



Together We Build Sustainable Relations

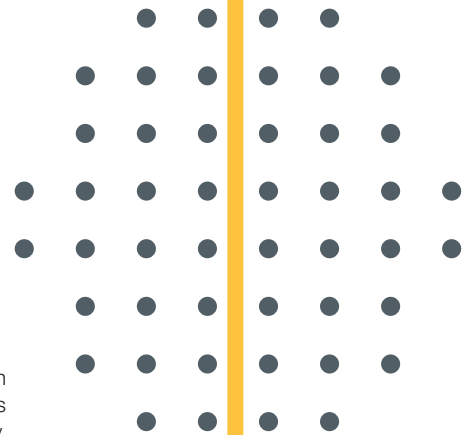
2020 Integrated
Annual Report





TITAN

CEMENTARA KOSJERIĆ



The cover photo was taken during our Plant Open Day. TCK regularly organizes this event, which is our way of welcoming employees and their families, members of the community, associates and representatives of the various stakeholder groups with whom we collaborate successfully. Supported by a rich educational, children's and entertainment program, this event invites all those interested to visit the plant and become acquainted with the stages of the production process. With the expert guidance of our engineers, our guests have the opportunity to gain insight into how modern technologies are applied in cement production.

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REPORTING PRINCIPLES:

2020 Integrated Annual Report

This is the 11th consecutive Integrated Annual Report published by TITAN Cementara Kosjerić (in short TCK¹) aligned with international and TITAN Group standards regarding the ESG performance (ESG – *Environmental, Social and Governance*) along with TCK key financial statements. TCK is among the first companies to support the need for transparency and stakeholders dialogue on sustainability issues fully aligned with international and European standards and best practices. This is a practice we, as part of TITAN Group, have followed consistently since 2011, to enhance better alignment with stakeholders' expectations and to support the implementation of our business strategy in the long term.

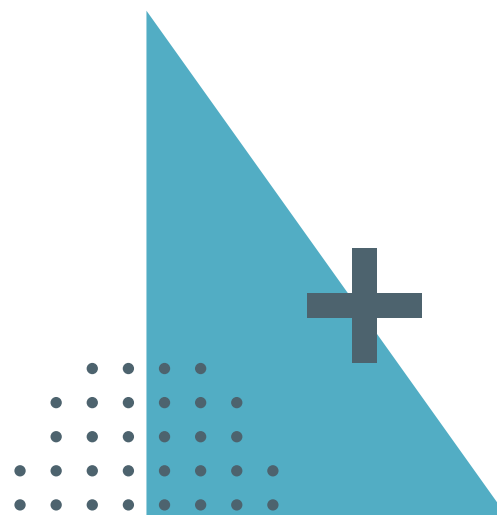
The 2020 TCK Integrated Annual Report (in short the Report) focuses on all material issues identified by TCK through a systematic stakeholder engagement process and accordingly the contents of this Report are comparable to the previous Reports published regarding sustainability performance achieved in 2018 and in 2019 (for 2019 and 2018 Reports, please see: <http://www.titan.rs/home/page/34/Reports>).

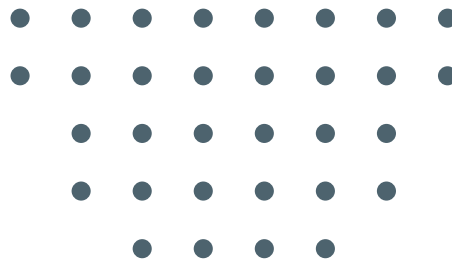
The 2020 TCK Integrated Annual Report includes the integrated operations of the cement plant in Kosjerić, along with its quarries (located in the Municipality of Kosjerić, Serbia) and incorporates its subsidiary in Montenegro – TCK Montenegro, which deals primarily with sales activities. The primary activity of our Company is cement production and distribution. The legal entity, TITAN Cementara Kosjerić, a company incorporated in Serbia, is a subsidiary of TITAN Cement International S.A. (in short: the TITAN Group). TCK has full ownership of the subsidiary in Montenegro and the plant located in Serbia.

The Report includes figures from TCK's Financial Statements for the period 1 January to 31 December 2020, excluding the financial results of the subsidiary in Montenegro. The Report provides disclosure of non-financial indicators concerning environmental and social performance as well as corporate governance in a consolidated manner for the parent company and subsidiary in Montenegro, whose environmental and social footprint is insignificant.

As of 2018, TCK complies with the global sectoral approach of the parent company, TITAN Cement International S.A, in measuring, monitoring and verifying environmental, social and governance performance. The Report includes the Social Performance Index and Environmental Performance Index, covering an extensive number of performance indicators related to material issues and the Sustainable Development Goals 2030 (SDGs 2030).

¹ The title "TITAN Cementara Kosjerić" is used equivalently in this Report with the titles "TCK", "Cementara" and "Company".





This Report complies with TITAN Group sustainability reporting standards and is compatible with the Guidelines of the International Integrated Reporting Council (IIRC), the UN Global Compact Communication on Progress for the Advanced Level, the approach of the Global Cement and Concrete Association (GCCA), and the UN SDGs 2030. In its approach, the Company has also integrated the Guidance of the United Nations Conference on Trade and Development (UNCTAD)² in order to connect its sustainability reporting to the SDGs 2030, following the TITAN Group approach³.

Aiming to ensure accurate, compliant and updated reporting, the Company uses the new Group Human Resources Management System (GHRMS) and the CSR Databank and Environmental Databank. In October 2019, TITAN Group updated two internal sets of sustainability guidelines and glossaries, which include social and environmental performance. These guidelines align with the GCCA Sustainability Charter and Framework Guidelines. By ensuring compatibility with the mentioned requirements, TCK has built a harmonized local reporting system.

The Report has been verified by independent auditors from Grant Thornton Serbia, in accordance with Advanced Level of Communication on Progress UN Global Compact. The Assurance Statement issued by Grant Thornton Serbia is part of this Report.



**Additional information,
questions & suggestions:**

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**More information about
integrated reporting:**

www.integratedreporting.org



**More information
about TCK at:**

www.titan.rs



**More information
about TITAN Group:**

www.titan-cement.com

² "Guidance on Core Indicators for Entity Reporting on the Contribution Towards the Attainment of Sustainable Development Goals", United Nations Conference on Trade and Development (UNCTAD, 2019).

³ For more information about the TITAN Group global sector approach and standards please see 2020 TITAN Group Integrated Annual Report: https://www.titan-cement.com/TITAN_Cement_Group_IAR_2020_EN.pdf



MESSAGE

from the General Manager

Dear Stakeholders,

Looking back on the past year, a year in which humanity faced a pandemic of unprecedented proportions, I am proud to say we responded as a well-coordinated team. With the support and trust of our long-term business associates, we demonstrated exceptional dedication to our work, a willingness to respond to the challenges of facing completely unexpected changes at a global scale, with the solidarity and flexibility required to meet these new circumstances head on. This is how we were able to achieve strong results this year as well, and more importantly, maintain health and safety performance, once again reaching over 400 days without any work-related injury.

People have always been at the core of TITAN Group efforts in its almost 120 years long history. In 2020 keeping with this tradition, we have developed the Employee Assistance Program, providing expert consulting services that contribute to improving the health, psychological and emotional well-being and professional output of our employees and their families.

Through consistent implementation of our Corporate Social Responsibility Policy, we have demonstrated solidarity and provided selfless support to many within our community in need, primarily focused on medical and social assistance.

Our dedication to sustainable growth is reflected in the regular review of all issues of material significance to the Company and key stakeholders. The New Materiality Assessment Cycle, implemented in 2020, establishes a relevant compass to formulate appropriate goals and activities that will enable us to respond to reasonable stakeholder expectations, led by the idea that through joint effort we build the path toward sustainable development.

In the past year we experienced an increase in domestic cement consumption and a planned decrease in cement export caused by the completion of a major infrastructure project – the construction of a highway in Montenegro. As a result, annual cement sales remained almost identical to those attained in 2019. With additional savings in operating expenses, we were able to increase operating profit (EBITDA) by 22%, relative to 2019.

In all aspects of environmental impact, TCK's performance is far below the legally prescribed limits. This is further confirmed by emission measurements, the values of which are available on the Company's website and in the regularly published Annual Integrated Reports. The installation of a new bag filter on the kiln and raw mill improves the already existing high levels of environmental protection, guarantees low emissions in the current mode of operation and creates conditions for the safe use of alternative fuels in the future. Convinced of the contribution that the use of alternative fuels in cement industry provides to the environment, with this major and important environmental project, we have taken another significant step to reduce the use of fossil fuels and to increase, as planned, the use of energy from alternative sources.

With our membership in the UN Global Compact, we have integrated the long-term, universal principals of human and labor rights, environmental protection and anti-corruption, while overall performance takes place under the guidance of the Sustainable Development Goals 2030 Agenda. We continued to implement these Goals throughout 2020, as well.

In the coming period, we will place a significant effort on improving sustainability. Particular focus is on reducing CO₂ emissions, the digitalization of processes and good results. Our priorities are the 3Ds: Delivery of Performance, Digitalization and De-carbonization and are the foundations for future company growth.

Looking ahead, it is clear that we will continue to face crises and great challenges, with a fair amount of macroeconomy-related risk. With sound medium-term forecasting and our ability to adapt efficiently, I am confident in our capacity to overcome all obstacles without losing sight of our principles, strategies and priorities, as dedication to our values is required now more than ever.

We thank our employees, business partners and stakeholders for their support, collaboration and feedback that helps us to improve our business in a sustainable and responsible manner.

Miroslav Gligorjević
General Manager





ABOUT US

Today

TITAN

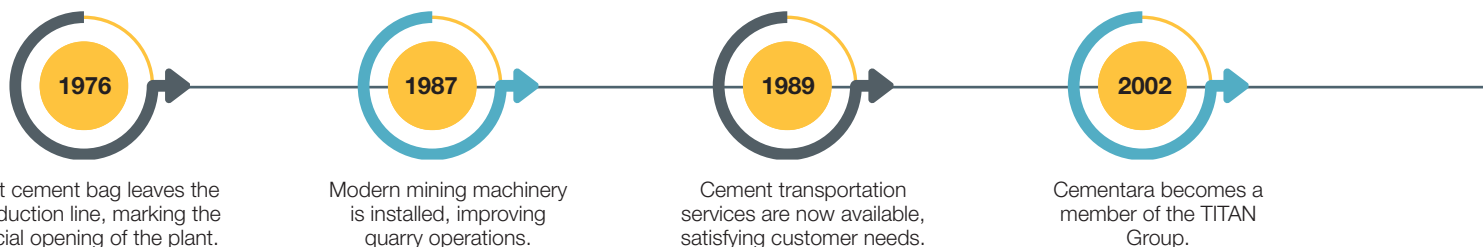
Cementara Kosjerić

TITAN Cementara Kosjerić d.o.o. was founded in 1976, as the youngest and smallest cement plant in Serbia. From the start, high quality products and a professional approach to customers have been the imperative and as a result, the TCK brand quickly gained recognition within the market. With the plant's capacities, producing 750,000 tons of cement per year, TITAN Cementara Kosjerić supplies substantial portions of markets of Serbia and Montenegro.

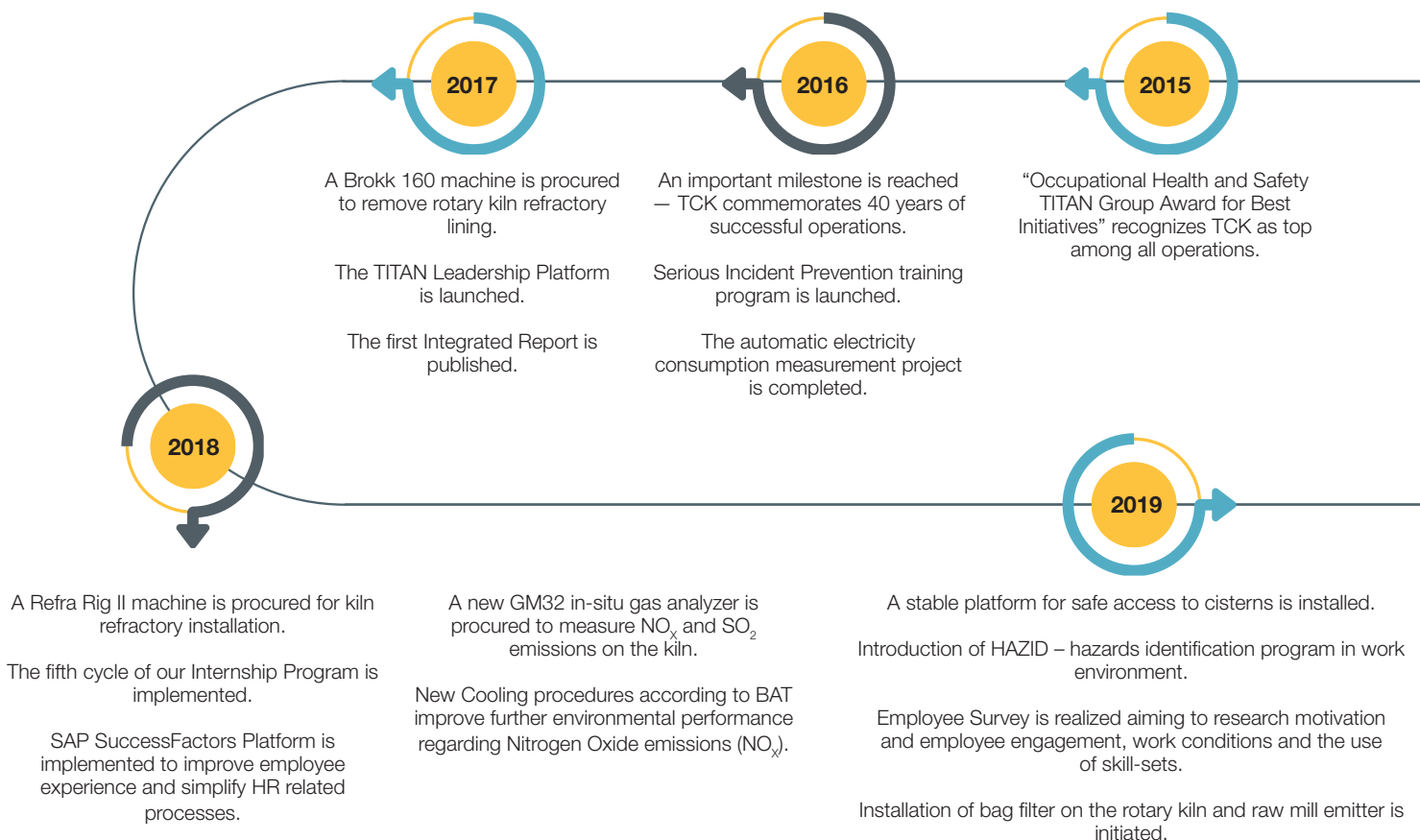
The Assembly of the Municipality of Kosjerić and the Institute "Kirilo Savić", in charge of the design of the plant, decided together on the location for the new cement plant in Kosjerić in 1970. Construction of the plant officially started on September 25, 1971. The plant began production in 1976 and by the 1980s, its capacities had increased to 400,000 tons of cement per year.

