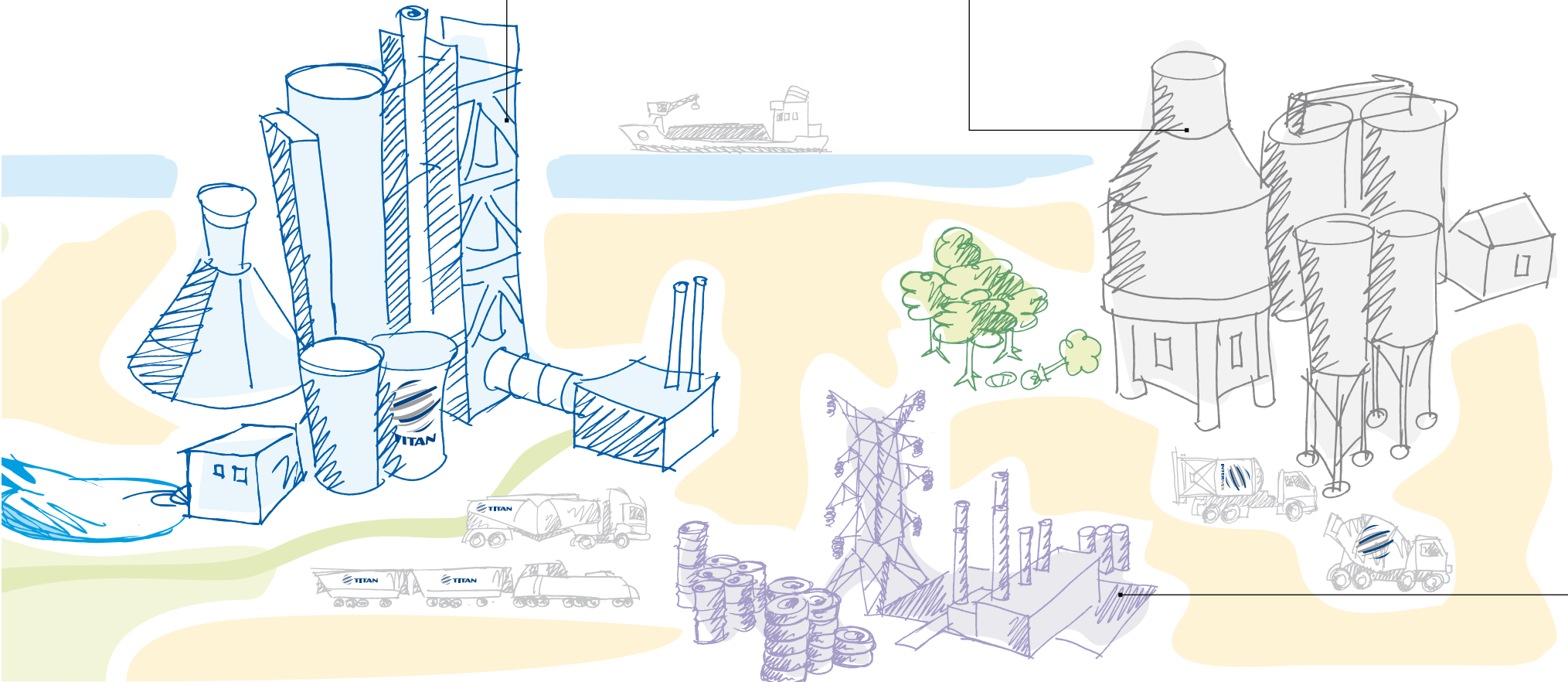
- use of raw materials
- consumption of water
- dust emissions
- noise

For our overall production we consumed:

- 37,907 TJ thermal energy
- 1,675 GWh electricity

Indirect impacts:

- CO₂ emissions
- other gas emissions
- use of raw materials





Commitment to the Environment

ENVIRONMENTAL IMPACTS AND PERFORMANCE

Key environmental performance indicators: Meeting our own objectives

Since 2003 we have particularly focused our efforts on harmonizing systems and practices with international norms and best cement-sector practices and have introduced key performance indicators to monitor performance and benchmark progress.

In our *2005 CSR and Sustainability Report* we presented our environmental performance targets to be achieved by 2010. As a result of rigorous investment programs, continuous efforts to improve and develop practices, policies and management systems in all Group functions, our environmental performance in 2006 indicates that the 2010 targets are realistic and achievable as presented in the table on the next page.

The challenge remains to maintain the same level of environmental performance considering our future growth and Group expansion (see 2006 Annual Report and Annual Bulletin). Ensuring the same consistent level of environmental performance throughout existing and newly acquired operations is therefore one of our major priorities in the coming years.

Achieving our joint objectives

As a member of the World Business Council for Sustainable Development (*WBCSD*) since 2003 and within the framework of our participation in the Cement Sustainability Initiative (*CSI*), we are committed to working together to deal with the following challenges:

- Climate protection and CO₂ management
- Responsible use of fuel and raw materials
- Monitoring and reporting emissions
- Local impacts on land and communities
- Reporting and communication of data

By participating in the task forces created to deal with these issues, we helped to develop and shape guidelines and commonly accepted protocols upon which the monitoring, recording and reporting of data are based.

These guidelines help define the direction which the industry as a whole is encouraged to follow. All participating companies are committed to defining specific company objectives and presenting progress towards achievement in their respective annual reports.

Within this general framework, particular emphasis is given to the:

- Nature, impact and volume of emissions
- Consumption and nature of raw materials (including water) and the efficient use of energy
- Use of techniques which produce limited or no waste products
- Development of techniques for the recovery and recycling of materials emitted and/or used during the process and possibly of any waste material
- Minimization of the impact of emissions and risks to the environment

All Group proposals made in the last several years or that are currently being prepared for new investments related to the modernization and improvement of existing units or the construction of new ones have been carried out with these principles firmly in mind.

As we near the conclusion of the first five year action plan implemented by *CSI* members according to the "*Agenda for Action*", we are working towards wider communication of current achievements and future objectives.

ENVIRONMENTAL PERFORMANCE					TARGETS	
	units	1990	2003	2006	2010	status
15% reduction of direct CO ₂ emissions per ton of cement compared to 1990 corresponding emissions levels	kg/t cement	805	721	690	-15%	▲
60% reduction of dust emissions per ton of clinker compared to 2003 corresponding emissions levels	g/t clinker		272	86	-60%	●
40% reduction of SO _x emissions per ton of clinker compared to 2003 corresponding levels	g/t clinker		494	301	-40%	▲
35% reduction of NO _x emissions per ton of clinker compared to 2003 corresponding levels	g/t clinker		3,034	2,016	-35%	▲
					NEW TARGETS	
Preparation of environmental impact assessments and implementation of rehabilitation plans for all wholly owned active TITAN quarries	% of active quarries			84%	100%	▲
ISO14001 or equivalent certification of wholly owned cement plants	% of cement plants			67%	100%	▲
ISO14001 or equivalent* certification of wholly owned active quarries	% of active quarries			29%	100%	▲
ISO14001 or equivalent certification of wholly owned dry mortar production facilities	% of production facilities			100%	100%	●

● Target achieved
▲ Actions underway

* In the U.S., local environmental management systems ensure compliance to EPA standards and permits (Environmental Protection Agency, www.epa.gov)

These targets were set with the year 2003 as starting date – the year in which the first Report on Corporate Social Responsibility and Sustainability was published at Group level and is closed in 2005. New targets added in the table above have been defined with the same starting date. For the carbon dioxide emission target, the reference year is 1990, according to the **Kyoto Protocol**.



