

Corporate Social Responsibility and Sustainable Development Report

2015



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A Message from the General Manager

Dear Stakeholders,

From within the vital foundations of CSR, new ideas are continuously blossoming and existing ideas evolving, which are ever creating positive changes in the environment in which we operate. The permanent development of practices at TITAN Cementara Kosjerić is documented in this, the sixth consecutive annual Corporate Social Responsibility and Sustainable Development Report which is, according to the latest and highest standards of the international Guidelines of the Global Reporting Initiative (GRI G4), and has been updated in relation to the previous document by a comprehensive level of compliance. Such an assessment confirms that we deserve our position among the pioneers of sustainable engagement in this region and goes hand in hand with the Acknowledgment for Contribution to the Development of Non-Financial Reporting in Serbia, which was awarded by the CSR Forum, yet more confirmation that continuous improvements in the area of structured and transparent reporting is a reliable guarantee of our progress and our productive presence in the community.

The Company's core operations have not been shaken by economic uncertainties, which are a result of increasing global turbulence that have again affected the previous year. We accept unstable market conditions as an indication of where we need to strengthen our operating capacities, human resources and strategic risk prevention, utilizing these to assist us in providing long-term and effective programs, dedicated to creating value for both the Company and society. Profits resulting from this approach are invested in quality products and operations, and humanizing our overall sphere of influence, which continuously stimulates the development of social, safety and environmental standards, taking responsibility of our present and future generations.

Open corporate partnerships represent our model of activities, which is always beneficial to the community. This is expressed through mutual trust and collaboration and respects the specific needs of the people. Intensive and mutual communication between TCK and all stakeholders in the local community is confirmed through the Stakeholders Forum: Our Community – Our Responsibility, established several years ago, and is where we identify key topics and objectives that will improve coexisting partnerships. In 2015, this panel represented an opportunity to present an authentic picture of our results, framed by material topics defined in collaboration with stakeholders, and in accordance with the primary plans of the Company's Management. With this, the Company's Social Policy has borne fruit, and has justified its significance, contained in this Report. Ideal safe environment continues to be a priority, into which we integrate proven concepts, methodologies and education in order to strengthen a sense of welfare among ourselves and others to create optimal conditions of functioning within the organization. In addition to the pride we take in the near three-year consecutive period without

a single work-related injury, an incident took place that ended our injury-free streak, which has served to further mobilize us to continue learning from both our mistakes and our successes, creating a working environment where the elimination of safety risks rest on the high level of awareness of each individual.

By implementing best standards in our technological processes, we exercise our conscientious attitude towards environmental protection and sustainability, which also provides us with all the necessary operational licenses. We have brought within our domain of influence responsibility towards environmental issues on a global scale, and with constant investments we are directing them towards the rational management of natural resources and maintaining biological balance. Our operational efforts include efficient use of water and energy, biodiversity conservation and emission reduction, which can have an effect on climate change. Although we have already reached very high standards and a leadership position in this area, we continue to improve our performance to minimize environmental impact. As of January 2015, we are using a new pellet boiler to heat the workplace, thus contributing to the reduction of non-renewable energy sources within the Company.

Our ability to identify authentic needs is the basis on which we operate within the local community. With the suggestions of stakeholders, we have identified key areas that may improve the voluntarism of our employees and individuals from municipal organizations and institutions. This initiative has brought about the creation of five focus groups, based on the interests of the public and, filtered according to the following areas: OH&S, Culture and Education, Employment and Equal Opportunities, Environmental Protection and Responsible Procurement. This type of interaction between the Company and the stakeholders means that life in our community is enriched with new ideas and campaigns, which inspire us to collaborate further in the future.

The years of experience that we have gained, the Group general policies and support from the international network of CSR organizations encourages us in our ambitions and, in spite of all the challenges, we are able to preserve ethical practices, explained by the following motivational phrase: do less harm and do more good. Loyal to this phrase and together with our employees, partners and members of the public, we strive to form a space of mutual affirmation, based on commitment, dialogue, integrity and respect for the principles that will ensure our survival in the future.

Miroslav Gligorijević
General Manager



TITAN Cementara Kosjerić Ltd.

Founded in 1902, the TITAN Group is a multi-regional, vertically integrated cement producer and producer of other building materials, seated in Greece.

As a prominent leader in the field of CSR, we are constantly investing in the development of know-how, systematic research and the application of best available technology (BAT), as well as in improving the quality and conditions of life in the communities in which we operate.

TITAN Cementara Kosjerić has been operating since 1976, and to this day it has maintained an eminent market position as a result of the exceptional quality of the products we sell, our respectable business policies and successful policy of social responsibility. By projecting corporate partnerships in all of our activities, we continuously invest in the improvement of our overall business, and by behaving in a transparent and responsible manner; we strive to contribute to the prosperity of the communities in which we operate. We accept the concept of sustainable development and social responsibility as

the highest principle of all our practices and the most vital motivational tool for consistent growth. This is expressed through the continuous improvement of the quality of our products and facilities, and in investment in human resource development, based on intensive training and the professional development of our employees. Through the integration of knowledge, efficiency, quality and inventiveness in business, an internationally renowned Company and leader, TITAN Cementara Kosjerić is an initiator in spirit with a respect for people, the environment and business ethics.

Corporate Values

INTEGRITY

- Ethical business practices
- Transparency
- Open communication

DELIVERING RESULTS

- Clear objectives
- High standards
- Shareholder value

KNOW-HOW

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

CONTINUOUS SELF-IMPROVEMENT

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

VALUE TO THE CUSTOMER

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

CORPORATE SOCIAL RESPONSABILITY

- Safety first
- Sustainable Development
- Stakeholder engagement

Throughout Our History

1976

The first cement bag leaves the production line, marking the official opening of the plant.

1989

Transportation services are established to satisfy customers' needs.

2004

Investments are made into the addition of a new chamber for the kiln el. precipitator and clinker storage silo – representing an additional contribution to environmental protection.

A cement packing and palletizing facility is opened – making TCK the first cement plant in Serbia which delivers the overall output of under-foil packed cement on pallets.

2006

Certification in accordance with ISO 9001 standards is achieved.

2010

The Waste Water Treatment System is launched.

Certification in accordance with standards is achieved: OHSAS 18001 – Occupational H&S and ISO 14001 – Environmental Protection.

2013

The Water Recycling and Dry Ash Storage and Dosage Systems are launched.

2015

1987

The procurement of modern mining machinery, working conditions in the mines improved.

2002

Cementara Kosjerić becomes a member of the TITAN Group.

2005

Equipment which continually measures emissions is installed at key points (the kiln, cement mill, and solid fuels mill).

2007

A new bag filter is installed on the cement mill.

2011

The first company in Serbia to obtain the integrated IPPC Permit, in accordance to the Law on Integrated Pollution Prevention and Control.

The CE mark is obtained for two types of Portland Composite Cement.

TCK's first CSR and Sustainable Development Report is published.

2014

The 4th annual CSR and Sustainable Development Report for 2013 is verified in compliance with GRI standards, A+ level.

The 5th annual CSR and Sustainable Development Report for 2015, verified on 1 July 2015, is in compliance with the new Global Reporting Initiative GRI G4; level: key implementation level standards.

Acknowledgment for Contribution to the Development of Non-Financial Reporting in Serbia - was awarded to TITAN on behalf of the CSR Forum.

Recognized for showing the most initiative, i.e. improvements within the field of OH&S on behalf of TITAN Group.

Our Governing Objective: to be one of the most responsible producers of building materials in economic, environmental and social terms

Key Financial Indicators	2013	2014	2015
Total Assets (000 €)	44,152	33,015	32,595
Directly Generated Value (000 €)*	30,431	31,162	32,379
Earnings Generated through the Sale of Cement (000 €)	26,280	26,543	27,303
Capital (000 €)	41,800	30,805	29,906
Distributed Economic Value (000 €)	20,665	20,987	22,573
Operating Costs (000 €)**	14,302	13,937	16,237
Salaries and Benefits (000 €)	4,586	4,936	4,491
Expenditure Interest (towards third parties) (000 €)	1,715	1,950	1,762
Pro Bono Investments in the Local Community (000 €)	59	163	83
Economic Value increase of the Company (000 €)	9,766	10,175	9,807
Earnings before Interest, Taxes and Depreciation (000 €)	10,940	11,232	11,062
Earnings (after tax and minority interests) (000 €)	8,439	8,993	8,065
EBTDA Margin ***	36.4%	36.4%	34.3%
Acid Test Ratio****	8.1	4.2	3.7
Ratio of net debt to Equity*****	0.0%	0.0%	0.0%

* Directly Generated Value consist of: Sales Revenues rent from fixes assets, financials 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 various taxes.

*** Earnings before interest, taxes and depreciation and earnings from the sale of cement, including transport.

**** Relationship between monetary and short-term liabilities.

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

Key Non-Financial Indicators	2013	2014	2015
Value Distributed to Stakeholders (000 €)*	34,379	46,873	35,699
No. of Employees (end of the year)	259	234	233
Total Purchases Amount (000 €)	16,007	17,720	15,708
LTIFR**	0	0	1
Specific Direct Emissions of CO ₂ (kg/t _{product})	623	616	605
Extracted Water (m ³)	597,684	56,273	58,766
Training man hours per employee	29.67	33.47	33.81
Environmental Protection Costs (000 €)	260	260	252

* Value distributed to stakeholders includes investments in environmental protection, new investments in fixed assets, paid taxes to state and local authorities, turnover with suppliers for goods and services, investment in developmental programs within the local community, salaries and employee benefits, net of dividends paid the owners of the company.

** 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 professional and socially responsible enthusiasm, combined with constant improvements to our products, ensures their sustainability, safety and quality that guarantee the stable construction of buildings and roads, which indirectly contributes to the development of society. The markets in which Titan's products are sold require that we continually invest in improved technologies, human resources, high-quality products and that we are strategically responsible for their characteristics, as well as respecting our customers and users: companies and individuals.

On this horizon, we follow all current trends and respond with adequate production performance. After being subjected to safety and environmental testing within the TITAN Cementara Kosjerić Lab, all new products are then subjected to industrial trials – in collaboration with the Institute for Testing of Materials (IMS), where the properties of the products are also examined. Once a product is certified, it is then launched onto the market, with ongoing technical support. The annual testing of customer satisfaction implies the further sale of the product to a wider market.

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

Markets where our products are present



PC 35M(V-L) 32.5R

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

PC 35M(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 building materials. 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.

PC 20M(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 because it demonstrates high resistance to frost and salt. Recommended for the building of massive concrete structures, bridges, tunnels, roads and other objects. It has excellent workability properties, and achieves high strength concrete.

Respecting current and future generations

“ In 2013, TITAN Cementara Kosjerić joined the UN Global Compact, following the TITAN Group, which has been a member of this renowned CSR initiative since 2002. The initiative is responsible for establishing frame works that promote universal ethical principles and is constantly working to improve sustainability, at international levels ”

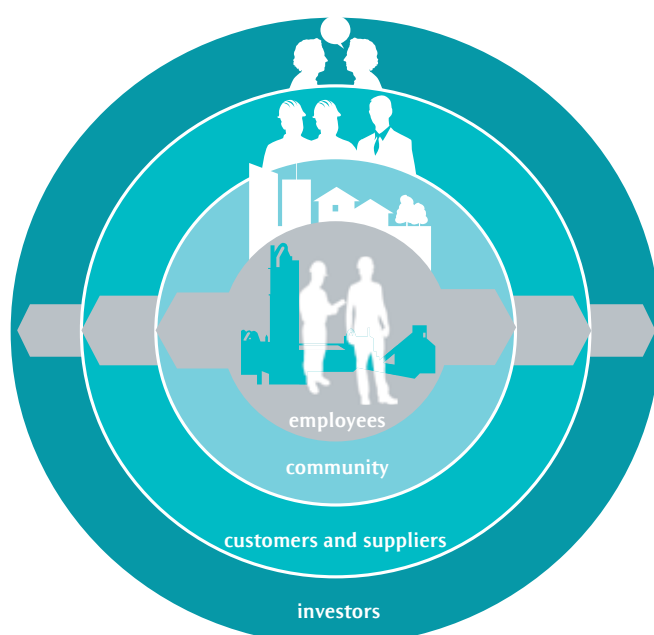
Fueled by the idea that social responsibility is one of the fundamental values of the Company, TITAN Cementara Kosjerić recorded growth in business activities and thus provides a safe path towards further establishing its prominent corporate position, amid the challenges posed by the uncertain economic environment variable. Guided by the goals of sustainable development, the Company steadfastly strives to social, economic and environmental advancement within its sphere of influence. Titan's exemplary practices, such as: respect for the Code of Ethics, constant improvement of know-how and skills within the company, and appreciation of the specific and diverse needs of stakeholders, clearly encourage positive changes within a social context.