Our Responsible Business Throughout History

Start of Operations and Important Progress



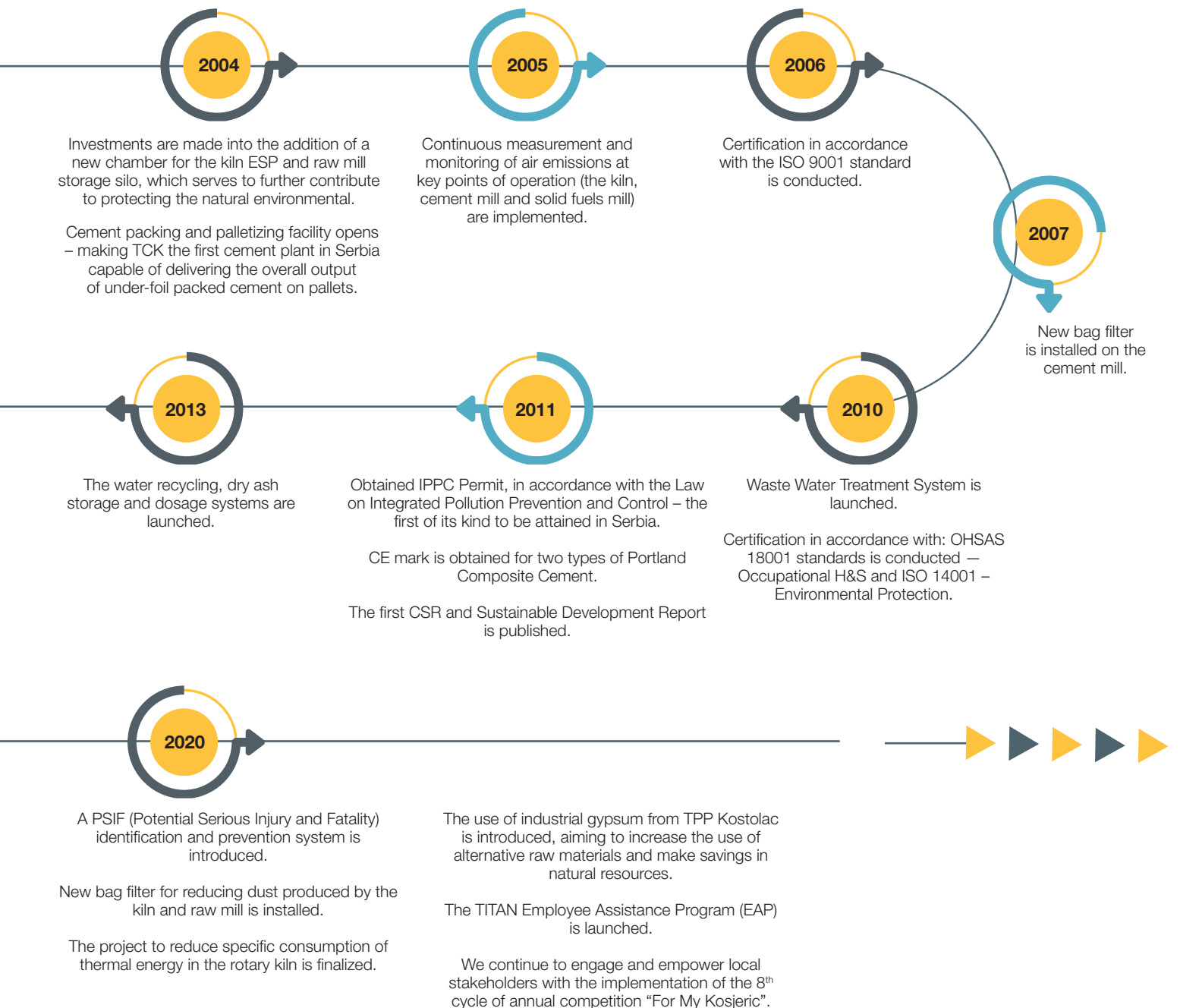
Achievement of Company Sustainable Objectives: 2016–2020



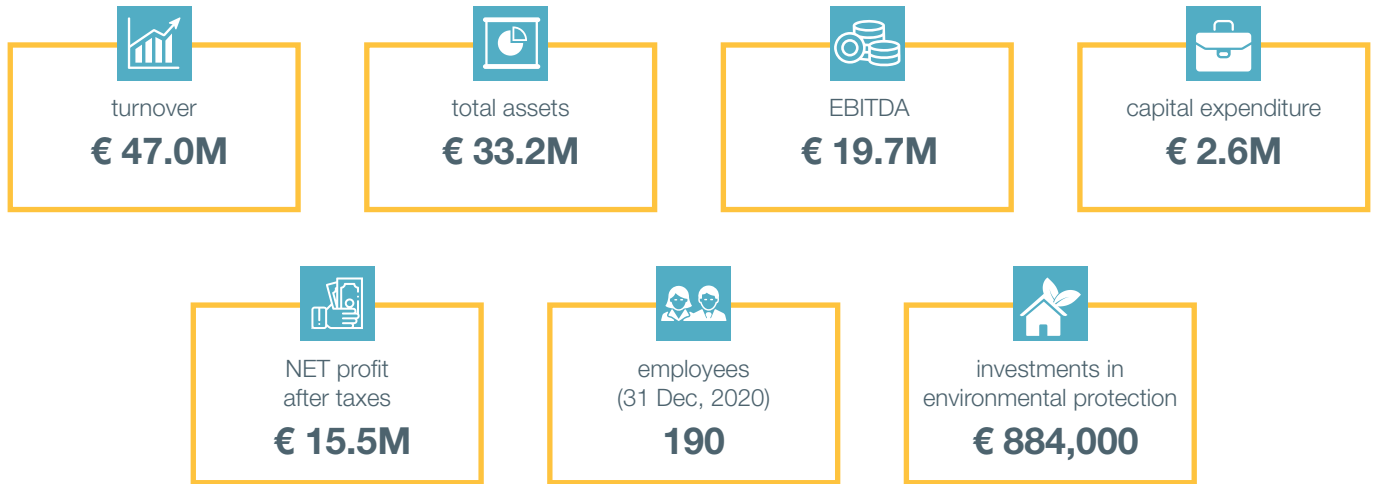


In April 2002, Cementara joins the TITAN Group, the international cement and building materials producer. Since privatization to date, almost EUR 70 million has been invested in improvements related to environmental protection, workplace safety, increasing capacities and optimizing production processes.

TITAN Cementara Kosjerić operates as part of a multinational corporation, the TITAN Group, with approximately 5,400 employees present in over 15 countries. As an international and vertically integrated producer of cement and other building materials, the Group’s activities are based on the production, transport and distribution of cement, concrete, aggregates, fly ash, mortar and other construction-based product lines. During its long history, the TITAN Group has invested a great deal of effort to respond to societal needs, while contributing to sustainable growth, with integrity and responsibility.



TCK Key Performance Indicators for 2020



Our Products

We draw on business, economic and social goals in shaping TITAN Cementara Kosjerić's product line. Together these goals create key mutual values in the successful collaboration between the Company and numerous partners. Founded on know-how and modern technological innovations, TCK's product line, with its variety and performance quality, is always ready to respond to the design needs of various types of construction and ambitious ventures within the community. We nurture trusting relationships with our customers by continuously improving the technical, safety and sustainable features of our product line and striving to respond with responsible business processes and contribute to the social ideals that shape each generation.

CEM II/B-M(V-L) 32,5R

In addition to stable quality (water consumption, setting time), this product is characterized with high early strength, and low heat of hydration. This product is suitable for individual construction, masonry works and finishing construction works.

CEM II/B-M(V-L) 42,5R

This cement has a wide range of applications, from transported and pumped concrete, to the manufacturing of all kinds of reinforced concrete structures. It is suitable for the production of finishing building materials. It meets the requirements for consistent quality and high early and standard strengths. This cement has the possibility of achieving high strength concrete.

CEM II/A-M(S-L) 42,5R

This cement has a high level of early and late strength, suitable for manufacturing all types of concrete. Recommended for the building of massive concrete structures, bridges, tunnels, roads and other facilities. Suitable for making high strength concrete, and concrete used in aggressive environments, as it demonstrates high resistance to frost and salt.

Our Values

INTEGRITY

Ethical business practices
Transparency
Open communication

KNOW-HOW

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

VALUE TO THE CUSTOMER

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

DELIVERING RESULTS

Clear objectives
High standards
Shareholder value

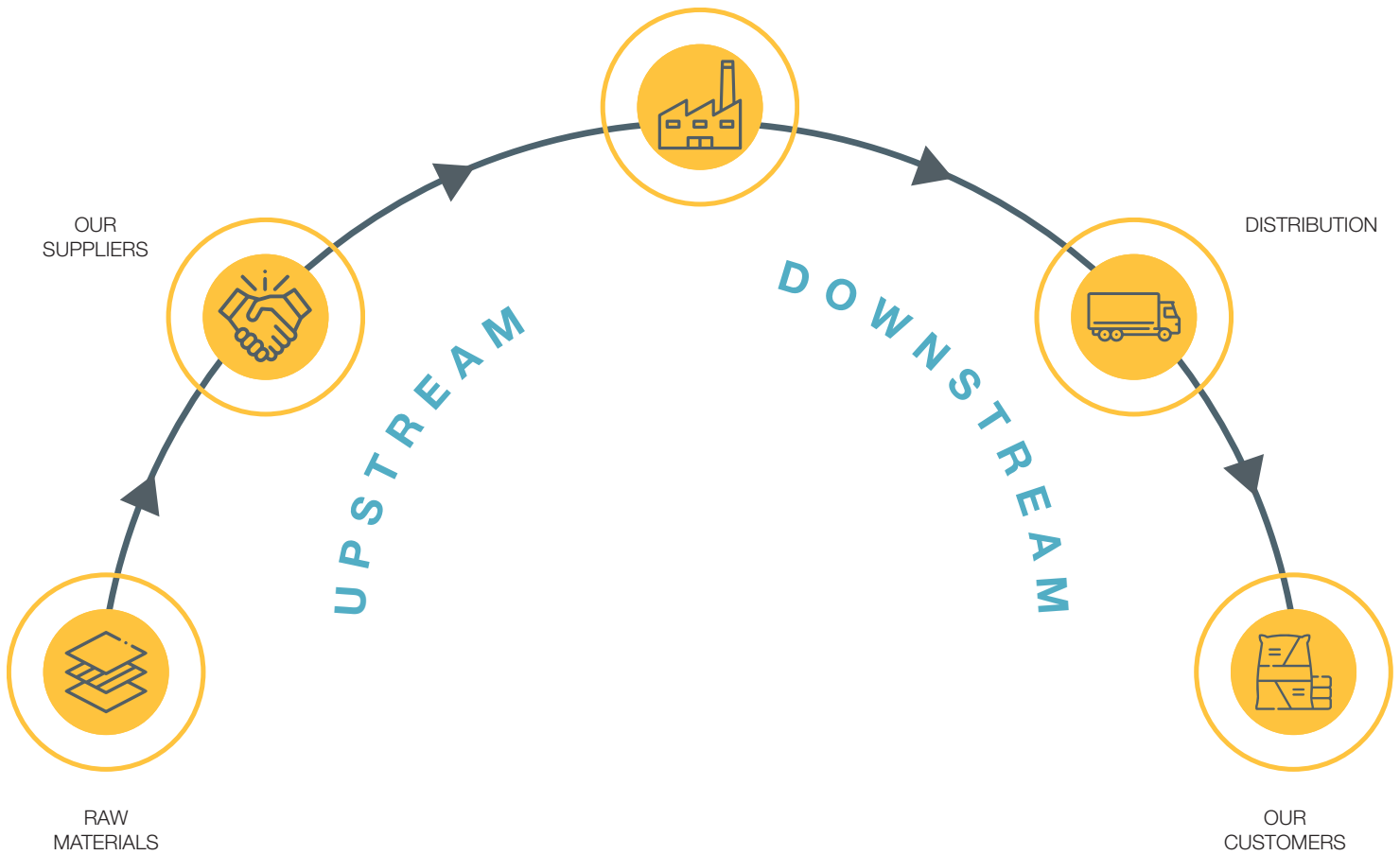
CONTINUOUS SELF-IMPROVEMENT

Learning organization
Willingness to change
Rise to challenges

CORPORATE SOCIAL RESPONSIBILITY

Safety first
Sustainable development
Stakeholder engagement





Management Systems

We create value for the Company and our key stakeholders adhering to the higher standards for the business and the sector, beyond the existing regulatory framework. To meet our business objectives we have developed management systems certified by International Standards Organization (ISO), that fully cover: Quality (ISO 9001), Environmental Protection (ISO 14001) and Occupational Health and Safety (OHSAS 18001). At the same time, we apply TITAN Group policies and standards to ensure ethical business practices, social responsibility, human rights, anti-corruption and prevent bribery, as well as anti-competitive behaviour and conflicts of interest.

ISO 9001:2015

since 2006

ISO 14001:2015

since 2010

OHSAS 18001:2007

since 2010

We are focused on continuously improving our overall performance through reducing or eliminating negative impacts by implementing a model that maintains balance between economic, social and environmental objectives.



Main impact of quarrying activities:

- Noise and dust
- Vibration
- Alteration of the landscape
- Potential impact on biodiversity
- Energy consumption



Main impacts of cement production:

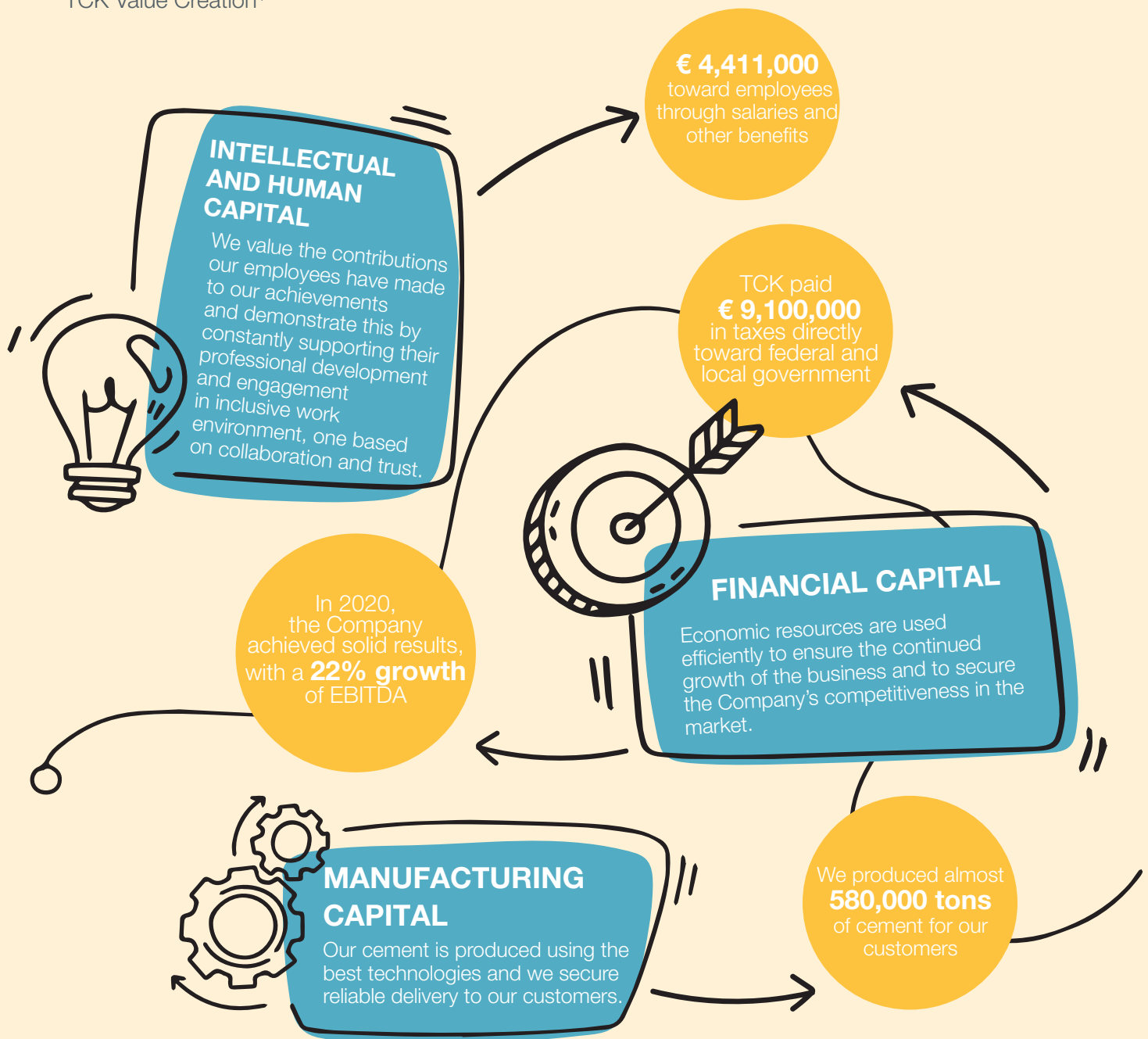
- CO₂ Emissions
- Energy consumption
- Other Emissions (dust, NO_x, SO_x)
- Noise
- Water consumption
- Safety rises