Commitment to the Environment

ENVIRONMENTAL IMPACTS AND PERFORMANCE

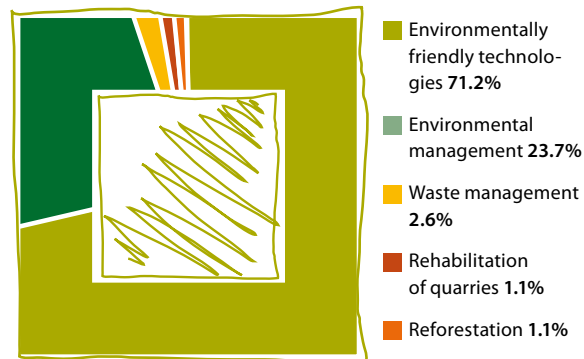
Environmental investments

Our investment program (€36.8 million) in 2006 included the upgrading of existing dust filters as a continuation of our environmental efforts of previous years.

- At the Kamari plant (Greece), the replacement of the electrostatic filter on one of the kilns with a bag filter was completed and the replacement of the electrostatic filter on a second kiln with a hybrid filter has begun.
- The Patras plant (Greece) modernization was completed with the replacement of the second kiln filter with a hybrid.
- Both production line kilns at Zlatna Panega (Bulgaria) were equipped with hybrid filters.
- At Kosjeric (Serbia), the upgrading of the cement mill electrostatic filter with a bag filter is planned for 2007.
- Similar upgrading is scheduled for the filter on the by-pass line at the Roanoke plant (U.S.).

All the above were undertaken with the intent to reduce dust emissions to lower than 50mg/Nm³ levels by replacing electrostatic filters with bag or hybrid filters (a combination of electrostatic and bag filter). In addition, at all our plants, intensive efforts were made to improve the dust collection system in all areas such as transport belts, milling facilities, storage and packaging areas.

ANALYSIS OF ENVIRONMENTAL COSTS 2006



Investments with an indirect environmental impact (e.g., switching from wet to dry production process) are not included



Artimes quarry, Patras, Greece, 2006

Rehabilitation of quarries

The rehabilitation of quarry areas is one of the most important areas in which we substantively demonstrate our commitment to the environment. Currently the rehabilitated areas of Group quarries amount to 2,200,000 m².

The usual method for rehabilitating quarries implemented throughout the Group is the re-vegetation of the land by planting trees and other types of local flora on the depleted benches and all other flat areas in the depleted quarry.

Rehabilitation in some cases requires novel approaches. Among these, the Group has accumulated experience in the following:

- Rehabilitation using the hydroseeding method (e.g., at the quarry on the island of Milos and N. Eukarpia, Greece).
- Use of compost made from recycled organic household waste to enrich depleted soils (see page 50).
- Creation of water reservoirs in response to local community needs (e.g., Florida and Kamari, see page 41).

Promoting biodiversity

Our impact on biodiversity is controlled through extensive environmental and social impact assessments at all stages of our operations. In our nurseries we develop all types of local flora growing in the areas where we operate. A significant development in 2006 was the reproduction of two very rare species "Prickly Juniper" (*Juniperus oxycedrus*) and "Phoenician Juniper" (*Juniperus phoenicea*) which grow in the Cyclades (Greece) and are protected by **EU NATURA 2000**.

In November 2006 we delivered 7,000 saplings of these species to the Forestry Service of Milos island to reforest an area damaged by fire.

A reservoir of good will

In the **2005 Report** we stated that, following a stakeholders' dialogue with the local community near our Kamari plant (Greece), a decision was made to turn a quarry into a water reservoir after completion of operations. Last year we launched and completed a technical feasibility study on the specifics of this reservoir.

Designed to serve the local agricultural community with water, the reservoir will have a capacity of 280,000 m³. The reservoir will significantly improve the quality of life in the region, leading to increased agricultural production and greater biodiversity, and may even help to halt migration by individuals seeking a better life elsewhere.

Quarry rehabilitation through hydroseeding

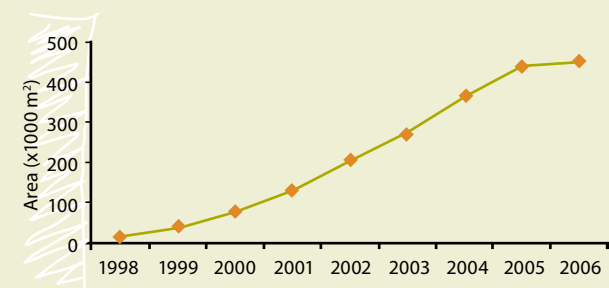
Hydroseeding is an efficient and economical grass-growing technique we started using in our quarries in 1997 particularly on difficult surfaces, such as steep limestone benches, salty soils and areas subject to the harsh effects of winds. In 2001 we acquired our own hydroseeding equipment and have since covered approximately 500,000 m² of land which might have otherwise remained devoid of plant life.

Hydroseeding is one more example of our commitment to use the best available technologies to protect the environment and promote sustainable development.



Rehabilitation by hydroseeding, Thessaloniki Greece, 2006

TOTAL SURFACE AREA REHABILITATED BY HYDROSEEDING





Commitment to the Environment

ENVIRONMENTAL IMPACTS AND PERFORMANCE

Climate and energy

CO₂ emissions

During 2006 total direct CO₂ emissions were 9.3 million tons, 0.4 million tons more than the previous year. This increase was mostly due to the increase in production of clinker to cover cement production requirements.

Despite increased production, in 2006 we reduced our CO₂ emissions vs. 1990 levels, according to the *Kyoto Protocol*. We are also on track to reach our targets for 2010, as we have achieved our objective of reducing CO₂ emissions per unit produced. Our pledge, as defined in our 2005 Report, was to reduce emissions by 15% compared to 1990 levels by 2010.

Thermal energy

In 2006 we continued our efforts to reduce our consumption of carbon based fuels. While our use of alternative energy sources remains low (representing only 1% of our total energy consumption), last year showed an increase of 15% over the previous year's levels.

It should be noted that our limited achievements in this field are mainly due to the prevailing social attitudes and relevant unreadiness in some of our markets. Nevertheless we are committed to furthering public dialogue in local communities in which we operate (e.g., to encourage a broader application of tire-recycling technologies).

Electricity

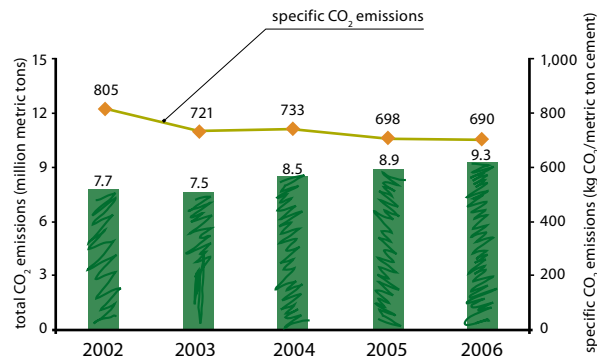
The 5% increase in electricity consumption in 2006 was due to the corresponding increase of cement production.

Our rate of 112 KWh/ton cement was at the same level as in 2005, a level which we will strive to maintain in the future.

