



# Corporate Social Responsibility and Sustainable Development Report

---

2014



**TITAN**  
CEMENTARA KOSJERIĆ



**TITAN**  
CEMENTARA KOSJERIĆ

Dear Stakeholders,

The past year has been outlined by specific social and economic conditions which have, in turn, shaped the global environment as well as conditions here in our own backyard. We see this as a challenge to further increase and activate the Company's capacity to grow in a responsible and sustainable manner. A policy such as this means that flexible responses to the challenges of our environment always take into account the long-term interests of the community. This is ingrained in the TITAN Group creed: "to pursue at all times our business goals and create value, in an ethical and socially responsible manner, doing less harm, and endeavoring to do more good."

The CSR Heritage inexhaustibly supplies our activities with new ideas, leading to a measurable increase in social, safety and environmental standards, established through mutual and inspired communication between TITAN Cementara Kosjerić (TCK) and the local community. This past year has been marked by this tendency, despite prolonged stagnation in the domestic economy, which has also had an adverse affect on our business. The stability which characterizes the effective dialogue we maintain with the community is documented in this, our fifth consecutive Report on Corporate Social Responsibility and Sustainable Development. This Report has been improved, in comparison to earlier reports in that it has been prepared in accordance with the Core option of the Global Reporting Initiative G4 Guidelines' latest edition.

Our Company's outstanding reputation with regards to social engagement is based on networking with leading international organizations dedicated to sustainability, and this is reflected in the numerous activities we organize which stimulate promising opportunities to improve the overall quality of life for present and future generations. As a member of the United Nations Global Compact, we have integrated the universal principles of human rights, labor, environment and anti-corruption into our activities in the long-run. The subsequent promotion of these values in daily operations at TCK expresses our continued commitment to humane business practices.

The inviolability of human capital, expressed in our strategy is proven time and time again by our intensive culture of promoting H&S culture, including its influence on not only the facilities where our employees work, but extending out beyond the boundaries of our plant to include the broader environment, as well as the areas in which our business partners operate as well. Our collective enthusiasm, aimed at the unconditional elimination of safety risks, has consistently delivered exceptional results, and proof of this powerful mind-set was delivered in December 2014, when we reached 2 years without a single lost time injury. Further monitoring of performance in this area as well as the continuous implementation of advanced innovations are reliable guides to maintaining success in this, our most important goal: 0 (zero) work-related injuries, which is an authoritative indicator of the sense of community found at our Company.

Our principles, which are essentially governed by our conscientious approach to environmental protection, affect continuous investments made in the preservation of natural resources. By applying the very best available technology, we are attempting to radically reduce the Company's impact on the environment. With this task in mind, we launched our Water Recirculation System last year, a system that reduces the consumption of water taken from the Skrapež River by many hundreds of times. TCK's qualitative shift in orientation towards the limited use of non-renewable resources is an expression of a heightened awareness of the fact that if we are able to reduce traces left on the environment by businesses, we will increase civilization's chances for survival.

We view our contact with the community, as an inexhaustible and creative source of interaction. This dialogue among equals, between TCK and our local community, creates a unique synergy where the best business initiatives and principles of the common good permeate. Late last year, we established a five-year plan to actively involve stakeholders in addressing important and sustainable issues found in the local community. The first move in this direction included the establishment of five focus groups that will, address issues of a social, economic and environmental nature, thus improving the quality of our shared milieu.

The unprecedented floods that affected our country last year served as a wakeup call to our Company and our employees, not only to the importance of contributing to the immediate relief efforts for those who suffered the greatest losses, but also to activating TITAN employees from other countries to participate in fundraising that led to the purchasing of a Reverse Osmosis, donated to the Haemodialysis Department at the Obrenovac Healthcare Center.

The collaboration between TCK and our partners, our dedication to protecting people and property from the adverse effects caused by flooding, as well as our commitment to participate in the clean-up effort, showed us all that there is an unbreakable bond between communities and the businesses that operate within them. The strength of this bond is constantly tested by varying circumstances. These challenges help us build a relationship between our Company and the local community that is even stronger, because TCK is, and will remain to be a reliable partner, one that supports all initiatives which promote social development, demonstrating a genuine belief that the fundamental principles underlying our business philosophy is coherent with a system which creates functioning communities. This kind of collaboration nurtures mutual support and encourages growth potential that provides far-reaching prosperity for society as a whole. This too, is a fundamental viewpoint of this Report, the contents of which foreground the continuous development and improvement of all aspects of life.

Miroslav Gligorijević,  
General Manager





<b>A MESSAGE FROM THE GENERAL MANAGER.....</b>	<b>3</b>
<b>TITAN CEMENTARA KOSJERIĆ LTD. ....</b>	<b>5</b>
Corporate Values.....	5
About Us – Today .....	6
Our History.....	8
<b>SUSTAINABLE DEVELOPMENT.....</b>	<b>9</b>
How we Create Value .....	10
Governance .....	12
Sustainability Objectives.....	14
<b>BUILDING TRUST .....</b>	<b>16</b>
Employees .....	18
Employees Comment on the H.art Program – Leadership Skills Development Program at TCK .....	19
Health and Safety .....	20
Customers and Suppliers .....	23
Anticipation of Customer Needs.....	23
The Supply Chain.....	24
The Local Community – TITAN in Kosjerić.....	26
Knowledge to Overcome Challenges.....	27
Documented Dialogue with Society.....	28
The Driving Force of Top Projects .....	28
Promoting Sustainability through Networking.....	29
United Nations Global Compact .....	29
<b>ENVIRONMENTAL PROTECTION .....</b>	<b>30</b>
Environmental Protection Management System Audit.....	30
Energy and Climate Change.....	31
Thermal Energy .....	31
Saving Energy.....	31
Electric Energy .....	32
Carbon Dioxide (CO <sub>2</sub> ) Emissions.....	32
Air Emissions.....	32
Emission Values in Relation to Values Prescribed by Law .....	33
Conserving Resources .....	33
Natural and Alternative Raw Materials .....	33
Water .....	34
Waste Management .....	34
Packaging Waste.....	34
Safeguarding Biodiversity.....	35
Going Green 2014 – Giving Back to Nature .....	35
<b>GRI INDEX .....</b>	<b>38</b>
<b>REPORTING PRINCIPLES .....</b>	<b>42</b>

# TITAN Cementara Kosjerić Ltd.

Established nearly 40 years ago, the Cement Plant in Kosjerić secures its position on the market as well as its respectable place within society. We are a reliable and transparent corporate partner and strive towards responsible behavior which contributes to the prosperity of the community and society in which we operate. To this end, we are a member of an International Group which continues to develop as a vertically integrated cement manufacturer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

## ■ OUR VALUES

### INTEGRITY

- Ethical business practices
- Transparency
- Open communication

### KNOW-HOW

- Enhancement of our knowledge base
- Proficiency in every function
- Excellence in core competencies

### VALUE TO THE CUSTOMER

- Anticipation of customer needs
- Innovative solutions
- High quality of products and services

### DELIVERING RESULTS

- Clear objectives
- High standards
- Shareholder value

### CONTINUOUS SELF-IMPROVEMENT

- Learning Organization
- Willingness to change
- Rise to meet challenges

### CORPORATE SOCIAL RESPONSIBILITY

- Safety first
- Sustainable Development
- Stakeholder engagement

# ■ ABOUT US – TODAY

Key Financial Indicators	2012	2013	2014
Total Assets (000€)	42,128	44,152	33,015
Directly Generated Value (000€)*	37,933	30,431	31,162
Net Sales (000€)	33,430	26,280	26,543
Total Equity (000€)	39,268	41,800	30,805
Distributed Economic Value (000€)	25,414	20,665	20,987
Operating Costs (000€)**	17,127	14,302	13,937
Salaries and Benefits (000€)	6,046	4,586	4,936
Taxes in P&L Statement excluding Profit Tax (000€)	2,122	1,715	1,950
Pro Bono Investments in Local Community (000€)	109	59	163
Economic Value increase of the Company (000€)	12,518	9,766	10,175
Earnings before Interest, Taxes and Depreciation (000€)	14,596	10,940	11,232
Earnings (after Tax and Minority Interests) (000€)	15,869	8,439	8,993
EBTDA Margin***	38,9%	36,4%	36,4%
Acid Test Ratio****	6.0	8.1	4.2
Net Debt to Equity Ratio*****	0.0%	0.0%	0.0%

\* Directly Generated Value consist of: Sales Revenues, Rent from Fixed Assets, Financial and Interest Income, Net Gains and Losses from Sales PPE

\*\* Operating Costs include Cost of Trading Goods, Cost of Materials and Other Operating Expenses decreased by different kinds of Taxes

\*\*\* The ratio of Earnings before Interest, Taxes and Depreciation to Sales Revenues, including Transport Costs

\*\*\*\* The ratio of Cash and Cash Equivalents to Current Liabilities

\*\*\*\*\* The Company is not financed through borrowed sources

Titan's products comply with EU rules and regulations on health, safety, environmental issues and consumer protection.

Our products are used in the construction of roads, bridges and homes; this is why we continuously invest in their sustainability and safety, contributing to the advancement of society, which will then rest on structures built with stability, reliability and innovation. By respecting our customers and end users: businesses and individuals, the Company strategically responds to the demands of the markets where our products are present. This motivates us further to continually make improvements based on technology and human resources, thereby providing high quality and cost-effective products and services.

Key Non-Financial Indicators	2012	2013	2014
Value Distributed to Stakeholders* (000€)	54,122	34,379	46,873
No. of Employees (end of the year)	261	259	234
Total Purchases Amount (000€)	22,439	16,007	17,720
LTIFR**	4,19	0	0
Specific Direct Emissions of CO <sub>2</sub> (kg/t <sub>product</sub> )	650	623	616
Extracted Water (m <sup>3</sup> )	660,933	597,684	56,273
Thermal Energy Consumption (TJ)	1,201	885	915
Environmental Protection Costs (000€)	285	260	260

\* Value Distributed to Stakeholders includes investments made in environmental protection, new investments in fixed assets, taxes paid to the state and local authorities, generated turnover (with suppliers) on goods and services, investments in developmental programs for the local community, employee salaries and benefits and the net dividends paid to Group shareholders

\*\* Number of occupational injuries normalized to 1,000,000 hours = Number of occupational injuries with lost days x 1,000,000 / Total number of hours worked by directly employed staff throughout the year

## Our Strategy





## Markets where our products are present



### CEM II/B-M (V-L) 32.5R

In addition to consistent quality (water-to-cement ratio, setting time), this product is characterized by high early strengths, good workability, moderate resistance to deterioration by aggressive environments, as well as moderate heat of hydration, thereby suitable for individual projects, masonry work and finishing works.

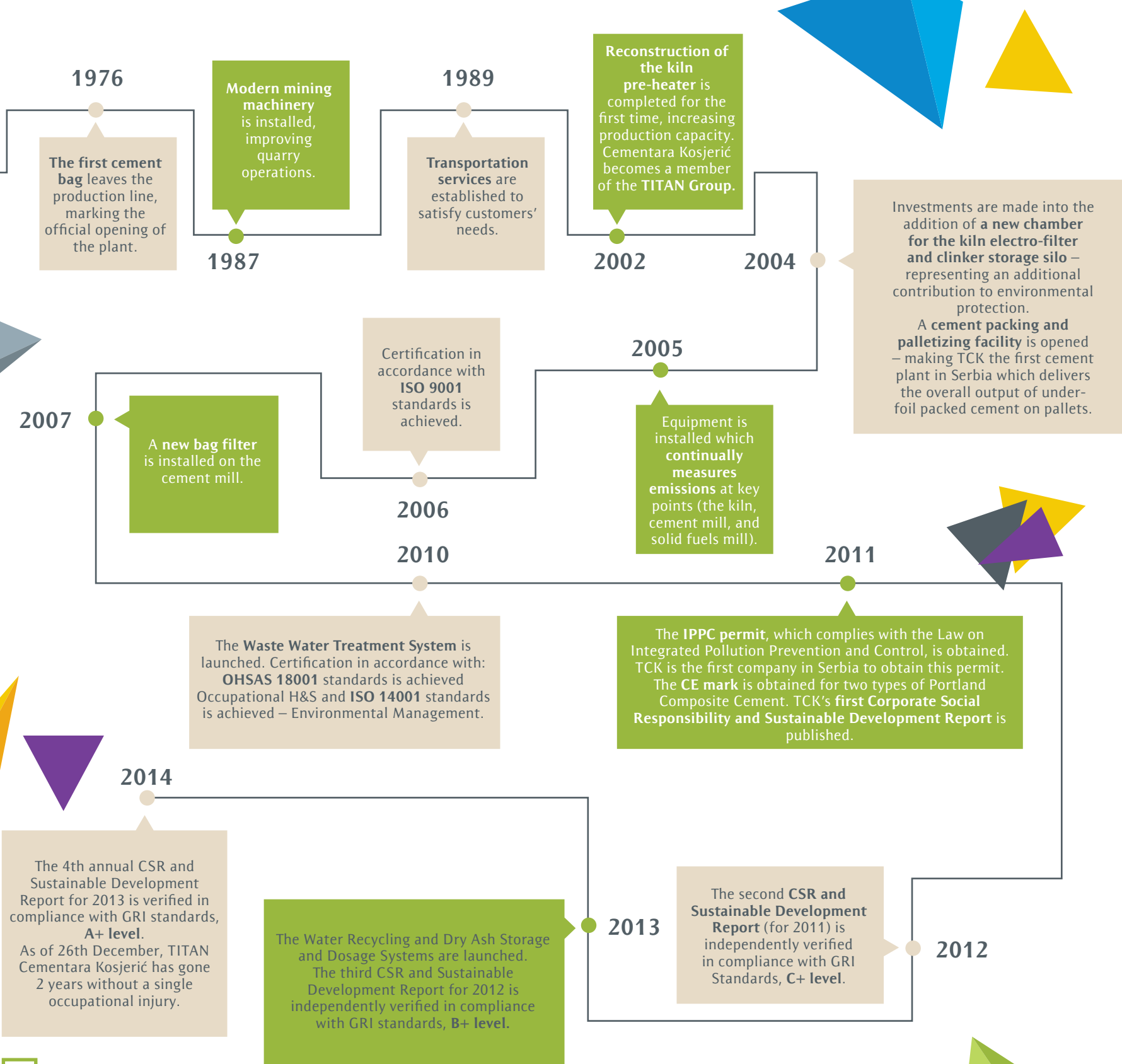
### CEM II/B-M (V-L) 42.5R

This cement is suitable for use in a wide range of projects, from transportable and pumped concrete, to all kinds of reinforced concrete structures. It is also suitable for the production of finishing materials in construction. In addition to meeting the requirements for consistent quality and high early and standard strengths, this cement has the possibility of achieving high strength concrete.