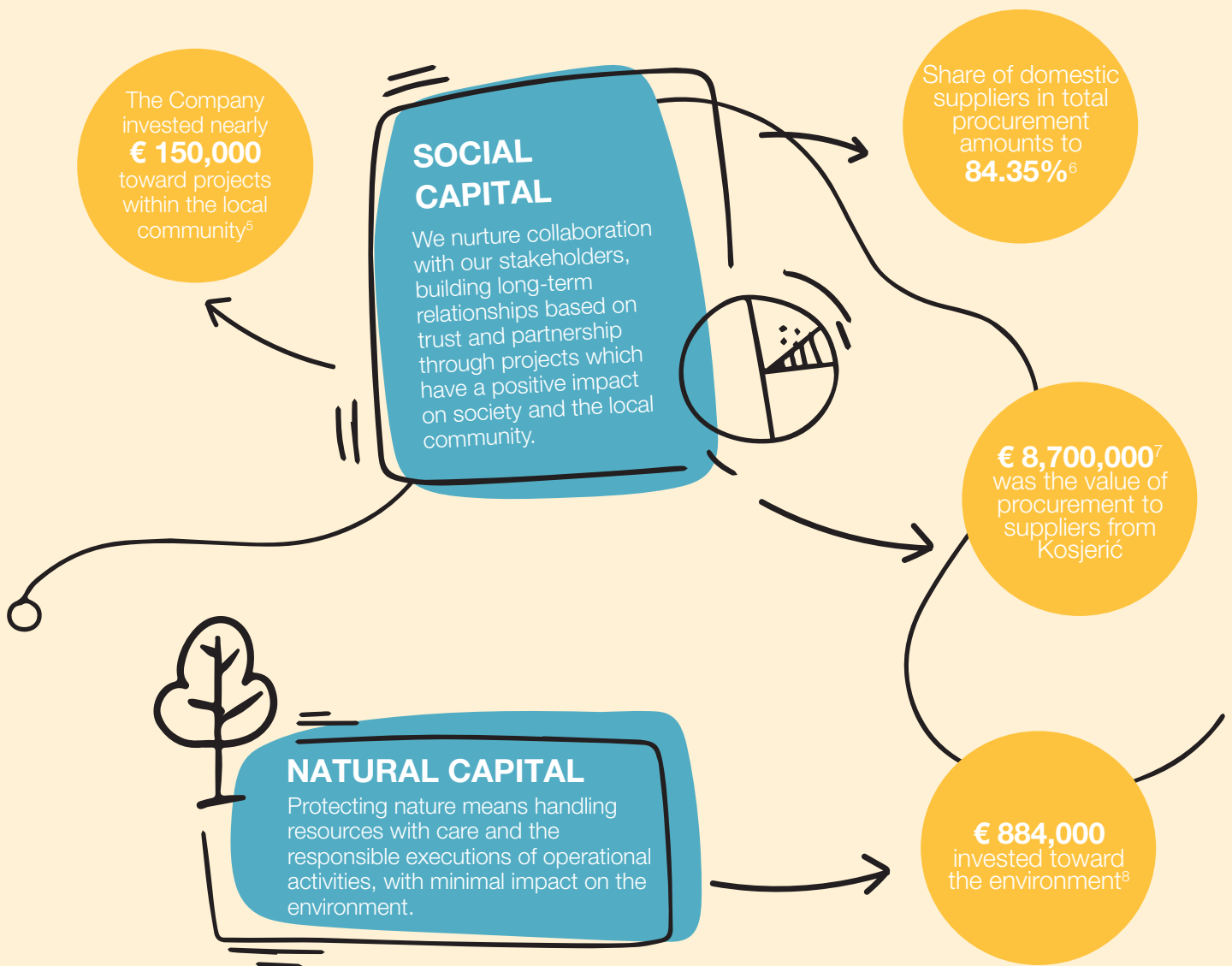
Indirect impacts:

- CO₂ Emissions
- Other Emissions
- Use of raw materials and fuels

HOW WE CREATE VALUE

TCK Value Creation⁴





⁴ For terms denoted under "TITAN Cementara Kosjerić Value Creation" please refer to the "Value Creation Core Indicators Glossary".

⁵ This figure is defined as "Total spend on donations and social engagement initiatives", according to TITAN Group reporting standards – see Social Performance Index KPI SP41L.

⁶ This percentage is defined as "Local Spend", according to TITAN Group reporting standards – see Social Performance Index KPI SP46L.

⁷ The amount includes VAT.

⁸ The figure is defined as "Investments for the Environment" ("Green Investment"), according to TITAN Group reporting standards – see Environmental Performance Index KPI (EP39L).

Focus on Material Issues to Enable Sustainable Development

Identification of stakeholders and material topics

Stakeholder inclusion and materiality checks

Strategic approach to priorities

Employee inclusion in strategy implementation

Performance review — reporting to stakeholders

TITAN Cementare Kosjerić's Corporate Social Responsibility Policy is strategically based on open and mutual communication with all stakeholders. In nurturing mutual trust, we work together to build a path toward sustainable development within the community in which we operate and in society as a whole. One of the constitutive elements in the realization of this effort is the Materiality Assessment process, which we have consistently implemented since 2013.













Materiality Assessment Process

Materiality Assessment is the process of identifying the importance of an issue or topic to both the Company and its stakeholders. Materiality Assessment, i.e. the process of prioritizing material issues is an important factor in defining the contents of the Integrated Annual Report and a relevant foundation from which the Company can adequately respond to our key stakeholders' reasonable expectations and needs. Resulting from this process is the Materiality Matrix, a list of important topics that are prioritized according to their impact on the Company and significance to key stakeholders. This Matrix is used as a foothold to align business priorities with stakeholder needs, providing an inclusive and consistent sustainability strategy, that will contribute to the long-term improvement of the Company's overall performance and positive impact on society.

Health and Safety continues to be a high-priority topic for our Company. Appropriate to the new circumstances, TITAN Cementara Kosjerić has placed protecting the health and safety of its employees, customers and suppliers as top priority and the efforts of our team were directed towards achieving this objective in 2020.

In 2018, the Company conducted a Materiality Assessment whereby it identified top material issues which significantly impact local community development in terms of TCK operations.



Key Material Topics 2018	Corresponding UN Sustainable Development Goals (SDGs)	TITAN ESG Performance Indicators/ Page in this Report	Key Material Topics 2018	Corresponding UN Sustainable Development Goals (SDGs)	TITAN ESG Performance Indicators/ Page in this Report
 Local Communities	SDG 2 Targets: 2.1 and 2.3 SDG 4 Targets: 4.3 and 4.4 SDG 8 Targets: 8.5 and 8.6 SDG 9 Targets: 9.1 and 9.5 SDG 11 Target 11.4 SDG 16 Target 16.5 SDG 17 Target 17.17	SP40L-SP46L	 Economic Performance	SDG 8, SDG 9, SDG 11	Pages: 10, 14-15, 48, 58-60
 Health and Safety	SDG 3 Targets: 3.6 and 3.8 SDG 4 Target 4.3 SDG 8 Target 8.8	SP01L-SP13L	 Employment	SDG 5 Targets: 5.1, 5.4 and 5.5 SDG 8 Targets: 8.5, 8.6 and 8.8 SDG 10 Target 10.3	SP15L-SP30L, SP45L; Pages: 33-34
 Training and Education	SDG 4 Targets: 4.3, 4.4, 4.5 SDG 5 Targets: 5.1 and 5.5 SDG 8 Target 8.5 SDG 10 Targets: 10.2, 10.3 SDG 16 Target 16.5	SP31L-SP40L	 Effluents and Waste	SDG 6 Targets: 6.4 i 6.5 SDG 12 Targets: 12.4 and 12.5	EP04L, EP07L, EP37L, EP38L
 Energy	SDG 7 Target 7.2 SDG 12 Target 12.2	EP33L, EP34L, EP36L	 Market Presence	SDG 2 Targets: 2.1 and 2.3 SDG 4 Targets: 4.3 and 4.4 SDG 8 Targets: 8.5 and 8.6 SDG 9 Targets: 9.1 and 9.5 SDG 11 Target 11.4 SDG 16 Target 16.5 SDG 17 Target 17.17	SP29L, SP41L-SP46L; Pages: 34, 41-43
 Emissions	SDG 3 Target 3.9 SDG 9 Target 9.4	EP29L-EP32L EP16L-EP18L	 Materials	SDG 12 Targets: 12.2, 12.4 and 12.5	EP01L-EP03L, EP25L, EP26L
 Indirect Economic Impacts	SDG 8, SDG 11	SP41L-SP46L; Pages: 14-15, 20-21, 36-43	 Customer Health and Safety	SDG 3, SDG 8	Pages: 10, 20, 41

Long-term development of the positive impact on society: New Materiality Assessment Cycle

The New Materiality Assessment Cycle was launched at Group level in 2019 and TCK followed the same process in 2020. The outset of the new cycle was an opportunity to upgrade internal process by applying a new tool – SASB Materiality Sector Map which provides an overview of identified sustainability related issues that are material and relative to our sector. In line with our commitments and standard practices, we have tied the outcomes of the Materiality Assessment process with the UN SDGs 2030.

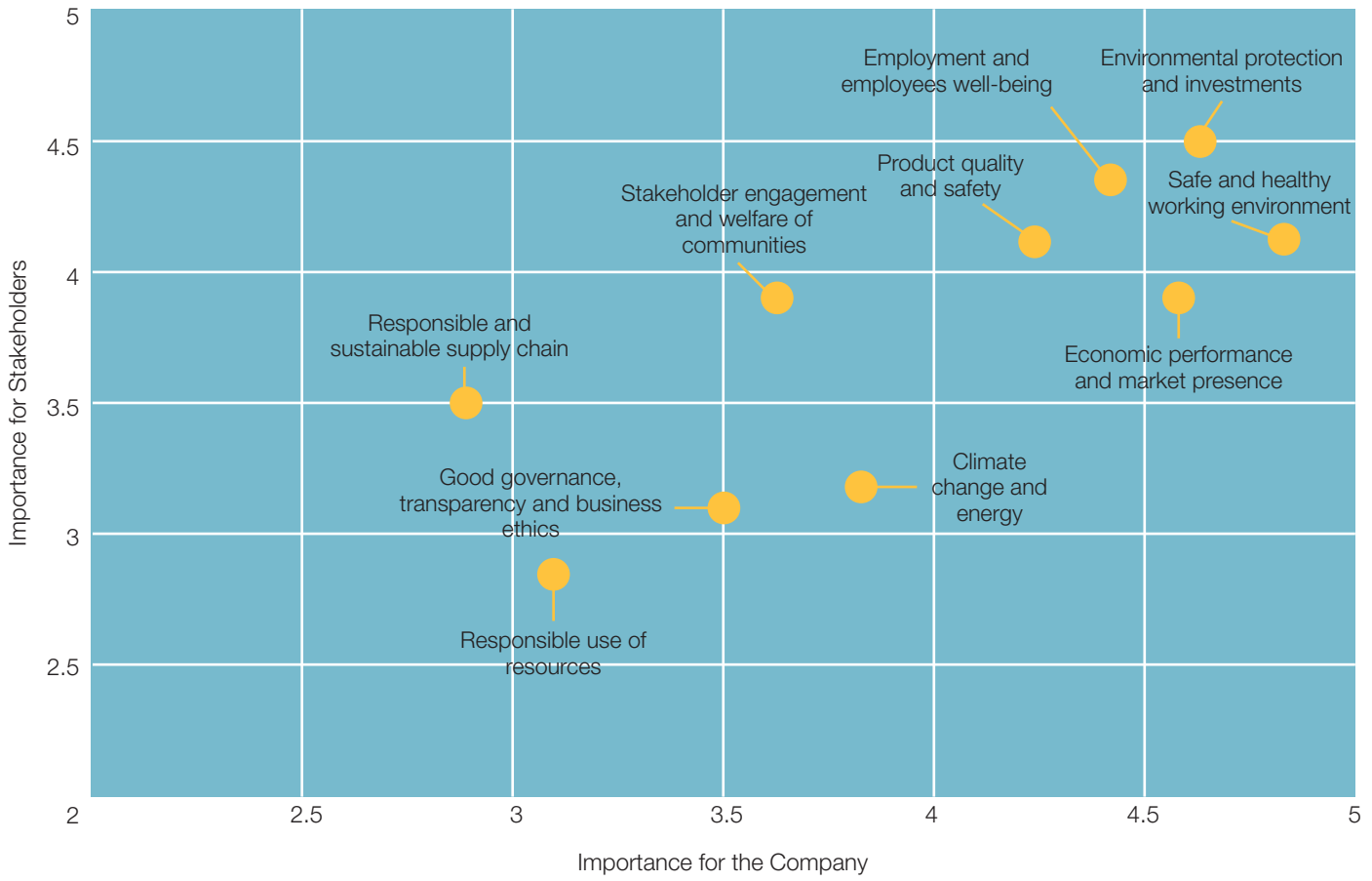
The new Materiality Assessment process was comprised of a number of steps. In the first phase, internal stakeholders from management and key operations provided feedback through the 2020 TCK Materiality Assessment Questionnaire, focusing on identification and prioritization of key stakeholders and material issues of relevance and significance to the Company and to the key stakeholders. An updated list of material issues that were not addressed in the previous Materiality Assessment Cycle was developed for further analysis and consultation. With this, the following assessment was conducted: to what extent do policies, management systems and company activities impact the defined material issues and to what extent are they able to resolve these issues adequately.

In addition to feedback from internal stakeholders, feedback from external stakeholders and a relevant study was conducted by independent Grant Thornton experts to provide insight into global and national sustainable development trends.

The New Materiality Assessment Cycle served once again to confirm the importance of the following topics: environmental protection and green investment, safe and healthy working environment, employment and employees well-being, as well as stakeholder engagement and welfare of communities. In this regard, key material issues have remained similar to those that were in focus in 2018, in that the positive scope of TCK’s impact has been expanded and new material issues have been introduced, such as: good governance, transparency and business ethics, corresponding to current trends in sustainability.



2020 New Materiality Matrix



* A scale for rating material topics from 1 to 5 was applied.

Connecting TCK Material Issues to TITAN Group Focus Areas

2020 TCK Material issues		Environmental protection and investments (1)	Safe and healthy working environment (2)	Employment and employee well-being (3)	Economic performance and market presence (4)	Product quality and safety (5)
TITAN Group Focus Areas	De-carbonization and digitalization	*			*	
	Growth-enabling work environment		*	*		
	Positive local impact	*				
	Responsible sourcing	*				
Underpinned by: Good governance, Transparency and Business Ethics (5)						

We Support and Protect our People During the Pandemic

Coping with the coronavirus pandemic over the long-term has been an extremely challenging task for both our company and society at large. It required us to overcome previously unknown and unexpected obstacles and to further increase our ability to adapt to new work organization. Under these circumstances, protecting the health of our employees and contractors has been of undeniable significance to our operations. Since the start of the pandemic in March 2020, all efforts and resources are directed to the attainment of this goal, including the prevention of the spread of the virus and the safety and the health of our people, while maintaining production and cement sales.

Most Important Preventative Measures at TITAN Cementara Kosjerić:

- Informing and educating employees in terms of all important issues related to the pandemic and preventing the spread of the virus.
- Wearing masks in closed areas, social distancing, regular disinfecting the hands and work area.
- Reducing the number of people in the plant to a minimum, while maintaining the operations of all Company departments. We achieved this by reducing the frequency, space and duration of contact among employees, creating physical barriers and organizing remote work, by providing operational IT programs and equipment.
- Flexible working hours and paid leave for the most vulnerable employee categories (over the age of 60, parents with small children, colleagues suffering from chronic diseases).
- Disinfecting workspace and providing sufficient amounts of disinfectants to be used by employees and for the workspace.
- Adjusted canteen organization.
- Obligatory taking of body temperature at the plant's point of entry, for all persons entering our premises.
- Holding only the most important meetings — by adhering to social distancing, airing out the space and other rules of responsible behavior.
- Reducing business travel and visits of third parties.

The care for our employees is very important at TCK, in particular, under conditions such as this unprecedented crisis. In 2020, we recorded more than 3,680 days of preventative absences. The number of employees at premises was reduced for all positions that could operate remotely and in specific cases that it was impossible to organize work from home. Leave arising from preventive measures was paid out in full (as regular work) and no employee was harmed due to as a result of this measure.








Aiming to adapt our processes to the new work organisation, in 2020, we organized online training for the majority of our employees. In order to include as many participants as possible, with the consent of the employees, we used as well their private emails address for official communication, in line with the Personal Data Protection Law. Furthermore, we hired candidates for five positions via online recruitment, welcoming these colleagues in January 2021.