Caring for our employees, investing in the development of the local community, respecting our customers and suppliers, as well as all of our business partners, TCK successfully implements the CSR Policy, which links our governing objective and our motive to conduct business. Through their understanding of the needs of the Company, society and the environment, TCK's CSR Committee places its efforts regularly on corporate responsibility, seriously addressing the issues of risk analysis, OH&S, environmental protection, local development and corporate management. Desiring to achieve the successful synthesis of all aspects of sustainability, we contribute to the common growth of the community in which we operate.

Company Strategy



Key Stakeholders



The context in which we operate

71/168

Serbia's position on the Corruption Index for 2015

Source:
Transparency International
(transparency.org)

USD 5,820

Gross Domestic Product per Capita for 2014

Source:
The World Bank
(worldbank.org)

18.4%

Unemployment rate of working-age individuals in 2015

Source:
Statistical Office of the Republic of Serbia
(stat.gov.rs)

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 career development of our 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

Considering the high rate of unemployment, our commitment to employee relations as well as safeguarding of operations, TCK is implementing restructuring programs in a responsible manner, which adhere to market conditions. The Company ensures that all redundancy packages comply with legal requirements, in the least.

Occupational Health and Safety

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.

☞ In 2015, TITAN Cementara Kosjerić's contribution to the Republic of Serbia's economy totalled EUR 23,000,000 ☛



510,944 t of raw materials have been extracted from two active quarries

714,251 m² is the total area of active quarries, of which **432,164 m²** are effected by operations

410,115 t is the total amount of cement produced

Total funding for OH&S:
over **EUR 52,000**

Main impact of quarrying activities:

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



Total Annual Emissions:

dust: **1.14 t**

NO_x **262.3 t**

SO₂ **0.47 t**

Main impact of cement production:

- CO₂ Emissions
- Energy Consumption
- Other Emissions (dust, NO_x, SO_x)
- Noise
- Water Consumption
- Safety Risks

To suppliers, for goods and services:
over **EUR 15,000,000**,
of which: **92%** are domestic suppliers.

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



Indirect impact:

- CO₂ Emissions
- Other Emissions
- Raw Materials Consumption
- Water Consumption
- Safety Risks

Total funding for Environmental Protection:
over **EUR 333,000**

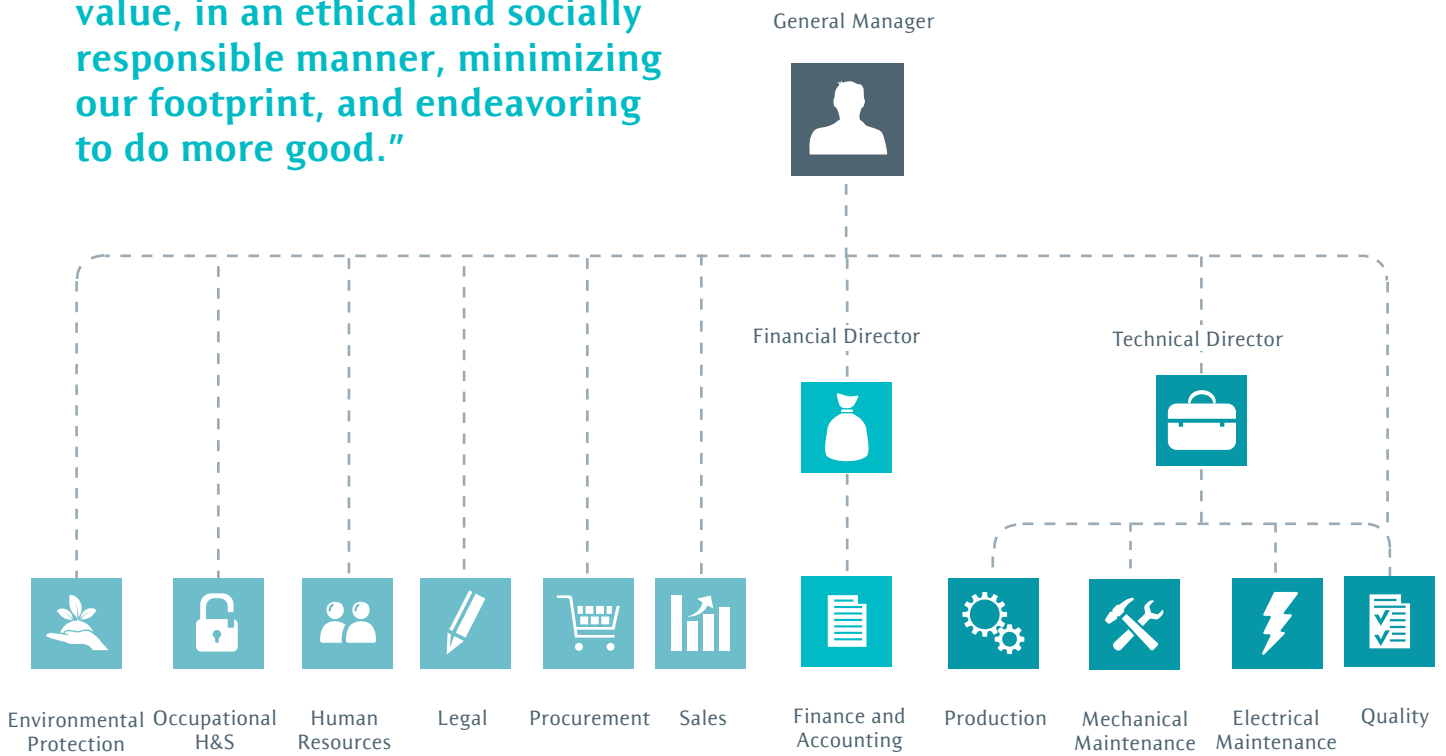
Through direct taxation to the state and local authorities: over **EUR 6,100,000**

To employees, through salaries and benefits:
over **EUR 4,300,000**

Over **EUR 146,000** invested in developmental programs for the local community, of which 30% was made in donations in kind and 70% through cash donations

Governance

Our governing objective:
“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.”



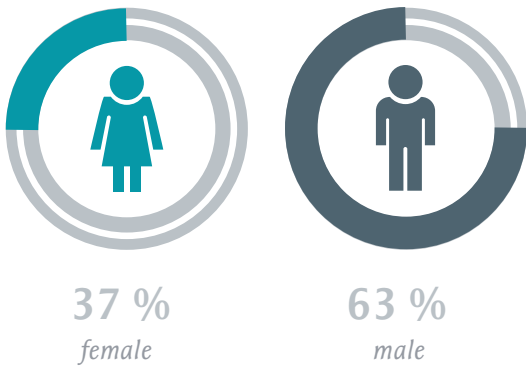
Respecting the principles of the CSR Policy, which includes the identification of financial, environmental and social risks for the company, each year TITAN Cementara Kosjerić conducts the necessary audits and analyses, consistent with ISO Standards and the objectives of our corporate governance. This estimation model allows us to position ourselves on the market adequately and to adapt our particular know-how and skills to the corporate environment, as well as to the challenges of neighboring and global competition. In order for the concept of sustainability to survive constructively within this platform and within the framework of the entire Company, our commitment to our priority policy – Corporate Social Responsibility, is implemented in everyday work.

Our practices, which are founded on the principles of corporate governance, are used to guide the decisions made by our highest governing body, the **Board of Directors**, which is obliged to make all important decisions and ensure their practical application within the system, as well as to evaluate feedback received from stakeholders. For a clearer understanding of our stakeholders, at all

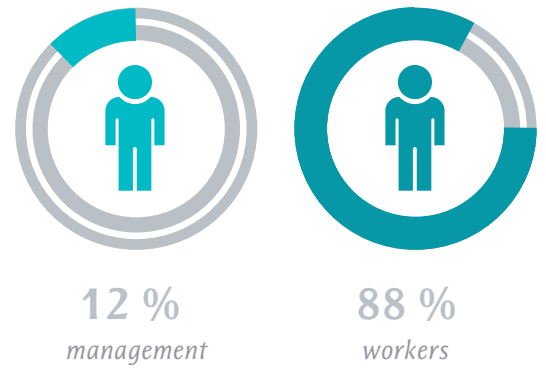
levels of the organization, we have established diverse and productive forms of communication, confirmed dialogue with the local community, regular meetings with top management, as well as meetings on the occasion of the annual Employee’s Performance and Development Appraisal.

The obligation of the Company’s top management refers to the consideration of long-term impacts and possible changes in social and economic trends. In compliance with the United Nations Declaration on Environment and Development, top management also applies the principles of precaution and analyzes risks in the area of environmental protection. 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, in compliance with WBCSD and CSI Guidelines.

Employees in management per gender



Structure per employment category



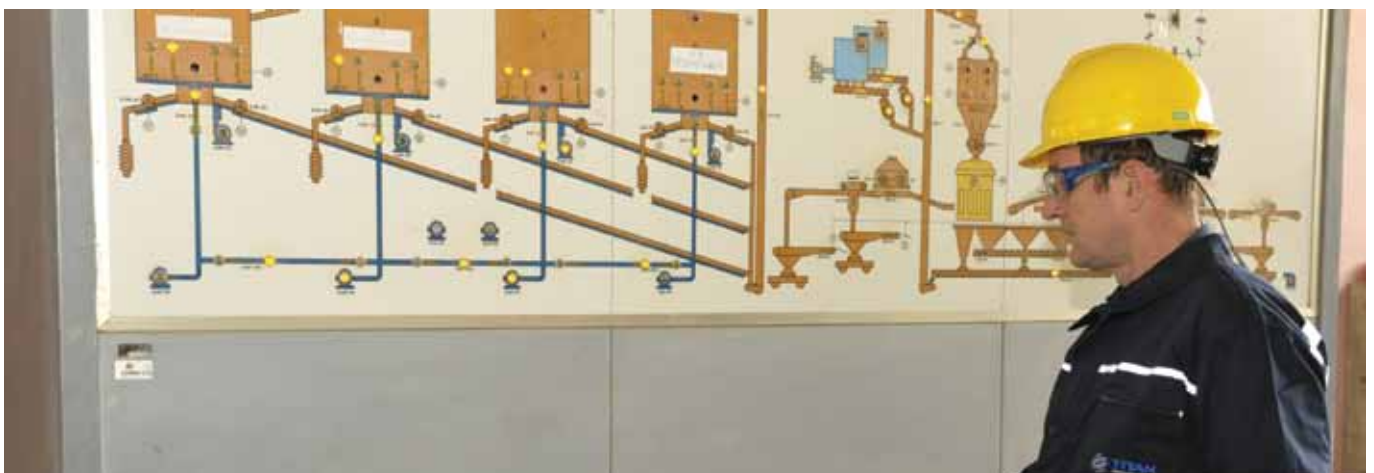
Employees in management per age



Corporate management, OH&S, environmental protection and local development are subject to supervision on behalf of TCK's CSR Committee, which synchronously monitors how programs for the development of the mentioned key spheres of Corporate Social Responsibility are implemented. Substantial improvement of work in this area, based on previous risk analysis, was achieved through the development of an action plan that was formulated by the Company's top management, 40% of which is comprised of women. The responsibility of top management for the strategic conceptualization of this document speaks of its importance to the needs of the society, the Company and the environment. Key areas of

the company, in compliance with adopted quality systems, are subject to compulsory consideration at meetings, in the presence of Executive Directors, and are conducted by the Quality, OH&S, Environmental Protection and Employee Development Committees.

The company applies all the necessary precautionary measures in order to eliminate any possible economic, social and environmental risks, at the same time investing in the development of areas that may be affected, which include anti-corruption, the protection of confidential information and long-term sustainable development.



Objectives for the Sustainable Growth of the Company

The consistent application of the principles of sustainable development and corporate values are reflected in the objectives in key areas of our operation. With the ambition to ensure the long-term sustainable growth of the Company, planned objectives have been adopted up to the year 2020, with regularly scheduled audits within the jurisdiction of TITAN Cementara Kosjerić's top management and implementation of the strategy set within the framework of the Group.