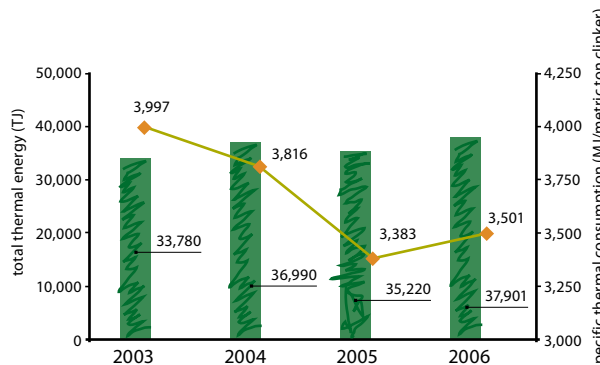
Water consumption

Total consumption of water at Group cement plants came to 4.2 million m³ in 2006. Approximately 303 lt/ton of cement were used, a reduction of 20.0% compared to 2005.

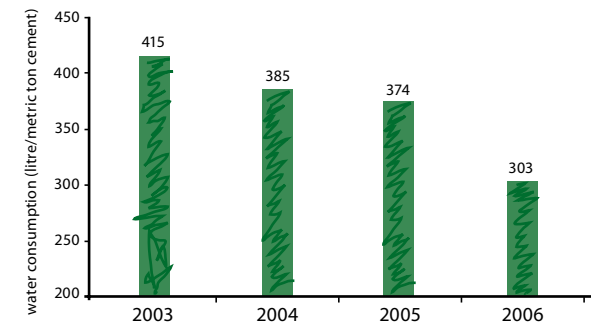
CO₂ EMISSIONS



CONSUMPTION OF THERMAL ENERGY



WATER CONSUMPTION



Reducing air pollution

Dust

In 2006 specific emissions of dust averaged 86.0 g/ton clinker, or 934 tons in total. Despite the increase in clinker production, dust emitted actually decreased by 15%. This result validates the investments we have made over the past few years in installing filters using the latest technology in our existing production lines.

NO_x

Combustion at very high temperatures leads to the creation and emission of nitrous oxides (NO_x) which scientific studies have indicated may lead to the creation of acid rain and smog.

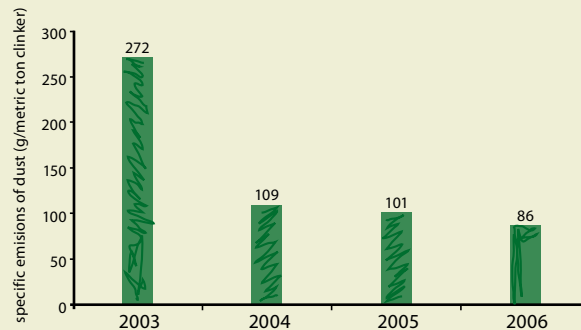
In 2006 total NO_x emissions were 20,535 tons or 2,016 g/ton clinker, approximately the same as in the previous year.

SO_x

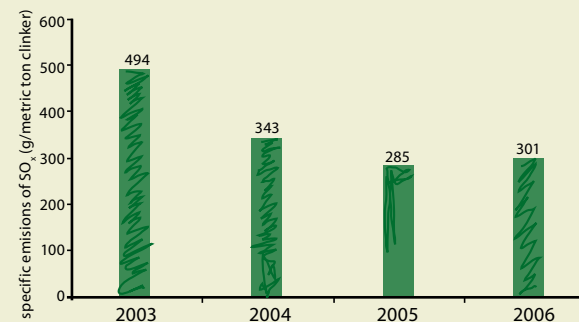
Sulphur oxides (SO_x) are the primary cause of acid rain and are present in the raw materials used in the cement production process. It is therefore vital to keep these emissions as low as possible.

In 2006 our activities produced 3,068 tons of SO_x, approximately 301g/ton clinker.

SPECIFIC EMISSIONS OF DUST



SPECIFIC EMISSIONS OF SO_x



Thessaloniki plant, Greece, 2006

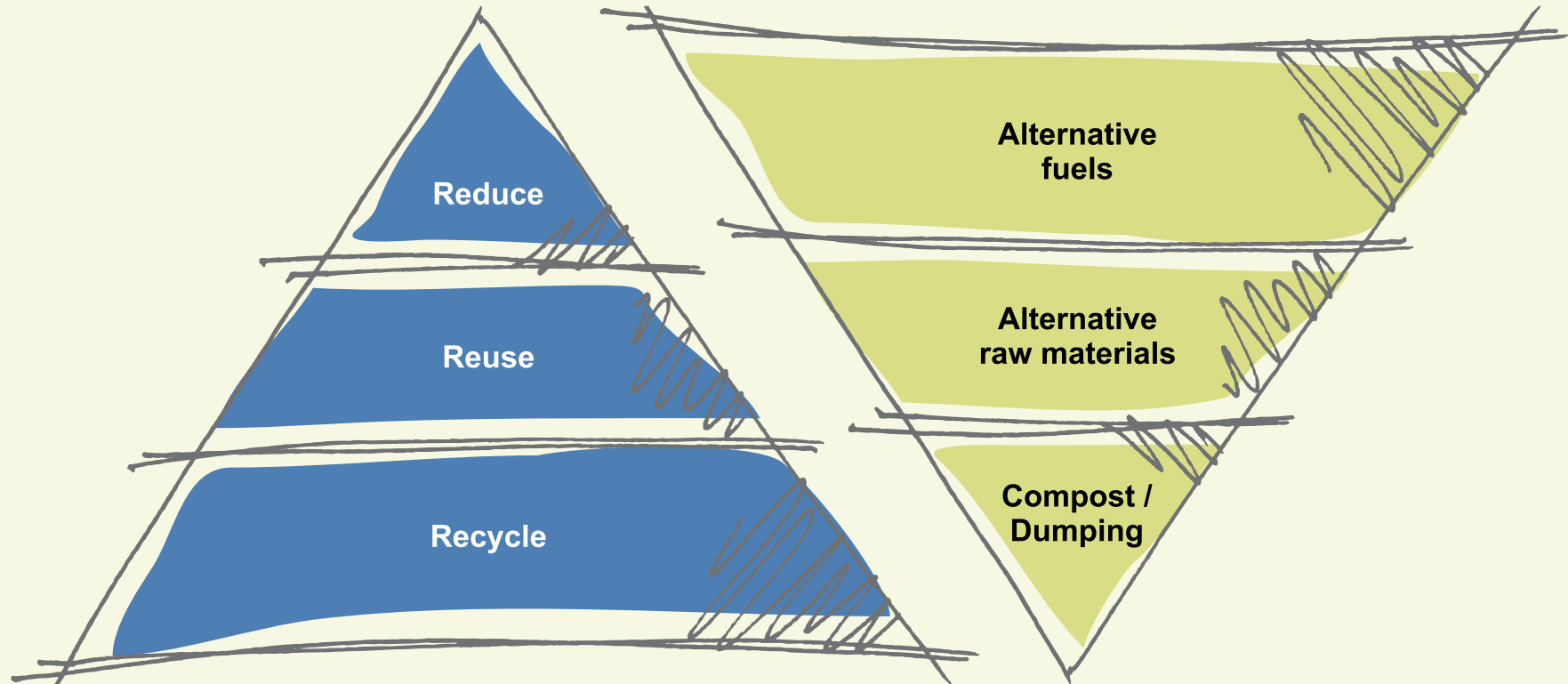
“Because climate change is a global problem,
the response to it must be international.

It must be based on a shared vision of long-term goals
and agreement on frameworks
that will accelerate action over the next decade,
and it must build on mutually reinforcing approaches
at national, regional and international levels.”

UK Stern Review, 2006



Reduce - Reuse - Recycle





Commitment to the Environment

Reduce – Reuse – Recycle (3R)

To highlight our long standing commitment to mitigating the environmental impact of our operations the special focus of this year's Report is on our effort to reduce waste, reuse and recycle resources and products, in other words to demonstrate how we apply the 3R concept in practice.