2020 was also a difficult year for our associates, as a result of the pandemic. Our long-term partnerships, nurtured according to the principal of mutual trust and sustainable growth practices, have contributed the most to reducing certain negative effects of the pandemic in the supply chain and collaboration with our customers. By quickly adapting to the situation we have successfully overcome all challenges while maintaining production and continuing to provide our customers with the services they expect from us, regardless of the difficulties facing all of society.

ESG PERFORMANCE







vs. Targets 2020

Social performance, including Employee data (SP15L-SP40L), Health and Safety results (SP01L-SP13L) and Environmental performance (EP01L-EP39L), are presented within the Social and Environmental Performance Indexes. These indicators are harmonized with UNGC Ten Principles and UNCTAD Guidelines (edition 2019).

SDGs/Material issues	Areas of importance	2019 Performance	2020 Performance	Focus for 2020 as key objectives
Employees and Work Environment				
Material issues: • Employment • Trainings and Development	Improvement of Competencies	40 training hours held, per employee. Nearly EUR 370 is the average investment in professional development, per employee.	Almost 17 training hours held per employee, with an average investment in career development of EUR 260 per employee.	Organize at least 30 training hours, per employee. Organize training that responds best in terms of employee needs.
   	Business Ethics	Preparation of the TITAN Group – EthicsPoint Platform, through which employees will be able to report work-related concerns and help nurture an ethical work environment.	The EthicsPoint platform is available to all employees. TITAN Group Code of Conduct training is enabled via unITE people .	Implementation of TITAN Group Code of Conduct training for all employees – held every 2 years.
	Employee Engagement	92% of TCK's employees responded to the Employee Survey, which researched motivation, employee engagement, work conditions and the use of skill-sets.	Online focus groups were organized to define action plans for improvement in key areas. Our key topics are: empowerment and independence, performance management, respect and recognition.	Improving satisfaction and employee engagement. Continuous improvement of working conditions.
Material issues: • H&S	Work-related Injuries	In 2019, one work-related injury occurred (LTI = 1).	In 2020 there were no work-related injuries (LTI = 0). At the end of the year, 442 days were recorded since the last work-related injury.	Achieving and maintaining result: a work-related injury rate of 0 (zero).
 				

For more information, please refer to the following sections:
Our Employees, Safety – A Culture of Responsibility for Ourselves and Others and Due Diligence and Compliance.

The Market

Material issues: • Customer Health and Safety • Market Presence • Economic Performance • Indirect Economic Impact • Training and Development	Maintaining Customer Satisfaction	Not a single well-founded product complaint was made.	Not a single well-founded product complaint was made.	Maintaining a low level of complaints. Customer education and consulting services.
 	Responsibility Towards the End-user	A new sales position – Product Application Improvement Specialist. Supports customers' needs by providing guidelines and technical know-how; this position allows for improved application of the end-product and supports the sale and promotion of TCK's products and services.	Through multiple direct contact with customers, our Product Application Improvement Specialists provided support and guidelines for product usage, promoting TCK's product line and services.	Maintain stable quality and compliance of our products with Serbian and European legislation. Maintaining harmonization with safety signs on bags with EU requirements.
   	Educating Customers and Suppliers on CSR	A planned meeting with customers and suppliers on the subject of safety has been postponed until the second half of 2020.	The planned meeting was not held in line with H&S guidelines. Customers and suppliers' education on the topic of safety was conducted by phone, through daily communication and by e-mail.	Maintain continuous communication, the objective being that 80% of key suppliers and customers adhere to the principles of responsible procurement. Continue to conduct H&S training for contractors and operators.
	Pre-qualification of Suppliers	100% of all new suppliers passed the pre-qualification process.	100% of all new suppliers passed the pre-qualification process.	Maintain the pre-qualification process at 100% for all new suppliers.

For more information, please refer to the following sections:
Our Partners: Trust and Quality as the Key to Success and Sustainable Supply Chain.

SDGs/Material issues	Areas of importance	2019 Performance	2020 Performance	Focus for 2020 as key objectives
The Environment				
Material issues: <ul style="list-style-type: none"> • Emissions • Energy • Materials 	Investing in Sustainable Development	More than EUR 560,000 has been invested in the environment.	EUR 884,000 has been invested in the environment.	Continued efforts in achieving results in the field of environmental protection.
	CO₂ Emission	Total specific direct emissions of CO ₂ was 609.3 kg/t _{product*}	Total specific direct emissions of CO ₂ was 640.7 kg/t _{product*}	Achieving total specific direct emissions of CO ₂ < 615.9 kg/t _{product*}
	Energy Efficiency	1,020 light bulbs were exchanged with energy efficient lighting.	1,128 various types of LED lighting were installed.	Exchanging all light bulbs at TCK with energy efficient lighting.
	Alternative Fuels and Raw Materials	The ratio of alternative raw materials used was 12.63%.	The ratio of alternative raw materials used was 9.22%.	Continuing efforts to comply with EU standards in relation to alternative fuel utilization. Increase the ratio of alternative raw materials used.



For more information, please refer to the following section: Environmental Performance.

The Local Community and Society

Material issues:

- Local Community
- Indirect Economic Impact



Dialogue with Stakeholders	Plant Open Day was organized for all interested representatives of the local community, who were given the opportunity to learn about our operations. While presenting the Annual Report for 2018, a digital survey was organized, giving our stakeholders a chance to share their feedback in regard to important areas of TCK operation.	We collaborated intensively with health institutions in Kosjerić, Požega and Užice, and provided continuous support in combating the pandemic, which was one of our priorities.	Organize meetings with stakeholders and maintain an open dialog with stakeholders.
Transparency and Integrity	The third Integrated Annual Report was published, in accordance with cement industry standards and corresponding protocols set forth by the World Business Council for Sustainable Development (WBCSD) — Cement Sustainability Initiative (CSI).	The fourth Integrated Report was published, in accordance with Global Cement and Concrete Association (GCCA) guidelines.	Continuous improvement of transparency through integrated reporting. Harmonization with GCCA Guidelines. Assurance acc. to UNGC COP advanced level criteria.
Strategic Approach to Investments in the Local Community	Total investments made in the local community amount to over EUR 150,000. The sixth cycle of the “Knowledge for Challenges — Building a Culture of Continuous Learning” program was implemented. The value of procurement costs related to local municipality suppliers amounts to EUR 8,400,000.	Total investments made in the local community amounted to almost EUR 150,000. Suppliers from Kosjerić were paid EUR 8,700,000 for their products and services.	Continued support to key programs in the local community.

For more information, please refer to the following sections: TITAN in Kosjerić and Sustainable Supply Chain.



MANAGEMENT

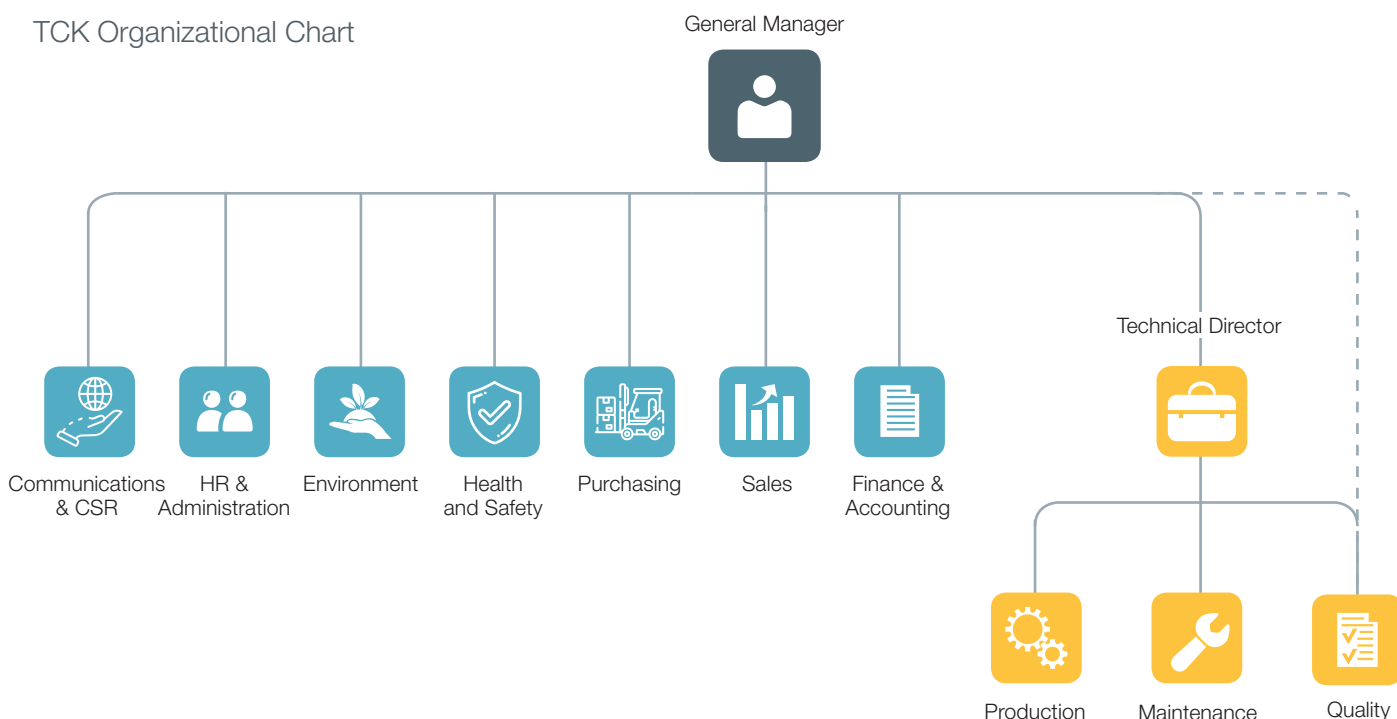
Report

CORE CORPORATE VALUES

in Each Step of Governance

Through sound corporate governance practices, we ensure that each decision essentially achieves its purpose and adheres to TCK's corporate values, taking into account sustainability aspects and stakeholder expectations.

TCK Organizational Chart



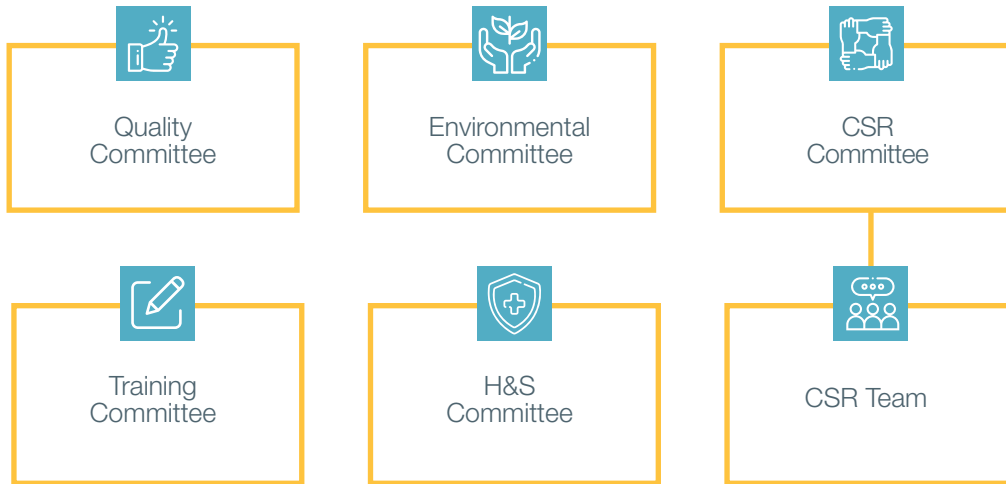
In TCK's organizational system, the most important business decisions are rendered by the Board of Directors in compliance with TITAN Group guidelines, with the Company's General Manager at its helm. Issues concerning sustainable development are handled by the CSR Committee, comprised of: the General Manager, Technical Director, Environmental Manager, H&S Manager, HR & Administration Manager and the CSR & Communications Manager. This managing body defines short and long-term objectives concerning sustainability while the CSR Team handles operational activities within this domain. It is the responsibility of the CSR & Communications Department to coordinate the Company's CSR initiatives and to ensure a seamless line of communication with the Corporate Centre and key stakeholders.

BoD members are also involved in the work of the organizational bodies in terms of Quality, H&S, Environment and Employee Development. Through their competencies, these Committees contribute to ensuring a constant flow of constructive communication.

TCK management ensures that conflicts of interest are prevented, and that there is a fair approach to the awards system guided by clear procedures and the authorization limits of all working bodies, TITAN guidelines and policies.

For more information on corporate governance performance, transparency and business ethics, please refer to the section "Governance".

Sustainability Committees



Risk Management

TCK management recognizes and monitors risks which occur in regular business planning and operational activities. This approach means that identified risks are regularly monitored and controlled during planning and key business segment management cycles, in turn, allowing for a quick and efficient response. Our Company implements a risk management procedure within the integrated ISO 9001 and 14001 systems. This allows us to identify internal and external sources of risk, or opportunities which may have a potential impact on achieving desired results. The systematic application of this bilateral procedure serves to accurately and continually consider opportunities to mitigate perceived risks but also to take advantage of favourable conditions that would improve business processes and outcomes.

TITAN management carefully monitors the development of the crisis caused by the pandemic from its onset, including its global impact, its impact on the domestic economy as well as on Company operations. In this context, TCK management places its employees above all else and undertakes all protective measures to protect the integrity of its people. Furthermore, it continues to work closely with colleagues at the corporate level, with the aim of finding the best strategy to mitigate the effects of unfavorable global events and ensure business continuity in all aspects, including sustainable development within the local community.

Identified Risks	Solutions – Possibilities
Public Finance – impact on the cement market	TITAN Cementara Kosjerić manages all operations responsibly, focusing on its most important investments and employee development. It does not expose itself to financial risk as it takes into account that the impact on the economic environment is limited. The Credit Control Committee supports this approach through regularly held meetings.
Recruitment and Career Development of Our Best Candidates – Company Location	In accordance with TCK policies, we offer equal employment opportunities and professional development, as well as compensation above the local average, in line with relevant regulations. The Company successfully implements training programs for high school, undergraduates and graduates from the local community.
Restructuring Program	TCK’s Restructuring Program is responsibly implemented in line with market conditions and adheres to social circumstances and needs, as well as business priorities. The Company ensures that all redundancy packages are over and above those prescribed by law.
Health and Safety	By establishing H&S as a business priority, TCK strives toward the systematic improvement of working conditions for employees and contractor employees alike. This is achieved by nurturing a culture where, above all else, safety comes first, with training and clear and effective OHSAS 18001 procedures in place, and by employing a sufficient number of staff directly responsible for this aspect of our business.
Climate Change	We continuously invest in the best available technology and innovation, seeking to increase the use of alternative raw materials, introduce alternative fuels and to improve energy efficiency, thus impacting the reduction of greenhouse gas emissions.
Mainstreaming CSR through the Supply Chain	Relations with suppliers and contractors are systemized through Purchasing Procedures (ISO 9001), the Procurement Code of Conduct, human rights and the prevention of bribery and corruption policies. TCK continually develops mechanisms to ensure compliance with the highest standards at all levels of the value chain.

ENVIRONMENTAL

Performance

Results in the area of Environmental protection for 2020, including two-year data history is provided in Environmental Performance Index (EP01L-EP39L). These indicators are in line with the UNGC Ten Principles and Sustainable Development Goals 2030 (SDG 3, SDG 6, SDG 7, SDG 9, SDG 12 and SDG 15) and UNCTAD Guidance (ed. 2019).

In 2020, TITAN Cementara Kosjerić continued its operations under CSR guidelines, in harmony with the principals of sustainable development. We believe that protecting the environment is of key significance to the sustainability of our business model and engagements in this area are defined under our Environmental Policy. In line with this Policy, our business is actively dedicated to facing current environmental issues. This not only includes negative impact prevention, but also creating a society centered on the following activities: recycling, climate change mitigation, reduced environmental impact, water preservation and biodiversity conservation.

TCK's Environmental Management System, applied since 2010, allows us to continually improve environmental impact monitoring and reporting. The system has been certified externally, in line with ISO standard 14001:2015. Harmonization with regulations and best practices in this area, including investment in necessary best available technologies is of particular importance to us, as this is mandatory in terms of our work permit and at the same time, ensures that we reach potential new regulatory requirements.

TCK earmarks sizeable amounts of funding toward environmental performance improvement and sustainability. This is how we adhere to regulations and reach internal, Company-set targets, which are often more demanding than those set by the regulatory framework. We conduct internal and external audits regularly in order to monitor our progress, identify any issues and plan for new environmental investments and programs.