Objectives	Results Achieved 2014	Results Achieved 2015	Focus for 2020
Employees and Working Environment			
Development of Competencies	33.47 training hours realized, per employee	33.81 training hours realized, per employee. The average number of training hours for men was almost 30, and for women it was 55 training hours.	Organize at least 30 training hours, per employee.
	EUR 260 is the average amount invested in career development, per employee.	Over EUR 339 is the average amount invested in career development, per employee.	Continued development of competencies.
Ethical Business Practices	Training entitled Guidelines for HR Management - held for the Company's management staff (29 hours).	Training entitled Strategic HR Management - held for the Company's management staff (48 hours).	Implementation of TITAN Group Code of Conduct training for all employees – held every 2 years.
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: 1 (one).	Achieving and maintaining results: Work-related injury rate of 0 (zero).
Employee Engagement and Concern	Employee opinion survey conducted on key topics that are essential for the success of the Company.	86.78% of employees participated in Company's Employee opinion survey. Training held for the Company's management on examining the attitudes of staff (88 hours).	Improve employee satisfaction and increase employees engagement.
	The employee canteen began operating in December 2014.	The canteen is open and available for all staff.	Constant improvement of working conditions.
The Market			
Maintaining Customer Satisfaction	Not a single justified product complaint was made.	Not a single justified product complaint was made.	Maintaining a low level of complaints, preventive counseling and educating customers.
Responsibility towards the End-user	Preparations for the introduction of 25 kg cement packaging complete.	Introduction of the new 25 kg cement packaging.	Compliance of safety signs on bags with EU requirements.
	Supply chain focus group formed.	Meetings organized within the framework of the supply chain focus group.	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.
Educating customers and suppliers on CSR	Introducing suppliers and customers to the following principles: ethics in business and social responsibility.	The Code of Conduct for Procurement - 160 contracts were distributed among suppliers throughout 2015. Presentations organized for local contractors and operators on the subject - Safety First (165 hours).	
	155 H&S training hours for contractors realized.	59 H&S training hours for contractors realized.	Continue to conduct H&S training for contractors
Pre-qualification of Suppliers	52 suppliers (63%) passed the pre-qualification process.	70 suppliers (48%) are prequalified, of the total number of new suppliers.	Establish the pre-qualification process for 100% of all new suppliers.

Objectives	Results Achieved 2014	Results Achieved 2015	Focus for 2020
The Environment			
Investing in Sustainable Development	An excess of EUR 481,000 was the total investment in the environment.	An excess of EUR 333,000 was the total investment in the environment.	Continued efforts in achieving results in the field of environmental protection.
CO ₂ Emissions	Total specific direct emissions of CO ₂ was 615.8 kg/t _{product} .	Total specific direct emissions of CO ₂ was 604.7 kg/t _{product} .	Achieving total specific direct emissions of CO ₂ < 637.3 kg/t _{product} .
Energy Efficiency	A reduction in the consumption of fuel oil by 18%, compared to 2013.	A reduction in the consumption of specific thermal energy by 3.2%, compared to 2014.	Exchanging all light bulbs at TCK with energy efficient lighting.
Alternative Fuels and Raw Materials	Completing the documentation necessary to work on the Using SRF Project.	A project was realized to install a new boiler which uses wood pellets, a renewable energy source, thereby placing fossil fuel (fuel oil).	Continuing efforts to comply with EU standards in relation to alternative fuel utilization.
	The ratio of alternative raw materials used was 13.1%.	The ratio of alternative raw materials used was 11.49%.	Continue to increase the ratio of alternative raw materials used.
The Local Community and Society			
Dialogue with Stakeholders	Within the framework of the project Our Community - Our Responsibility, focus groups were formed to deal with the most significant aspects of our operations.	4 initiatives within the framework of focus groups were realized, regarding the most significant aspects of development within the local community.	Continued dialogue with Stakeholders through cooperation in focus groups' joint projects. Organization of Stakeholder forum on every two years.
		The Stakeholder Forum: Our Community – Our Responsibility was held.	
Transparency and Integrity	The CSR and Sustainable Development Report for 2014, according to the criteria of the GRI G4.	The CSR and Sustainable Development Report, in compliance with GRI G4 Guidelines.	Continuous improvement of transparency through CSR reporting and sustainable development.
Strategic Approach to Investments in the Local Community	Total investments made in the local community amount to nearly EUR 220,000.	Total investments made in the local community exceed EUR 146,000.	Continued support to crucial programs in the local community.



With Partnerships We Create Shared Value

The trend towards a more tangible connection with all interested parties, a nurturing policy of social responsibility and sustainability, and immanent strategic priorities of the Group, motivated TITAN Cementara Kosjerić to, in November 2014, constitute project work into five focus groups, structured from plant representatives and relevant local government organizations.

This type of joint collaboration contributes to the identification of authentic needs in the region, as well as the production of ideas that will in the long-term and sustainably improve certain aspects of life in Kosjerić. Key areas of action were adopted at the Our Community - Our Responsibility Forum, held in December 2013, which has improved the exchange of potential between the Company and the local community.

Stakeholder Forum 2015: Our Community – Our Responsibility

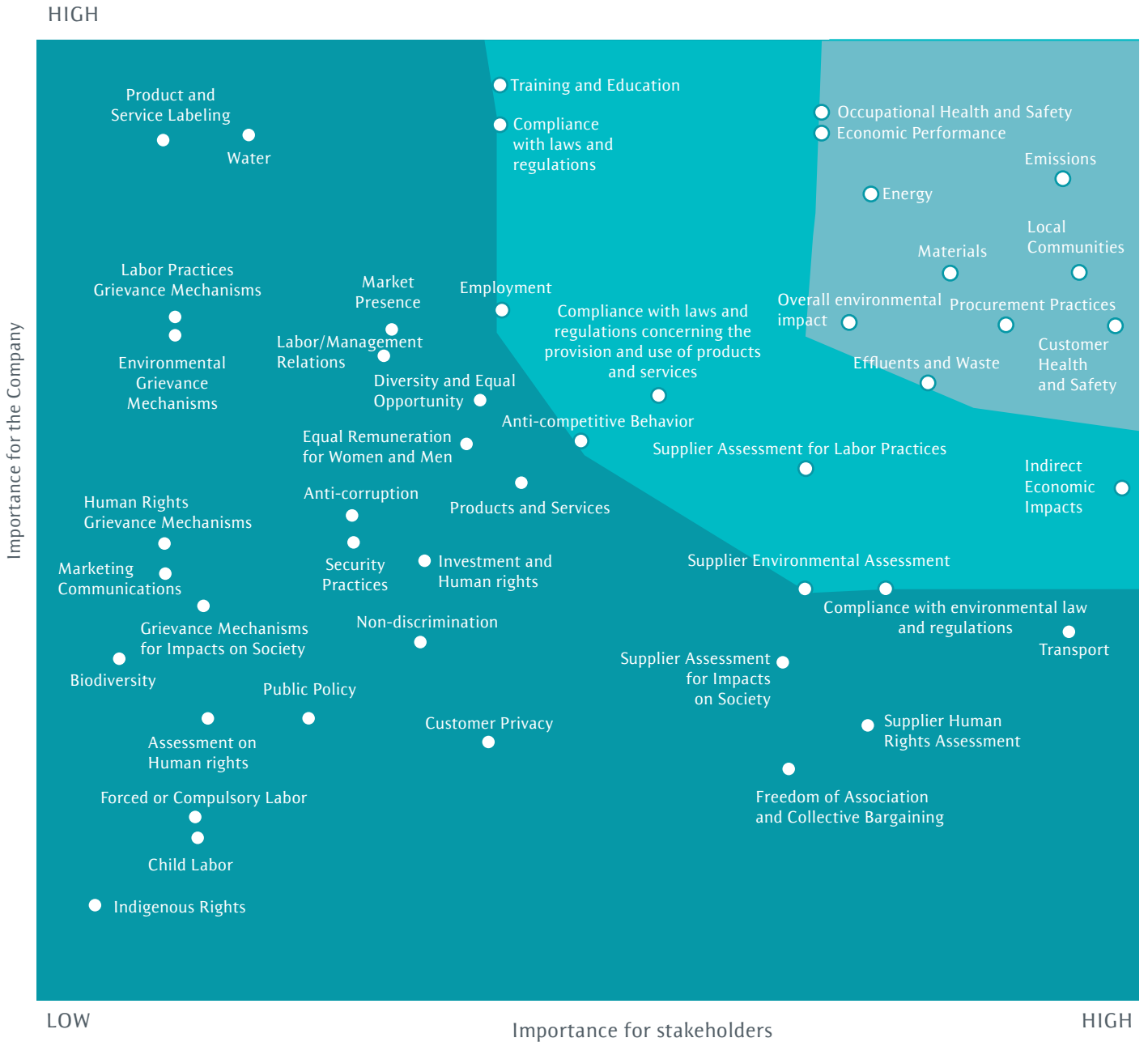
The results of productive and open dialogue between TCK and the local community have created a reliable foundation for the Company's strategy in regard to its interaction with the public. At the same time, this means that key topics are identified, which will be the focus of the following reports on Corporate Social Responsibility and Sustainable Development, including the 2015 Report.



Committed to the idea that joint involvement builds a path towards sustainable development within local and global communities, our open and mutual communication with all interested parties creates a synergetic field of commitment, creativity and progress in the communities in which we operate, proving the effective implementation of Titan's CSR policy. With this in mind, for the second time, on 3rd December 2015, the

Company organized a stakeholders' meeting entitled "Our Community – Our Responsibility". Successful affirmation of TITAN Cementara Kosjerić's partnership with the local community was confirmed at this meeting in the presence of the most important social actors, representatives of local organizations and institutions, as well as business partners: customers and suppliers.

Materiality Matrix – key issues for the Company and Stakeholders



- key topics
- material topics
- non-material topics

Employees



To download TITAN Cementara Kosjerić's Code of Conduct visit the Company website at:

www.titan.rs/home/page/1/Titan-Cementara-Kosjeri

In the Code of Conduct we discuss our business principles, to enable all employees to understand what is expected of them during the performance of daily tasks, in accordance with the highest standards of transparency, honesty, integrity and responsible behavior. In accordance with the Company's continuous efforts to promote open communication in the area of ethics, all employees are free to use the following email address in order to report any potential violations of the Code of Conduct: kodeksponasanja@titan.rs. No inquiries or reports of violation of the Code of Conduct were reported within the period covered by this Report.

EMPLOYEES at TITAN Cementara Kosjerić, as at 31 December		2013		2014		2015	
Number of Direct Employees		256		224		230	
	women	34		32		34	
	men	222		192		196	
Number of Temporary Employees		3		10		3	
	women	1		3		2	
	men	2		7		1	
Total Number of Employees		259		234		233	
Number of Employees, by gender		number	%	number	%	number	%
	women	35	13.51	35	14.96	36	15.45
	men	224	86.49	199	85.04	197	84.55

Regular feedback on performance and development is a process that includes all employees at TCK. Due to the specifics of the work, this process was implemented in 2015 on 99.41% of our employees.

EMPLOYEE TURNOVER	GENDER	AGE	2013	2014	2015
New employees*	women	<30	1	3	1
		30-50	0	0	1
		>50	0	0	0
	men	<30	1	6	0
		30-50	0	2	0
		>50	0	0	0
Employees who have left the organization – regular fluctuations	women	<30	1	1	1
		30-50	0	0	0
		>50	0	0	0
	men	<30	2	1	0
		30-50	0	2	2
		>50	1	1	0
Employees who have left the organization – Restructuring Program	women	<30	0	0	0
		30-50	0	0	0
		>50	0	2	0
	men	<30	0	0	0
		30-50	0	2	0
		>50	0	27	0
Fluctuation rate (Employees who left the organization / average number of employees for the period)			1.54	14.40	1.28

* throughout 2015 new employees to join TCK reside in Kosjerić

INDIRECT EMPLOYEES – contractors	2013	2014	2015
Total no. of employed contractors	137*	155*	153*
No. of contractors, without logistics and transportation	35*	37*	32*
No. of contractors – logistics and transport	102*	118*	121*
Total no. of contractor man-hours	259,162	291,875	288,102

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

Our platform of sustainable development relies primarily on the quality of employees, who are the main motivating force of the Company. HR Management Guidelines provide equal opportunities for all, and promote meritocracy, open communication and transparency. Before retiring, employees receive a statutory redundancy package, while employees who work for the Company consecutively for 10, 20, 30 or 40 years, receive jubilee awards. The base salary for all positions is adjusted to market conditions, relevant regulations and provisions of the Collective Agreement, which was signed with the Independent Trade Union of TITAN Cementara Kosjerić in March 2014, and refers to all employees.