### CEM II/A-M (S-L) 42.5R

This cement is suitable for making all types of concrete, especially suitable for making concrete which is used in aggressive environments; it has shown to be highly resistant to frost and salt. Suitable for the building of massive concrete structures, bridges, tunnels, roads and other objects. It has excellent workability properties, and achieves high strength concrete.

**Our Vision is to be one of the most economically, environmentally and socially responsible providers of construction materials.**





# SUSTAINABLE DEVELOPMENT

With the uncertain dynamics of current market and economic trends, TITAN Cementara Kosjerić has been relentless in implementing a policy of social responsibility, integrated into its mission statement, and one of the Company's main governing values. This proven corporate guideline provides a reliable path forward and the growth of our corporate activities in times when economic challenges are ever-changing. In a reliable fashion, it steers us towards improving our competitiveness on the global market, with untiring concern for the Company's economic, environmental and social impact, in compliance with the objectives of Sustainable Development.

It is our desire to support and initiate positive change in the community by creating value for society; value which is dedicated to setting high standards in every area of business, including taking into account the diverse needs of all stakeholders and contributing to the exchange of knowledge and competencies within the Company. We are committed to a policy which advocates for social responsibility, improving corporate strategy and providing good examples of this practice through constant concern for employees, investments, supporting the local community, and treating TCK's customers, suppliers and business partners with respect.

We do business true to our vision:

“To pursue at all times our business goals and create value, in an ethical and socially responsible manner, minimizing our footprint, and endeavoring to do more good.”

THE CONTEXT IN WHICH WE OPERATE

78/175

Serbia's position on the Corruption Index for 2014  
Source: Transparency International (transparency.org)

6,354 USD

Gross Domestic Product per Capita in Serbia for 2013  
Source: The WorldBank (worldbank.org)

22.2%

Unemployment rate in Serbia in 2014  
Source: International Labour Organization (ilo.org)



# ■ HOW WE CREATE VALUE

**480,762 t** of raw materials have been extracted from two active quarries

**714,251 m<sup>2</sup>** is the total area of active quarries, of which  
**429,269 m<sup>2</sup>** are effected by operations

**380,272 t** is the total amount of cement produced

Total funding for H&S: over **EUR 82,000**



## Main impacts of quarrying activities:

- Noise
- Vibration
- Dust
- Alteration of the landscape
- Potential impact on biodiversity
- Energy Consumption

## Total Annual Emissions:

Dust Emissions **1.08 t**

NO<sub>x</sub> emissions **329 t**

SO<sub>x</sub> emissions **0.52 t**



## Main impacts of cement production:

- CO<sub>2</sub> Emissions
- Energy Consumption
- Other Emissions (dust, NO<sub>x</sub>, SO<sub>x</sub>)

Acknowledging the direct and indirect impacts of our operations, we are focused on continuously improving our overall performance through reducing or eliminating negative impacts by implementing a model that maintains balance between economic, social and environmental objectives.

To suppliers, for goods and services: over  
**EUR 17,720,000**,  
of which **80% are domestic suppliers**

Each employee invested on average,  
**33 hours** participating in various  
developmental programs



- Noise
- Water Consumption
- Safety Risks

Total funding for **Environmental Protection**: over **EUR 481,000**

Through **direct taxation to the state and local authorities**:  
over **EUR 5,800.000**

To employees, through **salaries** and **benefits**: over **EUR 4,900,000**

Almost **EUR 220,000** invested in developmental programs for the local  
community, of which 70% was made in cash donations and 30% through donations in kind



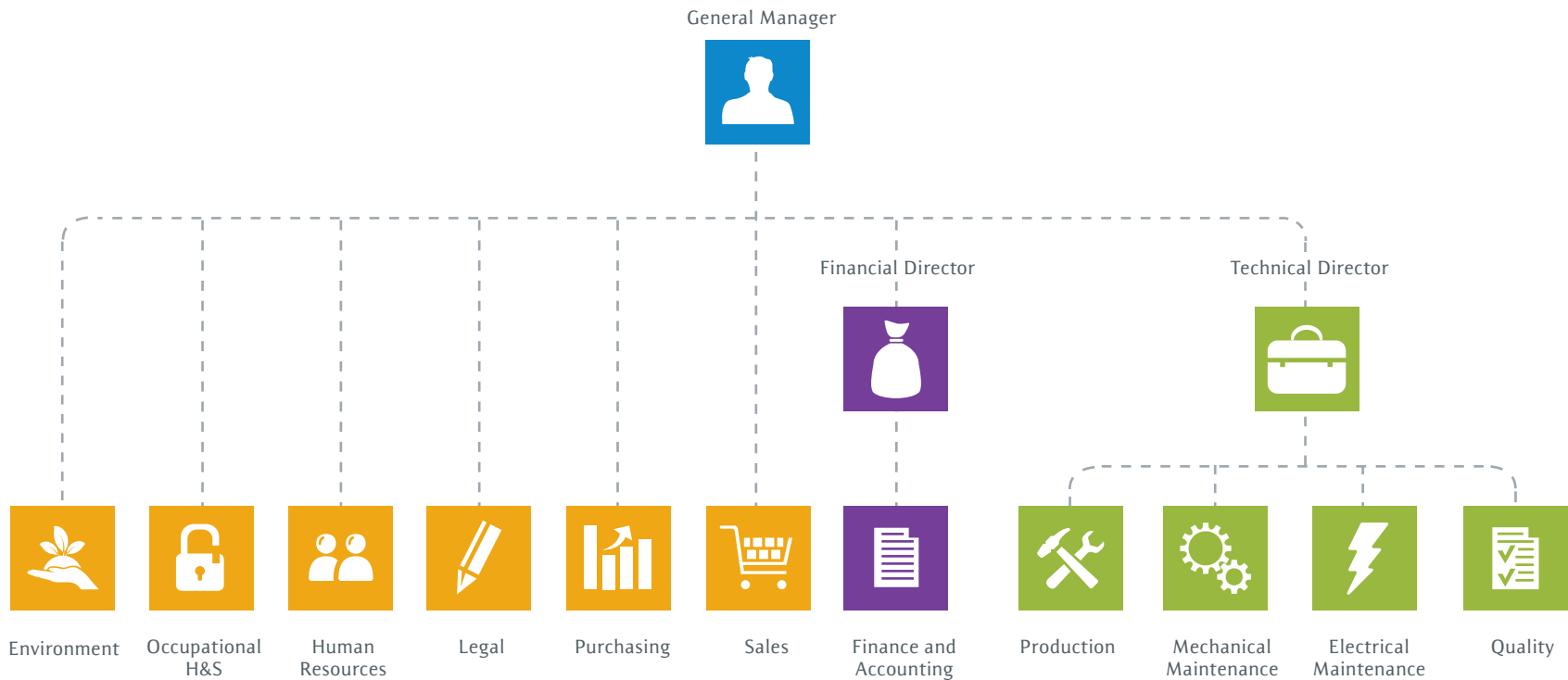
### Indirect impacts:

- CO<sub>2</sub> Emissions
- Other Emissions
- Use of raw materials

# GOVERNANCE

The proactive identification of risks and opportunities is part of our continuous efforts at TITAN Cementara Kosjerić and the entire TITAN Group, and includes stakeholder dialogue as an integral part. At all levels, management regularly monitor and analyze the business environment, considering both economic factors and important issues regarding sustainability, such as safety, the environment and social prosperity.

At TITAN Cementara Kosjerić, Risk and Opportunity Management keeps track of adequate corporate signposts in a competitive market, because it carefully responds to dynamic conditions and trends in a global context and in a context closer to the Company. How effective this concept is, is based on implementing appropriate audits and analyses, compliant with the requirements of international ISO Standards and the objectives of corporate management.



The principles of global corporate management determine the highest governing body of our company: The Board of Directors, whose role is strategic in the decision-making process and in creating guidelines that set the framework for TCK's corporate activities. The responsibility of implementing decisions made by the TITAN Group is taken over by the local **Management Committee**, and takes into account feedback from all stakeholders. In doing so, this type of leadership consistently applies a principle of precaution in all aspects of business, in compliance with the United Nations Declaration on Environment and Development, and analyzes the risks and opportunities involved in environmental protection development. In order to foster transparent and constructive communication regarding significant areas of business and important decisions made by the Company, the discussion takes place on several levels – through various forms of dialogue with the local community, in regular meetings devoted to auditing business results, as well as at annual performance and career development meetings.

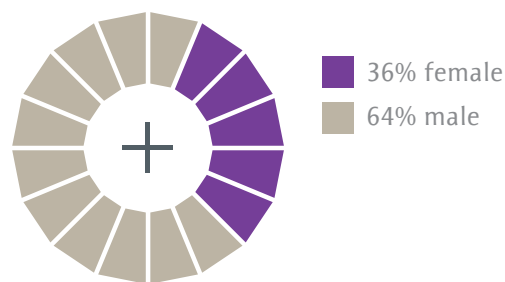


**TCK's CSR Committee**, responsible for implementing programs within the stronghold of Corporate Social Responsibility and corporate governance, demonstrates how indisputably important these activities are for the Company. Composed of senior executives, the Committee ensures that the envisaged objectives relating to H&S, environmental protection and community development are constantly improved and revised, depending on the economic environment. In addition to this Committee and in accordance with applied quality systems, at TCK, the following Committees meet regularly: **Quality, OH&S, Environmental Protection and Career Development**, and participating in the activities of these Committees are the Executive Directors.

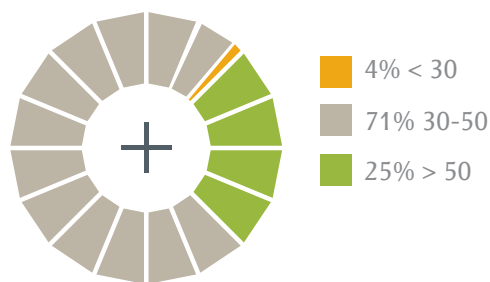
**40%  
WOMEN  
ON THE CSR  
COMMITTEE**

Identified Risks	Solutions - possibilities
Public Finance – impact on the cement market	Given that the impact of the Company on economic circumstances is minimal, the Company manages operations responsibly, focusing on its most important investments and employee relations and avoiding exposure to financial risks. The Company's Credit Control Committee meets regularly.
Recruitment and development of the best candidates – Company location	Our Corporate Values are incorporated into all aspects of operations and the decision making process. In accordance with TCK policy, we adhere to the principles of equal opportunities for our employees, career development, and compensation in line with market demands and relevant regulations. The Company develops training programs for unemployed youths in the community.
Restructuring Program	Aiming to secure competitiveness, sustainability and durability of operations, TCK is implementing Restructuring Programs which adhere to market conditions. Taking into consideration the high rate of unemployment and our commitment to employee relations, all Programs are being conducted in a responsible manner taking care that all redundancy packages comply with legal requirements, in the least, and being significantly above legally guaranteed amounts in majority of cases.
Occupational H&S	Safety is the Company's highest priority and this approach seeks to systematically improve working conditions for employees and contractors, nurturing a culture where above all else safety comes first, with training and clear and effective OHSAS 18001 procedures in place and the employment of a sufficient number of employees directly responsible for this aspect of our business.
Climate Change	In order to reduce greenhouse gas emissions, the Company continuously invests in the latest available technology, seeking to increase the use of alternative raw materials, to introduce alternative fuels and to improve energy efficiency.
Mainstreaming CSR through the Supply Chain	Relations with suppliers and contractors are systemized through Purchasing Procedures (ISO 9001), and the Code of Conduct for Procurement, which also relates to human rights issues and corruption. TCK continually develops mechanisms to ensure compliance with the highest standards at all levels of the value chain.

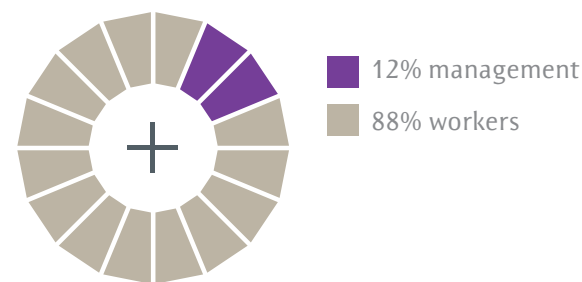
Gender Structure in Management



Age Structure in Management



Employee Structure by Category



# SUSTAINABILITY OBJECTIVES

Our sincere dedication to societal advancement, which is based on Sustainable Development, permeates through every facet of operations and manifests itself through our ambitious CSR objectives, which are continuously being revised by the Company's senior executives.