Given that performance measurement is a significant driver of continual progress, we strive to create additional value for both TCK and our stakeholders by involving experts and stakeholders in this long-term process and in environmental protection.

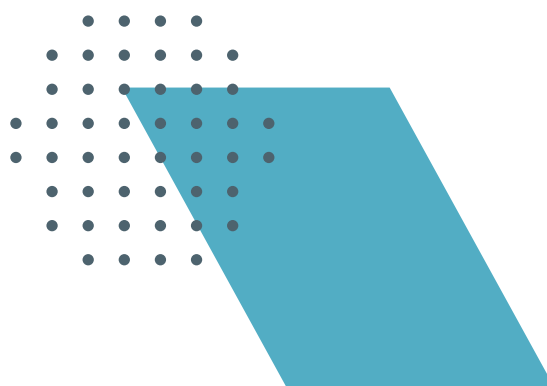
Energy and Climate Change

(EP16L-EP20L and EP33L-EP36L)

As we are aware that the production of cement has an impact on the environment, primarily due to carbon dioxide emissions resulting from the use of fuels and raw materials in the production process, TITAN Group activities focus on options that are expected to give the cement industry a means by which to increase its contribution to the fight against global warming, and these are:

- energy efficiency,
- co-processing of alternative fuel and raw materials,
- clinker substitution with other suitable materials,
- technological and product innovation,
- partnerships with the construction sector.

This area is also a major challenge for TCK and our strategy focuses on increasing energy efficiency, co-processing of raw materials, reducing clinker content in cement and eliminating current restrictions on the use of alternative fuels.



Energy

(EP33L-EP36L)

In 2020, TITAN Cementara Kosjerić used thermal energy derived from burning fossil fuels, biomass, and electricity.

In contrast to 2019, thermal and electrical energy consumption in 2020 was somewhat increased (increased consumption of thermal energy was approx. 9.5%, and electricity 6.4%), resulting from changes in production volume. In general, in the previous year, energy consumption at TCK, in proportion to cement production, was in line with energy consumption indicators at all TITAN Group cement plants (https://www.titan-cement.com/TITAN_Cement_Group_IAR_2020_EN.pdf). In this same period, specific energy consumption per unit of product was in line with achieved Group values (https://www.titan-cement.com/TITAN_Cement_Group_IAR_2020_EN.pdf). A detailed presentation of thermal and electricity consumption data at TCK is subject to specific confidentiality restrictions, in accordance with Company policy.

Use of Alternative Fuels in Cement Production

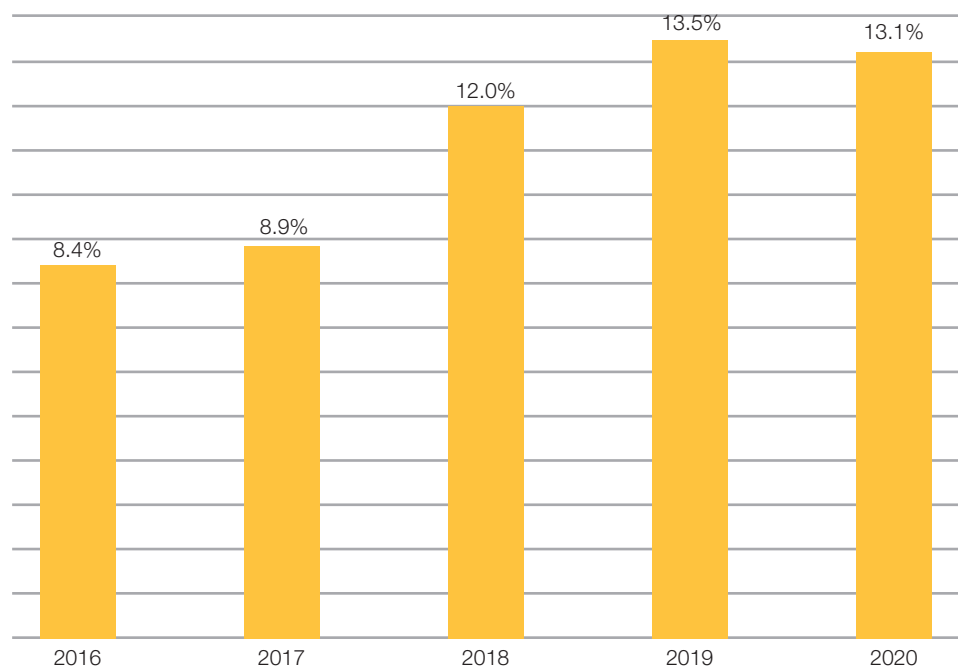
(EP20L, EP35L and EP36L)

The use of alternative fuels in the cement industry reduces energy dependency on conventional fossil fuels, climate change and the negative impact on the environment relative to waste management. For companies that manufacture cement, alternative fuel use is a lever by which they can progressively contribute to sustainable development and a key component of CSR.

Co-processing or, alternative fuel use, in line with the “waste hierarchy” means managing waste accordingly, depending on the recycle and reuse waste principal for the purpose of generating energy. This allows for the reduced need to use natural, non-renewable resources on the one hand, and minimizes the need to dispose of waste in landfills, on the other. Waste materials found in landfills create their own GHG emissions, such as landfill gas methane, thus the use of waste materials as alternative fuel completely bypasses the creation of these harmful emissions. Moreover, the process of waste collection and use, which re-enters the production cycle as a valuable raw material, is responsible for the circular economy concept, an exceptionally important component of sustainable development.

The cement industry long ago recognized the positive effects of this and introduced the use of alternative fuels as far back as the 1970s. The conditions prevailing in cement kilns, above all, include a flame temperature of 2,000°C and long retention times of combustion products at these high temperatures—guaranteeing complete decomposition of organic matter, even before these combustion products reach the filter. The average share of alternative fuel use (% of energy produced by alternative fuels use) in the EU cement industry is over 40%⁹, while in Germany this share has already reached a considerable 68.9%¹⁰.

The Alternative Fuels Ratio at TITAN Group



⁹ “Status and prospects of co-processing of waste in EU cement plant”, ECOFYS, 2017.

¹⁰ VDZ Environmental Data 2019

Over the last five years, the energy value of 1,115,281¹¹ tons of waste have been safely used at TITAN Group plants. Dried sewage sludge, refinery sludge, rubber, Solid Recovered Fuel/Refuse Derived Fuel (SRF/RDF) and agricultural waste are alternative fuels used in various cement plants operating within the Group¹¹. In this way, waste that was to be disposed of in landfills and would have polluted the environment, is turned into a rich mineral resource.

TITAN Group inaugurated a new processing line for alternative fuels at the Pennsuko cement plant in Florida (USA) and upgraded the alternative fuels feeding installations in several of its cement plants in Europe. The Thessaloniki cement plant extended its environmental permit to facilitate the use of Solid Recovered Fuel/Refuse Derived Fuel (SRF/RDF) from municipal solid waste (MSW)¹¹.

In the last 5-year period, the rate at which fossil fuels have been substituted with alternative fuels within the TITAN Group has increased by 56%. Restrictions in the availability of suitable waste streams was the cause of the somewhat reduced consumption of alternative fuels in comparison to 2019. Despite the above-mentioned restrictions, two TITAN Group plants in Greece i.e., the Kamari and Thessaloniki plants, and the Zlatna Panega cement plant in Bulgaria, were all able to increase their alternative fuels use rate¹¹.

At TCK, we use fossil fuels exclusively as a source of energy required for production processes. Reducing fuel costs and natural resource use optimization are key business challenges of strategic significance. The use of alternative fuels is how we will achieve further sustainability of the Company and environment, which must be preserved for future generations.

CO₂ Emissions

(EP16L-EP18L)

For many years, TITAN Cementara Kosjerić has invested a significant amount of effort to reduce CO₂ emissions, a by-product of cement production. Our approach to reducing Greenhouse Gas emissions is based on a precautionary principal that allows us to predict and mitigate potential risks. We do this by performing activities aimed at increasing energy efficiency, reducing clinker content in cement and using biomass to generate thermal energy.

Total direct CO₂ emissions in 2020 was approx. 9.2% higher than in 2019, primarily due to increased clinker production. In the same period, the total emission of biogenic CO₂ resulting from wood pellet combustion amounted to 659.5 tons. Specific direct emissions of CO₂ per ton of product amounted to 640.7 kg CO₂/t_{product}.

In 2020, indirect CO₂ emissions increased, in line with increased consumption of total electrical energy at TCK.

Both TITAN Cementara Kosjerić and TITAN Group calculate direct CO₂ emissions arising from active cement production, in line with GCCA Guidelines. Monitoring and reporting is conducted on a continual basis, regardless of the fact that Serbia has yet to impose the obligation to calculate and report on CO₂ emission.

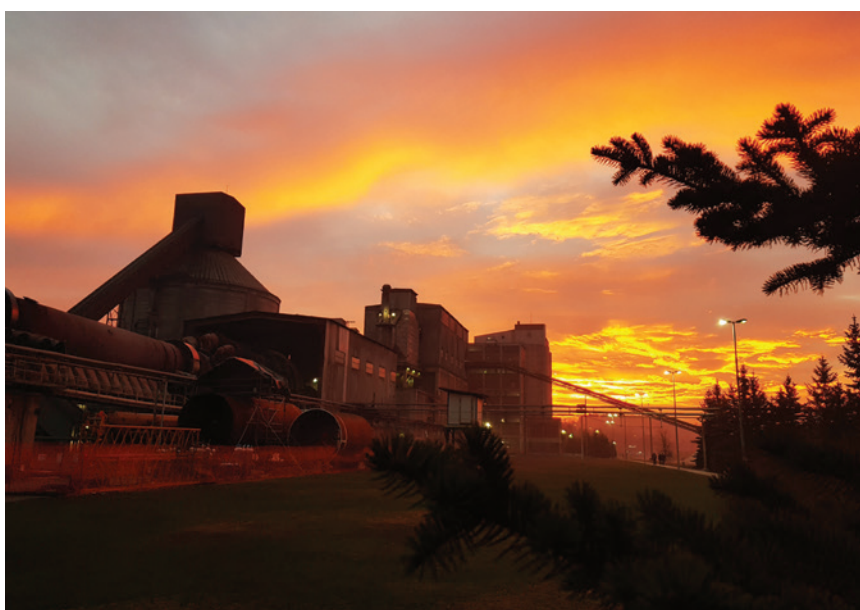
Air Emissions

(EP29L-EP32L)

TITAN Cementara Kosjerić monitors emissions of pollutants in the air, in accordance with legislative requirements and GCCA Guidelines.

Emissions management is conducted via established steps and methods set to prevent, minimize and monitor emissions, and these are daily activities at TCK.

In 2020, in order to reduce air emissions, we continued with the implementation of the flame cooling procedure in the rotary kiln, a technique used to further reduce nitrogen oxide emissions. We put into operation two new bag filters for reducing dust produced by the crusher and kiln feed scale.



¹¹ https://www.titan-cement.com/TITAN_Cement_Group_IAR_2020_EN.pdf

Modern Bag Filter Installation — Kiln and Raw Mill



In line with its long-term commitment to continuously improve environmental performances, TITAN Cementara Kosjerić has invested in installing modern bag filter on the kiln and the raw mill. As part of an extensive overhaul of the kiln, we have funded activities that contribute to improving environmental performances, health and safety and product quality. Having this in mind, almost EUR 2 million was earmarked for this purpose, most importantly for the installation of this new filter. This investment will provide better services to our customers and more importantly will further increase existing high levels of environmental protection.

Major progress in applying the new generation of filter is the elimination of short-term ESP CO trips in the event of elevated concentrations of carbon monoxide. The new filter resolve this and ensure the highest level of protection, regardless of changes in plant operation modes.

This modern filter, the performance of which is based on best available technologies, have justified TCK's investment. The results of continued emissions monitoring and spot measurements have proven that this filter ensure excellent environmental protection.

Because we are convinced of the environmental benefits of using alternative fuels in cement production, with the installation of this new filter, we have ensured that the most important requirements for the safe use of alternative fuels in our plant are met.

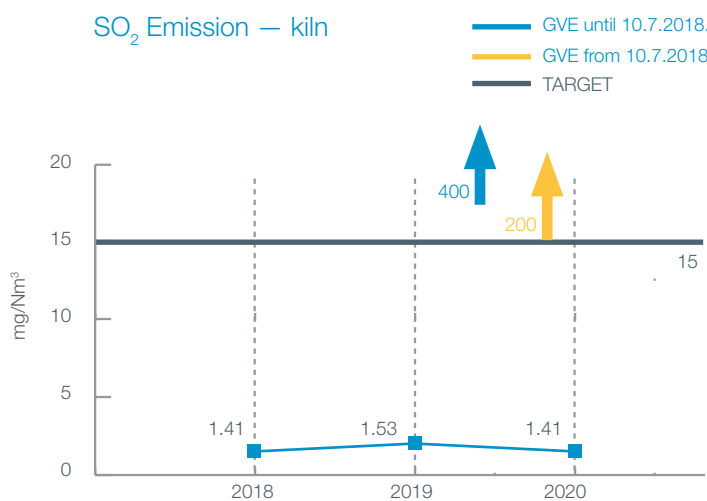
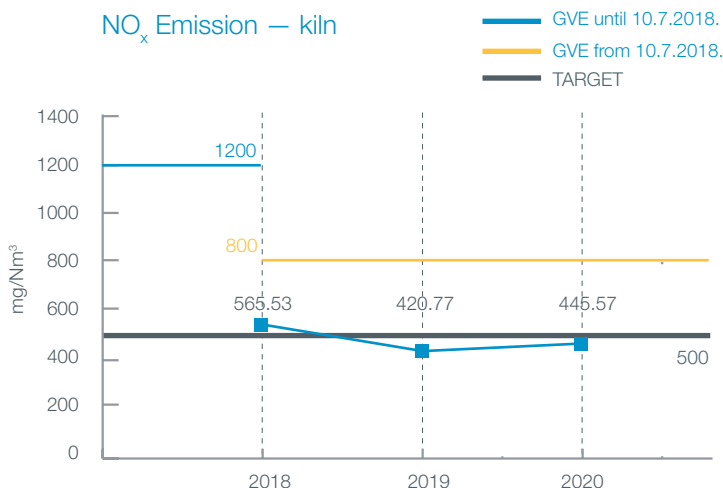
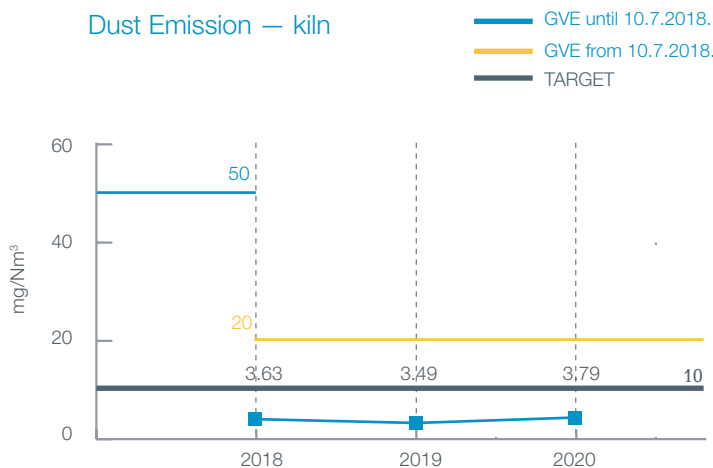
With the completion of this important project, TCK accomplished a great deal of progress in its strategy to optimize production processes and plants modernization, thus minimizing environmental impact. This new filter further improves air emissions control and ensures that our environmental footprint remains below the limit values prescribed by strict EU legislation.

Automatic emission measurement devices have been fitted on all of Cementara's major emitters of air emission. This is how we ensure the availability of air emission indicators in real time, thus allowing us to implement preventative activities aimed at maintaining emissions as low as possible and below emission limit values (ELVs) at all times. The fifteen-day average emission values measured at the rotary kiln emitter are available to the public via the Company's website at: www.titan.rs, which is one of the ways in which we communicate with our stakeholders. The measurement of emissions by other emitters are conducted by authorized institutions, in line with regulations.

In cement production, the most important air pollutants emitted are nitrogen oxides (NO_x), sulfur oxides (SO_2) and dust. During the reporting period, our plant produced 100% clinker, with continued monitoring of the above-mentioned pollutants.

The graphs show the average annual values of air emissions, in comparison to the ELVs of air emissions, prescribed in the applicable IPPC Permit, as well as in line with internally set and more challenging targets.