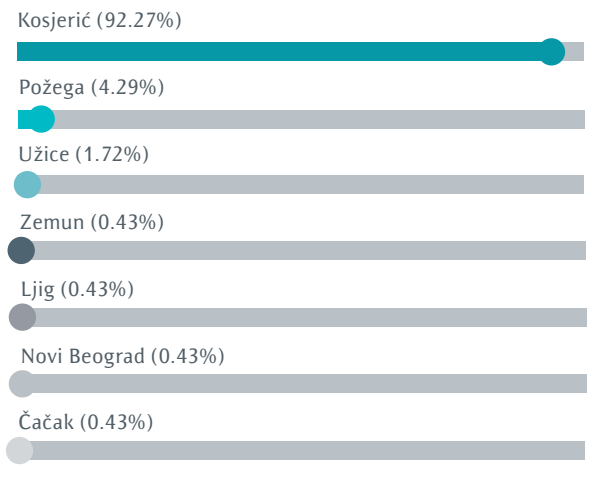
To download Guidelines for HR Management visit the Company website at:

www.titan.rs/home/page/10/Ljudi

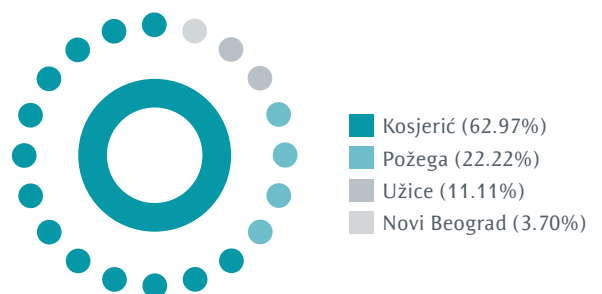
“ In December 2015, the lowest base salary was 2.7 times higher than the statutory minimum wage in Serbia ”



Employee structure according to place of residence



Management according to place of residence



Parental leave at TITAN Cementara Kosjerić

Employees entitled to parental leave in 2015.	men	5
	women	2
Employees who exercised their right to use parental leave	men	0
	women	2
Expected no. of employees to return from parental leave	men	0
	women	1
Employees who returned to work after taking parental leave	men	0
	women	1
Employees who returned to work after taking parental leave in 2014 and are still employed 12 months later	men	0
	women	2

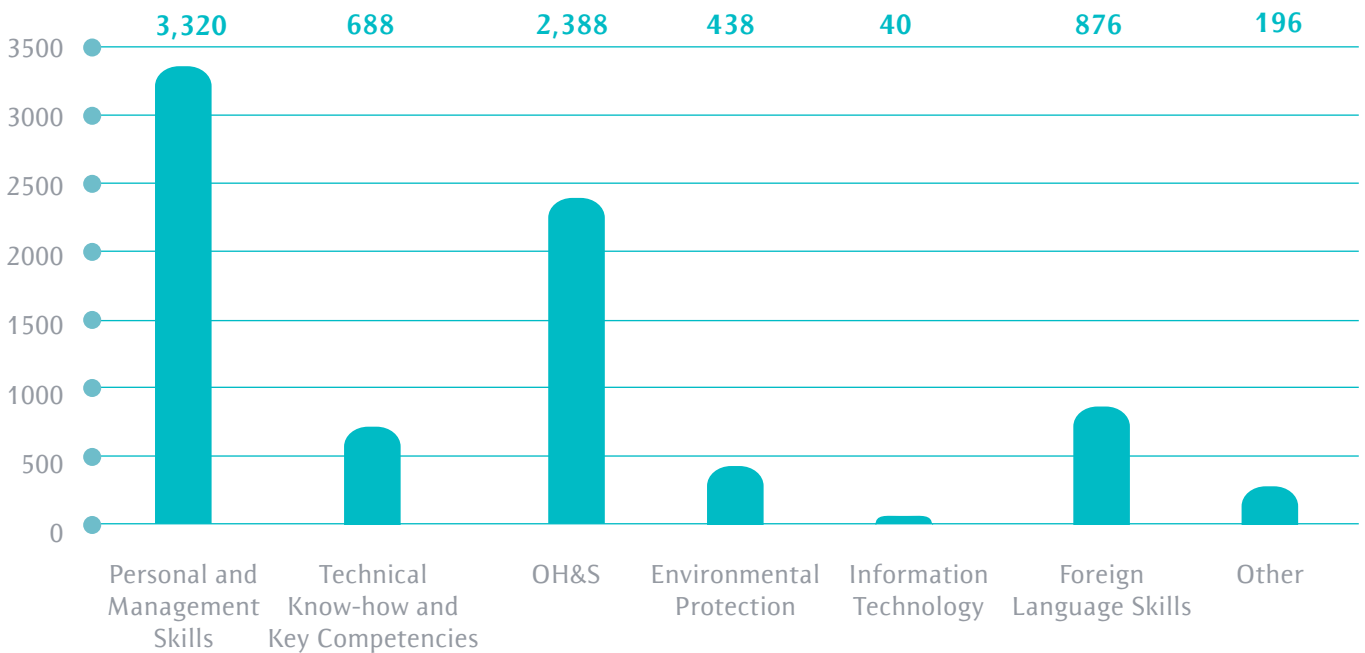
“ 74% of staff are Trade Union members ”

Leadership Skills Development Program at TCK: The “H.art Program” 2015

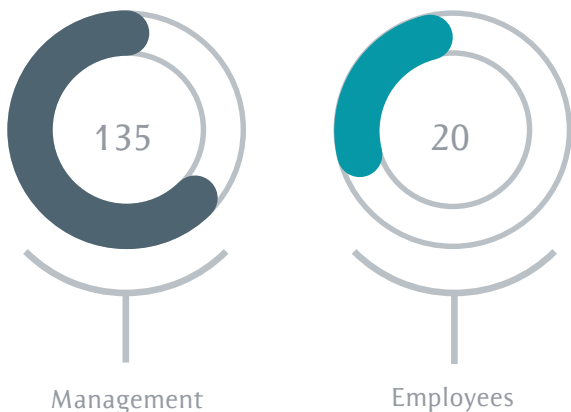
“Through actively participating in the H.art program, I gained skills that help me in daily planning and organizing of activities, which I now complete more effectively and efficiently. Also, I have improved my communication skills and am now able to deal with the difficulties that I have in this area. By setting SMART goals, through the active monitoring of their implementation and providing regular feedback, my team and I can promptly and properly implement our goals, and are developing in the right direction.”

“The skills that we acquire during H.art training are very practical and they have helped me, both at work and in everyday life, contributing to my professional development and to my attractiveness on the labor market. H.art teaches us to listen to each other, and to give each other constructive feedback, to solve conflicts, to decide: how and to whom we are giving instructions, who we are coaching, how to delegate and how to motivate. After each coaching session, I’m more motivated and better prepared to face and change some of my bad habits, and to further develop constructive behavior.”

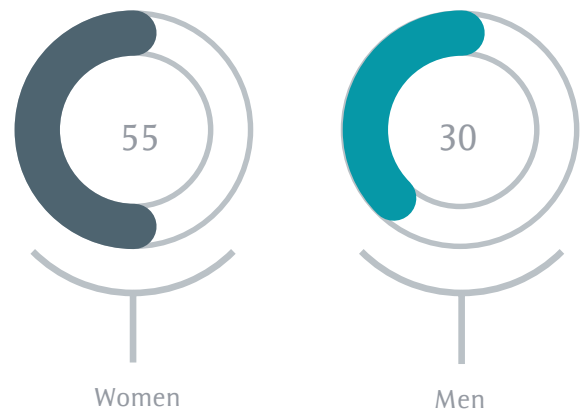
Training Man-hours in 2015



Average training man-hours per employee category



Average training man-hours per gender



Occupational Health and Safety

In 2015, TITAN Cementara Kosjerić had, for the first time since its establishment, over 1,000 injury-free days. Such a result is admirable, and it is proof of our continuous dedication to improvement, our systematic approach, good organization and promotion of OH&S systems, with the selfless commitment of all of our employees and management.

The continuous development of safety awareness of our entire collective is guaranteed through TCK's OH&S Vision & Policy, which is based on the following key principles:

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

Guided by systematic principles, spreading a Safety First culture, we focus on all aspects of our business and the community in which we live. In addition to the traditional

organization of children's workshops, where we target the heart of developmental awareness within the local community, we have now begun a training program for our contractors and business partners. With the transfer of knowledge and experience in this area, we provide better understanding and an improved Safety First culture in the broad scope of our business environment, which in turn, leads to better cooperation.

The new system for the planning and implementation of training, which was developed in 2015, has meant that, in addition to the standard theoretical and practical training, we have added additional operational training for the safe performance of all operations. 2.388 training man-hours were organized for our employees, i.e. 10.16 man-hours per employee, while 58 training man-hours were organized for our contractors, i.e. 2 man-hours per participant.

Parameter	Definition		2013	2014	2015
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	0	0	1
		contractors	0	0	0
LTIFR**	Frequency rate of lost time injuries normalized per million hours worked	employees	0	0	2.39
LTISR***	Number of lost calendar days due to a work-related injury per million hours worked	employees	146****	0	40.72
AR	Absentee rate per 200,000 hours worked (GRI definition)	employees	5,082	6,166	5,896
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	5.94	6.65	10.16
		contractors	4.75	4.31	1.87

* 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

Principal training sessions in 2015 were as follows:

- operational training on the safe performance of concrete operations,
- working safely in confined spaces,
- safety when working under conditions involving extreme heat and dust,
- ensuring safety while working on/with machines and other equipment - LOTOTO procedure,
- fire protection,
- emergency response drills – exercises done in teams.

TCK's H&S Committees carry out continual improvements on our safety procedures, implementation of control systems, and learning from TITAN Group incidents from all over the world. Currently, as part of our safety system, in addition to the Central Committee, other functioning

sub-committees include the Audit Sub-committee, Rules and Procedures Sub-committee, and the Incidents Investigation Sub-committee. In addition, 5 employee's representatives and 3 representatives of employers have formed a Safety Sub-committee that deals with

involving employee representatives in the organization and functioning of OHSAS systems. This contribution to better communication and developing an atmosphere of mutual trust has as its objective to foster daily growth in the Safety first culture and achieve good results in this area. Health and Safety is the first and most important topic of each meeting, at all levels of the organization, and a prerequisite for running all operations at all levels.

All significant issues in the area of OH&S (over 90%) are further detailed in the Collective Agreement on Health and Safety. After amendments were made to the Labor Act, the employer Collective Bargaining Agreement was revised, and at the end of 2015, the Law on Occupational H&S was also amended, thus creating conditions for the revision of the OH&S Collective Bargaining Agreement, which will be revised in 2016.

In 2015, the OH&S Development Strategy System was implemented, that will, in the following three years, trace the development of guidelines within the following areas:

- The role of top management,
- Employee incentives,
- Training,
- Audits, H&S tours and inspections,
- Risk Management,
- Incidents,
- Leading indicators,
- Pre-qualification of Suppliers (drivers and vehicles).