Reduce - Reuse - Recycle



Separation Technologies: Innovation and care for the environment

Reducing energy and raw materials used in industrial processes has a variety of positive impacts on the environment. One way to achieve this reduction is by recycling waste and by-products of industrial processes.

Separation Technologies (ST), a subsidiary of our U.S.-based operations, is an example of our commitment to this philosophy. A member of the TITAN group since 2002 and with facilities presently in Maryland, North Carolina, Florida, Pennsylvania and Mississippi in the U.S. (as well as in Canada and the United Kingdom), **ST** specializes in separating the fly ash produced as a by-product of power plants. Rather than allowing it to contribute to already over-crowded landfills, **ST** separates, processes and sells it to other industrial users for the production of construction materials such as concrete and for processing to be used as fuel, thus minimizing environmental impact.

Today the company serves primarily two types of customers:

- To power plant owners and operators, it delivers a commercially proven, flexible, least-cost, least-risk technology for processing coal fly ash.
- To concrete industry users, **ST** and the ProAsh® brand deliver a consistent, high-quality fly ash that meets and exceeds customers' needs and expectations for cost-savings, dependability, product strength and durability, and customer desirability as an environmentally friendly, "green" product. ProAsh can also contribute to acquiring **LEED** points from the **Leadership in Energy and Environmental Design (LEED)** Green Building Rating System, a nationally accepted benchmark for the design, construction, and operation of high performance green buildings in the U.S.

In 2006 approximately 1,000,000 tons of fly ash were processed, of which about 70% was sold under the ProAsh® brand name.

ST's activity is important because it demonstrates that environmental awareness and protection is not only compatible with corporate commitments to shareholders and other stakeholders, but can also create entirely new business-models and opportunities for revenue generation.

Ensuring a greener future

Brunner Island, about 15 miles from Harrisburg, Pennsylvania on the Susquehanna River, has long been a popular destination for local fishing enthusiasts. It is also the site of a 1,485 MW PPL Generation thermal electric power station as well as the site of the newest **Separation Technologies** fly ash processing facility.

In the past, the 320,000 tons of fly ash produced annually on Brunner Island were used for the production of Stabil-Fil™, a material used on golf courses and sport facilities. However, the number of such projects in the region has decreased, creating the need for landfilling of the fly ash produced by the local power station.

In 2006 **ST** signed an agreement providing for the design, construction and operation of a fly ash processing facility at the Brunner Island plant. The facility now processes fly ash and produces ProAsh® to be used by local concrete producers. The remaining carbon is redirected back to the power plant for use in electricity generation.



Commitment to the Environment

Alternative raw materials

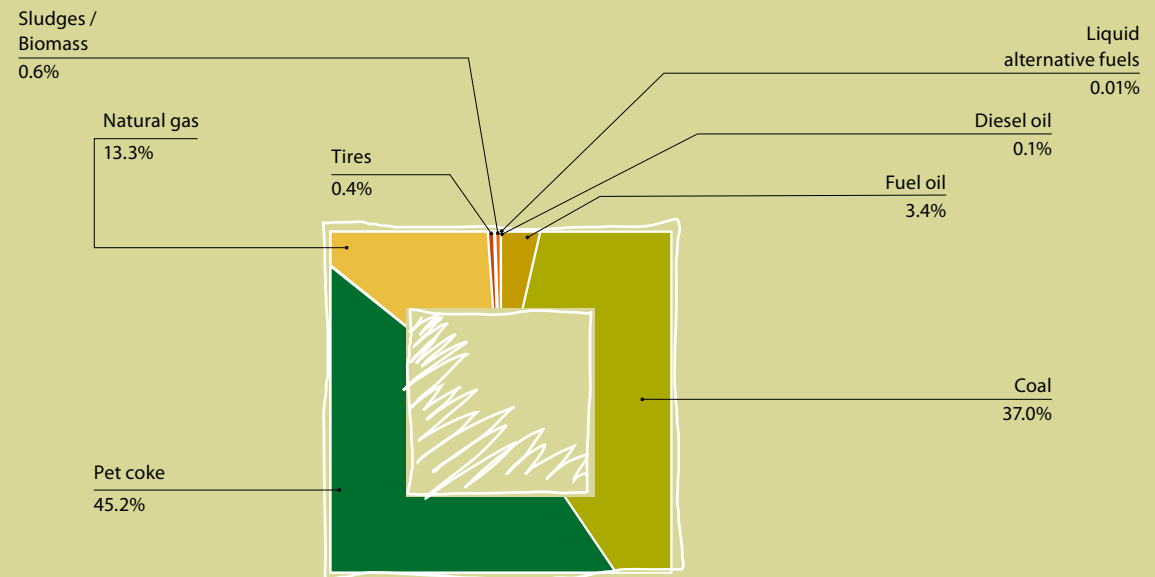
The recovery and reuse of industrial byproducts is a well-established practice around the world. These materials are collectively referred to as alternative raw materials and using them means consuming fewer natural raw materials for the production of clinker. In the case of our manufacturing operations these alternative materials include:

- blast furnace slag and iron lamination scale from iron works
- pyrite ash from the production of sulfuric acid
- wet fly ash and bottom ash from electric power stations
- waste kiln refractories

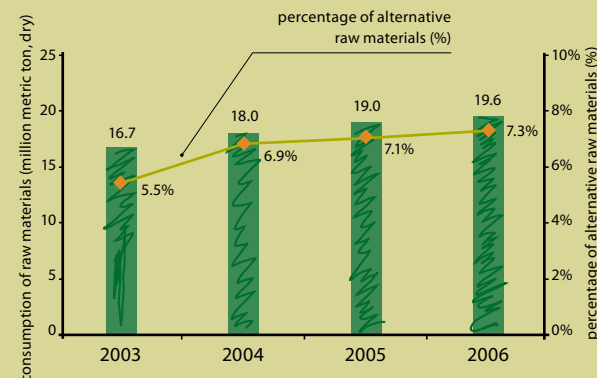
In addition to the above, blast furnace slag, fly ash and industrial gypsum are also used for the production of cement reducing the quantity of clinker, natural gypsum and pozzolana required. Similarly, kiln dust removed from the circuit is used in cement production, reducing the need for its storage and disposal.

In 2006 the Group's plants used 1.4 million tons of alternative raw materials (about 7.3% of the total) for the production of cement, correspondingly reducing the quantity of extracted raw materials required. This represented an increase of 7% compared to 2005. The remaining 18.2 million tons used were natural materials from quarrying activities.

FUEL TYPES (consumption of total by heat value)



CONSUMPTION OF RAW MATERIALS AND ALTERNATIVE RAW MATERIALS IN PRODUCTION OF CLINKER AND CEMENT





Reduce - Reuse - Recycle

Energy conservation and alternative fuels

The use of electric energy represents a significant portion (between 12-15%) of total energy used in the production of cement. Economizing on electricity by continually improving the energy efficiency of our equipment and machinery has an indirect environmental impact by reducing carbon dioxide emissions especially in countries where electrical power generation is based on the burning of traditional fuels.

Accordingly, over the past several years, the Group has carried out a series of investments intended to reduce electrical energy consumption. For example, we have invested in replacing ball-mills with more energy efficient vertical mills in our plants in Greece and South Eastern Europe.

In 2006 we also made a series of investments designed to increase the volume of alternative fuels used in our production processes. At the Kamari plant (Greece) a new feeding line for tires was installed at the second kiln as a follow-up to our earlier investment there, while a similar pilot project was launched at Usje (FYRoM). At the Patras, Thessaloniki and Kamari plants (Greece) we also began a trial period of using glycerin as fuel.