Objectives	Results Achieved 2013	Results Achieved 2014	Focus for 2020
<b>Employees and Working Environment</b>			
Development of Competencies	29.67 training hours per employee	33.47 training hours per employee	At least 30 training hours per employee
	EUR 194 is the average amount invested in development, per employee	EUR 260 is the average amount invested in development, per employee	Continued development of competencies
Ethical Business Practices	Training on the use of TITAN Group's Code of Conduct	Training on TITAN People Management Framework held for the Company's management staff (29 hours)	Implementation of TITAN Group Code of Conduct training for all employees – held every 2 years
	Implementing the procedure for reporting Code of Conduct violations		
Work-related Injuries	The frequency of work-related injuries for 1,000,000 working hours is: 0 (zero)	The frequency of work-related injuries for 1,000,000 working hours is: 0 (zero)	Maintaining a work-related injury rate of 0 (zero)
Employee Engagement	Preparation for the signing of the Collective Bargaining Agreement	Signing of the CBA	Development and implementation of the action plan, in compliance with the results of the survey conducted on employee attitudes
		Employee Opinion Survey was conducted	
		The employee canteen began operating in Dec. 2014	Constant development of working conditions
<b>The Market</b>			
Maintaining Customer Satisfaction	Not a single product complaint was recorded	Not a single justified product complaint was made	Maintaining a low level of product complaints, by preventive counseling and educating the customer
Responsibility towards the End-user	Reduction of Cr <sup>6+</sup> in our cement, to a level under 2 ppm during the product's shelf-life	Preparations for introducing the 25 kg cement packaging	Introducing new 25 kg cement packaging
			Compliance of safety signs on bags with EU requirements
Engaging with Customers and Suppliers on CSR	The "Our Community – Our Responsibility" Forum, included representatives of key stakeholders	Supply chain focus group held	Maintaining open lines of communication, with the objective of having an 80% rate of suppliers and customers that adhere to the principles of contractual procurement
	171 H&S training hours achieved for our contractors' employees	Introducing suppliers and customers to the following principles: ethics in business and social responsibility	
		155 H&S training hours for contractors	Continue to conduct H&S training for contractors
Supplier Pre-qualification	42 new suppliers completed the pre-qualification process	70 new suppliers completed the pre-qualification process	Establish the pre-qualification process for 100% of all new suppliers

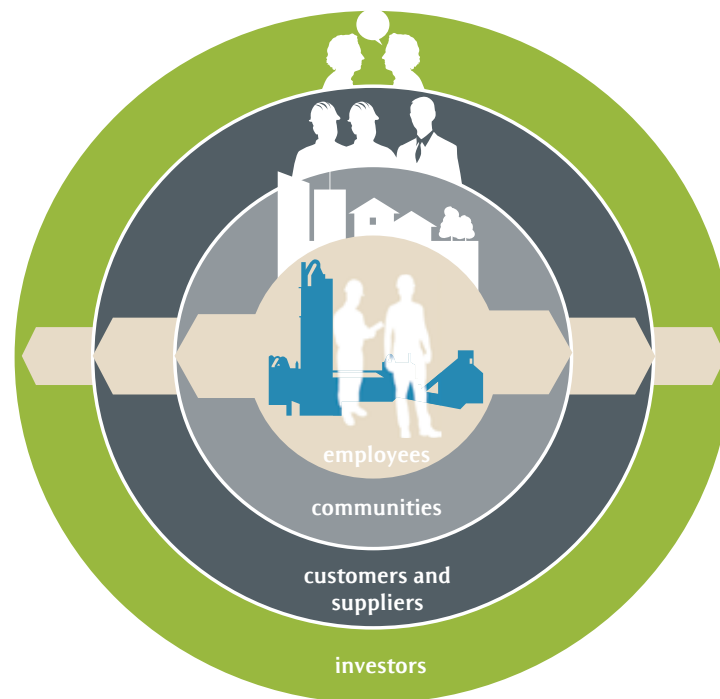


Objectives	Results Achieved 2013	Results Achieved 2014	Focus for 2020
<b>The Environment</b>			
Investing in Sustainable Development	An excess of EUR 820,000 was the cost of environmental development	An excess of EUR 481,000 was the total investment in the environment	Continued efforts in achieving results in the field of environmental protection
CO <sub>2</sub> Emissions	Total direct emissions of CO <sub>2</sub> was 623 kg/t <sub>product</sub>	Total specific direct emissions of CO <sub>2</sub> was 615 kg/t <sub>product</sub>	Achieving total specific direct emissions of CO <sub>2</sub> <631.5 kg/t <sub>product</sub>
Energy Efficiency	Fuel oil consumption reduced by 18%, compared to 2012	A reduction in the consumption of fuel oil by 18%, compared to 2013	Exchanging all light bulbs at TCK with energy efficient lighting
Alternative Fuels and Raw Materials	Approval from the Ministry on the Environmental Impact Assessment Study of environmental projects using SRF	Completing the documentation necessary to work on projects using SRF	Continuing efforts to comply with EU standards in relation to alternative fuel utilization
	The ratio of alternative raw materials used was 10.2%	The ratio of alternative raw materials used was 13.2%	Continue to increase the ratio of alternative raw materials used
<b>The Local Community and Society</b>			
Dialogue with Stakeholders	Visit of the TCK Advisory Board to Titan's plant in Bulgaria which uses alternative fuels in the production process	A focus group on the most important aspects of "Our Community – Our Responsibility"	Meetings with stakeholders and maintaining an open dialogue
	The Stakeholder "Our Community – Our Responsibility" Forum was held		
Transparency and Integrity	The CSR and Sustainable Development Report for 2013, with GRI G3.1 criteria (level: A+)	The CSR and Sustainable Development Report, in compliance with GRI G4 Guidelines	Further improving the CSR and Sustainable Development Report – quality reporting
Strategic Approach to Investments in the Local Community	Total investments made in local community programs, in excess of EUR 131,000	Investments made in the local community amount to nearly EUR 220,000	Continued support to important programs in the local community

# BUILDING TRUST

Through our recognition of the Strategic Corporate Policy, with its roots at the Group level, we view cooperation with stakeholders as a primary area of interest and a secure mechanism to reach developed practices of corporate responsibility and sustainable growth. This effect is tied to our responsibility towards those lives which we influence, both in and beyond the Company. By understanding the various interests and priorities, with ever present enthusiasm, we initiate diverse dialogue with social stakeholders to determine the central issues of the partnership, and to utilize these interactions to improve performance and the decision-making process of the Company's management team.

By including representatives of all stakeholders in the **"Our Community – Our Responsibility"** forum, held in December 2013, we were able to jointly identify the most important topics, taken to serve as the material framework and key areas which we pay special attention to in the reporting process. Employee representatives, as well as other organizations the Company collaborates with (customers, suppliers and local institutions) are all familiar with the concepts of CSR and sustainability reporting, reporting standards and materiality assessment. Based on this knowledge and in working groups, they were able to evaluate the materiality of the provided topics on the environment, the market and society. One of the initiatives, born as a result of our joint dialogue with relevant stakeholders, involves the formation of five working groups that will, in future, affirm and promote topics rated as very important to the Company and stakeholders alike:



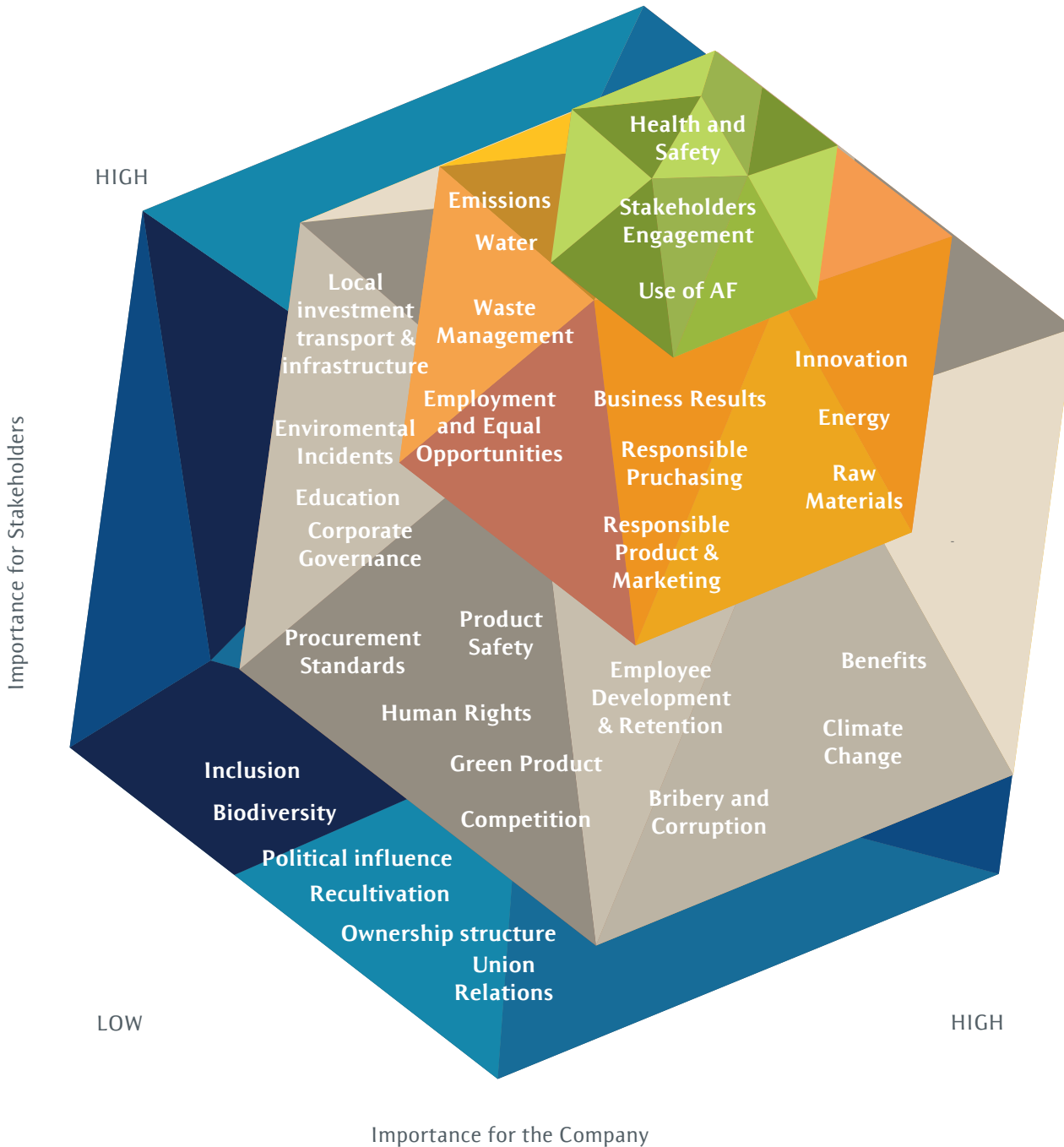
The interactive and constructive Local Community Panel: "Our Community – Our Responsibility" offers us useful insight into the attitudes of those individuals living and working within our environment, which we are then able to use to crystallize the main criteria for CSR. Due to this, we have, in compliance with our policy of sustainability, adopted the decision to have this fruitful forum gather regularly, every two years.

We are convinced that mutual trust and a strong corporate culture that promotes community values is built on a platform of open and familiar communication with all stakeholders, motivated by important topics of general interest. We have provided an atmosphere of equality in dialogue with all TCK employees within the area of ethical norms, enshrined in the tightly bound foundation of our Company, so that any potential violations to the Code of Conduct can be reported via the following email address: [kodeksponasanja@titan.rs](mailto:kodeksponasanja@titan.rs), intended to serve as a place where employees can comment, ask questions and make suggestions of an ethical nature. No inquiries or reports of violation of the Code of Conduct were reported within the period covered by this Report.



Materiality Matrix  
– important issues  
for the Company and  
stakeholders

- Key Topics
- Material Topics
- Moderately Material Topics
- Non-material Topics



The **TITAN Cementara Kosjerić Info Center** is a reflection of modern business practice within community relations, providing interested parties with reference publications about the Company, its strategic and production processes, environmental impact indicators, as well as the opportunity to receive relevant answers to any posed questions from competent persons at TCK. This space, made available for publications, promotes the principles of Sustainable Development and concern regarding limited natural resources. The values recorded by constant measuring of dust, nitrogen and sulphur oxide emissions over the last 5-year period can be found on the Company's website, in compliance with an approach that fosters open communication in terms of the kind of results the Company cultivates.

## TITAN CEMENTARA KOSJERIĆ'S CODE OF CONDUCT

To download visit the Company website at  
[www.titan.rs/home/page/1](http://www.titan.rs/home/page/1)



# EMPLOYEES

It is our responsibility to offer equal opportunities, promoting open communication, transparency and meritocracy in all policies, including recruitment and labor, and have a no-tolerance policy towards any form of discrimination.

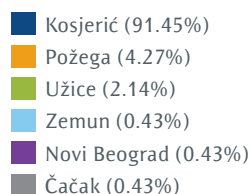
EMPLOYEES at TITAN Cementara Kosjerić on 31 <sup>st</sup> Dec.		2012		2013		2014	
No. of Direct Employees		256		256		224	
female		34		34		32	
male		222		222		192	
No. of Temporary Employees		5		3		10	
female		1		1		3	
male		4		2		7	
Total no. of Employees		261		259		234	
No. of Employees, by gender		No.	%	No.	%	No.	%
female		35	13.41	35	13.51	35	14.96
male		226	86.59	224	86.49	199	85.04
Employees who received feedback on performance and development		broj	%	broj	%	broj	%
female		14	15.41	12	15.38	12	15.38
male		29		28		26	

During the regular Annual Performance Evaluation carried out by the Company, feedback on performance is also provided to the TCK Management Committee. All managers have a grasp of what they have achieved with respect to H&S, employee development and how they promote the Company's Corporate Values.

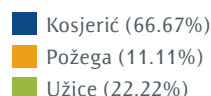
In 2014, the Company responded to local market challenges in compliance with legal regulations, by implementing a Restructuring Program, which 31 employees volunteered to be a part of and the cost of implementing this program was nearly half a million euro.

EMPLOYEE TURNOVER	GENDER	AGE	2012	2013	2014
New employees	female	<30	1	1	3
		30-50	0	0	0
		>50	0	0	0
	male	<30	2	1	6
		30-50	0	0	2
		>50	0	0	0
Employees who have left the organization – regular fluctuations	female	<30	0	1	1
		30-50	1	0	0
		>50	0	0	0
	male	<30	0	2	1
		30-50	1	0	2
		>50	5	1	1
Employees who have left the organization – Restructuring Program	female	<30	0	0	0
		30-50	5	0	0
		>50	6	0	2
	male	<30	0	0	0
		30-50	3	0	2
		>50	28	0	27
Fluctuation rate (Employees who left the organization / average number of employees for the period)			16.13	1.54	14.40

### Employee structure according to place of residence



### Senior management according to place of residence



Relations with our suppliers is based on trust, respect, honesty and sincerity with the objective of maintaining long-term relationships.

INDIRECT EMPLOYEES – contractors	2012	2013	2014
Total no. of persons indirectly employed*	136*	137*	155*
No. of indirect employees without logistics and transportation *	24*	35*	37*
No. of contractors – logistics and transport*	112*	102*	118*
<b>Total no. of contractor working hours</b>	<b>256.394</b>	<b>259.162</b>	<b>291.875</b>

\* No. of contractors estimated as FTE (Full-Time Equivalent)

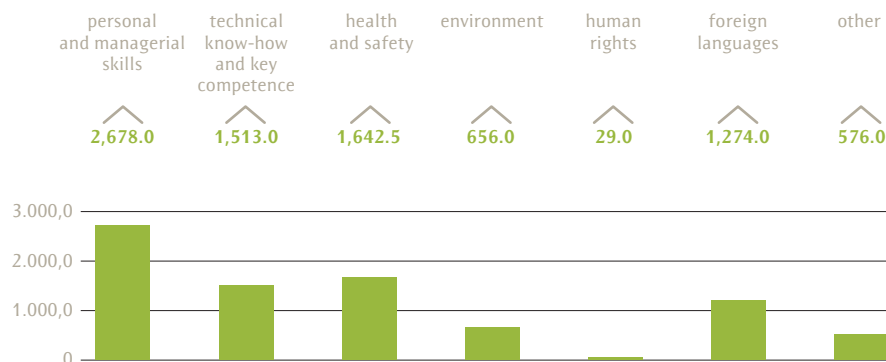
**73% OF STAFF ARE TRADE UNION MEMBERS**

TITAN Cementara Kosjerić's HR Strategy states that all work-related practices require the emotional and mental commitment of all employees. **HR Management Guidelines**, provide equal opportunities for all, and promote meritocracy, open communication and transparency. In December 2014, the lowest base salary paid out was **2.5 times higher** than the statutory minimum wage in Serbia, totaling RSD 72,295. Employees entering retirement receive a retirement package which complies with the legal regulations, while employees who remain with the Company for 10, 20 and/or 30 years consecutively, receive a Jubilee Award. The base salary for all positions is adjusted to market conditions, relevant regulations and provisions of the Collective Bargaining Agreement, which was signed with the Independent Trade Union of TITAN Cementara Kosjerić in March 2014.