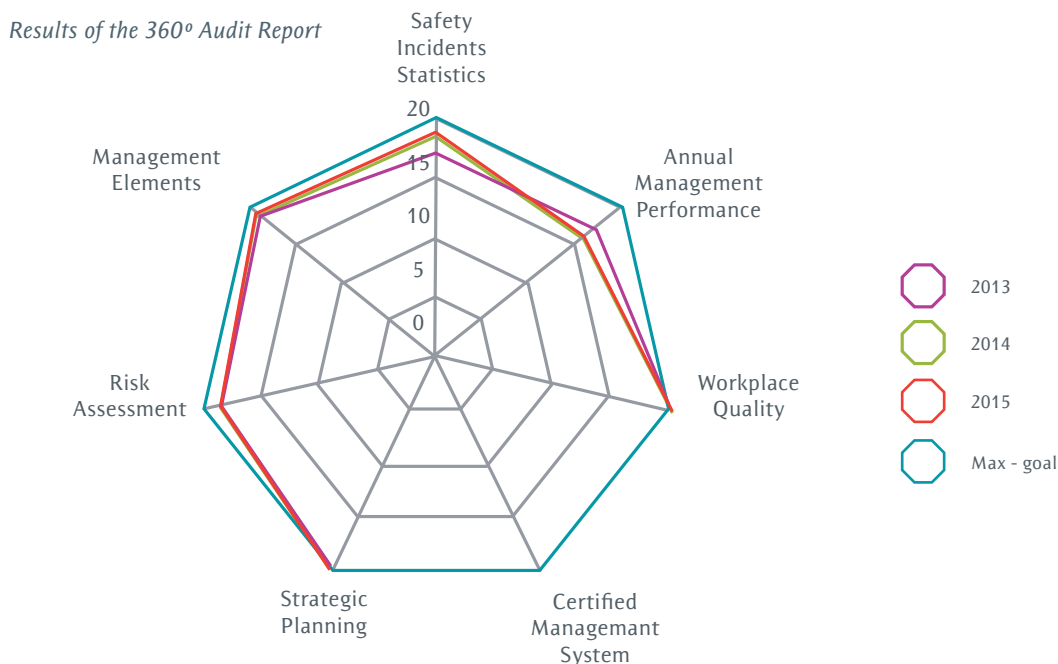
In 2015, TITAN Cementara Kosjerić was presented with the Acknowledgment for the Best Safety Initiative from TITAN Group: Hazard hunting, which is a methodological tool used to identify hidden dangers and risks, and to find solutions aimed at eliminating identified hazardous

conditions and activities, both in routine work, as well as in activities that are carried out seldomly or from time to time. By developing this approach, i.e. hunting, we have uncovered 63 risks and dangers. At the same time, TCK carried out 121 preventive and corrective measures arising from the investigation of incidents, external and internal audits, and suggestions for improvement.

For 2015, the level of implementation of the OHSAS system at TITAN Cementara Kosjerić is at 93.4%. This is the 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 December 2015, compliance tests were successfully conducted with the OHSAS 18001 system specification, and on this occasion no discrepancies were observed. In order to further development in this area, two observations were recorded and four proposals for improvement were given, which indicates a very high quality result of the audit and a high level of compliance with the requirements of safety system standards.

While drafting the Job Risk Assessment, with amendments made at the end of 2014, it was discovered that at TITAN Cementara Kosjerić, there are 9 jobs which carry an increased risk and 32 people are employed to do these jobs. The process of job risk assessment was carried out by an external company, and participating in the development of norms were members of the Safety Sub-committee. In addition to this document, TCK has established procedures of risk assessment of all activities and job safety analysis, and employees are acquainted with these at safety meetings. If assessed as high-risk, the job requires the issuance of a General license to operate.



An entire generation attended the H&S School

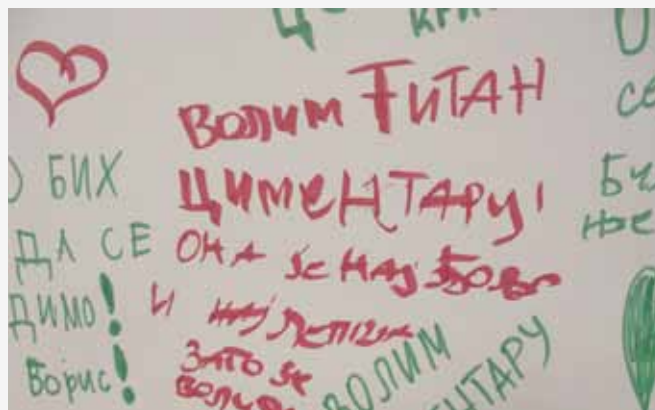
99 pupils participated in the educational seminar 9 regional classes attended

The fourth annual cycle of workshops entitled Safety First, is one of the initiatives which demonstrate Titan's responsibility towards youths and was held from 27 October to 25 November 2015, the concept being that a safety-conscious society must be nurtured from childhood onwards - in school, during playtime, when in traffic and that children must be taught the basics on how to react in threatening situations.

This time round, the number of 4th graders that participated in these educational workshops was significantly increased as all of the schools with children of this age operating within the municipality were invited to participate. In addition to Mito Igumanović Primary School, the head school in Kosjerić, 6 additional classes participated from the following surrounding villages: Brajkovići, Drenovići, Mušići, Radanovići, Seča Reka

and Tubići, as well as Jordan Đukanović Primary School from Varda, along with two classes from Makovište and Godečevo. A total of 99 students attended the seminar, which pushed the boundaries of the school in Seča Reka and was attended by students from this area as well as Varda.

The realization of this safety program included demonstrative drills, entertainment and activities which require peer creativity and 9 of our colleagues from various departments at TITAN Cementara Kosjerić volunteered to participate, along with the indispensable support of partners from the Police Department, the Healthcare Center and the Fire Department of Kosjerić. This team of trainers made an effort to take complex topics and present them to children and to generate awareness of the necessity that they behave in a safe manner at all times.



Health Education for the People of Kosjerić

Over 200 participants

Within the scope of CSR adequate to the needs of the local community, TITAN Cementara Kosjerić provides regular medical education for the general public, under the slogan "One home. One world. One heart." The role of the expert counselors is to explain the risks and methods of prevention of the most common health issues and also to suggest ways to live a healthy lifestyle. Illnesses of the Digestive System was the topic of the presentation held 7 April 2015 at Hotel Olympic, by Dr. Gordana Lučić, Gastroenterology Intern at the Užice Healthcare Center. The turnout to this presentation was considerable thanks to the efforts of TCK employees, who inspired organizations and the local public to join this campaign to improve the culture of general health awareness within the community.

Children's Day (18 November 2015) was marked with a presentation entitled Modern Dilemmas in Child-rearing, organized in collaboration with the Healthcare Center and Preschool of Kosjerić. Their experts: Dr. Ilija Vukadinović, pediatrician and Nada Ristović, psychologist passed on their expertise on nutrition, immunization, developmental stages and disciplining children and presented the most common challenges faced by parents and teachers in providing proper education to younger generations. Judging by the interest of those present, most of the attention was on the subject of how much influence new technologies, the media and current social trends have on children, parenting and the family unit.

Customers and Suppliers

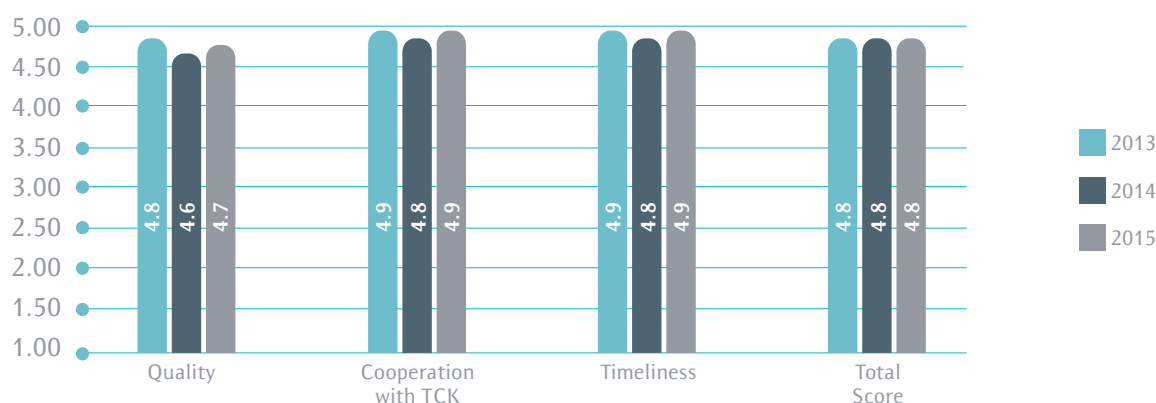
Customer High-Quality Service Culture

Under the extremely tough competition of today's corporate world companies that dominate are those that respect the overall needs of their customers, whose loyalty is proportional to how satisfied they are with certain goods and services.

TITAN Cementara Kosjerić has for many years now measured customer satisfaction through the use of a modern and valid survey which comprehensively examines factors, such as: product quality, customer relations, expertise and service quality, the quality of equipment

used and cement delivery as well as customer suggestions and ideas for the purpose of improving collaboration.

Titan's good business practices, founded on the potential of stakeholders, resources and organizations, imply the necessary inclusion of customers and in defining important relationships with them. To ensure maximum value for each participant, the company has developed business processes which understand and meet customer expectations.



In compliance with applicable national regulations, information found on Titan's packaging is as follows: the national mark of conformity of the product, type of cement and the standard by which the cement was certified, shelf life, weight, and date of packaging. In addition to the name and address of the producer, it is necessary to indicate all importers and their addresses, hazard pictograms and warning notifications, information on the reduction of Cr (VI) and the effects of the reduction period. All of the mixture's ingredients that determine the hazard class of the cement must be listed, as well as instructions for its proper use, safe storage and handling.

In addition to transparent information about the characteristics of products, tailored to national legislation, TCK fulfills the requirements of European standards for two types of 42.5R cement, and as proof of compliance with European standards, for many years we have the CE mark which is also located on the corresponding packaging of two types of cement.

Throughout 2015, none of our customer filed complaints relating to the impact of Titan's products on H&S, nor were there any objections to the labeling of packaging

or packaged bags of cement produced at TCK, or on the recommendations for safe handling, storage and product use.

In the same period, based on two official complaints referring to problems with concrete, made from cement produced by TCK, we conducted a survey in accordance with the applicable procedures and officially confirmed that the complaints were not justified, i.e. that the cement met all of the requirements of the standard.

From the middle of 2015, by joining the forces of the Sales, Production and Quality Sectors, we began recording informal customer complaints, of which there were six in 2015, and to use our knowledge of cement to help our customers overcome any doubts and any unfamiliar situations encountered by the users of our products in their daily work.

In the past year, TITAN Cementara Kosjerić was not involved in any legal disputes relating to anti-competitive behavior and monopoly, nor did it receive any significant fines or non-monetary sanctions for failing to comply with laws and regulations.

The Supply Chain



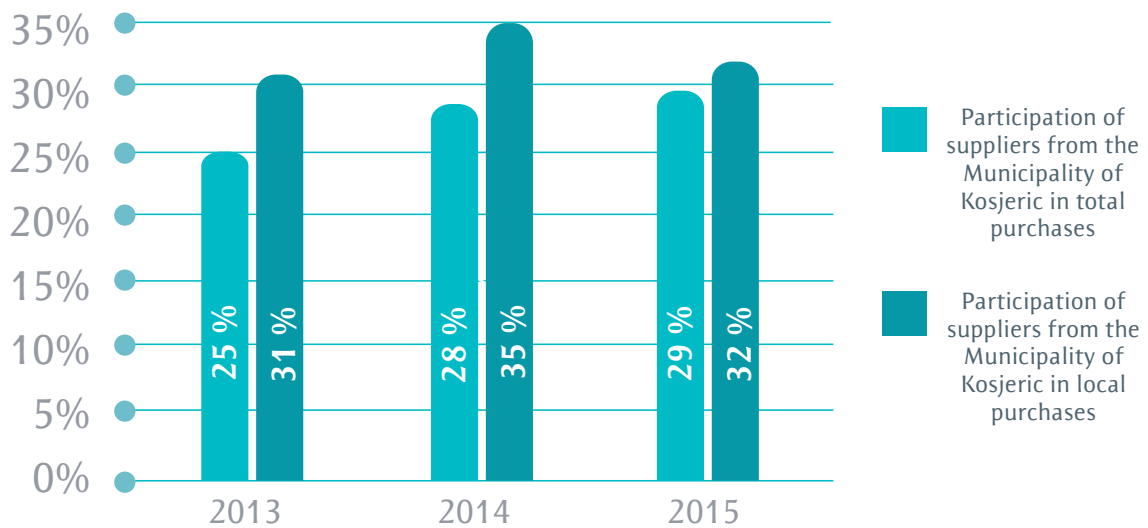
The picture shows the Company's value chain with suppliers separated by significant groups of products and services, as well as the criteria by which they are regularly evaluated

Respecting the principle of sustainable development, the Company provides and promotes accountability throughout the entire procurement chain. This approach includes our suppliers, who we are able to influence directly through the following: the supplier pre-qualification process and the contracts that we enter into with these parties, and indirectly by: continually promoting responsible procurement. In the pre-qualification process and when concluding contracts, TITAN Cementara Kosjerić requires that all its suppliers comply with their legal obligations relating to OH&S, as well as the norms laid out by our Company, and consistently apply them in relation to their employees and contractors. Further instructions relate to the compliance of relevant principle regulations within the sphere of environmental

protection and harmonizing operations with Titan's policy in this area. Also, suppliers are expected to follow the principles of business ethics within their operations, to foster fair competition and business relationships devoid of corruption and bribery. These principles of business ethics are incorporated in Titan Group's Guidelines for Procurement and Code of Conduct for Procurement, which require continuous monitoring and control.