Further investments at the Kamari and Thessaloniki plants (Greece) of approximately €3.5 million involving the use of alternative fuels are currently at the approval stage.

As a result, today four of our cement plants use, as a source of energy, tires, impregnated saw dust and biomass in the form of glycerin.

In 2006, we saved 4,200 tons of coal and 8,000 tons of pet coke.

Finally, it should be noted that in our markets there is a lack of availability of alternative fuels, a significant constraint on our efforts to increase their use.

Saving energy at our quarries

Following the expansion of the aggregates quarry near our plant in Kamari (Greece) and the need to rearrange the crushing facilities, a conveyor belt was installed connecting the primary with the secondary unit. The overall difference in altitude between the two units (160 m) results in the production of mechanical energy by the movement of the material on the belt that is then transformed to electrical energy and is used to power the secondary crusher.

It is estimated that the installation of this belt reduces consumption of electricity by about 700,000kWh annually.



New feeding line for tires, Kamari plant, Greece, 2006



Commitment to the Environment

What if everyday garbage could help save the environment?

The problem of waste management and overcrowded landfills is one which many countries face. At the same time degraded land, such as that resulting from the depletion of a quarry, may often be extremely difficult to revitalize.

Recognizing the significance of this issue led TITAN to join with a group of partners (*the University of Wales Bangor*, UPM Kymmene U.K., the Welsh Assembly Government and the *Soil Science Institute of Athens*) in 2004 to attempt to tackle part of the challenge together.

The *TWIRLS (Treating Waste for Restoring Land and Sustainability)* program has several aims: to provide novel and generic solutions to environmental problems, demonstrate state-of-art best available technologies (BAT), contribute to informing EU environmental policy on matters such as waste minimization, soil protection and biodiversity and to disseminate its findings to Europe and beyond.

Specifically, everyday wastes and ordinary organic matter are gathered from households and businesses in the Athens region and subsequently taken for processing to a local waste recycling and composting plant. The resulting material is processed to exact specifications and then layered onto degraded land, such as that at the site of our quarry in Kamari (Greece). Given that such land is frequently washed away by rain, replanting efforts are often frustrating. The layer of composted material, however, which can be specifically prepared according

to the type and level of the land to be rehabilitated (for example, whether the land is flat, inclined or on hills) serves as a soil enrichment, allowing the land to once again be used to plant trees and shrubs.

TITAN has contributed to this pilot project by providing land, funding, personnel and other inputs for the measurement of the program's results as well as its broader dissemination.

This experimental, interdisciplinary initiative is due to be completed in 2007. Preliminary results, however, have been excellent and were presented by the project partners at an open meeting at the TITAN site in Kamari in December 2006. Taking advantage of this event we also planted the one millionth tree in Kamari plant (Greece).



Planting the millionth tree, Kamari plant, Greece, 2006



Reduce - Reuse - Recycle



Environmental challenge or golden opportunity?

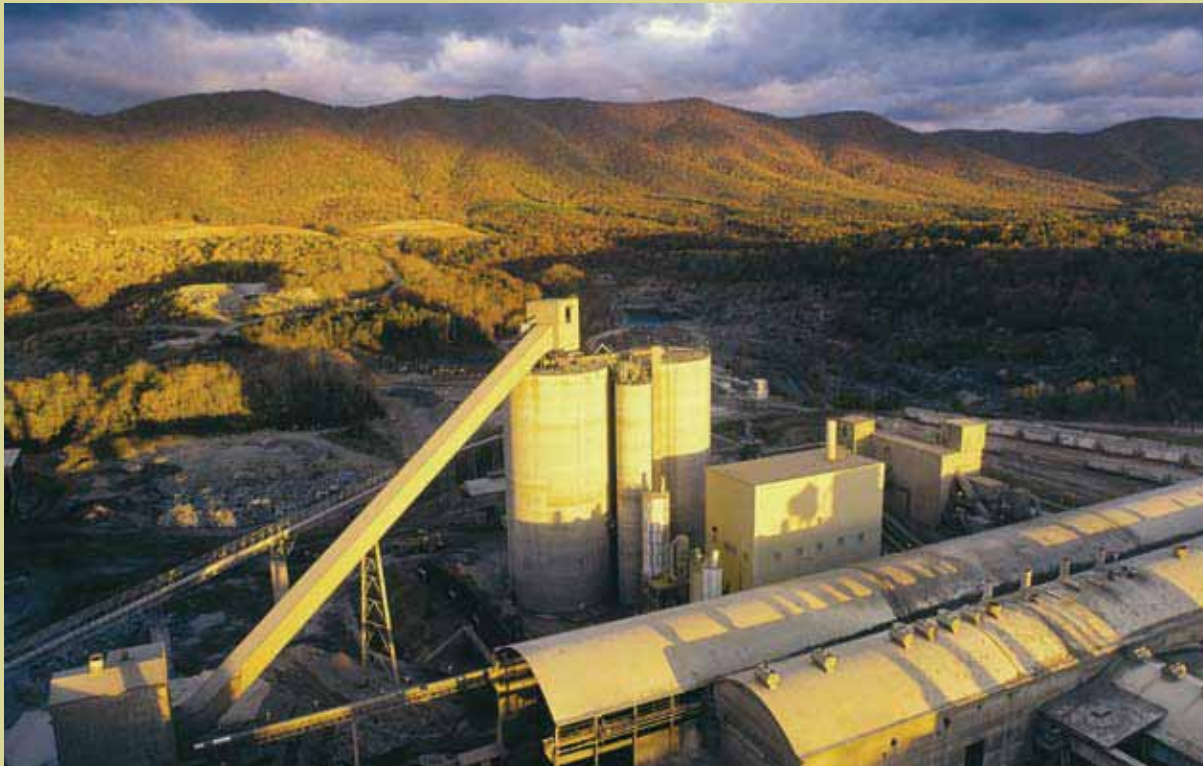


Around the world, the decommissioning of industrial sites is a challenging issue. Environmental, safety and aesthetic concerns are just some of the potential problems arising when an obsolete plant is torn down.

The demolition of old premises and warehouse at Roanoke cement plant in Virginia (U.S.) gave TITAN's management and employees the opportunity to

turn an environmental challenge to an initiative for the benefit of the local community. A comprehensive beautification plan was put in place to transform the old junk-yard into an attractive apple orchard. More than 3,320 tons of old equipment and scrap metal were cleared and recycled. Parts of the site were paved and each employee then planted an apple tree in the newly cleared area.

In May 2006 an open house was held in which employees and neighbors were invited to tour the new, state-of-the-art plant and see the apple orchard. Visitors also had the chance to learn about the cement-making process.



The cement plant in Roanoke, U.S., 2006



Planting the apple orchard in Roanoke, U.S., 2006



Commitment to the Environment

Consumption of water

The consumption of water is another area requiring serious attention and one for which we have developed and implemented a savings program. For example, the Group's strategic decision to replace the old wet-process production line at the Pennsuco facility in Florida with a dry-process method has resulted in a reduction of annual water consumption of about 125,000 m³.

Given that significant quantities of water are required to wet down transport corridors and other areas for dust abatement, as well as for plants and trees growing on Group premises, our facilities follow best practices in this area and accordingly collect rainwater in reservoirs and storage facilities.

At the Patras plant (Greece), it is estimated that the utilization of rainwater is approximately 36,000 m³ annually, representing about 30% of the total quantity used for wetting down routes and areas along the plant to suppress fugitive dust. At the Thessaloniki plant (Greece) a water treatment unit produces an estimated 7,500 m³ per year of water used for the irrigation of plants and trees around the facility.