Ambient Air Quality in Kosjerić

TITAN Cementara Kosjerić operations have a minimum impact on ambient air quality within the local community. This has been confirmed in the monitoring data collected by the Serbian Environmental Protection Agency whose instruments employ the automatic reference method. In the period of most intensive work of the plant, air quality in Kosjerić was excellent according to all relevant emission parameters.

These undeniable indicators reflect the broad strategy of responsible policies, measures and effects which TCK conducts in order to preserve natural environment in the long run, as a current and future societal legacy. With this aim, our systematic preventive action is based on significant investments and improvement implementation, parallel to the practice of continuous and extensive monitoring. This is how we control the application of designated criteria, monitor production processes and reduce environmental impact. The effect of such efforts is visible throughout valid frameworks, as the activities of the Company are subject to continuous measurement supervision. We regularly publish results on our website in accordance with the principles of a business that operates transparently and through open communication with the fellow citizens. Based on the presented monitoring values, it is evident that the levels of TCK's emissions are tens to several hundred times below the legally imposed limits. This speaks of Cementara's conscientious attitude towards the environment.

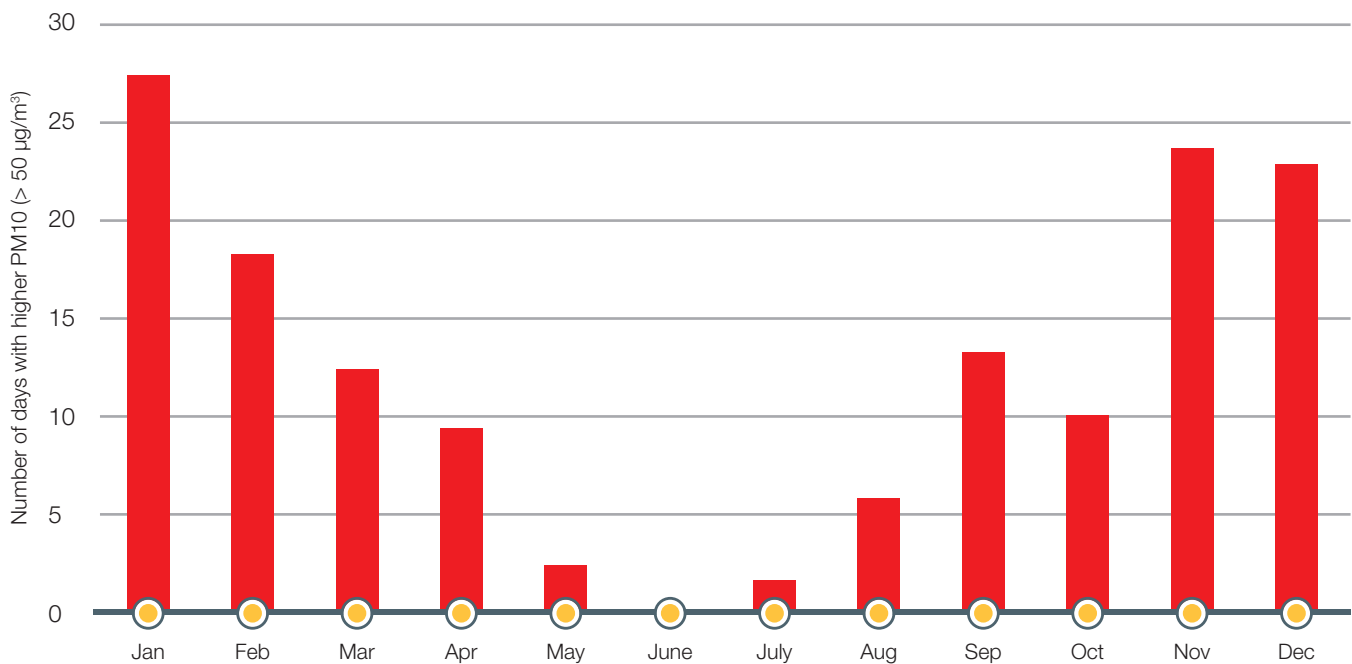
The results of monitoring obtained by the Environmental Protection Agency and the excellent air quality during summer months, when TCK's plant is running at full capacity, best confirm the effectiveness of our environmental conservation measures and purposeful investments in environmental protection.

In assessing ambient air quality in Kosjerić, we refer to the reliable and competent measurements of the Environmental Protection Agency, which indicate the presence of air pollutants in the urban zone, irrespective of TCK operations. That is to say, in monitoring the situation over all previous years, Agency devices have documented a recognizable trend. After recording excellent results at the measuring station over the summer months, with the beginning of the heating season, increased concentrations of PM10 and PM2.5 particles appear in the ambient air of the local environment. Excessive production of these pollutants during the winter months in Kosjerić suggests that there is an environmental issue caused by the use of energy inefficient boilers and other household heating furnaces. This requires an adequate response from the community.

The graph below presents the result of ambient air quality measurements conducted by the Serbian Environmental Protection Agency. More specifically, the number of days in which PM10 parameter limits were exceeded for each month in 2020. It is obvious that the days when the air in Kosjerić was polluted were during the heating season and air quality improved in proportion to reduced heating needs, despite this being period of our peak operation.

Number of days in 2020 with higher PM10 particle concentration in Kosjerić

(source: Environmental Protection Agency website)



In 2020, the difference in air quality in the area of urban settlement during the heating season and summer months is also expressed; however, days with excess of PM10 particles were also recorded during the summer months. This segment of the graph shows the importance the effects of other factors have on air quality, as it is necessary to take into account that a new bridge was under construction from April to September in Kosjerić. Traffic from the center of the town was rerouted to an unpaved, dirt road next to which the measuring station recorded an increase of dust emissions.

The provided monitoring data indicate that excessive air pollution in Kosjerić, in particular during the winter season, would be recorded even without TCK's presence. This specifies the necessity to examine the real causes and find the most favorable solutions to overcome this issue. This is the responsibility of the entire community relative to local environment sustainability. At the same time, ambient air quality measurements in Kosjerić credibly confirm the effectiveness of our environmental preservation measures and justify the investment of nearly EUR 21 million in environmental protection, from the privatization to date.

The proven fact that TCK's production does not have an important impact on surrounding air quality comes from our commitment to healthy societal development, giving a full meaning to our responsible business.

Resources Preservation

(EP01L-EP03L, EP05L-EP07L, EP25L-EP28L)

As part of our efforts to achieve sustainability, we continually strive to find new ways to satisfy the demands of a thriving urban population, without disrupting the environment for future generations. We are focused on the conservation of natural resources, namely: raw materials—through the use of secondary raw materials and water — through the use of a recirculation system.

Natural and Alternative Raw Materials

(EP01L-EP03L, EP25L and EP26L)

At TCK, we are committed to promoting practices which harmonize with sustainable development principals and the circular economy and have recognized their importance in the revised Environmental Policy of the TITAN Group.

In line with these practices, we are finding new purposes for materials that would otherwise end up in industrial landfills, and at the same time, are reducing the use of natural, non-renewable raw materials. In 2020, we consumed over 81,000 tons¹² of secondary — alternative raw materials for the production of clinker and cement, thereby reducing the amount of deposited industrial waste in Serbia by the same amount.

Water

(EP05L-EP07L, EP27L and EP28L)

We are aware of how precious a resource water is and this motivates us toward the efficient and sustainable management of this potential. Accordingly, we seek to mitigate the impact of our activities on natural water resources, to the highest degree possible. Water risk assessment constitutes a significant component of TITAN's sustainable management of water resources. In 2020, the water risk assessment for all Group sites was completed using the Aqueduct tool of the World Resources Institute (WRI) and the Water Risk Filter of WWF. The results will be used to enhance company practices for sustainable water management and to develop specific water management plans for sites in water-stressed areas.

At TITAN Cementara Kosjerić, water is used for industrial and sanitary needs as well as drinking water. We use water extracted from the Skrapež River as well as collected atmospheric and storm water for our industrial needs, while drinking and sanitary water reaches us through the utility supply system. Industrial wastewater is used exclusively in the production process as a coolant (to cool material, gases and equipment) as well as to clean transportation routes. The plant does not produce wastewater through its technological processes.

Since 2014, with the completion of TCK's water recycling facility, we have significantly reduced the need to extract water from the Skrapež River, as this system effectively collects rain and storm water for our industrial needs. In 2020, we were able to reuse 633,053.6 m³ of filtered wastewater through our recirculation system. This means that the total ratio of reused water, relative to all of our water needs amounted to 88.4%.

The Company has set high standards in the implementation of a water preservation system, which is why all of our wastewater, storm and atmospheric waters are processed to the required level of quality prior to being discharged into the Skrapež River. The quality of treated wastewater is monitored regularly and reports and analyses demonstrate that TCK adheres to all regulation requirements concerning the discharge of wastewater.

¹² On wet basis

Waste Management

(EP04L, EP37L and EP38L)

The clinker and cement production process at TITAN Cementara Kosjerić is not generated any waste nor by-product. Waste is generated exclusively in plant maintenance and cement packaging processes.

In line with best practices, waste is separated at the source and is collected and temporarily stored in designated areas. All waste generated in this manner is handed over to authorized collectors and operators for further treatment.

In 2020, TCK generated 126.8 tons of waste, of which 84 tons was shipped to authorized recycling facilities, while 42.8 tons was prepared for disposal.

Biodiversity Preservation

(EP08L-EP13L)

The Company's production process is directly dependent on the exploitation of mineral resources, which is why we are focused on accountable and efficient land management, and advocate for maintaining biological balance. A comprehensive environmental impact study and rehabilitation plans cover all aspects of quarry development and exploitation. All activities aimed at the rehabilitation of quarries and biodiversity management at these locations are in line with the GCCA Guidelines that apply to the sustainable rehabilitation of quarries and biodiversity management.

TITAN Cementara Kosjerić does not carry out its production operations, nor are quarries Suvo vrelo and Godljevo located in protected areas or in areas of particular importance to nature preservation and enhancement. In 2020, TITAN updated the biodiversity risk assessment for all its sites. All Group cement plants and quarries were assessed for their biodiversity status and value with the use of the Integrated Biodiversity Assessment Tool (IBAT, <https://ibat-alliance.org/>). The next step is the further evaluation of the local baseline conditions at those sites that were recognized as being in proximity to (or part of) areas of high biodiversity value in order to determine potential needs to develop appropriate biodiversity management plans, in line with the key principles of the GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management.

In addition to activities aimed at the rehabilitation and management of quarry biodiversity, we have continued with the process of landscaping the plant grounds, planting 60 new seedlings in 2020.



SOCIAL

Performance

Our dedication to CSR goes beyond statutory compliance with law and represents a voluntary commitment to expand the positive impact in our community. We systematically promote sustainability principles through the entire value chain. Also, as part of these efforts, we empower our employees to develop within an inclusive and safe environment, simultaneously nurturing collaboration with and meeting the needs of our local community, encouraging its long-term prosperity.

Social Performance indicators are depicted in line with TITAN Group’s approach and are consolidated via an internal software platform – *CSR Databank*, comprising glossaries with key terms and definitions, the basis on which, social performance data is generated.

Our Employees

Employee data for 2020, including two-year data history is provided in Social Performance Index KPIs (SP15L-SP30L). These indicators are in line with the UNGC Ten Principles, the UN Sustainable Development Goals 2030 (SDG 5, SDG 8 and SDG 10) and UNCTAD Guidance (ed. 2019).

At TITAN Group, we say “we employ personalities and develop skills”. Through this approach to our people, we emphasize the importance of individual character, which, combined with education and qualifications, contribute to the successful performance of business functions. We implement various development programs to respond to the needs of and improve upon employee competencies. This support allows our colleagues to hone their skills, improve performance and reach their full potential in terms of professional and personal growth.

It is our job to provide equal opportunities to all employees and to create a culture of zero-tolerance to any form of discrimination. This is why we promote openness, transparency and meritocracy throughout employment and labor policy system and practices.

Employee Opinion Survey

Based on the feedback we received from colleagues and through employee participation in focus groups, we have created an action plan for improvement in key areas.

We expect to start implementing the plan in 2021.



Employee Survey
Your opinion matters

Benefits

It is a long-standing tradition for those colleagues who have been with the Company 10, 20, 30 or 40 years to receive a jubilee reward for their dedication to TCK.

On International Women’s Day we delight our female collective by presenting each member a token of our respect to commemorate this important date.

We are particularly proud of our child support initiative, where we provide financial support in the form of EUR 1,000 for each new child born to our colleagues, as a welcome to the Titan Family.

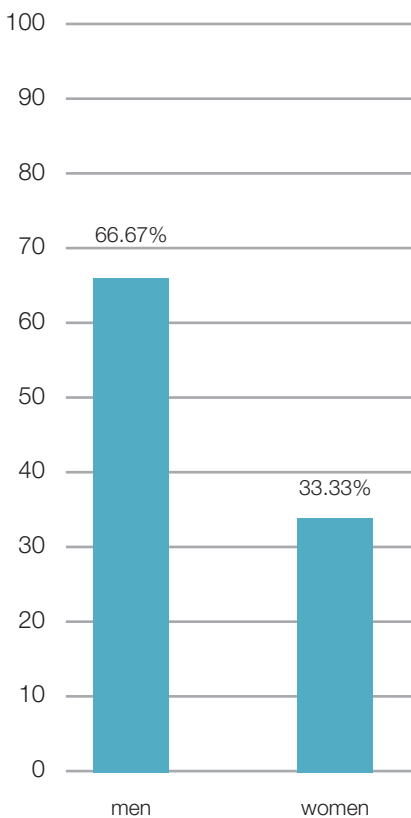


Employee Assistance Program

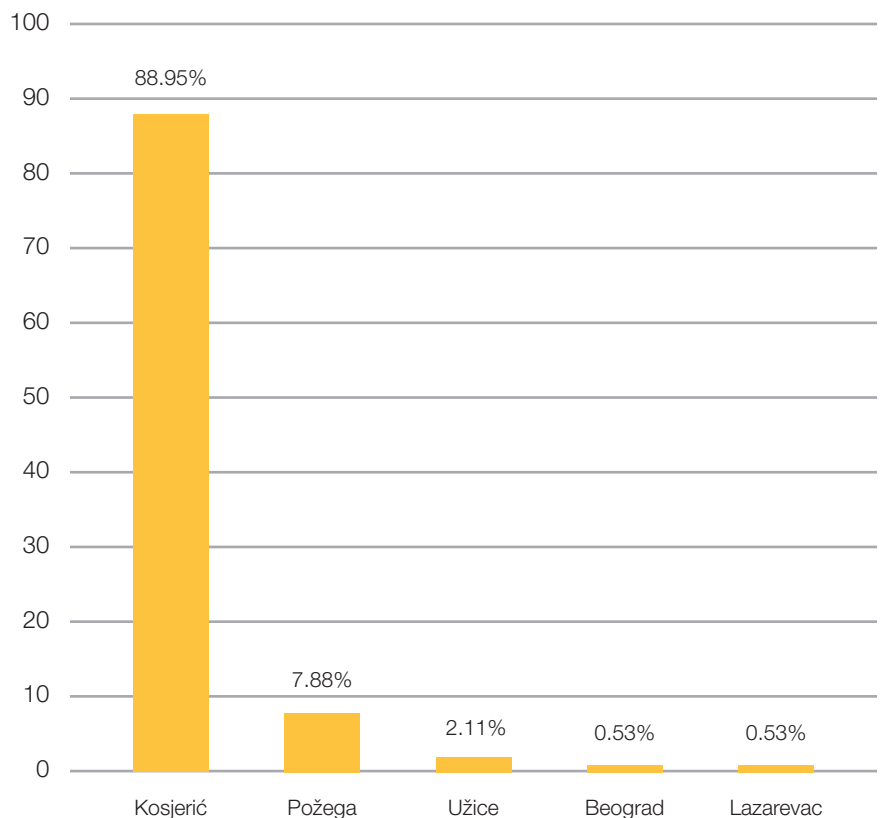
At TCK, we are continuously seeking out ways in which we can dedicate greater attention to maintaining the health and overall well-being of each individual, our collective and the community. Building on Titan's care legacy, we have developed the Employee Assistance Program.

This confidential service is available to all of our employees and their family members. It offers access to expert counselling providing practical advice and guidance. The Employee Assistance Program will contribute to improving health, psychological and emotional well-being and professional performance. Each employee and/or their family members have up to five individual sessions available to them throughout the year, on each subject of their choosing. The discussions are led by competent counsellors via telephone, video call or in person, depending on the complexity of the questions and desires of the service user.