Before collaboration can begin, the Company implements the pre-qualification of potential suppliers, firstly with contractors, in accordance with its internal procedures (Supplier Evaluation and Contractor Safety) and in compliance with ISO 9001, ISO 14001 and OHSAS 18001 standards.

Suppliers are evaluated according to the following criteria:



- environmental impact (compliance with 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, tracking of workplace injuries),
- social impact (ethical business practices, fair competition, an economic approach, respecting and adhering to the Code of Conduct).

In 2015, all 6 new potential contractors were prequalified according to the criteria of respect for labor and human rights and the impact on society, and 7, which we have collaborated with in the past, were reevaluated in compliance with the same criteria, prior to sending them requests for offers for certain works. Additionally, 7 new suppliers were pre-qualified from the aspect of environmental impact as well.

The evaluation of suppliers is a constant process at TCK, and it continues during our collaboration, through internal audits of contractors, H&S appraisal upon completion of works and quality assessment of products/services. At the end of the year, an evaluation of all suppliers with whom the Company collaborated with is conducted. In addition to the above mentioned criteria, additional evaluation is completed on the quality of products/services, the quality of cooperation and implementation of accountability. In 2015, 45% of suppliers were evaluated, of which we estimate that for 2 suppliers we do not wish to continue collaboration because they do not respect the principles of business ethics and fair competition, as well as internal rules in the areas of safety and environmental protection. The 13 new suppliers, with whom we begun collaboration in 2015, were rated according to the criteria of environmental impact, respect for labor and human rights, and impact on society.

The promotion of social responsibility as a leading task in the supply chain, the Company implements its sphere of influence in the management of suppliers, encouraging them to accept Titan's Code of Conduct for Procurement and Titan's Business Practices, and to develop or improve their own capacities in the same direction. To this end, the Company has distributed 160 copies of its Code of Conduct for Procurement, with each contract concluded with suppliers in 2015.

In an effort to share best practices and foster quality business relationships, strengthen accountability throughout the supply chain and raise awareness of Health and Safety, in early December 2015, we organized a presentation and interactive workshop for local contractors and operators. On this occasion, we presented our vision and OH&S Vision & Policy, with an illustrative joint analysis of incidents from the plants belonging to TITAN Group. Also, we more closely explained the process and importance of the pre-qualification process of contractors, which verifies eligibility for performing specific works. The one-hour first aid course, organized in collaboration with the Healthcare Center and the Red Cross of Kosjerić, was additionally beneficial for us and our partners. The Company plans to continue organizing these workshops in the coming years due to the positive feedback we received, which motivates us further.

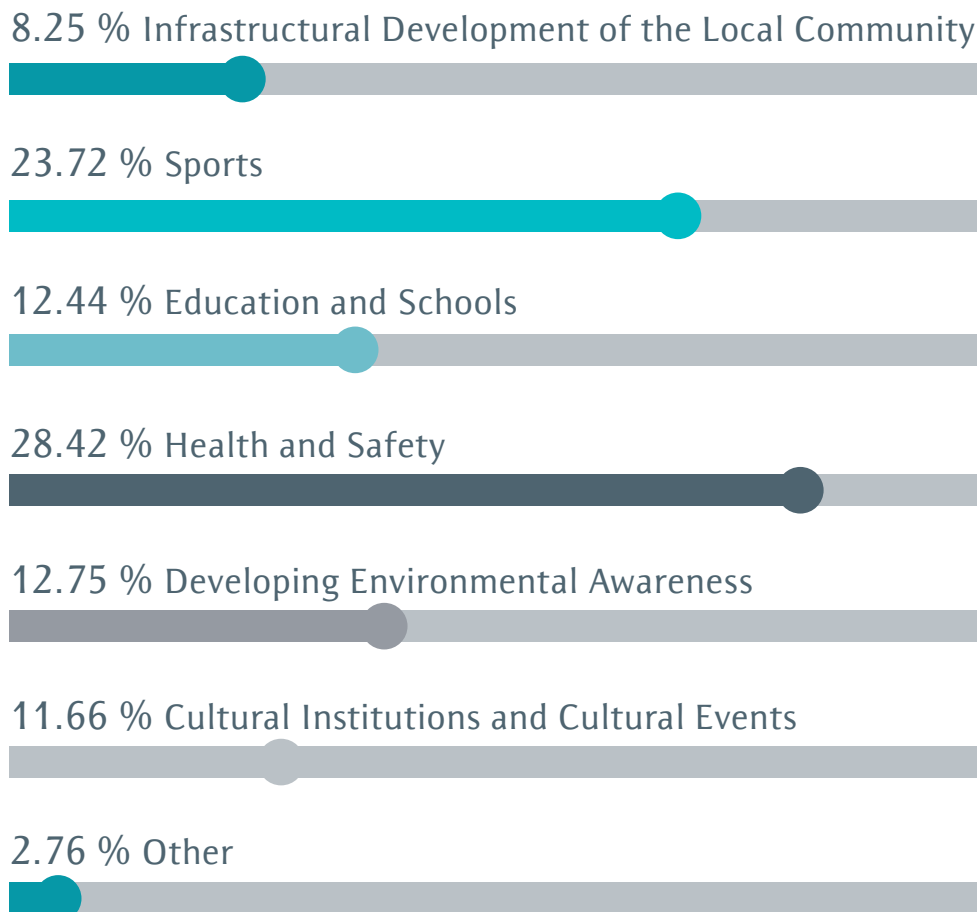
TITAN in Kosjerić

Transparency and accessibility of information regarding our business are concentrated in the work of TITAN Cementara Kosjerić's Info Center, which reflects our business principles and our efforts to foster cooperation and good communication with the community. Contributing to the improvement of this collaboration are the available publications and multimedia materials and references as well as data regarding its production, social

and environmental strategies, with access to information relevant to corporate responsibility in the community from competent authorities at TCK. Our Info Center supports the development of the quality of life within the local community and this is evident in the educational and informative content that it offers, promoting the principles of CSR and the conservation of natural resources.

Structure of Investments in the Local Community

TOTAL: over EUR 146,000



Young Careers Strengthened through Titan's Internships

7 Interns attended the Internship Program at TCK

Duration: 3 months

By setting know-how and CSR as the backbone of support for the local community development, TCK provides an environment where high school students, undergraduates and graduates can gain professional practice, know-how and experiences that will be useful in career advancement. In 2015, 7 interns from various universities were chosen to attend TCK's 3-month Knowledge for Challenges Building a Culture of Continuous Learning program. The interns, on the basis of their application and interviews, were chosen among the applicants. This program is designed to provide professional development for young adults from Kosjerić and gives them the opportunity to apply their academic knowledge by becoming familiar with TCK's operational procedures, implementing regulations and by being given concrete tasks to complete. In addition, the interns were given meaningful references that will serve to assist them in professional development and finding work.

Our efforts to transfer know-how and expertise that will benefit with professional skills young people will further strengthen as TITAN Group has been one of the initiators of the European Pact of Youth.



A Community Worthy of the Best Innovative Projects

11 awarded projects

A total fund exceeding EUR 20,000

20 organizations submitted 27 projects

On 24 March 2015, the awards ceremony was held for the organizations and institutions that submitted winning projects in the For my Kosjerić Contest. The event was held at TITAN Cementara Kosjerić. In the categories of culture, the environment, education and social inclusion, 27 proposals were submitted by 20 organizations. The 4-member panel of judges chose the 11 best solutions that proposed ideas which promised change, responsibility and

sustainability in the local community. TITAN Cementara Kosjerić secured an amount exceeding EUR 20,000 for these prosperous projects, the implementation of which is insured through the conclusion of contracts between the implementers and companies. The event was attended by last year's winners who presented the results of their projects, highlighting the positive effects of joint collaboration in Kosjerić.



Support for Health Center Kosjerić

RSD 1,500,000 directed as aid for the purchase of an ultrasound

The provision of healthcare was improved in our community with the purchase of a new ultrasound with 3 probes which began treating patients on 13 November 2015 at the Healthcare Center in Kosjerić thanks to Titan's donation of RSD 1,500,000 allocated for the purchase of this machine (worth a total of approx. RSD 1,800,000). With the support of other companies and individuals, this modern ultrasound is now available to

the public, and will be of particular benefit to expectant mothers and the overall natality of our municipality, given that the initiative for the purchase of this machine came from the association K-Town Group of Kosjerić within the framework of the Our Babies - Our Survival project, who devised a wide-spread program to assist expectant and new mothers and babies in the local community.



Preschool Ambiance Enriched by Public Enthusiasm

40 volunteer work participants 6 volunteer hours per participant

On 3 October 2015 TITAN Cementara Kosjerić employees volunteered to paint Kosjerić's Olga Grbić Preschool and to mend its surrounding fence. The colorful decorations of 120 dances, took 6 hours to complete. Those employed at the preschool also took part, so that 40 participants

supported the initiative to decorate the space where the youngest members of the public both learn and play, proving that good will can in many respects improve the life of the community.



Through Networking towards the Sustainable Development of Our Society



U.N. Global Compact: 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): (CIS): www.cis.org.rs

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



CSR Forum: 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.



World Business Council for Sustainable Development Cement Sustainability Initiative in the Cement Industry (CSI): www.wbcscdcement.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. Through a series of activities carried out, the CSI gives its members the opportunity to accelerate the progress towards sustainable development.

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
Human Rights		
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	11-13, 14-15, 16, 19, 24-26,
Principle 2: Businesses should make sure they are not complicit in human rights abuses.	G4-HR1, G4-HR2, G4-HR4, G4-HR10, G4-HR11	11-13, 19, 24-26
Labor		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to	G4-11, G4-LA4, G4-HR4	19
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor	G4-HR6	Non material
Principle 5: Businesses should ban child labor	G4-HR5	Non 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	12, 13, 18, 19, 20, 21, 22, 24-26
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges	Environment	31-37
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Environment	31-37
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Environment	31-37
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	G4-SO3, G4-SO6	25, 40-41

Care for the Environment

TITAN Cementara Kosjerić's efforts to solve environmental issues and challenges such as water and energy consumption, conservation of biodiversity, reducing the impact on climate change, air emissions and waste management - which are not ballast in our operational commitment but key activities demonstrating our operational effectiveness and focus on sustainability, at the same time securing the necessary licenses allowing us to operate.

Compliance with regulations and best practices in the field of environmental protection is of crucial importance to us, as a systematic mechanism for reaching the required standards and obtaining licenses. To improve and sustain performance in environmental protection TITAN Cementara Kosjerić, as well as the TITAN Group, allocate significant resources, ensuring compliance with local

regulations and achieving our own internal objectives, which are often more demanding than the framework legislation.

In order to track our progress in this area, identify issues and plan new initiative and programs, we regularly conduct internal and external audits. Our environmental management system relies on the Environmental Policy, which we adopted in 2009. Within the corporate sphere, this policy reflects our view that our key challenges in management should be committed to environmental issues, faced by the whole of society.

In 2015, we adopted new targets in the field of environmental protection, which are to be achieved by 2020.

Energy and Climate Change

Thermal and electrical energy, along with raw materials, are fundamental resources for the high-intensity cement and construction industries. Given that such operations can have a far-reaching impact on climate change, TITAN Cementara Kosjerić addresses these challenges systematically, through the introduction and use of biomass and alternative raw materials in our production cycle, as well as by monitoring and recording the amount of energy consumed. Our approach to reducing our emissions is guided by the Precautionary Principle, in that

we tackle possible risks within the domain of reducing emissions of greenhouse gases, although the scientific understanding of these issues may be incomplete.

TITAN Group is a member of WBCSD/CSI, meaning calculation and reporting related to carbon dioxide and expend energy is conducted in compliance with the CSI Guidelines for CO₂ and Energy (CO₂ and Energy Protocol: CO₂ and Energy Accounting and Reporting Standard for the Cement Industry, ver. 3.0).

Energy

Cement production is an intensive energy consumption process demanding high quantities of thermal and electrical energy.