Machinery cooling is also a water-intensive process. Closed circuit cooling systems have the smallest possible water consumption, while at the same time the use of rainwater as well as sea water – as is done at our Patras plant– leads to further fresh water savings.





Reduce - Reuse - Recycle



Recycling water used in cleaning cement plants

At all Group plants it is a common practice to wash silo trucks used to transport cement in order to minimize dust emissions.

In general, washing is done with fresh water. Used water is collected in storage tanks in order to withhold mudsludge and is subsequently emptied into the environment.

To deal with this challenge a water-recycling project was implemented at the Patras plant (Greece). It was completed in September 2006 and initial results are very promising. The estimated amount of water saved on an annual basis comes to about 50,000 m³ (or about 190 m³ per day).

TITAN America – Recycling Water at Concrete Production Facilities

During the last two years, four Group production facilities in Florida invested a total of €2 million to install water processing and recycling systems.



Use of water in concrete production lines in Greece

The use of water is necessary for the production of concrete. In 2006 total consumption of water at our concrete production lines in Greece came to 745,000 m³, an increase of 5% from the previous year.

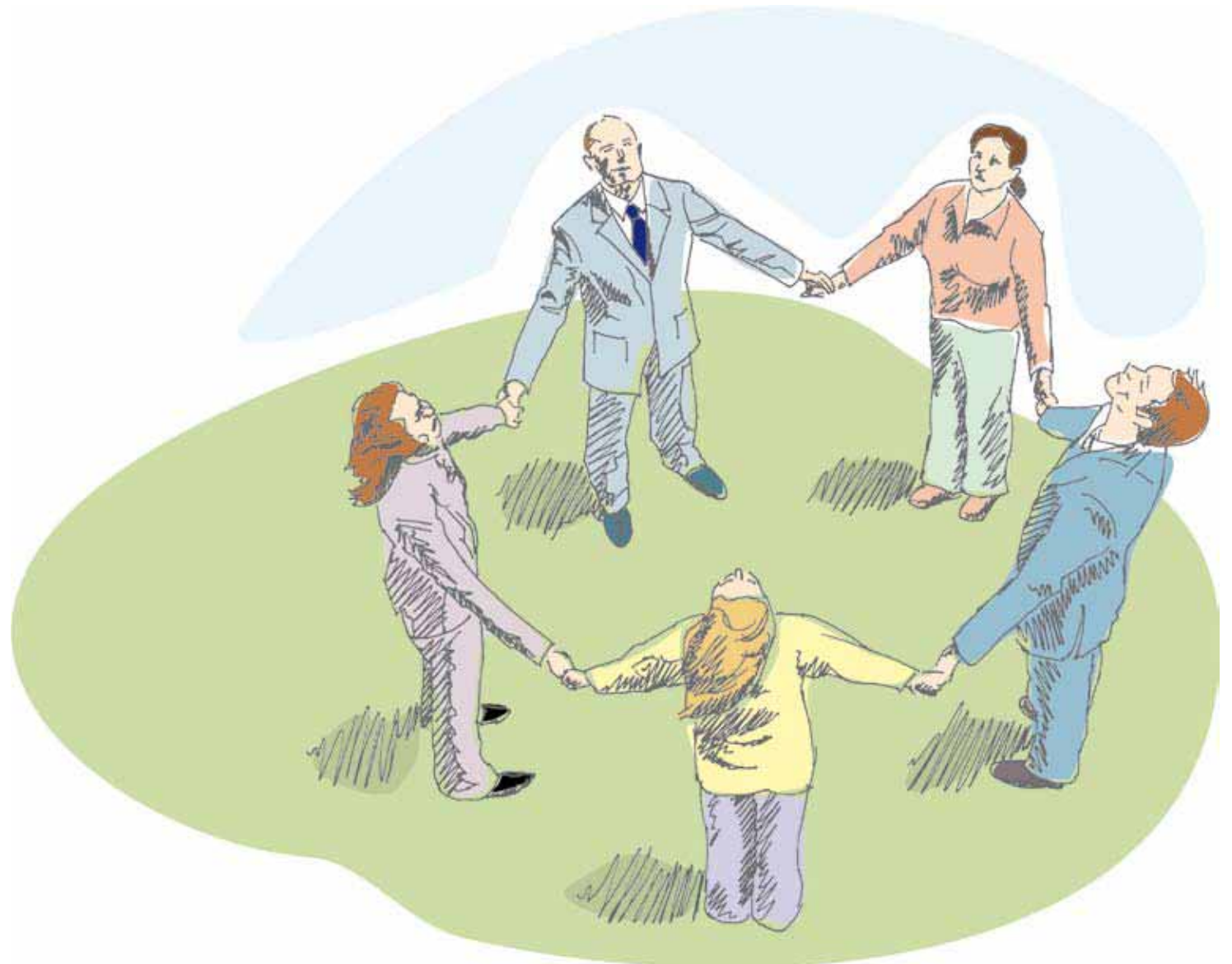
A significant amount of water is additionally used for washing down concrete production areas and equipment. At our facilities, water waste is collected in sedimentation tanks where sludge is separated and removed while clean water is returned into production. In a certain concrete production facility we achieved up to 20% of total water used to be recycled. In 2006 we recycled 45,000 m³ of water.

Furthermore, water recycling systems were installed last year at three concrete production facilities. As a result of our investments over the last few years, today 90% of concrete production facilities in Greece have such recycling systems and plans are in place for the remaining plants to be similarly equipped in the near future.

“Let us choose to unite the power of markets
with the authority of universal ideals.
Let us choose to reconcile the creative forces
of private entrepreneurship with the needs of the disadvantaged
and the requirements of future generations.”

*Kofi Annan, former Secretary-General of the **United Nations***

Participation in Joint Initiatives - Networks





Participation in Joint Initiatives - Networks

TITAN's commitment to CSR is first and foremost reflected in all of its business activities. But we also believe strongly in the value of synergies to be gained from working with other companies and players equally interested in behaving in a socially responsible manner. Within this context, the Group continues to actively participate in a variety of national, European, international and sector initiatives, frequently as a leader or even as a founder.



Among its many other activities, the following two particular initiatives undertaken by the **Hellenic Network for CSR** in 2006 should be emphasized. The first concerns the predominance of SMEs in the national and European economy which prompted the Network's members, primarily larger enterprises, to seek ways of sharing their experience and know-how on CSR matters with their business partners, especially members of their supply chains such as suppliers, contractors, service providers and others.

TITAN has volunteered to participate in drafting and implementing a research program designed to give practical ways of encouraging SMEs to adopt CSR, as well as through the power of its own example.

The second refers to the implementation of a memorandum on equal opportunities to support gender equality in the workplace. The memorandum outlines an action plan for cooperation between

the network and the **Secretariat General for Gender Equality** aimed at raising awareness of gender equality issues among enterprises, benchmarking and promoting the **Global Compact** principles on gender equality among members of the network and specifying examples of good practices for broader dissemination among companies and stakeholders.



In June 2006 we were invited to participate in the dissemination and assessment of good practices in the framework of the 2nd European Marketplace on CSR in Brussels organized by **CSR Europe**. This event has become an important gathering of practitioners and experts around Europe to share and encourage CSR best practices. Over the last two years, **CSR Europe** has collected over 500 business solutions and 140 networking and learning activities on CSR involving approximately 1,800 companies in 20 European member states. We were pleased that our program of technical training for unemployed youths at the Usje plant (FYRoM) was selected to be presented at the Marketplace.