### Parental leave at TITAN Cementara Kosjerić

Employees entitled to parental leave in 2014	male	5
	female	2
Employees who exercised their right to use parental leave	male	0
	female	2
Expected no. of employees to return from parental leave	male	0
	female	1
Employees who returned to work after taking parental leave	male	0
	female	1
Employees who returned to work after taking parental leave in 2013 and are still employed 12 months later	male	0
	female	2

### Training Hours in 2014.



## GUIDELINES FOR HR MANAGEMENT

To download visit the Company website at:  
[www.titan.rs/home/page/10/Ljudi](http://www.titan.rs/home/page/10/Ljudi)

### Employees Comment on the H.art Program – Leadership Skills Development Program at TCK

"I am very pleased with the opportunity to learn, this allows me to be better at my job. I use three of the skills I learned during the Program every day: I have improved my communication skills, and I no longer have a problem stopping any member of my team that isn't doing their job safely; I hold daily meetings with the team, where we talk about safety and what processes and plans we have planned for that day; I am better able to control my emotions when engaged in stressful conversations with employees."

"I have become more proactive and have learned how important it is to monitor my team's performance. Now, I don't mind repeating certain things many times over, if need be. I'm trying to involve as many people as possible when it comes to problem-solving, and I always interrupt if I see that someone is behaving in a way that is unsafe. But, there is still room for improvement when it comes to the team's behavior."



# HEALTH AND SAFETY

The 2014 calendar year was the second consecutive year without a single occupational injury with lost days. These exemplary results confirm that by including employees in processes, constantly striving for improvement, good organization and a systematic approach all create an environment favorable for the achievement of an Occupational H&S system that is sustainable.

This model relies on our OH&S Policy, established at TCK in 2009, and is based on two basic principles:

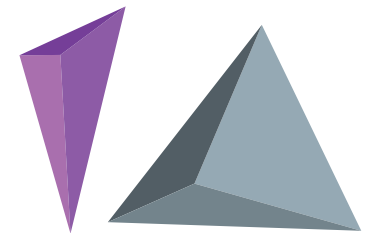
- all injuries are preventable,
- the respect and compliance of all Health and Safety policies and standards is a precondition of employment.

Implementation of these preconditions requires the genuine commitment and faith of all employees that the successful achievement of objectives depends on personal commitment. With that, the Safety First culture at TCK has coalesced with all aspects of the Code of Conduct and building a high level of awareness in regards to Safety is an ongoing commitment at TCK. Development of the Occupational H&S Policy has been directed towards not only our employees, but their families, our contractors, customers, the local community and with everyone with whom TCK comes into contact. In 2014, we continued with our proactive approach to regularly-scheduled training; employees received **1,643 hours** of training, or **6.65 hours** per employee, while **155 training hours** were organized for our contractors, or **4.31 hours** per participant. In addition, effort was invested in disclosing and correcting systemic deficiencies found. A total of **139 corrective and preventive measures** were applied and driving safety was improved.

The timely planning of Occupational H&S training is based on information gathered from the following sources: incident investigations, auditing of OH&S documentation, the proposals and suggestions of our employees.

Principal training sessions in 2014 were as follows:

- practical training for work safety in high places,
- risk assessment and occupational H&S analysis (a "permit to work" system),
- ensuring safety while working on/with machines and other equipment,
- safety when working under conditions involving extreme heat and dust,
- emergency response drills – exercises done in teams.



Parameter	Definition		2012	2013	2014
Fatalities	Number of injuries in the workplace resulting in fatality	employees	0	0	0
		contractors	0	0	0
LTI*	Number of lost time injuries	employees	2	0	0
		contractors	0	0	0
LTIFR**	Frequency rate of lost time injuries per million hours worked	employees	4.19	0	0
LTISR***	Number of lost calendar days due to a work-related injury per million hours worked	employees	898	146****	0
AR	Absentee rate per 200,000 hours worked (GRI definition)	employees	5,076	5,082	6,166
Occupational Diseases	Number of lost calendar days due to occupational diseases	employees	0	0	0
Training Hours Index	Average H&S training hours per employee	employees	11.01	5.94	6.65
		contractors	1.21	4.75	4.31

\* Work-related injuries are considered as any injury which results in an employee being absent from work for one or more working days, not including the day the injury occurred.

\*\* LTIFR The number of lost time injuries \* 1,000,000 / The total number of working hours recorded by direct employees for the year; in compliance with CSI, contractor LTIFR is not reported

\*\*\* Total number of lost calendar days for the year due to work-related injuries \* 1,000,000 / The total number of working hours recorded by direct employees for the year; in compliance with CSI, contractor LTISR is not reported

\*\*\*\* The number of lost calendar days in 2013 is a consequence of injuries which occurred in 2012



Communication is nurtured between management and employees and enables employees' engagement in all initiatives aimed at improving OH&S in the workplace. In addition to employee engagement in the **OH&S Committee**, which is composed of five employee representatives and three employer representatives, our employees are active in investigating incidents, OH&S audits, job safety analysis, as well as providing suggestions to improve the system.

At the end of 2014, the Risk Assessment Act was audited, in which members of the OH&S Subcommittee participated. By rethinking conditions, environments and procedures relating to the work process, it was found that the number of high risk working positions with increased risk of injury and occupational diseases had decreased: from 14 (52 employees) in 2009, to 9 (32 employees) in 2014. At all levels of management, OH&S is the first and most important topic of all meetings, including the preparatory arrangements that team leaders carry out with staff before beginning any activity.

**i**

**TWO YEARS FREE FROM OCCUPATIONAL INJURY – achieved as of 26th December 2014**



**In 2014, TCK received two significant awards for achievements within the field of Safety:**

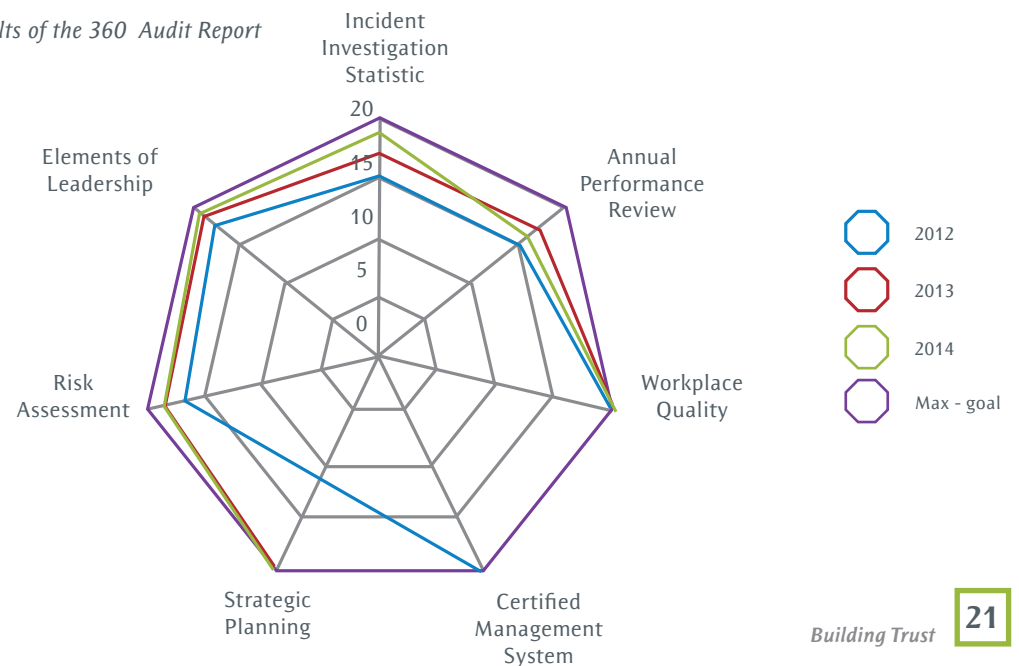
- TITAN Group Award for the best OH&S performance
- The “28th April” Charter, for achievements in OH&S, awarded by the Health and Safety Department of the Ministry of Labor and Social Policy

All significant issues in OH&S (over 90%) are further detailed in the Collective Bargaining Agreement on OH&S in the workplace. In 2015, this document will be revised because at the end of 2014, after the Labor Act was amended, the employer Collective Bargaining Agreement was altered and amendments to the Law on Occupational H&S have been announced for the first half of 2015.

**Implementation of the OH&S System for 2014 is at 93.1% – a result of the 360° Audit Report, which has been conducted at TCK by TITAN Group’s H&S Manager and the regional H&S Manager over the past few years.**

**In September 2014, the OHSAS 18001 Standardization System was successfully verified, without any inconsistencies and with just one recommendation.**

Results of the 360° Audit Report



# HEALTHCARE EDUCATION – BEATING AT THE RHYTHM OF THE HEART

Because we take the suggestions of our stakeholders regarding what they believe to be topics of great importance to them, the CSR Team at TITAN Cementara Kosjerić organized a lecture entitled “One World. One Home. One Heart”. The lecture was dedicated to preventing cardiovascular disease and heart attacks. It was held on 7th October 2014, at the National Library and was lead by: Dr. Slobodan Jovičević, a trauma specialist and the Head of Trauma at the ER in Užice, and Dr. Jasmina Đorđević, a general practitioner and a representative of the Kosjerić Healthcare Center. An informative lecture marking World Heart Day, which took place the last week of September, was attended by a noticeably large audience that demonstrated through the types of questions asked that there is a significant need to increase the availability of information regarding the heart and cardiovascular health, as well as other forms of counseling services regarding general health issues.



## NURTURING A SAFETY- CONSCIOUS CULTURE FROM CHILDHOOD

TITAN Cementara Kosjerić regularly organizes trainings for younger primary school children in Kosjerić, under our “Safety at School” initiative, with the intention of helping children establish habits that will ensure that they grow up safety-conscious and learn to develop a sense of awareness to the dangers surrounding everyday activities. These habits are taught to the children through fun activities, where they play together in groups, at the same time acquiring important skills. This year alone, 79 4th graders from the Mito Igumanović Primary School, as well as children from the communities of Brajkovići and Tubići, participated in training on the proper response to emergency situations. From 12th November to the 6th December, there were 12 gatherings organized by 8 volunteer instructors, TCK employees, who, together with the support of other local partners from the community, i.e. pediatricians and local police force personnel and firefighters. By demonstrating the proper response to high-risk situations using a child-friendly method, we are creating a system that is preventive in nature, one that helps to avert negative consequences in future.



# CUSTOMERS AND SUPPLIERS

## Anticipation of Customer Needs

We are fully committed to customer satisfaction, and this attitude allows us to strengthen the Company's grip on its competitive advantage. Responding to the needs of our customer, again in 2014, we conducted our annual customer satisfaction survey. This survey provides us with insight regarding the quality of our products, services, delivery services, and employee attitudes towards customers. It serves to signalize timely responses to any issues which may have an impact on sales. This method of measuring customer satisfaction is an indicator of efficiency that shows the degree to which products and services meet customer expectations. It is for this reason that we are extremely efficient in responding to all complaints regarding the quality of our products, and in an effort to foster an atmosphere of mutual respect, we are here to offer our clients professional help and advice.

Customer satisfaction survey results (the maximum rate is 5)



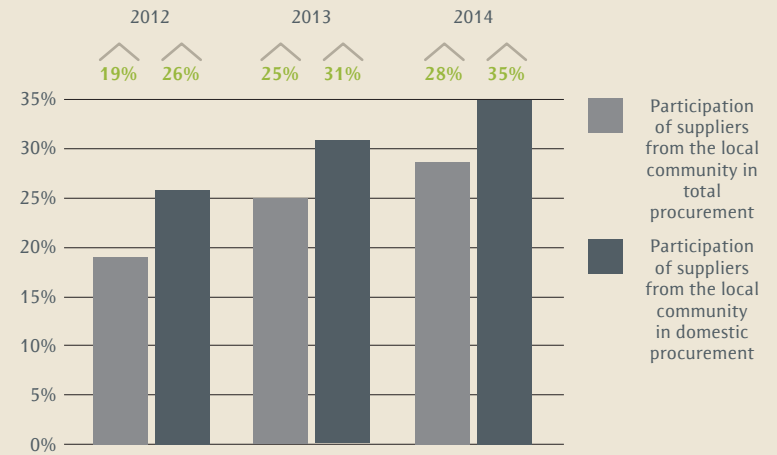
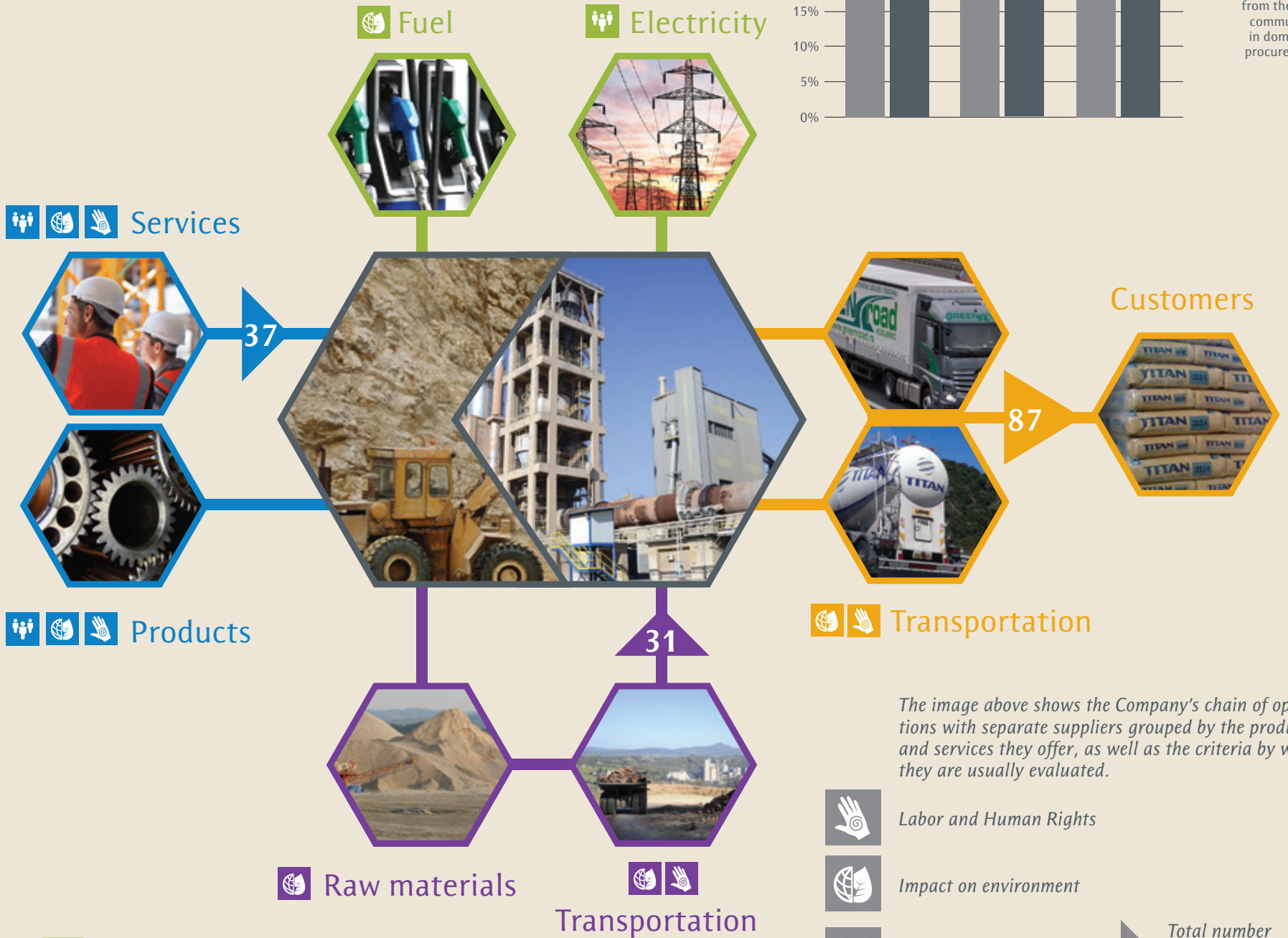
Before reaching the market, all of our products are tested in laboratory-like conditions at TCK, where safety features and aspects of environmental impact are taken into consideration, thereby meeting the needs of our customers. Additionally, according to established practices, testing is then conducted in cooperation with a reliable partner, namely the Institute for Materials Testing, or IMS, this testing is preceded by elaborate planning and implementation of industrial testing. In further proceedings, innovative solutions are recommended to users, based on the proven performance of cement in concrete. At the end of this synchronized cycle, a new product is then launched on the market, issued with a quality control certificate. In compliance with applicable national regulations, information found on the cement packaging contains instructions on the proper use of the product, how to safely store and handle the product, first aid tips should skin come into contact with the product and a notice on the content of soluble chromium (VI) in the cement after hydration.