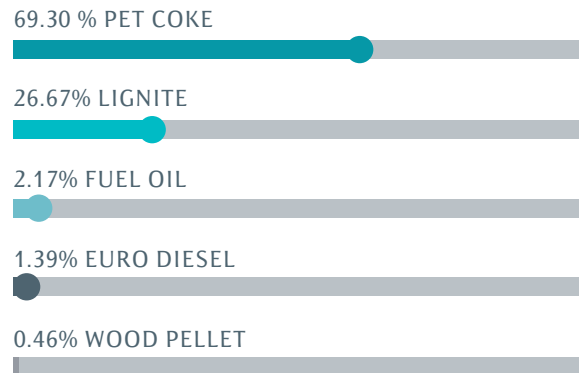
At TCK the clinker production and technological steam processes as well as the operation of equipment and machines with internal combustion engines is all possible through the consumption of thermal energy, generated from the direct burning of fossil fuels, while the functioning of other equipment is provided by electrical energy consumption. In an effort to rationalize the thermal energy consumption, in January 2015 we began heating our workspace with a newly-installed boiler that uses thermal energy from renewable sources, i.e. wood pellets.

In 2015, energy consumption in TITAN Cementara Kosjerić was, proportionally with cement production, in accordance with energy consumption indicators within TITAN Group plants (<http://integratedreport2015.titan.gr/>). In the same period, specific energy consumption per product unit was in the same level with achieved values within Group (<http://integratedreport2015.titan.gr/>). Detailed data presentation related to the thermal and electrical energy in TCK is subject to the specific confidentiality constraints in accordance with the Company policy.

By further rationalizing the production of technological steam and optimizing boilers operation time, which began in 2012, as well as implementing a more economical mode for heating the workplace after installing a new wood-pellet burning boiler, we were able to achieve energy savings of 5.43 TJ.



Thermal Energy Use per Fuel Type (%)



Rationale behind Using Thermal Energy for Heating

Since the plant first began operating back in 1976, the original two steam boilers which consume fuel oil are still in function, each utilizing 1.98 MW of power. They produce saturated water vapor that is versatile to use: for heating fuel oil while drawn from the transport vehicle into the reservoir, for heating installations in front of the main burner of the rotary kiln and for the heating system used to heat the workspace. On the basis of previous expert analysis, TITAN Cementara Kosjerić made the decision to optimize the workplace heating system by replacing fuel oil (a costly energy source) with less costly wood pellets and to install a more efficient and less powerful boiler, for the purpose of energy efficiency and economic viability. Planned works included the reconstruction of the boilers and installation of a Viessmann hot water boiler, type Pyrotec 530, with 530 kW of power, for the combustion of wood pellets. In addition to the construction in the boiler room, the works included the manufacture and installation of pellet silos and a transportation system, reconstruction of the substation, installation of new

pumps and other equipment, and the installation of an equipment managing system.

Under current circumstances, water necessary for heating can be heated in two ways: by using the newly installed hot water boiler which consumes pellets or by using the steam boilers which consume fuel oil and are still in operation, serving as an alternative. Choosing the heating source (hot water or steam boiler) is done by hand, through a control panel, and the heating system is still managed through a software program that automatically regulates heat for consumers, depending on the outdoor temperature, shift schedules and the work calendar.

The total value of the project was EUR 215,000. The financial effects of yet another of Titan's investments arise from its mobility to strategically contribute to conserving resources and reducing the impact on the environment, which creates common values.

CO₂ Emissions

In compliance with WBCSD/CSI Guidelines, TITAN Cementara Kosjerić calculates direct CO₂ emissions resulting from cement production, and reports said findings. This type of monitoring is continuously carried out, despite the fact that Serbia has yet to implement legal regulations in regard to calculating and reporting data on CO₂ emissions.

In the cement production process, the total emission of direct CO₂ is 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, and transportation of materials on plant premises. In order to reduce emissions from these sources, we direct our improvement measures to increasing the energy efficiency of the clinker production process, reducing the proportion of clinker in cement and using alternative fuels or biomass.

Total direct emissions of carbon dioxide in 2015 totaled 0.24 million tons and was roughly 6.2% more than in 2014, due to an increase in the production volume. At the same time, total emissions of biogenic CO₂ originating from the combustion of wood pellets, was 488 tons. Specific direct emissions of carbon dioxide per ton of product were 604.7 kgCO₂/t_{product}, which is 1.8% less than values measured in 2014.

By using wood pellets as a substitute energy source for fuel oil to heat the workplace, in 2015 TITAN Cementara Kosjerić reduced CO₂ emissions by 764 tons.

Air Emissions

When using fossil fuels in the production of cement, the main air emissions are nitrogen oxides (NO_x), sulphur oxides (SO₂), and dust which are formed as a result of the operation of the rotary kiln in clinker production. By efficiently managing emissions, we ensure the proper management of production processes, regular maintenance of equipment, as well as continuous monitoring of the level of emissions of major emitters.

In May 2015, TITAN Cementara Kosjerić received approval from the competent Ministry for the continuous measurement of emissions from stationary sources of pollution. On other dust emitters, authorized institutions periodically conduct measurements.

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. Also, we have set demanding targets internally and are committed to achieve them by 2020. TCK regularly reports to the competent Ministry and the Environmental Protection

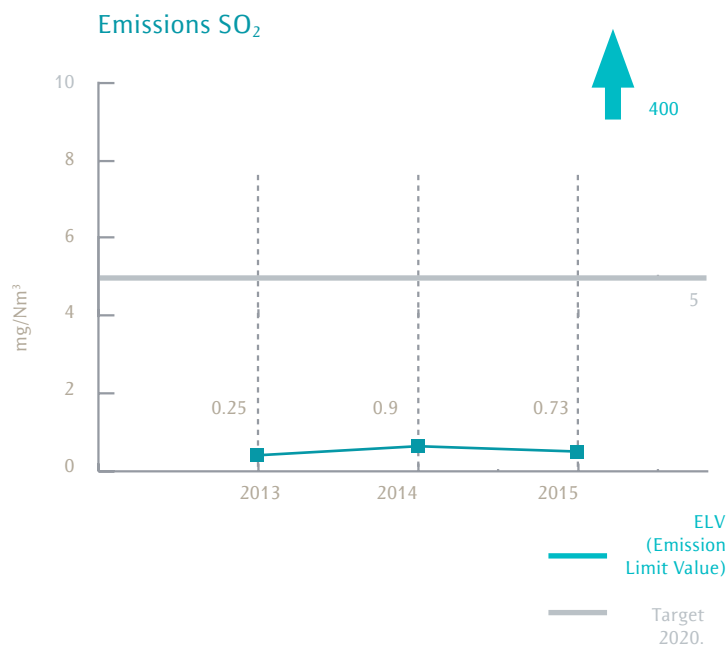
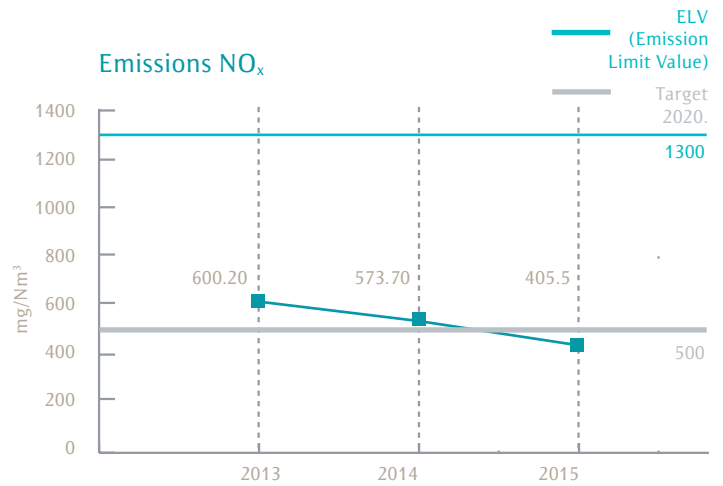
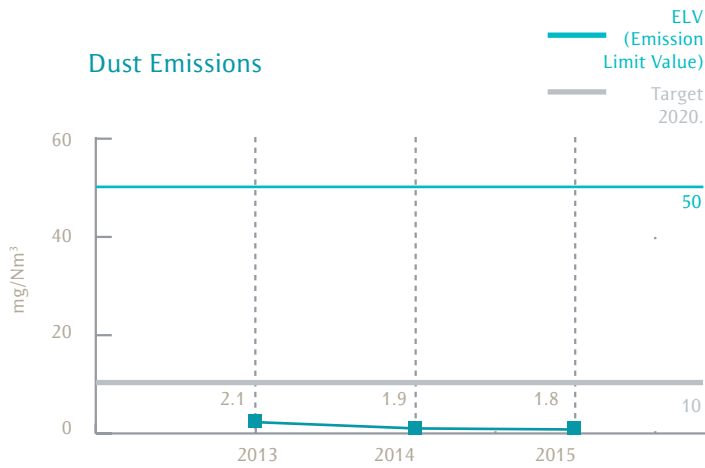
Agency with regard to emissions, and we publish the average emissions values over a two-week period on our website at: www.titan.rs.

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).

In 2015, total dust emissions were 1.14 tons, which is 5.4% higher than in 2014, as a result of the increased number of hours of kiln operation.

Total emissions of nitrogen oxides in 2015 was 262.3 tons, and the increased use of lignite in this period shows a decrease compared to the previous year.

In 2015, total SO₂ emissions were 0.47 tons, which is 0.04% less than in 2014.



Conserving Resources

Development, implementation and monitoring of programs for the efficient use of natural resources is of great importance in our business and is firmly established in Titan's Environmental Policy.

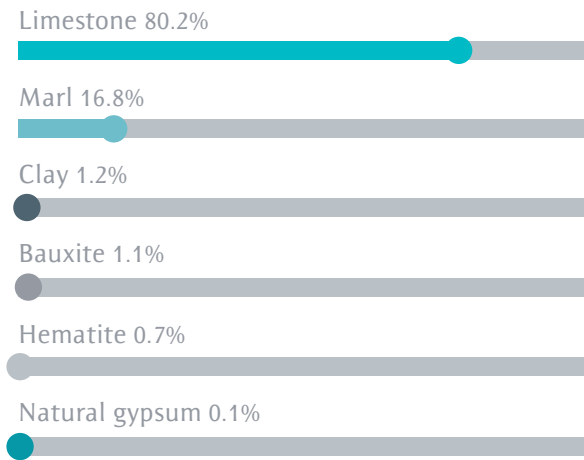
By using alternative raw materials in the production process, we contribute not only to reducing the exploitation of non-renewable raw materials, but also to solving the problem of industrial by-product stockpiling.

Natural and Alternative Raw Materials

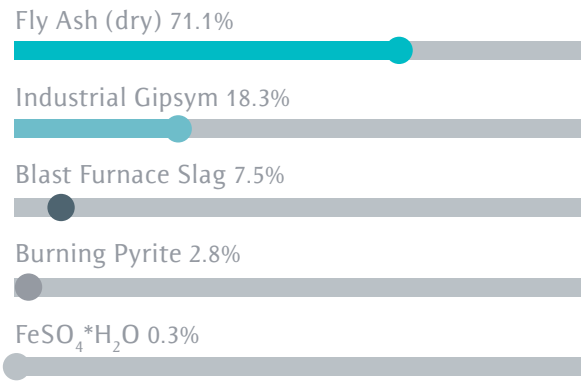
In 2015, cement production at TITAN Cementara Kosjerić required the used of 581,546.18 tons of raw materials. Of these, natural raw materials accounted for 514,503.04

tons while the share of secondary - alternative raw materials amounted to 67,043.1 tons, or 11.53% of the total amount, and that is 3.77% less than in 2014.