“*The European Alliance for Corporate Social Responsibility, the strategic umbrella within which the business community will operate for the deepening and promotion of CSR and adopted by the E.U., was a big step which will strengthen not only the philosophy but the practice of CSR among companies.*”

In this direction, TITAN considered it significant to participate from the beginning, along with other European companies, in the formulation of this strategy. It should be noted that while the Alliance is a good starting point, the road ahead is hard and long and depends mainly on companies.

Companies – large, medium and even small – must incorporate CSR into their strategy with honesty and transparent procedures as well as in their daily operations. It matters to all and depend on all of us.”

N. Analytis, president of the Hellenic Network for CSR and TITAN's representative to the European Alliance for CSR

European Alliance for CSR

Against the background of the *Lisbon Agenda* for making Europe the most competitive economy in the world, *CSR Europe* and the *European Commission* launched a partnership called the *European Alliance for CSR* in 2006. The Alliance is an entirely voluntary, pro-business political umbrella for new or existing CSR initiatives by large companies, SMEs and their stakeholders. Its objective is to lead to new

partnerships and new opportunities for all stakeholders in their efforts to promote CSR. TITAN was one of the first companies to join the Alliance, once again demonstrating its commitment to branching out and adding value through collaboration and synergies with our partners in business. The Group has also been accepted to lead efforts related to SMEs.

The *Alliance* lays the foundation for its partners to promote CSR in the future through three main areas of activity:

- Raising awareness and improving knowledge on CSR while also reporting on its achievements
- Helping to mainstream and develop open coalitions of cooperation in a variety of areas
- Ensuring and promoting a business-friendly environment in which entrepreneurs and enterprises can flourish and grow

Among the key activities to be developed within the *Alliance* will be so-called “laboratory meetings”. These meetings will bring together interested companies and their stakeholders, with a view to exploring and developing joint projects in a number of priority areas. Among the priority areas are:

- Assisting enterprises to integrate social and environmental considerations in their business operations
- Improving and developing skills for employability
- Fostering innovation and entrepreneurship in sustainable technologies
- Helping SMEs flourish and grow



TITAN's stand at 2nd European Marketplace on CSR, Brussels, Belgium, 2006



Participation in Joint Initiatives - Networks



U.N. Global Compact & GRI: Improve reporting, increase transparency

TITAN has been a signatory of the *United Nations' Global Compact* since 2002. In March 2006 the Group was once again invited to participate in a meeting of experts organized by the Global Compact Office in Geneva. More than thirty-five companies from around the world sent their experts to further work on improving communication on progress and harmonizing the *Global Compact's Communication on Progress* with the *GRI's reporting guidelines*. The result of the conference was a hands-on guide titled "Making the Connection" which can be used by companies to improve their reporting on CSR activities.

Our commitment to the Global Compact principles was originally guided by the belief that, although not a global player, TITAN must serve as an example of how smaller companies can contribute to this continuously developing and challenging CSR movement. We benefit from progress achieved within the Global Compact Initiative and try to integrate tools provided for learning and benchmarking good practices.



World Business Council for Sustainable Development

The *Cement Sustainability Initiative - a World Business Council for Sustainable Development sectoral program* - is a global effort by 18 companies representing more than half of world cement production outside China. The *Agenda for Action* launched in 2002 focused on 6 critical issues and established relevant task forces.

Since joining the *CSI* in 2003 TITAN has been a member, apart from the respective task forces working on environmental issues (see p. 38), of the employee health and safety task force. Its objective is to develop common standards and systems to measure, monitor and report on health and safety performance, which the individual companies can then implement.

TITAN is also a member of the reporting and communication task force which seeks to encourage other cement companies to participate and accept the terms of the *Agenda for Action*. In 2008 the *CSI's* first five-year progress report will be published, focusing on current achievements and future priorities.



The *GRI Reporting Framework* provides guidance on how organizations can better disclose their social and sustainability performance enhancing better and more reliable communication with all interested parties.

TITAN adopted the *GRI* principles in 2003 on a voluntary basis. The *G3* guidelines, issued in 2006, are the latest version and include guidelines for the content, quality and scope of CSR and sustainability reports such as this one, as well as key performance indicators.

TITAN participated in the stakeholder consultation process followed for the development of the *G3* guidelines and strives to implement them in its reporting activities. In this context, we plan in independent assessment and verification of the context of our Report in 2007.

Working together to find solutions for our future: Elefsis 2020

Part of corporate social responsibility at TITAN is our special emphasis on working with other relevant partners to address many of society's most pressing needs. An indicative example of this approach is the multi-stakeholder project "*Collaborative Environmental Regeneration of Port-Cities: Elefsis Bay 2020*".

Recognizing the multi-faceted nature of the problem of pollution, inadequate urban planning and quality of life in the area of Elefsis, the home-town of TITAN Cement Company, the program is co-funded by the *European Commission*, TITAN and other companies in the framework of *LIFE* Initiative.

The program, according to the Commission, "seeks to demonstrate that the regeneration of such areas is possible, if a dedicated investment in civic infrastructure takes place and the collaborative action of stakeholders is achieved".



Elefsis port, Greece, 2006

“Our readers may have noticed our repeated claim that TITAN embodies the principles of corporate social responsibility and sustainable development in its policy and strategy as also in its daily operations.

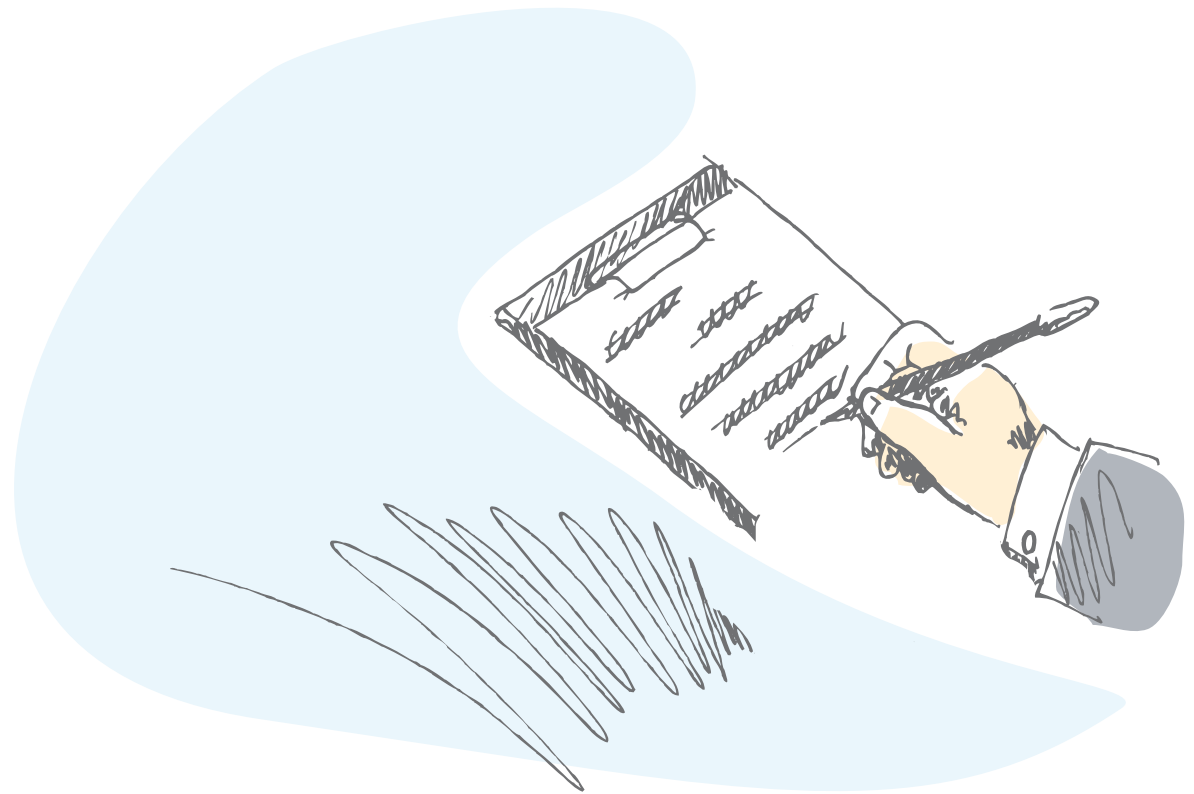
One might well ask whether TITAN can substantiate such a claim.