Employees in Management per Gender



Employee Structure According to Residence



Professional Development

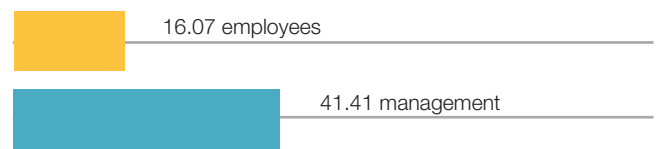
Results in the area of employee development for 2020, including two-year data history is provided in Social Performance Index (SP31L-SP40L). These indicators are in line with the UNGC Ten Principles and the UN Sustainable Development Goals 2030 (SDG 4, SDG 5, SDG 8, SDG 10 and SDG 16) and UNCTAD Guidance (ed. 2019).

2020 and the pandemic crisis brought special challenges relative to the employee development plans, considering that we were not willing to neglect the personal development of our colleagues under these new circumstances. As a large number of our employees do not use IT tools in their daily activities, we followed the GDPR framework, and granted them access to online sessions. Trainings delivered in the workplace adhered to priorities and all epidemiological and preventative workplace measures.

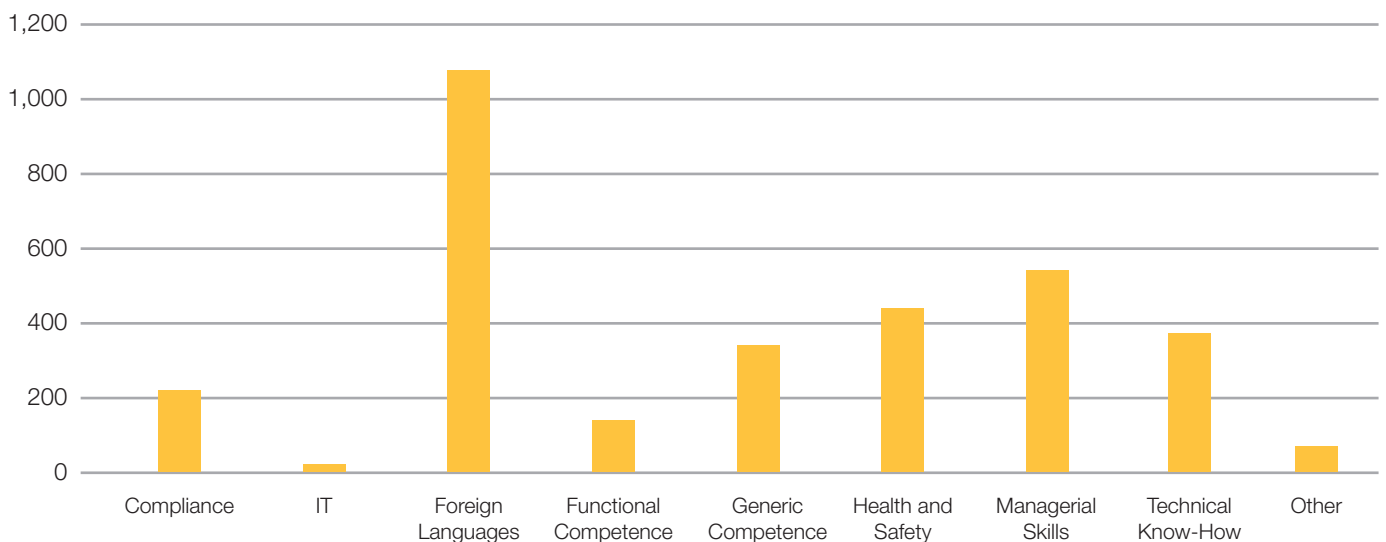
Average Number of Training Hours Per Gender



Average Number of Training Hours per Employee Category



Training in 2020: **3,253 hours**



Safety—A Culture of Responsibility for Ourselves and Others



Results in the area of Health and Safety for 2020, including two-year data history is provided in Social Performance Index (SP01L-SP13L). We use performance indicators that relate to our commitments with the UNGC Ten Principles, the UN Sustainable Development Goals 2030 (SDG 3, SDG 4 and SDG 8) and UNCTAD Guidance (ed. 2019).

The single sure path to achieving a high level of H&S is in consistently placing an effort to attain the best and improve existing standards and the enhancement of the knowledge. This is how a healthy and safe work environment is placed as a priority in operation. The result of such an approach is evident in our H&S Policy, adopted and implemented at TCK in 2020. According to our policy, we seek to ensure the continuous improvement of processes, methods and know-how, adhering to legal requirements but also utilizing best practices and industry standards which apply to both our employees and contractors' employees.

We celebrated another year of good performance in H&S although the challenges we had to face due to coronavirus pandemic was enormous. Positive results, including maintaining colleagues' good health, business continuity and zero hours lost by our employees due to accidents (Lost Time Injury) were achieved with both mutual collaboration and responsible behaviour from all of us. However, a flawless record was hindered by the fact that there was one minor injury with lost time which occurred to one of our permanent contractor employees. The incident was investigated in detail and the results of the investigation were applied so as to prevent the reoccurrence of the same or similar situations and all employees were notified of these new measures. In applying preventative measures to mitigate the pandemic, all legal obligations concerning H&S have been fulfilled. All activities posing an epidemiological risk for TCK were postponed until such time as conditions for their safe implementation were met.

Key tasks of all TCK employees and contractors are to recognize and eliminate risks. The use of Root Cause Analysis method as well as learning through the mistakes are the most common methods used in our Company to improve know-how and reduce risks. This is why we have access to information concerning all incidents that occur within the TITAN Group, as well as to other locations world-wide, if applicable to the cement industry. The process of improving existing and establishing new Safe Work Plans and safety procedures is a constant at our plant. This is how we improve work conditions and prevent injuries.

We see the fulfilment of our vision of a safe and healthy work environment, one devoid of injury and one in which we care for our own as well as the health of our colleagues, based on the constant promotion of the idea that all injuries are preventable. This is done by involving our own and contractor employees and by eliminating unsafe acts and conditions.

In an attempt to prevent the spread of the COVID-19 disease over the previous year, planned H&S training for employees and contractors were held in significantly smaller numbers and strict adherence to preventative measures was upheld. Last year 427 training hours on the subject of safety were held, or 2.2 hours per direct employee, while 318 such training was held for our permanent and occasional contractors. Most training was held on-site, with smaller groups of participants, focused on practical application, while experts from licenced companies were called in to provide training in specific areas. Also, it is important to emphasize that the TCK has successfully implemented safe online training.

In 2020, we eliminated 228 unsafe observations by implementing preventative and corrective measures relate, resulting from incident investigations, external and internal audits and suggestions for improvement.

At TCK, there is a Safety Committee comprised of 5 employee representatives and 3 employer representatives. The main role of this Committee is the inclusion of members of the collective in the organization and functioning of the safety system. Improvements in this area are achieved by acting together and through the work of this Committee, we achieve sound understanding and the exchange of information among employees. As a result of ongoing communication and by developing an atmosphere of mutual trust, we have built a safety culture that is one of the Company's greatest achievements.

The subject of H&S is always a priority at all meetings, and often a starting point from which all business activities develop. All issues pertaining to the area of Health and Safety are laid out in detail in TCK's Collective Agreement.

In December 2020, recertification and the annual review of the compatibility of our H&S System with the OHSAS 18001 Standard was successfully performed by Eurocert, an independent auditing company. During the audit, no inconsistencies were observed, nor were any unsafe conditions. Harmonization between the existing H&S System and the new ISO 45001:2018 Standard, requires harmonization among all three ISO systems (ISO 9001, ISO 14001 and ISO 45001) into one integrated system and is in its final stage.



TITAN in Kosjerić

Results in the area of stakeholder engagement for 2020, including two-year data history is provided in Social Performance Index (SP41L-SP46L). These indicators are in line with the UNGC Ten Principles and the UN Sustainable Development Goals 2030 (SDG 2, SDG 4, SDG 8, SDG 9, SDG 11, SDG 16 and SDG 17) and UNCTAD Guidance (ed. 2019).

Engagement and Investment to the Local Community

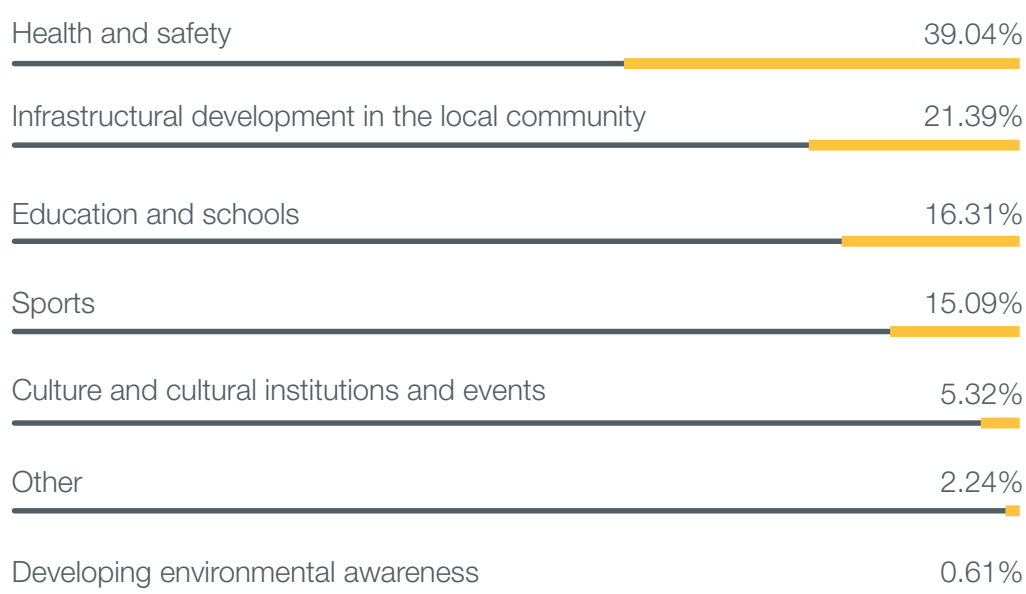
Sustainability of our business is related to the sustainability of the community we are operating as noted by our CSR Policy. To further harmonize our priorities and criteria to direct our community initiatives on material issues, we have launched a new online platform used to self-assess all actions taken in the local community. This platform is a new module available through TITAN's CSR Databank and provides a structured overview and reliability of information. With this support, TCK has conducted a comparative analysis of the initiatives, based on defined qualitative criteria. The aim of this is to promote impactful engagement activities in collaboration with local stakeholders and continue to build on our values and strategy. The analysis shows that the implemented TCK initiatives address most material issues, with the regular involvement of stakeholders and empowerment of local resources.

TCK Info Center – Open Line of Communication with the Community

Fostering transparent and two-way communication, TCK Info Center helps to share information on a daily basis regarding Cementara's operations. The Info Center is supported with brochures, presentations and other material that allow stakeholders to familiarize themselves with the cement production process, impacts of our operations, environmental and social performance, as well as other Company news and practices. The interested public has the opportunity to receive answers from our experts to questions pertaining to all areas of plant operations. TCK Info Center also supports the organization of various seminars, cultural, educational and healthcare programs, thereby confirming TCK's commitment to CSR, in all-round efforts that improve the life of the community.

To demonstrate the Company's impact on the local economy, we have introduced a new Social Performance Index indicator: Local Spend¹³. In accordance with this indicator, the share of domestic suppliers* in total procurement amounts to 84.35% in 2020, compared to 79.28% in 2019. This new KPI is part of our value chain and it is connected with the UNGC Ten Principles, and the SDG9/Target 9.3, according to the UNCTAD Guidelines (ed. 2019).

Structure of Investments in the Local Community



The Company invested nearly € 150,000 in local community development projects.

* Suppliers with registered legal entity in the Republic of Serbia

¹³ Local Spend is percentage of procurement spent to domestic suppliers. Costs of local procurement are a general indicator of the extent of an entity's impact on the local economy (UNCTAD Guidance, 2019). TCK discloses the respective figure in detail inside Social Performance Index KPIs.

Solidarity: The Greatest Force in Combatting the Pandemic



TCK's CSR policy is evident through organized community engagement plans that cover numerous initiatives and investments. Today, this policy continues to contribute through our collective battle against the pandemic, creating solidarity and a genuine commitment to the needs of the community.

Since the beginning of March 2020, with the outbreak of the coronavirus reaching global proportions, TITAN Cementara Kosjerić has undertaken preventative measures and activities to protect its employees and contractors, expanding its altruistic activities onto surrounding inhabitants. During 2020, TCK has donated over RSD 2,300,000 to the local, municipal and regional healthcare centers and hospitals, allocated toward the provision of urgent assistance and effective

response to stopping the spread of Covid-19. These donations have supported the purchase of adequate medical equipment in Kosjerić, Požega and Užice. In collaboration with the Social Center and the Red Cross in Kosjerić, our Company provided the funds necessary to purchase relief packages with basic provisions to assist social care services beneficiaries and the most vulnerable families in the Municipality of Kosjerić.

In addition to sponsored medical, social and humanitarian activities, it is important to highlight TCK's regular contribution to the competent Republic Fund, by covering healthcare insurance obligations. In the past year alone, the Company spent over RSD 40 million for this purpose.



A Decade of Proven Dialogue with the Community

In its published Integrated Report for 2019, TITAN Cementara Kosjerić presented the most significant financial results along with key indicators in the area of social and environmental performance, consistently upholding its dedication to sustainable business growth, respecting people, the community and environment. This document commemorated our Company's 10th anniversary of consecutive reporting on our non-financial performance results and initiatives following our commitment for transparent, open and proactive communication and engagement with our stakeholders.

In 2019, TOK achieved good financial results and progress towards social performance and environmental goals, in line with the identified material issues of importance to our stakeholders and the defined UN's Sustainable Development Goals.

TCK's 2019 Report was verified by independent auditors from Grant Thornton Serbia, additionally assessing that said document, for the first time in the Company's reporting history, fulfills the UNGC Communication on Progress (COP) for Advanced Level.

Enhancing our reporting standards for the annual reports required the additional engagement of our local team. Finally, the elevated reporting standards ensured consistency for reporting on actions to support the broader UN Goals under the SDGs Agenda 2030. This effort builds on TITAN's strategy to enhance our distinctive approach to social engagement in each country where we operate.



We Go Beyond the Horizons of Education by Collaborating with Schools

We express our responsibility toward future generations by collaborating with educational institutions in the Municipality of Kosjerić. Traditionally we award those students who achieve outstanding results. In 2020, 11 of the most successful students in local schools were awarded this form of recognition. By affirming the value of know-how and constant personal development among youths, we emphasize our corporate belief that dedication to learning is the key to achieving good results, both in terms of professional and personal growth.



In addition to our established practice of awarding students, in 2020 TCK provided 15 tablet computers, donations made to “Mito Igumanović” Elementary School in Kosjerić, “Jordan Đukanović” Elementary School in Varda and the Technical School in Kosjerić. In this way, we have demonstrated our support to the concept of modern education, providing children from families of modest means to equally participate in school activities that took place over digital platforms over the past year. Tablet devices meet the requirements of online teaching and help students to contribute to educational work, in a modern virtual environment.



The Common Good Aid to the flood-stricken households

By collaborating with our community, whose fate we share, we are encouraged to further mobilize our social responsibility capacities. The common good principle embedded in TCK operations, motivated us to implement assistance program intended to sanitize the damage caused by the flood that hit the Municipality of Kosjerić in June of 2020.

The aid program covered 25 households within the vicinity of the town's bridge across the Skrapež River, that were declared damaged by a competent committee. TCK offered the owners 20 tons of packaged cement per household from its product line, totalling 500 tons of material delivered to the damaged homes of our fellow members of the community. The distribution of goods was agreed with local partners. Namely, four warehouses from Kosjerić helped deliver cement, without compensation and in this way contributed to this campaign organised by the Company.

Unforeseeable events and difficult situations, such as the sudden onset of a natural disaster within the local community proves that stakeholders have a reliable partner and support in TCK with respect to all useful social endeavors.



Inspirational Energy of Awarded Projects

For the 8th consecutive year, in 2020 TCK awarded the best projects submitted to the “For My Kosjerić” Contest. The long-term inspiration of this initiative is confirmed by the large number of ideas and solutions, proposed by institutions and civil society organizations from the local community. From within this pool of civic activism, in the last year Cementara chose seven of the most successful projects and invested over EUR 20,000 to ensure their implementation.