Use of Natural Raw Materials (%)
TOTAL: 514,503.04 t



Use of Alternative Raw Materials (%)
TOTAL: 67,049.14 t



Water

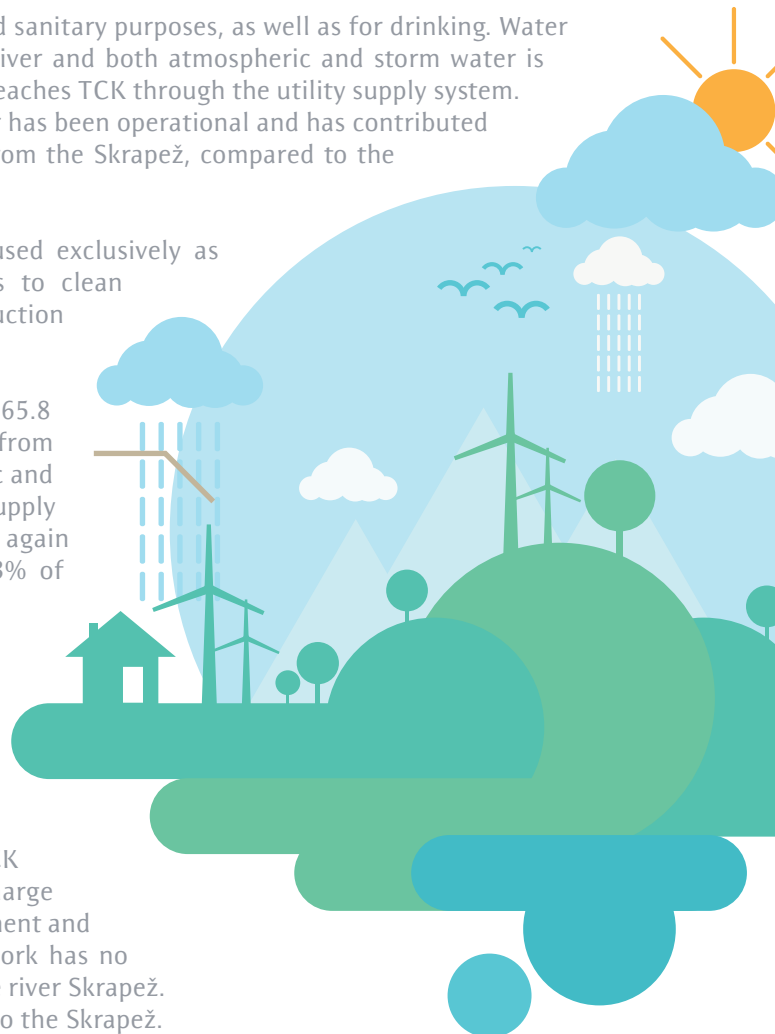
Efficient water use is an important objective to TITAN Cementara Kosjerić in regards to environmental protection, and is also a way to reduce costs. For this reason, the Titan Group CSR Committee regularly evaluates the effectiveness of our Sustainable Development Policy in the area related to water management, harmonizing all improvements with the CSR committees in other plants belonging to the Group.

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 and both atmospheric and storm water is used for this purpose, whereas drinking and sanitary water reaches TCK through the utility supply system. Since 2014, a system for the recirculation of industrial water has been operational and has contributed to significantly reducing the amount of water abstracted from the Skrapež, compared to the period before the plant was put in operation.

All of the industrial water in the production process is used exclusively as a coolant (cool materials, gases, equipment) as well as to clean transportation routes (access routes), as a result, our production cycle does not create any waste water.

For the uninterrupted needs of our production process, 58,765.8 m³ of water was used in 2015. Of that, 1,141.2 m³ was taken from the Skrapež River, while 37,230.6 m³ - collected atmospheric and storm water and 20,394 m³ came from the utility water supply system. Through our Recirculation System, we were once again able to use 462,144 m³ of filtered industrial water, i.e., 92.33% of our water needs.

Our demanding criteria in the implementation of water protection means that all sewage, drainage and storm water is treated by the Company to the required level of quality and only after this process is it discharged into the Skrapež. Based on the regularly monitored quality of our treated wastewater and water from the River Skrapež, reports and analysis on their properties demonstrate that TCK adheres to all regulation requirements concerning the discharge of waste water. By establishing systems of wastewater treatment and industrial water recirculation, we have ensured that our work has no significant impact on the quality and quantity of water in the river Skrapež. After treatment, 99,649 m³ of water was discharged back into the Skrapež.



Waste Management

The technological process of producing clinker and cement does not create any waste by-products. Waste is generated solely as a result of plant maintenance procedures and product packaging and the entire amount generated at TCK is submitted to authorized collectors and operators for further treatment.

The amount of waste generated at TITAN Cementara Kosjerić throughout 2015 amounted to 167.28 tons. Non-hazardous waste (scrap metal, waste paper, palettes,

waste foil, sanitary waste, etc.) accounted for 151.4 tons, of which 120.2 tons was shipped to recycling facilities and 31.2 tons was prepared for disposal. The amount of hazardous waste generated (waste oils and greases, accumulators, light bulbs, etc.) totaled 15.88 tons. The entire amount of hazardous waste generated in 2015 was submitted to authorize operators for further treatment.

Packaging Waste

In 2015, TITAN Cementara Kosjerić utilized 2,526.9 tons of packaging in order to package its products, according to the following structure:

- paper packaging - 564.1 tons
- plastic packaging - 59.7 tons
- wood packaging - 1,903.1 tons

The total share of packaging used for packing cement, obtained from non-renewable sources, amounted to 2.4%, while the remaining 97.6% was produced from renewable materials (paper, wood).

On the Serbian market, TITAN Cementara Kosjerić delivered a total of 1,756 tons of packaging, and in collaboration with the authorized operator, in 2015 we fulfilled our obligations relating to the National Packaging and Packaging Waste System. Within this framework, TITAN Cementara Kosjerić continued its activities to ensure the successful implementation of the National Strategy.

Conserving Biodiversity

By responsibly and systematically managing land within and surrounding our operations, we increase our contribution to nature conservation. This is why in 2015, we continued with the Rehabilitation Plans of the SuvoVrelo and Godljevo Quarries, which were developed in 2013. According to the adopted plans, in the previous year we completed the regeneration of parts of the Suvo Vrelo and Galovići Quarries, where we planted 235 maple

seedlings. Biological cultivation is conducted in order to form a protective forest belt, prevent erosion, ensure slope stability, ensure top soil stability, and control runoff.

In addition to planting trees on the pits, in 2015 we planted 100 white pine cedar and silver spruce seedlings within the plant premises.



Accumulated results

TITAN Cementara Kosjerić - Results	2013	2014	2015	Objective 2020
Consumption of Natural Raw Materials (t)	468,191.7	466,429	514,503.04	
Consumption of Alternative Raw Materials (t)	53,195.4	70,856.8	67,043.14	
Alternative Raw Materials Substitution Rate	10.2%	15.2%	11.53%	
Alternative Raw Materials Substitution Rate (in relation to WBCSD-CSI)	9.7% _{SUVO}	13.1% _{SUVO}	11.49% _{SUVO}	12% _{SUVO}
Water Consumption – total (m ³)	597,684.40	56,272.8	58,765.8	
drained river water (m ³)	581,764.40	1,871.3	1,141.20	
rain and drainage water (m ³)	-	42,992.5	37,230.6	
drinking water (m ³)	15,920	11,409	20,394	
Water discharge (m ³)	516,290.40	182,069	99,649	
Water withdrawal (l/t _{cement})	223.1	118.0	93.6	220
Total Direct CO ₂ Emissions (million t)	0.22	0.23	0.24	
Specific Direct Emissions of CO ₂ (kg/t _{product})	623	615.8	604.73	637.3
Percentage of clinker in the cement	71.45%	70.45%	69.72%	72.0%
Total Dust Emissions (t)	1.05	1.08	1.14	
Total Dust Emissions (mg/Nm ³)	2.1	1.88	1.76	10
Total NO _x Emissions (t)	296.9	329.4	262.3	
NOX Emissions (mg/Nm ³)	600.2	573.7	405.5	500
Total SO ₂ Emissions (t)	0.12	0.52	0.47	
SO ₂ Emissions (mg/Nm ³)	0.25	0.9	0.73	5
Amount of Recycled Waste (external) (t)	166.58	417.4	163.16	

* The product is a cementitious products according to the WBCSD

Environmental Costs	2015
Environmental Protection Management (000 €)	252.1
Reforestation (000 €)	8.9
Remediation (000 €)	/
Environmental Awareness Training and Development (000 €)	/
Environmental Development Technology Implementation Costs (000 €)	61.7
Waste Management (000 €)	10.8
Total (000 €)	333.6

One of TITAN Cementara Kosjerić's achievements with in environmental protection is the fact that throughout 2015, 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.

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#	Disclosure	Page in this Report
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	G4-EN11	Operational sites found on or adjacent to protected areas	Not applicable
	G4-EN12	Description of significant impacts on biodiversity in protected areas	Not applicable
	G4-EN13	Habitats protected or restored	36
	G4-EN14	Total number of IUCN Red List Species and National Conservation List Species with habitats in areas affected by operations	Not applicable
Emissions	G4-DMA	Management approach	31-34
	G4-EN15	Total direct greenhouse gas (GHG) emissions (Scope 1)	33
	G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	Total indirect CO ₂ emissions were 0.035 million tons
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	/
	G4-EN19	Reduction in greenhouse gas (GHG) emissions	33-34
	G4-EN20	Emissions of ozone-depleting substances (ODS)	33-34
		NO _x , SO _x and other significant emissions	Not applicable. The cement production process is not source of ozone-depleting substances.

* Energy consumption outside of the organization is presented in accordance with the Decree on establishing limits power consumption on the basis of which the determination of liable companies in relation to the energy management systems, the annual energy saving targets and the registration form on the realized energy consumption is completed ("Official Gazette of RS" No. 18 /16)

27,333 mm	G4-DMA	Management approach	35
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	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
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	G4-LA7	Workers with high risk related to their occupation	22
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	G4-LA9	Average hours of training per year per employee by gender, and by employee category	20
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending	20
		Percentage of employees receiving regular performance and career development reviews	18
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Equal remuneration for women and men	G4-DMA	Management approach	19
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	19
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	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	24-26
	G4-LA15	Significant impacts for labor practices in the supply chain	24-26
Labor Practices Grievance Mechanisms	G4-DMA	Management approach	18, 19
		Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	None

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Investment	G4-DMA	Management approach	14-15
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Non-discrimination	G4-DMA	Management approach	19
	G4-HR3	Total number of incidents of discrimination	None
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	G4-HR4	The possibility of violation to the freedom of association and collective bargaining	19
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	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	24-26
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain	24-26
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	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	24-26
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain	24-26
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		Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	None
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	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products	None
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	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	25-26
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	G4-PR6	Sale of banned or disputed products	None
Customer Privacy	G4-PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	None
	G4-DMA	Management approach	25-26
Compliance	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
	G4-DMA	Management approach	25-26
		Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

REPORTING PRINCIPLES

Since 2011, when TITAN Cementara Kosjerić published its first annual Corporate Social Responsibility and Sustainable Development Report for 2010, the Company has continued to improve its structure and the contents of its annual reports, on the basis of an environment conducive to corporate development and the suggestions of all stakeholders. The assessment of material issues, which the Company implements through dialogue with stakeholder representatives, complies with TITAN Group's Strategy and its priorities.

The 2015 Report was prepared in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative G4. 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 2015 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 broader reporting.

The Company is dedicated to the continuous development of transparency and reporting, in relation to its stakeholders. The 2015 Report meets the requirements of the GRI G4 "comprehensive level of coverage", as determined by independent auditors from KPMG. 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, Mrs. Ljiljana Spasojević Tošović, or to write to us via the following e-mail address: 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



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TRANSLATION

Independent Limited Assurance Report

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

We were engaged by the owners of Titan Cementara Kosjerić d.o.o. Kosjerić (“the Company”) to provide limited assurance on the Corporate Social Responsibility and Sustainable Development Report for the year ended 31 December 2015 of Titan Cementara Kosjerić d.o.o. Kosjerić (“the Report”).

Management’s responsibilities

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative as set out in the “Reporting principles” section of the Report, and the information and assertions contained within it; 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 responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of the Company’s processes for determining the material issues for the Company’s key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Report.
- Visits to site operating in Kosjerić, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Company.



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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Corporate Social Responsibility and Sustainable Report of Titan Cementara Kosjerić d.o.o. for the year ended 31 December 2015 is not presented, in all material respects, in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative as set out in the "Reporting principles" section.

In accordance with the terms of our engagement, this independent limited assurance report on the Report has been prepared for Titan Cementara Kosjerić d.o.o. Kosjerić in connection with reporting to its stakeholders and for no other purpose or in any other context.

Belgrade, 22 June 2016

KPMG d.o.o. Beograd

(L.S.)

James Thornley
Senior Partner

This is a translation of the original Independent 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, 22 June 2016



(L.S.)

KPMG d.o.o. Beograd

James Thornley
Senior Partner