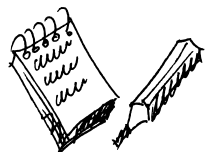
The straight answer to this justifiable question is that most initiatives and actions at the factory level are the result of local proposals, decisions and cooperation between executives, management staff and employees.

At TITAN, the belief in corporate social responsibility and sustainable development and our commitment to contribute to these ideals is genuine, tangible and widespread.”

Dimitri Papalexopoulos, Managing Director, TITAN

Methodology and Acknowledgements





Methodology / Acknowledgements

Methodology

This Report has been developed according to the guidelines of three major initiatives to which we are committed. It has used the GRI reporting framework as defined in 2002 Guidelines as part of our effort to best communicate with our stakeholders in the clearest, most straightforward and comprehensive manner. Reference to Global Compact and GRI Principles are summarized in the following table.

Finally, where applicable, specific sectoral indicators have been developed and used for reporting within the CSI framework.

Following our efforts since our first Group-level **CSR and Sustainability Report in 2003**, we are now ready to begin the process of external verification of our Report. This verification process will begin and be reported on in 2007.

In addition, in 2007 we plan to further strengthen our communication with stakeholders by conducting more systematic dialogues with focus groups designed to provide greater feedback on our CSR activities and the way they are reported.

The contents and structure of this Report are the responsibility of the Board of Directors' Corporate Social Responsibility Committee. However all Group Departments and numerous individuals made their own valuable contribution. We thank them all for their co-operation.

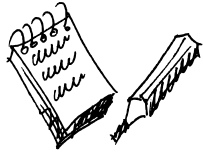
Questions, comments and suggestions regarding this Report should be addressed to the Group Corporate Social Responsibility Manager, at csr@titan.gr.

GLOBAL COMPACT PRINCIPLES	GRI REFERENCE	TITAN REFERENCE
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights		p. 22-27, Code of Conduct
Principle 2 Make sure that they are not complicit in human rights abuses		Code of Conduct
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	LA4	p.22 Code of Conduct
Principle 4 The elimination of all forms of forced and compulsory labor		Code of Conduct
Principle 5 The effective abolition of child labor		Code of Conduct
Principle 6 The elimination of discrimination in respect of employment and occupation	HR4, LA2, LA13,	p.22
Principle 7 Businesses should support a precautionary approach to environmental challenges	4.1.1	p.6 p.36-53
Principle 8 Undertake initiatives to promote greater environmental responsibility	EN2, EN5, EN6, EN7, EN10, EN13, EN14, EN18, EN26, EN30	
Principle 9 Encourage the development and diffusion of environmentally friendly technologies	EN2, EN5, EN6, EN7, EN10, EN18, EN26,	p.36-53
Principle 10 Businesses should work against all forms of corruption, including extortion and bribery		Code of Conduct

Pages in the "TITAN REFERENCE" column refer to this Report

NOTES

Agenda for Action	Cement Sustainability Initiative 5-year action plan, launched in 2002	www.wbcscement.org/pdf/agenda.pdf
American Cancer Society		www.cancer.org
Association of Blind and Visually Impaired		www.belistap.org.yu/eng
Athens Stock Exchange		www.ase.gr
Business Europe	European Business Association	www.businesseurope.eu/Content/Default.asp
Cembureau	European Cement Association	www.cembureau.be
CSI	Cement Sustainability Initiative under the auspices of the WBCSD	www.wbcscement.org
Code of Conduct	"Corporate Values and Code of Conduct TITAN Group"	www.titan-cement.com/en/group/kwdikas.htm
CoP	Communication on Progress defined by the U.N. Global Compact guidelines in reference to the publication of CSR & Sustainability Reports	www.unglobalcompact.org/CommunicatingProgress/index
CSR Europe	European Network for CSR	www.csreurope.org
CSR and Sustainability Report	TITAN's Corporate Social Responsibility and Sustainability Report	
Collaborative Environmental Regeneration of Port Cities: Elefsis Bay 2020		ec.europa.eu/environment/life/project/thematicdocuments/ports
Crop Walk		www.cwscrop.org/florida
Equal Employment Opportunities Commission		www.eeoc.gov
European Commission		ec.europa.eu/index_en.htm
European Alliance for CSR		www.csreurope.org/whatwedo/alliance
FAOS	Local initiative for Accident Prevention in Schools	www.titan-cement.com/en/response/faos.htm
Federation of Industries of Northern Greece		www.sbbe.gr/en
First & 42nd	First & 42nd is a management consultancy providing strategic counsel on corporate responsibility	www.first42.com/about_us/first42nd
Global Compact	A U.N. initiative for the implementation of international conventions referring to human and labor rights, environmental conservation and the fight against corruption	www.unglobalcompact.org
GRI	Global Reporting Initiative	www.globalreporting.org
Group or TITAN Group	All companies controlled by TITAN Group as a whole	www.titan-cement.com
Hellenic General Secretariat for Equality		www.isotita.gr/en
Hellenic Recovery and Recycling Corporation		www.herrco.gr



Methodology / Acknowledgements

NOTES		
ILO	International Labor Organization	www.ilo.org
Kyoto Protocol		www.unfccc.int/kyoto_protocol
LEED	Leadership in Energy and Environmental Design	www.usgbc.org
LIFE	Financial Instrument for the Environment	ec.europa.eu/environment/life/home.htm
MIO-EDSCE	Mediterranean Information Office for Environment, Culture and Sustainable Development	www.mio-ecsde.org
NATURA 2000		ec.europa.eu/environment/nature/home.htm
NGO	Non Governmental Organization	
Pediatric Trauma Care		www.pedtrauma.gr
PRI	Principles for Responsible Investment	www.pri.org
Prince of Wales International Business Leaders' Forum		www.iblf.org
Relay for Life		www.relayforlife.org
Stakeholders	All parties directly or indirectly affected by TITAN's business activities	
SD	Sustainable Development	
SOIL	Science Institute of Athens	www.nagref.gr/resactiv/soilsc_en.htm
ST	Separation Technologies	www.stiash.com
TITAN Cement S.A.	TITAN Group's parent company	www.titan-cement.com
TWIRLS	Treating Waste for Restoring Land and Sustainability	www.bangor.ac.uk/ies/TWIRLS/TWIRLS_home.htm
U.N.	United Nations	www.un.org
UNEP	United Nations Environment Programme	www.unep.org
UNICEF Hellas		www.unicef.gr
University of Wales Bangor		www.bangor.ac.uk
UPM Kymmene U.K.		www.w3.upm-kymmene.com
Welsh Assembly Government		www.new.wales.gov.uk
WBCSD	World Business Council for Sustainable Development	www.wbcsd.org