The Company closely monitors the development of relevant regulations and legislation relating to advertising and communication about the various products, to ensure that practices are implemented in accordance with the highest standards. Detailed information regarding the cement (its physical and mechanical properties, performance in concrete) is available to our users through the Specification files located on our website: [www.titan.rs](http://www.titan.rs).

Systematic cooperation with TITAN Cementara Kosjerić's customers is based on modern means of communication and access to the market through direct visits and personal contact with our customers is a method by which understanding the specific needs of our clients is made easier. Therefore, our employees' commitment to creating close relationships with our customers and thereby representing their interests, establishes a relationship of mutual respect and a reliable exchange of information, which is reflected in their confidence and loyalty to TCK. For this reason it is essential that we respect our clients and that we view this as a key element of our business ethics, associating it with the general attitude of our employees: that every customer is important and deserves our best effort, to do what we can to meet their needs.



# The Supply Chain



The image above shows the Company's chain of operations with separate suppliers grouped by the products and services they offer, as well as the criteria by which they are usually evaluated.



Labor and Human Rights



Impact on environment



Impact on society

▶ Total number of indirect employees

Led by our guidelines on Sustainable Development, TCK provides and advocates for responsibility throughout the entire supply chain. We achieve this by having an influence on our suppliers: directly – through the process of pre-qualification and indirectly – through the promotion of responsible procurement practices. The Company requires its suppliers to comply with all legal obligations regarding OH&S, employee and subcontractor relations, to flawlessly comply with all laws concerning environmental protection, to follow ethical principles in practice and lastly, to foster business relationships built on fair competition, devoid of bribery and corruption.

The Company has implemented internal procedures (supplier evaluation and contractor safety) in compliance with ISO 9001, ISO 14001 and OHSAS 18001 standards in order to pre-qualify potential suppliers, primarily contractors, before collaboration can begin. Suppliers are evaluated according to the following criteria:

- environmental impact (compliance to environmental regulations and standards);
- strict adherence to labor and human rights (OH&S, minimum wage regulations, employment contracts, property and labor insurance, job risk assessment, recording workplace injuries);
- social impact (ethical business practices, fair competition, devoid of economic violations, respecting and adhering to the Code of Conduct).

In 2014, of a total of 145 new suppliers, 70 (or 48%) were evaluated according to the criteria listed above and in compliance with the tasks they were hired to complete, the significance of the procurement to business processes, the procurement value and safety and environmental protection requirements more specifically: 5 were evaluated by the environmental impact criterion, 65 by strict adherence to labor and human rights, and 38 by social impact. The results showed that 3 new suppliers were unsuccessful in completing the pre-qualification process, having failed to meet one of the above criteria.

After the initial pre-qualification process is complete, the Company continues to evaluate its suppliers throughout their entire working relationship by conducting the following: internal audits of contractors, OH&S appraisal upon completion of works and quality assessment of products/services. At the end of the fiscal year, an evaluation of all suppliers with whom the Company collaborated with is conducted. In addition to the above mentioned, further evaluation is completed on the quality of products/services, the quality of cooperation and implementation of accountability. For the 2014 fiscal year, of the 40% of evaluated vendors, 2 did not fulfill the necessities for further cooperation, due to a disregard of OH&S requirements. Compliance with the safety rules and regulations, introduced to suppliers in advance, and which they accept upon submitting their bids for the completion of works, is the most important criterion for supplier evaluation. With the above mentioned suppliers, collaboration has temporarily been suspended, giving them the opportunity to prove that they have eliminated the identified discrepancies. Regarding those suppliers who do not comply with the agreed delivery deadlines or the rules of good business communication, the Company will continue collaboration, however, how well these deficiencies are dealt with is intensely monitored throughout the coming period. All suppliers are notified of the results of the evaluation.

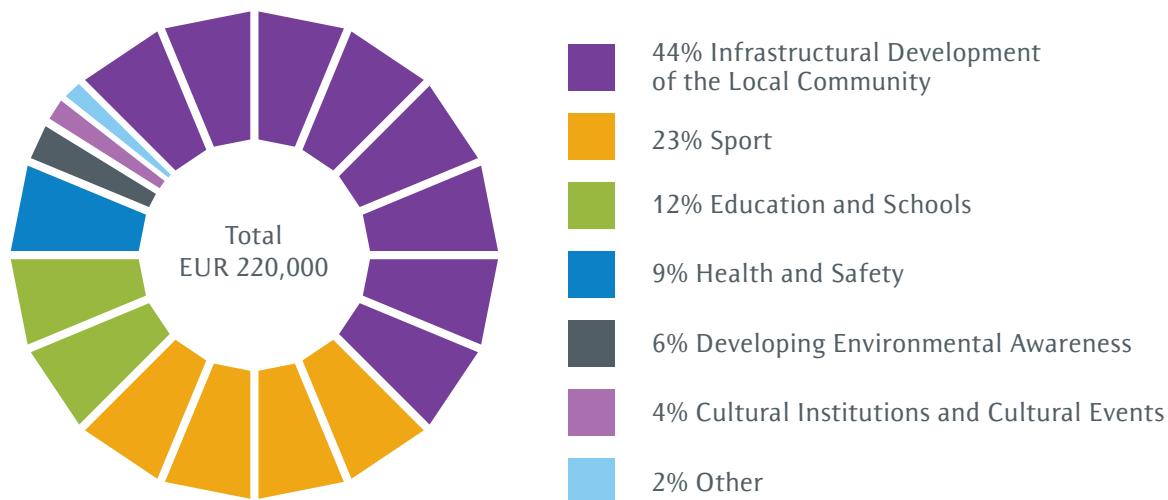
TCK promotes CSR in multiple areas, including Procurement Management by encouraging our suppliers to adopt **Titan's Code of Conduct for Procurement** and **Titan's Governing Objectives** and to further develop or improve their capacities within these areas. With this in mind, in December 2014, a new campaign was launched to form a focus group under the title "Responsible Procurement". In 2015, this focus group, which consists of key suppliers from the local community and TCK representatives, will work towards the joint promotion of accountability through the supply chain.



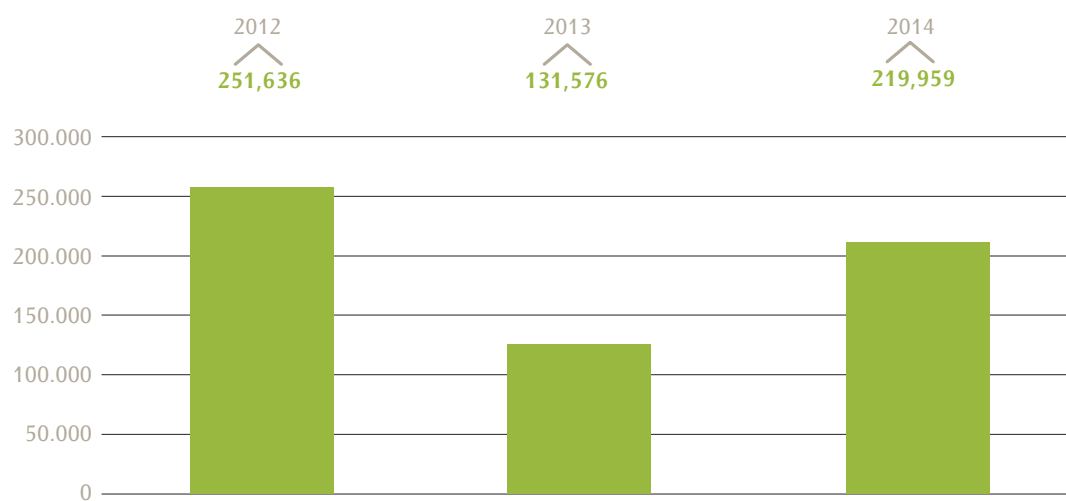


# THE LOCAL COMMUNITY – TITAN IN KOSJERIĆ

Structure of Investments in the Local Community



Investments in the Local Community (EUR)







## KNOWLEDGE TO OVERCOME CHALLENGES

The principles of CSR and sustainable development are recognized guidelines in business operations at TITAN Cementara Kosjerić and they are expressed through our readiness to cooperate with youths who would like the opportunity to acquire new and expand on their existing knowledge. It is for this reason that the Company has, over the years, implemented various practical training seminars for high school and university students, as well as post-graduates. In June 2014, the "Knowledge for Overcoming Challenges – building a culture of continuous learning" program was launched. This Program was designed to give young academics from the local community the chance to expand their practical knowledge.

Under the auspices of our Corporate Values: Know-How and Continuous self-improvement are fundamental in taking responsibility for professional and personal development and this three-month program enabled its participants to take the knowledge they gained at university and apply it practically within the framework of TITAN's systems, procedures and other activities. In addition to the authentic work experience they gained, the participants were each given letters of recommendation that will serve to help them find employment in future.

## SOLIDARITY: ALL FOR ONE, ONE FOR ALL

The floods that occurred in May also posed a threat to the Municipality of Kosjerić, among many others. For this reason, on 24th May 2014 a campaign entitled "Clean the River Skrapež" was organized by TITAN Cementara Kosjerić and PED "Subjel", inviting both the young and the elderly and all interested members of the public to join the campaign as volunteers in rebuilding the boardwalk and clean up of the riverbank. The "Trag" Foundation for the Promotion of Local Projects responded to the campaign as well, and the procurement

of necessary tools gave volunteers the encouragement needed to rehabilitate the Skrapež riverbank and to restore cleanliness to the town.

Ready to assist our local communities in flood protection, building barriers and organizing clean up, TCK donated the necessary equipment to affected areas, while our employees chose to each donate a day's wage, depositing the funds into a single account; the amount collected was RSD 955,736.00 and the funds were transferred to the Government of Serbia and to the Municipality of Kosjerić. TITAN Cementara Kosjerić matched that same amount (RSD 955,736.00) and it too was transferred to an account designated by the Government of Serbia for flood donations.

The employees of all factories belonging to the TITAN Group initiated a campaign to collect monetary aid for Serbia, while TITAN's Headquarters made the commitment to double the humanitarian funds. This is how EUR 35,000 was collected and the donation was invested in the procurement of equipment for the Haemodialysis Dept. at the Obrenovac Healthcare Center, which was damaged in the flooding.





## DOCUMENTED DIALOGUE WITH SOCIETY

TITAN Cementara Kosjerić's business operations are not isolated processes; they represent an open system of cooperation with key stakeholders. The common welfare of the company and society, based on institutional and systematic-driven dialogue, can be testified to by transparent indicators, framed by regular reporting which comply with the highest standards. In an ongoing effort to strengthen documented and productive communication of this kind, on 19th September 2014 a public presentation of the most recent Report took place. The Report, as measured by the criteria of the Global Reporting Initiative G3.1, received the highest level, an A+, based on data verified by independent auditors. The promotional event was attended by representatives of the local community and many prominent guests, and included interesting educational workshops, as incentives for future networking opportunities that will be fruitful for both the local community and TCK alike.

All suggestions and/or comments in regards to 2014 CSR and Sustainable Development Report can be forwarded to the following e-mail address: [csr@titan.rs](mailto:csr@titan.rs), or fill out our online survey, located on the Company website at: [www.titan.rs](http://www.titan.rs).

## THE DRIVING FORCE BEHIND THE BEST PROJECTS



To find out more about the Award Winning Projects, visit our Company website: [www.titan.rs/vesti/procitaj/54](http://www.titan.rs/vesti/procitaj/54)

Anticipation for the second annual "For My Kosjerić" Contest, which was announced in February 2014, was confirmed by the number of participants that entered the Contest. There were 17 organizations entering the Contest with 23 projects in total, in the following categories: culture, environment, education and social inclusion. According to the scores of the panel of judges, at the awards ceremony held 24th March, an official announcement was made delegating funds, allocated by TITAN Cementara Kosjerić of over EUR 20,000 to support the most practical local projects. Nine projects were chosen due to the innovative solutions they proposed to solve various issues present in Kosjerić.



# Promoting Sustainability through Networking



## U.N. Global Compact: [www.ungc.rs](http://www.ungc.rs)

The Global Compact is a framework through which companies undertake to harmonize their activities with ten universal principles in the areas of human rights, labor, environmental protection and anti-corruption.



## The Cement Industry of Serbia (CIS): [www.cis.org.rs](http://www.cis.org.rs)

This association offers its members professional support with the following objective the development of business practices based on Sustainable Development, with special focus on environmentally-friendly construction, OH&S and the use of renewable resources for fuel and raw materials.



## CSR Forum: [www.odgovornoposlovanje.rs](http://www.odgovornoposlovanje.rs)

This organization is a coalition of representatives from Serbia's most highly developed companies and is a national partner in the CSR Europe network of leading European organizations for Corporate Social Responsibility. The CSR Forum supports and encourages companies to act responsibly, thereby creating a positive effect on society and the environment.



## Cement Sustainability Initiative in the Cement Industry (CSI): [www.wbcscement.org](http://www.wbcscement.org)

This organization brings together the world's largest cement producers, operating in over 100 countries, and is a global initiative for the implementation of sustainable development in the cement industry.

## United Nations Global Compact

Compatibility between the Company's performance and the ten principles of the Global Compact are manifested in the full implementation of these principles into practice.

10 principals of the Global Compact	Corresponding GRI Indicators	Page in this Report
<b>Human Rights</b>		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	G4-HR1, G4-HR2, G4-HR4, G4-HR10, G4-HR11, G4-SO1, G4-SO2, G4-SO9, G4-SO10	10–12, 14, 16–17, 19, 25, 28, 41
Principle 2: Businesses should make sure they are not complicit in human rights abuses	G4-HR1, G4-HR2, G4-HR4, G4-HR10, G4-HR11	14, 19, 25, 41
<b>Labour</b>		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	G4-11, G4-LA4, G4-HR4	14, 19, 38, 40
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor	G4-HR6	Not material
Principle 5: Businesses should uphold the effective abolition of child labour	G4-HR5	Not material
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	G4-10, G4-LA1, G4-LA2, G4-LA3, G4-LA5, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, G4-LA14, G4-LA15, G4-HR3	10–13, 16, 18–19, 20–21, 25, 40–41
<b>Environment</b>		
Principle 7: Businesses should support a precautionary approach to environmental challenges	Environmental Protection	30–36
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Environmental Protection	30–36
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Environmental Protection	30–36
<b>Anti-Corruption</b>		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	G4-SO3, G4-SO6	17, 41

# CARE FOR THE ENVIRONMENT

The vital principles of Sustainable Development motivate all of our corporate strategies, contributing to the perseverance of our reputation as being accountable, in other words, a company that preserves the natural environment for future generations. With a conscientious attitude towards the environment, TITAN Cementara Kosjerić not only fulfills its obligations by complying with standards and applicable regulations, but the Company acts as a role model for good practices and accountability. By utilizing these positive models in order to overcome the challenges of social development in the broader sense, our Company inspires other relevant stakeholders, in the spirit of generating global partnerships, to create stimulating conditions for the preserving of natural values.

TCK's Environmental Protection Management System, which applies to all our activities, products and services, establishes, promotes and continuously reviews the progress of activities within this field. Through our reliance on the Environmental Protection Policy, implemented by TCK in 2009, we continuously demonstrate an interest in supporting research programs and technological advances, as well as raising the awareness of our employees and all participants within the Company's collaborative and social influence. Adequate leadership of these resources is regulated by legal norms, expressed in the International ISO 14001 Standards and elaborated through our internal management systems, such as the Environmental Performance Management System, the integrated Water Management System, and the CO<sub>2</sub> Emissions Management system.

With the constant desire to improve results, TCK's focus in regard to environmental protection is on the following:

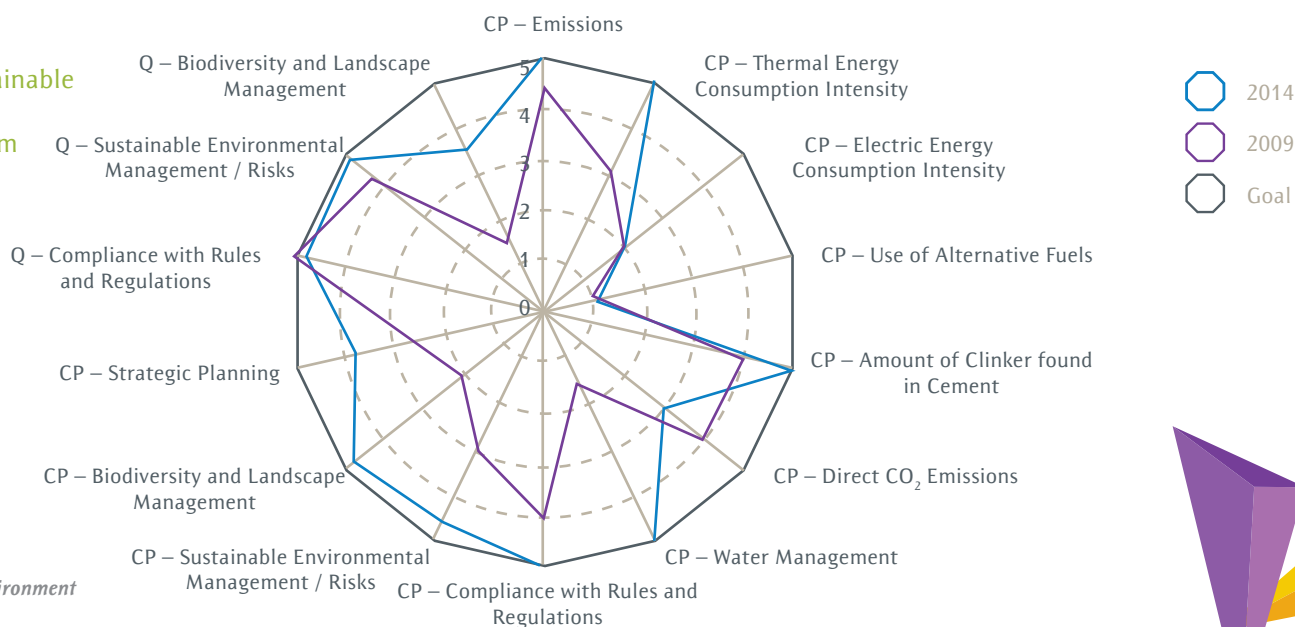
- energy and climate change,
- emissions,
- conserving resources (water, raw materials),
- waste management,
- biodiversity.

## Environmental Management System Audit

In 2014, TITAN Group Managers conducted an internal audit on the restitution level of the Environmental Management System. The audit was performed according to internal guidelines which apply to all of the Group's cement plants. The most recent estimated effect amounts to 87.3%, and points to TCK's significant progress in this area, given that the result for the previous audit, held in 2009, had a value of 60.4%. In 2014, an external audit was performed on the System, in compliance with the ISO 14001 Standard with successful results, void of any inconsistencies.

### Results of the Sustainable Environmental Management System Internal Audit

CP – Cement Plant  
Q – Quarries



# ENERGY AND CLIMATE CHANGE

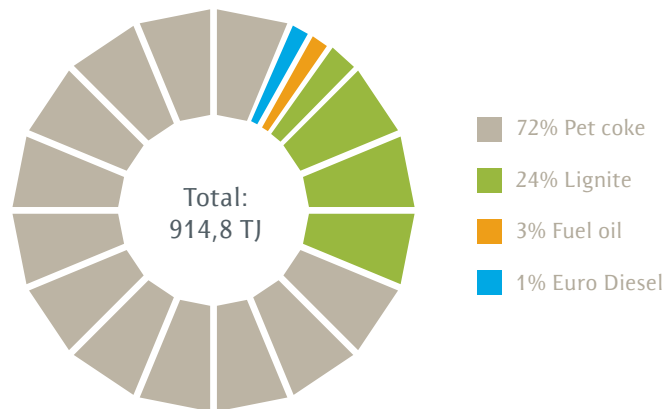
The high energy requirements in the cement production process require the use of fossil fuels, which creates carbon dioxide (CO<sub>2</sub>), the gas that contributes to the unfavorable rise in global temperatures and imbalances in global climate. Furthermore, carbon dioxide is a chemical produced during the manufacture of clinker. Consequently, the cement industry's rate of emissions, globally speaking, of greenhouse gas is 5%. To reduce this impact, we are dedicated to improving energy efficiency in production operations, thereby reducing the impact of our operations on climate change. TITAN Group is a member of WBCSD/CSI, meaning that calculation and reporting related to carbon dioxide and expended energy is conducted in compliance with the CSI Guidelines for CO<sub>2</sub> and Energy (CO<sub>2</sub> and Energy Protocol: CO<sub>2</sub> and Energy Accounting and Reporting Standard for the Cement Industry, ver. 3.0).

## Thermal Energy

At TITAN Cementara Kosjerić, thermal energy is generated from the direct burning of fossil fuels, and is utilized for the clinker and technological steam production process; to heat the workplace; to power equipment and machinery with internal combustion motors. In 2014, TCK utilized a total of 914.8 TJ of thermal energy, a 3.36% increase in comparison to the previous year due to an increase in the amount of clinker produced. Specific thermal energy in 2014 was 586.6 kcal/kg<sub>product</sub>.

In 2014, through pre-planning the rationalization of technological steam and optimizing boiler operation time, which began in 2012, we were able to reduce the consumption of fuel oil by 17.7%, thus achieving energy savings of 5.6 TJ.

Thermal Energy Use per Fuel Type (%)



In April 2013, TCK received permission from the Ministry of Energy, Development and Environmental Protection to submit a study on assessing the environmental impact of The SRF (Solid Recovered Fuel) Dosing and Utilization Project for combined combustion (co-incineration) with primary fossil fuels in the rotary kiln. In 2014, we continued the process of gathering the necessary documentation by conducting a Feasibility Study, and thus continuing to take the necessary steps towards Project Implementation.

## Saving Energy: thermal energy for heating

In 2014 we began work on a project that includes the rationalization of thermal energy consumption required for heating the workplace at TITAN Cementara Kosjerić. Technical feasibility and economic viability of the newly introduced solution was previously confirmed by a feasibility study, which took into account that water contained in the heating system was heated in heat exchangers, using excessive amounts of saturated water vapor, produced by using fuel oil. An innovative call was made, one that required the use of both financial and environmentally-friendly and energy efficient resources to change to wood pellets, as a source of fuel. This idea included the installation of a new boiler system, utilizing 0.53 MW of power.

This new heating system began operating early in 2015, and the total value of the investment was approximately EUR 200,000.



## Electric Energy

Total electric energy consumption for 2014 amounted to 38,943,935 kWh (140.2 TJ). This amount is 5.6% higher than in 2013 due to increased production. The specific consumption of electric energy for 2014 was 102.4 kWh/t<sub>cement</sub>.

## Carbon Dioxide Emissions (CO<sub>2</sub>)

The total emission of carbon dioxide (CO<sub>2</sub>) in the cement production process was a result of the following:

- calcination of carbonates and combustion of organic carbon contained in raw meal;
- combustion of fuel in the rotary kiln for clinker production, combustion of fuels used for heating, transportation of materials on factory premises;
- electric energy necessary for the production of clinker and cement (indirect CO<sub>2</sub> emissions).

Although Serbia has yet to implement legal regulations regard to calculating and reporting data on carbon dioxide emissions, TITAN Cementara Kosjerić calculates direct CO<sub>2</sub> emissions resulting from cement production, and reports said findings in compliances with WBCSD/CSI Guidelines.

Within the cement industry, carbon dioxide is released mainly when raw meal is transformed into clinker, as well as when fuel is burned in the rotary kiln. The measures taken to reduce emissions are as follows: increasing energy efficiency in the production of clinker, reducing the ratio of clinker in cement and using alternative fuels.

Total direct emissions of carbon dioxide in 2014 totaled 0.23 million tons and was roughly 3.6% more than in 2013, due to an increase in the production volume. Specific direct emissions of carbon dioxide per ton of product were 615.8 kgCO<sub>2</sub>/t<sub>product</sub>, which is 1.2% less than values measured in 2013.

## ■ AIR EMISSIONS

When fossil fuels are used in the production of cement, the major air emissions are nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>2</sub>), and dust which are produced as a result of the operation of the rotary kiln in clinker production. With proper management of production processes, regular maintenance of equipment, as well as continuously monitoring the levels at major emitters, TCK is effectively managing emissions. Authorized institutions regularly conduct measurements on other dust emitters.

Regarding calculation and data reporting on emissions, we utilize the WBCSD/CSI Guidelines for Emissions Monitoring and Reporting (Guidelines for Emissions Monitoring and Reporting in the Cement Industry, ver. 2.0).

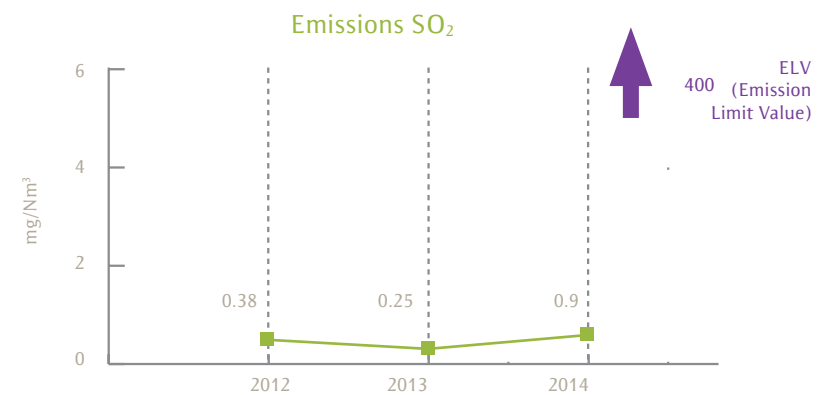
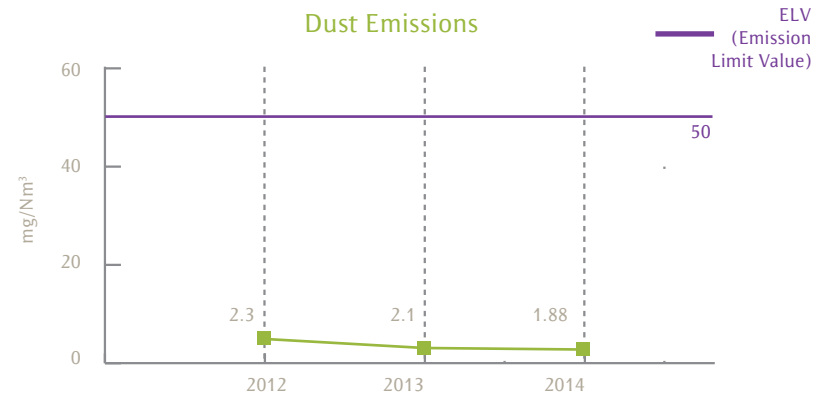
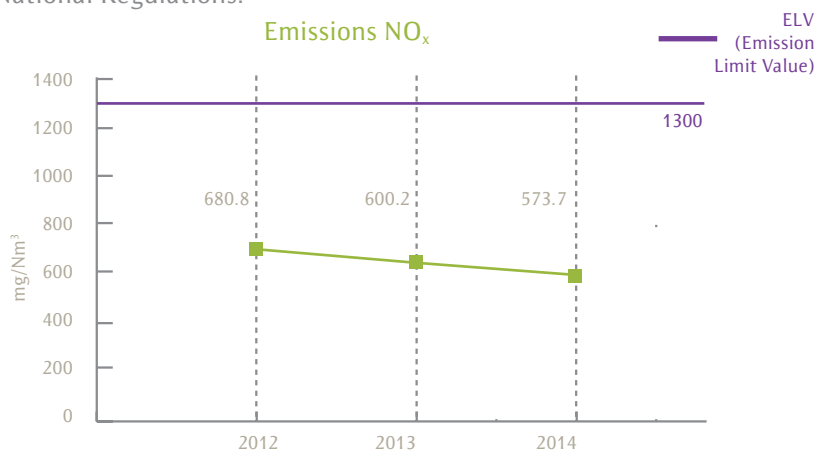
Total dust emissions in 2014 were 1.08 tons, whereas specific emissions were 4.15 g/t<sub>clinker</sub>, which is far less than the internally set limit of 30 g/t<sub>clinker</sub>. Within this timeframe, the total emission of NO<sub>x</sub> of 329.4 tons was higher than the previous year, the reason being an increase in production in 2014. For this same period, the specific emissions of nitrogen oxides were 1,266.5 g/t<sub>clinker</sub>, which is less than the amount prescribed by TITAN Group of 1,550 g/t<sub>clinker</sub>. In 2014, the total amount of sulphur oxides emissions were 0.52 tons, while the specific emissions of SO<sub>2</sub> were 1.99g/t<sub>clinker</sub>, again under the set limit by TITAN Group of 385 g/t<sub>clinker</sub>.



## Emissions Compared to Limit Values Prescribed by National Regulations

Limit values of air emissions are prescribed by the Regulation on Limit Values of Air Pollutants, and the IPPC permit received by TCK in June 2011. The Company regularly reports its emissions status to the Ministry of Agriculture and Environmental Protection and to the Agency for Environmental Protection. Also, we publish the average emissions values over a two-week period on our website at: [www.titan.rs](http://www.titan.rs).

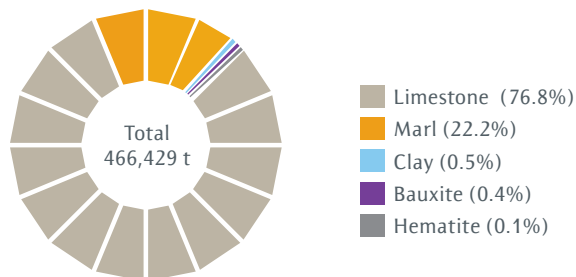
In 2014, all emissions values were lower than the limit values prescribed by National Regulations.



## ■ PRESERVING RESOURCES

The growth of our Company has been strengthened by our strategic approach to the preservation of natural resources. At this level, TITAN Cementara Kosjerić sees its chance to reduce the use of natural materials by increasing the use of alternative raw materials. In this way, TCK would reduce the exploitation of non-renewable resources and participate in solving problems which arise from stockpiling industrial by-products.

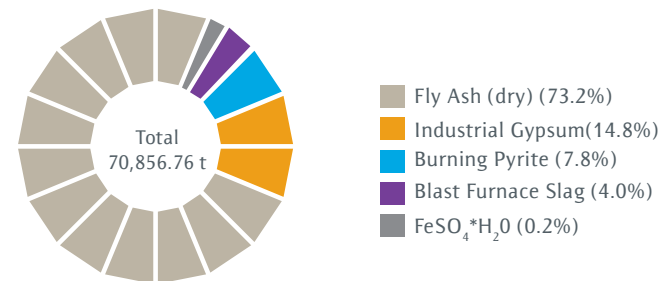
### Use of Natural Raw Materials (%)



## Natural and Alternative Raw Materials

In 2014, cement production at TITAN Cementara Kosjerić required the use of 537,285.76 tons of raw materials, of which, 466,429 tons were natural raw materials, and 70,856.76 tons were secondary – alternative raw materials. The share of secondary materials used in the total use of raw materials was 13.2%, which was a 3% increase from the previous year.

### Use of Alternative Raw Materials (%)



## Water

At TITAN Cementara Kosjerić water is used for industrial and sanitary purposes, as well as for drinking. Water used for industrial purposes is drained from the Skrapež River; we use both atmospheric and drainage water for this purpose, whereas drinking and sanitary water reaches us through the utility supply system. Our production cycle does not create any process wastewater, because industrial water used in the production process is used exclusively as a coolant: to cool materials, gases, equipment, as well as to clean transportation routes (access routes).

In 2014 we launched the Recirculation of Industrial Water System which has reduced the use of fresh industrial water in the production process by as much as 92.3%, in comparison to the amount used in 2013. This project allows us to use atmospheric and drainage water that is collected in a sewer system located under the plant and specifically designed for this purpose.

For our production process during 2014 560,656.2 m<sup>3</sup> was needed. Thanks to the Recirculation System, we re-used 504,383.4 m<sup>3</sup>, i.e. 90% of total. Only 10% of used water, or 56,272.8 m<sup>3</sup> was taken from other sources: 1,871.3 m<sup>3</sup> from the Skrapež River, while 42,992.5 m<sup>3</sup> was collected atmospheric and storm water and 11,409 m<sup>3</sup> came from the utility water supply system.

We have implemented the highest standards in our water protection system, so that all our waste, atmospheric and storm water is subject to treatment in the form of purification in compliance with the required criteria, and is discharged into the River Skrapež only upon completion of this process. The quality of treated wastewater and water from the Skrapež River is regularly monitored and controlled, and reports and analysis on their properties demonstrates that TCK adheres to all regulation requirements concerning the discharge of waste water. After purification, 182,609 m<sup>3</sup> of water was discharged back into the Skrapež.

## ■ WASTE MANAGEMENT

The process of producing clinker and cement does not create any waste. Waste is created solely as a result of plant maintenance processes and as such is submitted to authorized collectors and operators for further treatment.

The total sum of waste generated by TITAN Cementara Kosjerić in 2014 was 441.4 tons. Non-hazardous waste (scrap metal, waste paper, palettes, waste foil, sanitary waste, etc.) accounted for 147.5 tons, of which 123.5 tons was shipped to recycling facilities and 24 tons was prepared for disposal. Hazardous waste (waste oils greases, waste condensates and fuel oil, accumulators, light bulbs, etc.) totalled 293.3 tons. The entire amount of hazardous waste generated in 2014 was submitted to authorize operators for further treatment.

## Packaging Waste

In 2014, TITAN Cementara Kosjerić delivered 1,425 tons of packaging to the Serbian market, as follows:

- paper packaging – 324 tons,
- plastic packaging – 36 tons,
- wooden packaging – 1,065 tons.

TITAN Cementara Kosjerić participates in the National Packaging and Packaging Waste System, which is the national strategic plan to reduce packaging waste. In this regard, the Company, in cooperation with the authorized operator, complied with its obligations in 2014 and continues to contribute in this direction, in order to assure that the successful implementation of the national strategy is achieved.



# ■ SAFEGUARDING BIODIVERSITY

TITAN Cementara Kosjerić does not carry out its production processes in protected areas or in zones which are particularly important for nature conservation and development.

Because we are aware of the fact that our products are dependent on the exploitation of mineral resources, we have a conscientious and efficient approach to land management and biodiversity conservation. This is why we have invested ongoing efforts to improve our quarry and biodiversity, by applying current standards and models of 'good practice', published in WBCSD/CSI Guidelines for Quarry Rehabilitation and the Guidelines for Biodiversity Management Planning.

The Rehabilitation Plans of the Suvo Vrelo and Godljevo Pits continued in 2014. The Project, which was developed in 2013, represents a responsible and systematic and response to land management within and around our operations, helping us increase our contribution to the conservation of nature, as our most valuable resource for the future. Long-term achievements in biological cultivation and its gradual implementation include the formation of a protective forest belt, prevent erosion, ensure slope stability, ensure top soil stability, and control runoff.

According to the adopted plans, we completed the regeneration of parts of the Suvo Vrelo and Galovići Pits, where 520 oak, maple and hornbeam seedlings were planted.

## Going Green 2014 – Giving Back to Nature

TITAN Cementare Kosjerić's exemplary participation in addressing issues of common interest was once again proven with the volunteer campaign entitled "Going Green 2014" conducted at an area of the marl quarry on 1st November 2014. TCK Employees organized the planting of seedlings, with the full support of their colleagues, and participating in the campaign were representatives of the local municipality, other institutions, local schools, athletic clubs, Titan customers and suppliers. Also, joining us were our employees' family members; therefore, enthusiasts of all generations joined the efforts, promoting a collective spirit and care for the protection of our environment.

This environmental campaign was an excellent opportunity to meet the neighbors, and continued on the plateau in front of the plant, where tours of the facility were organized, full of fun and creative activities for the youngest participants, as well as contests and presentations on responding to emergency situations, held by medical staff and fire fighters from Kosjerić. On that day, TCK opened its doors to friendly collaboration with its neighbors and thanks to their joint efforts; the marl quarry "went green" i.e. was given the gift of 150 newly planted saplings.



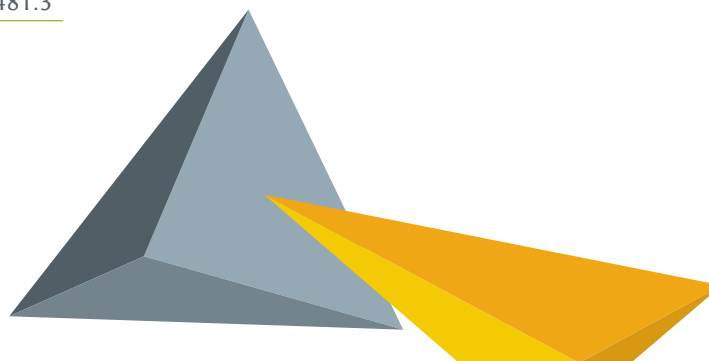


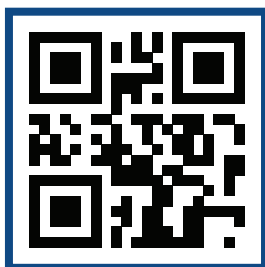
TITAN Cementara Kosjerić - Results	2012	2013	2014	Cilj 2020.
Thermal Energy Consumption (TJ)	1,201.41	885.10	914.83	
Specific Thermal Energy Consumption (kcal/kg <sub>product</sub> )	619.9	595.4	586.6	
Electric Energy Consumption (kWh)	47,283,555	36,878,750	38,943,935	
Consumption of Natural Raw Materials (t)	617,695.5	468,191.7	466,429	
Consumption of Alternative Raw Materials (t)	66,874.6	53,195.4	70,856.8	
Alternative Raw Materials Substitution Rate	9.8%	10.2%	13.2%	
Alternative Raw Materials Substitution Rate (in relation to WBCSD-CSI)	9.1% <sub>dry</sub>	9.7% <sub>dry</sub>	13.1% <sub>dry</sub>	12% <sub>dry</sub>
Water Consumption – total (m <sup>3</sup> )	660,933.14	597,684.40	56,272.8	
drained river water (m <sup>3</sup> )	637,968.14	581,764.40	1,871.3	
rain and drainage water (m <sup>3</sup> )	-	-	42,992.5	
drinking water (m <sup>3</sup> )	22,965	15,920	11,409	
Water discharge (m <sup>3</sup> )	555,199.10	516,290.40	182,069	
Total Direct CO <sub>2</sub> Emissions (million t)	0.30	0.22	0.23	
Specific Direct CO <sub>2</sub> Emissions (kg CO <sub>2</sub> /t <sub>product</sub> )*	650	623	615.8	631.5
Total Dust Emissions (t)	1.55	1.05	1.08	
Specific Dust Emissions (g/t <sub>clinker</sub> )	4.5	4.2	4.15	30
Total NO <sub>x</sub> Emissions (t)	461.8	296.9	329.4	
Specific NO <sub>x</sub> Emissions (g/t <sub>clinker</sub> )	1,353.7	1,183.5	1,266.5	1,550
Total SO <sub>2</sub> Emissions (t)	0.26	0.12	0.52	
Specific SO <sub>2</sub> Emissions (g/t <sub>clinker</sub> )	0.8	0.5	1.99	385
Amount of Recycled Waste (external) (t)	83.74	166.58	417.4	

\* product: cementitious products according to the WBCSD

Environmental Costs (000 €)	2014
Environmental Protection Management (000 €)	240.7
Reforestation (000 €)	8
Remediation (000 €)	0
Environmental Awareness Training and Development (000 €)	0
Environmental Development Technology Implementation Costs (000 €)	221.5
Waste Management (000 €)	11.1
Total (000 €)	481.3

TITAN Cementara Kosjerić's corporate success is confirmed by the fact that throughout 2014, there was not a single incident of accidental spillage of materials; fuel, waste, oil nor chemical. Also, during that same period, no penalties were issued for non-compliance with laws and regulations pertaining to environmental protection.





# GRI INDEX

#	Disclosure	Page in this Report
<b>1. Strategy and Analysis</b>		
G4-1	Statement made by the General Manager	3
G4-2	Key impacts	10–13
<b>2. Organizational Profile</b>		
G4-3	Name of the organization	5
G4-4	Primary brands, products and/or services	7
G4-5	Operational structure of the organization	5
G4-6	Number of countries where the organization operates	2
G4-7	Nature of ownership and legal form	5
G4-8	Markets served	6
G4-9	Scale of the reporting organization	6, 10–11, 18
G4-10	Employee structure	13, 18
G4-11	The percentage of total employees covered by collective bargaining agreements	According to local legislation
G4-12	Supply chain	24
G4-13	Significant changes during the reporting period	/
<b>3. Commitments to External Initiatives</b>		
G4-14	Approach to precautionary principals (Rio Declaration)	12
G4-15	Charters, principles, or initiatives the organization supports	29
G4-16	Memberships of associations the organization views as strategic	29
<b>4. Material Aspects and Boundaries</b>		
G4-17	Subjects included in consolidated financial reports	42
G4-18	Process for defining the report content	16, 42
G4-19	Material Aspects	17
G4-20	Score and limitations of materiality within the organization	N/A
G4-21	Score and limitations of materiality outside the organization	17
G4-22	Effects and reasons for restating any information provided in previous reports	/
G4-23	Changes from previous reporting periods	/

#	Disclosure	Page in this Report
<b>5. Stakeholder Engagement</b>		
G4-24	Lists of stakeholders / interested groups	9, 16
G4-25	Basis for identification and selection of stakeholders / interested groups with whom to engage	9, 16
G4-26	Stakeholder engagement	16–17
G4-27	Key topics that have been raised through stakeholder engagement and the organization's response to these key topics	16–17
<b>6. Report Profile</b>		
G4-28	Reporting period	42
G4-29	Date of most recent report	8, 28
G4-30	Reporting cycle	8
G4-31	Contact point for questions regarding the report	28, 42
G4-32	GRI index	38–41
G4-33	'In accordance' option the organization has chosen	42–44
<b>7. Governance</b>		
G4-34	Governance structure of the organization	12
G4-35	Delegation of responsibility on social, economic and environmental topics	13
G4-36	Economic and social responsibility	12, 13
G4-37	Communication mechanism between stakeholders and the highest governance body	12
<b>8. Ethics and Integrity</b>		
G4-56	Values and principles of ethical behavior	5, 7, 29
G4-57	Mechanisms for seeking advice on ethical and lawful behavior	16
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviors	16

ECONOMIC INDICATORS			
Aspect	#	Indicator	Page in this Report
Economic Performance	G4-DMA	Management approach	6
	G4-EC1	Direct economic value generated and distributed	6, 10–11
	G4-EC3	Obligations from the defined benefit plan	12
	G4-EC4	Significant financial assistance received from government	None
Market Presence	G4-DMA	Management approach	19
	G4-EC5	Ratios of standard entry level wage in the Company and minimum wage in Serbia, by gender	19
	G4-EC6	Hires from the local community and proportion of senior management hired from the local community	19
Procurement Practices	G4-DMA	Management approach	19
	G4-EC9	Proportion of spending on local suppliers	10–11
ENVIRONMENTAL INDICATORS			
Aspect	#	Indicator	Page in this Report
Materials	G4-DMA	Management approach	33
	G4-EN1	Materials used by weight or volume	33
	G4-EN2	Percentage of materials used that are recycled input materials	33
Energy	G4-DMA	Management approach	31
	G4-EN3	Energy consumption within the organization	31–32
	G4-EN5	Energy intensity	31–32
	G4-EN6	Reduction of energy consumption	31
	G4-EN7	Reductions in energy requirements of products	Not applicable
Water	G4-DMA	Management approach	34
	G4-EN8	Total water withdrawal by source	34
	G4-EN10	Percentage and total volume of water recycled and reused	34
Biodiversity	G4-DMA	Operational sites found on or adjacent to protected areas	35
	G4-EN11	Description of significant impacts on biodiversity in protected areas	None
	G4-EN12	Habitats protected or restored	TCK has no locations that are protected habitats, therefore the indicator is not relevant for the Report
	G4-EN13	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations	35
	G4-EN14	Ukupan broj ugroženih vrsta sa Crvene liste IUCN-a i nacionalne liste koje imaju staništa na područjima obavljanja delatnosti	Not applicable
Emissions	G4-DMA	Management approach	32
	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	32
	G4-EN18	Greenhouse gas (GHG) emissions intensity	32
	G4-EN20	Emissions of ozone-depleting substances (ODS)	Not relevant to TCK's production activities
	G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> and other significant emissions	32
Effluents and Waste	G4-DMA	Management approach	34
	G4-EN22	Water discharge	34
	G4-EN23	Total weight of waste by type and disposal method	34
	G4-EN24	Total number and volume of significant spills	None
Products and services	G4-DMA	Management approach	34
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	34
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Due to the nature of the National Waste Management Strategy, it is not possible to provide data for individual organizations



## ENVIRONMENTAL INDICATORS

Aspect	#	Indicator	Page in this Report
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None
General	G4-DMA	Management approach	30
	G4-EN31	Total environmental protection expenditures and investments by type	10–11, 15, 36
Supplier Environmental Assessment	G4-DMA	Management approach	25
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	25
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	25
Environmental Grievance Mechanisms	G4-DMA	Management approach	17, 30
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	None

## SOCIAL INDICATORS: LABOR PRACTICES AND DECENT WORK

Aspect	#	Indicator	Page in this Report
Employment	G4-DMA	Management approach	18–19
	G4-LA1	Employee turnover by gender	18
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	All benefits, not including jubilee awards, are awarded to all staff, regardless of the type of employment contract they have
	G4-LA3	Return to work and retention rates after parental leave	19
Labor/Management Relations	G4-DMA	Management approach	18–19
	G4-LA4	Minimum notice periods regarding significant changes	8 days, Article 62 of the Collective Agreement
Occupational Health and Safety	G4-DMA	Management approach	20
	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees	21
	G4-LA6	Work related injury and absenteeism	20
	G4-LA7	Workers with high risk related to their occupation	21
Training and Development	G4-LA8	Health and safety topics covered in formal agreements with trade unions	21
	G4-DMA	Management approach	19
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	10–11, 19
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending	19
Equal Opportunity	G4-LA11	Percentage of employees receiving regular performance and career development reviews	18
	G4-DMA	Management approach	19
Equal Remuneration for Women and Men	G4-LA12	Composition of governance bodies and breakdown of employees	12–13
	G4-DMA	Management approach	18–19
Supplier Assessment for Labor Practices	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	18
	G4-DMA	Management approach	25
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	25
Labor Practices Grievance Mechanisms	G4-LA15	Significant impacts for labor practices in the supply chain	25
	G4-DMA	Management approach	14, 17
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	None

## SOCIAL INDICATORS: HUMAN RIGHTS

Aspect	#	Indicator	Page in this Report
Investment	G4-DMA	Management approach	14
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses	None
	G4-HR2	Total hours of employee training on human rights	14
Non-discrimination	G4-DMA	Management approach	17–19
	G4-HR3	Total number of incidents of discrimination	None
Freedom of Association and Collective Bargaining	G4-DMA	Management approach	19
	G4-HR4	The possibility of violation to the freedom of association and collective bargaining	14, 19
Supplier Human Rights Assessment	G4-DMA	Management approach	13, 25
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	25
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain	25
Human Rights Grievance Mechanisms	G4-DMA	Management approach	17
		Number of grievances about human rights impacts through formal grievance mechanisms	None

## SOCIAL INDICATORS: SOCIETY

Aspect	#	Indicator	Page in this Report
Local Communities	G4-DMA	Management approach	16–17, 22, 26–27
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	16, 17, 25, 28
	G4-SO2	Operations with actual and potential negative impacts on local communities	10–12
Anti-Corruption	G4-DMA	Management approach	17
	G4-SO3	Corruption risk assessment	17
	G4-SO5	Confirmed incidents of corruption and actions taken	None
Public Policy	G4-DMA	Management approach	12–13, 29
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	None
Anti-competitive Behavior	G4-DMA	Management approach	17, 24–25
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	None
Compliance	G4-DMA	Management approach	12–13, 17
		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None
Supplier Assessment for Impacts on Society	G4-DMA	Management approach	25
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	25
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain	25
Grievance Mechanisms for Impacts on Society	G4-DMA	Management approach	17
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	None

## SOCIAL INDICATORS: PRODUCT RESPONSIBILITY

Aspect	#	Indicator	Page in this Report
Customer Health and Safety	G4-DMA	Management approach	7, 23
	G4-PR1	Percentage of significant product categories for which health and safety impacts are assessed for improvement	23
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products	None
Product and Service Labeling	G4-DMA	Management approach	23
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information	100%, p.
	G4-PR4	Incidents of non-compliance with regulations and voluntary codes concerning product information and labeling	None
	G4-PR5	Results of surveys measuring customer satisfaction	23
Marketing Communications	G4-DMA	Management approach	23
	G4-PR6	Sale of banned or disputed products	Not applicable
	G4-PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	None
Customer Privacy	G4-DMA	Management approach	23
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
Compliance	G4-DMA	Management approach	23
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

# REPORTING PRINCIPLES

From the time TITAN Cementara Kosjerić published its first annual CSR and Sustainable Development Report in 2011 (for 2010), the Company has continued to improve the structure and the contents of its annual reports, on the basis of an environment that is conducive to the development of operations, as well as on the suggestions of all stakeholders. The Company implements the assessment of material issues through a dialogue with stakeholder representatives, which complies with TITAN Group's Strategy and priorities.

The 2014 Report was prepared in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative G4, which required slight alterations to the format in which data is presented. In order to ensure the clarity and comparability of information, the Company has maintained the previous structure of the Report as much as was possible and desirable. Information regarding OH&S and environmental protection complies with cement Industry standards and relevant Protocols of the World Business Council for Sustainable Development (WBCSD) - Initiatives for Sustainability in the cement industry (CSI). The CSR and Sustainable Development Report for 2014 includes material issues related to the Kosjerić facility (the plant and its surrounding quarries), whereas the Company's consolidated financial report includes its daughter-company – TCK Montenegro, which operates in Montenegro and deals in commercial sales. Some information, stipulated by the Global Reporting Initiative Guidelines cannot be presented, due to the particular economic and social circumstances in which the Company operates. In accordance with our Corporate Values and business model, the Company monitors trends and opportunities for boarder reporting.

The Company is dedicated to the continuous development of transparency and reporting, in relation to its stakeholders. The 2014 Report meets the requirements of the GRI G4 "core level of compliance", as determined by independent auditors from KPMG and their Review Statement is a part of this Report. We invite you to send any suggestions and questions regarding this Report to TCK's Human Resources Manager, Ms. Ljiljana Spasojević, or to write to us at the following e-mail address: [csr@titan.rs](mailto:csr@titan.rs).

Stakeholder Inclusiveness	The Company identifies interested stakeholders and describes its responses to their reasonable expectations.
Sustainability Context	The Report provides a picture of the Company's performance in the wider context of sustainability.
Materiality	The Report presents topics and indicators that reflect significant economic, social and environmental impacts, or may significantly affect the assessments and decisions of stakeholders.
Completeness	The Report should include coverage of material Aspects and their Boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period.
Balance	The Report reflects the Company's positive and negative aspects, thus providing an objective assessment of overall performance.
Comparability	Issues and information are selected, compiled, and reported consistently. Reported information is presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and could support analysis relative to other organizations.
Accuracy	The information in the Report is sufficiently accurate and detailed, and allows stakeholders to evaluate performance and results achieved by the Company.
Timeliness	Reporting occurs on a regular schedule and information is made available in time for stakeholders to make informed decisions.
Clarity	Information presented is made available in a manner that is coherent and accessible to stakeholders using the Report.
Reliability	Information and processes used in the preparation of the Report are gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

## Pioneers in CSR – Reporting at the highest standard

The Global Reporting Initiative (GRI) has developed a fourth generation of Guidelines for preparation of CSR reports (GRI G4). The Guidelines have enhanced existing methods and tools used to provide information, in order to ensure transparency and more effective communication on Sustainable Development challenges. The new reporting Guidelines will enter into force as the standard mandatory GRI methodology framework by January 2016 and stipulate stakeholders' participation in identifying the material issues that are to be presented in reports. TITAN Cementara Kosjerić, in keeping with the latest international trends, has implemented the new GRI Guidelines in preparation of this Report, demonstrating in a systematic and proactive manner that CSR is one of our top priorities. This method of approach confirms that the Company deservedly maintains a position among the leaders of Sustainable Development and Corporate Social Responsibility in Serbia.



**KPMG d.o.o. Beograd**  
Kraljice Natalije 11  
11000 Belgrade  
Serbia

Telephone: +381 11 20 50 500  
Fax: +381 11 20 50 550  
E-mail: info@kpmg.rs  
Internet: www.kpmg.rs

## **Limited assurance report on the Corporate Social Responsibility and Sustainable Development**

TO THE OWNERS  
TITAN CEMENTARA KOSJERIĆ D.O.O.

### **Scope and Responsibility**

We have reviewed report on the Corporate Social Responsibility and Sustainable Development (“the Report”) of Titan Cementara Kosjerić d.o.o. Kosjerić (the “Company”). Management is responsible for the preparation and presentation of the Report for the year ended 31 December 2014 in accordance with the G4 Global Reporting Initiative Guidelines (GRI), as set out in the “Reporting principles” section. Management is also responsible for determining the Company’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our limited review.

### **Procedures performed**

We carried out our work in accordance with the criteria established for review engagements by “International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)”, issued by the International Auditing and Assurance Standards Board (IAASB). That Standard requires that we comply with applicable ethical requirements (the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, IFAC), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate.

### **These procedures included:**

- comparison of information and data presented in the “About us - Today” section of the Report to the corresponding information and data included in the Company’s financial statements as at and for the year ended 31 December 2014.





- analysis of key processes for generating, recording and managing quantitative data presented in the Report. In particular we performed the following procedures:
  - interviews and discussions with management of the Company to gather information on the IT, accounting and reporting systems used in preparing the Report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the Report;
  - sample based analysis of related documents used in preparing the Report serves the purpose of confirming process effectiveness, their adequacy with respect to described goals, as well as that the internal control system is properly managing data and information included in the Report;
- analysis of reconciliation of qualitative information included in the Report, with guidelines noted under Scope and Responsibility, as well as general consistency, especially in the sense of strategy and policy of sustainable development and assignment of material issues for each category of interested parties;
- analysis of the process of involvement of interested parties in terms of methods used and completeness of participants, based on review of minutes from meetings or through all other available information on identified key factors;
- receipt of representation letter from the Company's legal representative on compliance with guidelines set out under Scope and Responsibility, as well as reliability and completeness of information and data presented therein.

The extent of evidence gathering procedures performed in a limited assurance engagement is compliant with ISAE 3000 and provides a lower level of assurance in that we would potentially have identified significant issues and events in an audit.

## Opinion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Report of the Company is not prepared, in all material respects, in accordance with the G4 Global Reporting Initiative Guidelines (GRI), as set out in the "Reporting principles" section.

As indicated by the management in the "Reporting principles" section of the Report, the Company intends to continue to extend the reporting scope of the Report through further standardisation of the existing information and data gathering procedures.

*This is a translation of the original Limited Assurance Report issued in the Serbian language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.*

Belgrade, 1 July 2015



KPMG d.o.o. Beograd

  
James Thornley  
Partner