Adhering to preventive epidemiological measures, both the “Walk by Heart” project of the Association of Cerebral and Child Paralysis Kosjerić, and the “Young Researchers” project of the Olga Grbić Preschool were implemented and plans were fulfilled despite the demanding circumstances, while the implementation of most other winning projects was delayed until safe conditions can be enabled for all participants.

The “For My Kosjerić” Contest is a long-term program to empower our stakeholders at local level to take action and it fully expresses TCK's corporate values, and, therefore it is an important element in our contribution to the sustainable development of the local community.

Since 2013 until today, we have awarded 82 projects within the spheres of culture, environment, education and social protection and inclusion, which in the best way present the unity of the social interests of the Company and the people of Kosjerić.

Za moj Kosjeri



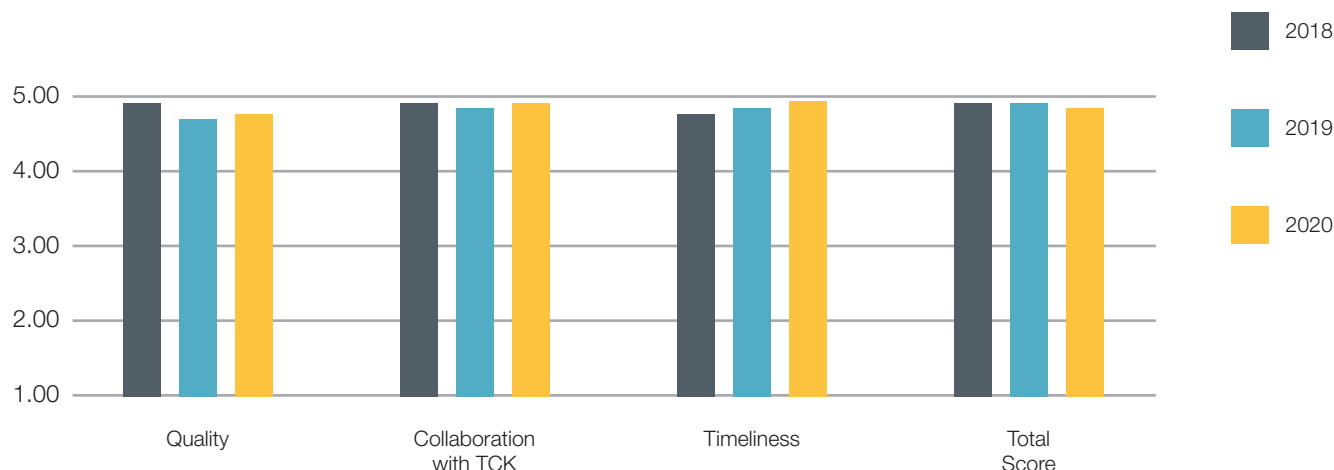
GOVERNANCE

Our Partners: Trust and Quality as the Key to Success

TITAN Cementara Kosjerić continues its mission of maintaining a stable and good quality product line. We do this by implementing and improving process controls from the delivery of raw materials to the final product. In taking safety requirements and environmental impact into account, as well as the terms set by other multiple standards, all phases of our production process are subject to constant supervision 24 hours a day, 7 days a week.

At Cementara, special focus is placed on creating new products and acknowledging customer needs. New products are first developed and tested in TCK’s laboratory. Once satisfactory results are achieved under these conditions, we then conduct an industrial trial in collaboration with certified bodies that analyze the products alongside our term of experts at TCK. While these procedures are underway, the testing of cement performance in concrete is performed, offering innovative solutions to future users. Once testing is finalized, appropriate certificates are issued and applied characteristics in materials are checked, the new cement type is introduced to the market. The new product has the constant technical support of our employees.

Results of Our Customer Satisfaction Survey 2018-2020



In line with TCK CSR guidelines, we strive to include all stakeholders in our efficient business practices for the purpose of creating mutual benefit. In this regard, the Company has always had well-defined customer relations built on the fact that we provide quality products and excellent customer service, which are the highest values through which we nurture trust. In order to contribute to these partnerships to the highest degree possible, we have created business processes able to understand and fulfill customer expectations. The foundation of a constructive and loyal relationship between the seller and the customer is effective communication. Promoting the good business practices of our team of professionals is as equally important as listening to the other party’s needs. Through active dialogue we derive at the answers we need to help us discover how our customers think and what their needs are. This way we can be sure to fulfill and go beyond their expectations.

Continuously developing strategies toward adequate market presence, each year TCK conducts a Customer Satisfaction Survey. The survey provides us with feedback on quality in terms of our products, services, shipping and delivery, as well as customer relations. In addition to conducting regular customer opinion polls, we greatly appreciate it when our customers provide us with additional suggestions and ideas that help improve collaboration and are of mutual benefit. This is why we encourage them to regularly submit any complaints or opinions on our practices, as honest communication helps us achieve the best mutual value.

Our Company continually monitors legislative developments and all regulations relevant to our products, thus ensuring harmonization among applied practices and the highest of standards. More information about our cement products (physical and mechanical properties, application and safety information) is available to all our users at our website: <http://www.titan.rs/proizvodi>.

Sustainable Supply Chain

Our well-organized supply chain reflects TCK's successful business model. Company's approach to suppliers, to whom we pay particular attention, is regulated through the application of regulations in the area of H&S, environment, human rights and general legislation. Supplier selection, control and evaluation procedures are defined by TITAN Group Procurement Code of Conduct criteria, pertaining to quality, reliability, adaptability and business location. In addition to these standards, we take a partner approach to each business relationship and put our best effort forward to meet customer expectations, which is the core of Titan's business.

By consistently promoting CSR practices in all domains of influence, TCK's supply chain management encourages suppliers to adopt Titan's Procurement Code of Conduct and its business practices as a pattern to further develop and improve performance. To this end, the Company distributed 35 examples of the Procurement Code of Conduct with each new supplier contract concluded in 2020.

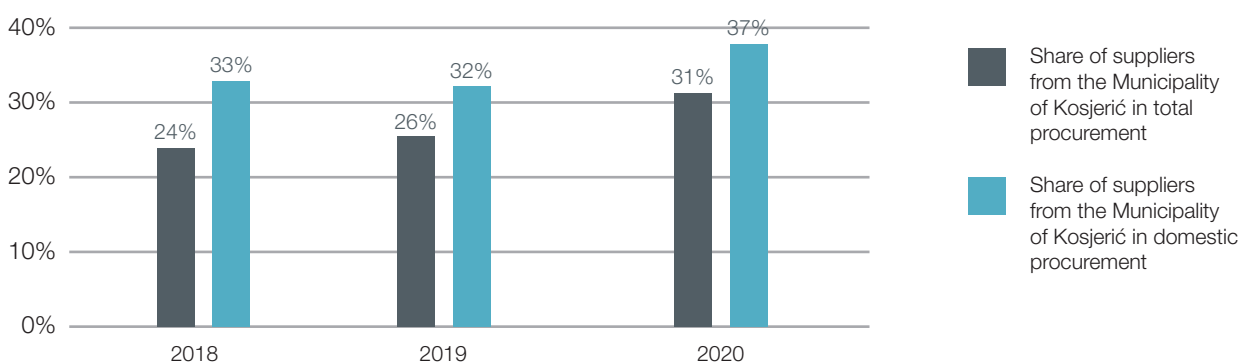
We promote sustainable principles directly by influencing our suppliers through prequalification and contract execution, as well as indirectly, by promoting responsible procurement. In the prequalification process, during contract execution and prior to the commencement of work for which they were selected, suppliers are required to adapt to general legislation framework in the area of H&S in relation to their employees and subcontractors, as well as to adopt Company regulations. Additionally, they are obligated to conclude employment agreements with all their employees, guaranteeing a minimal wage prescribed under law. Moreover, they are requested to comply with all relevant regulations in the area of environmental protection, as well as the to Titan's requirements, which exceed legal decrees.

By following prescribed norms in their practices, suppliers adhere to ethical business principles and cultivate fair competition and business relations free from corruption and bribery. Implementation of said regulation has a positive impact on those employed by our contractors. In 2020, all new contractors were prequalified based on labor, human rights and impact on society criteria, and subsequently, while executing works on the basis of H&S norms and environmental impact.

Supplier evaluation is an ongoing process at Cementara. We conduct evaluations during engagement and set numerous requirements. We take into account results of regular contractor audits, the evaluation of H&S criteria upon the completion of works and the quality of the products/services. At the end of each year, we evaluate all suppliers with whom the Company cooperated during the evaluation period. Additionally, we assess delivered product or service quality, effectiveness and the extent to which responsible business practices were applied. In 2020, we evaluated 414 out of 717 suppliers, 43% of which were evaluated according to H&S and environmental impact.

Aiming to ensure the procurement of all materials and services on fair and competitive terms, while supporting the development of local entrepreneurial initiatives, our procurement process includes all community-based suppliers that we believe can offer the required product or service, in line with set criteria. We award procurement to suppliers from our municipality whenever possible, thus contributing to the development of local resources by improving the quality of services provided, while creating added benefit for the community in which we operate. Acting in this way, in 2020, we procured materials and services from suppliers from Kosjerić in the amount of EUR 8,700,000, which was a EUR 360,000 increase in comparison to achieved turnover in 2019.

Percentage of suppliers from the Municipality of Kosjerić in 2020

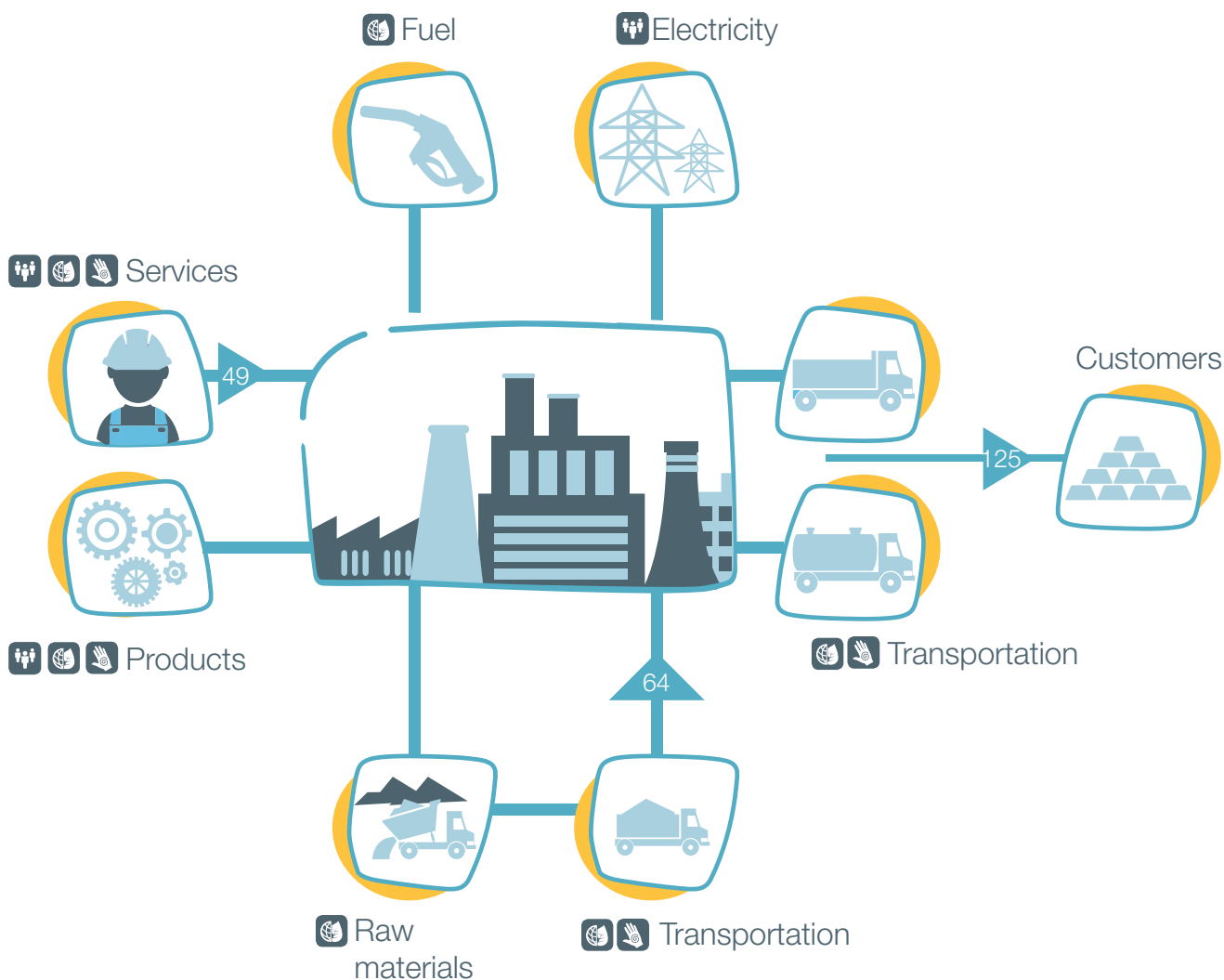


CONTRACTORS	2018	2019	2020
Total number of employed contractors	268	287	239
No. of contractors, (excluding logistics and transportation)*	33	55	49
No. of contractors – logistics and transportation	234	232	189
Total no. of contractor man-hours	505,485	541,132	450,292

* No. of contractors estimated as FTE (full time equivalent)

Supply Value Creation Chain

Suppliers are categorized by significant groups of products and services, as well as the criteria by which they are regularly evaluated within our collaboration.



Labor and Human Rights	Impact on environment	Impact on society	Total number of contractors
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Due Diligence and Compliance

The TITAN Group Executive Committee is responsible for setting Group policies and ensuring their implementation throughout the Company. Parallel to this, the implementation of ethics programs ensures that Company values are integrated in day-to-day operations, thus reinforcing the risk management culture across the TITAN Group. The TITAN Group Executive Committee and business units' management systematically review the effectiveness of the system and policies implemented at both Group and business unit levels, taking into consideration their compliance with relevant Group standards. All compliance processes are supervised by the TITAN Group Internal Audit Department, responsible for risk and compliance, in addition to internal audit. TITAN Group Internal Audit is an independent department reporting directly to the Audit and Risk Committee. Internal Audit's scope of responsibilities also includes:

- monitoring implementation and compliance with the Company's internal regulation, Code of Conduct and applicable laws in all jurisdictions in which the Group operates;
- providing consulting services;
- undertaking special assignments (e.g. fraud investigations).

An additional element of the TITAN Group integrated approach and the established practices at TCK, are the continuous efforts to record, assess, and report incidents and related penalties and fines to the public. More specifically, this applies to cases involving violations of laws and regulations in the areas of H&S, anti-corruption norms, environment and the marketing of our products and services. In this respect, no incidents, fines nor other penalties related to human rights and corruption or legal action for anticompetitive behaviour were recorded in 2020.

**219 training hours
held in 2020 on
the topic: TITAN
Group Policies and
Procedures**

The Company strives to offer long-term contributions to the sustainable development of the community and society as a whole. Our efforts are guided by TITAN Group policies which, within their domains and combined, increase the quality of our operations and imbued responsibility towards present and future generations. This system includes: CSR Policy, H&S Policy, Environmental Policy, HR Policy, Anti-Corruption Policy, Sanctions Policy, Competition Law Compliance Policy, Quality Policy, as well as the TITAN Group Code of Conduct.

Titan Code of Conduct

In realizing its business objectives, TCK conscientiously implements the ethical principles provided in the Company's Code of Conduct. In setting criteria for quality interpersonal relationships, this document provides guidance which defines humane operating principles and ensures our employees are familiar with the highest moral standards applied by TCK in its business practices. This includes strict adherence to laws, human rights, international conventions combating corruption, protection of confidential information, promoting sustainable development, as well as relationships with key associates. The Company monitors a variety of human rights-related issues, such as gender equality and the right of association. Relevant KPIs are presented in detail in the Social Performance Index.

TITAN EthicsPoint Platform and Whistleblowing Policy

In 2020, the Company launched the EthicsPoint platform as a result of its efforts to maintain a positive work environment and promote ethical behavior. EthicsPoint provides a place where employees can report incidents related to the workplace under strictly confidential conditions. The platform represents an important support in the implementation of the new Whistleblowing Policy. It is designed to encourage employees to develop an ethical work culture and by recognizing and reporting behavior that deviates from moral principles, including fraudulent or abusive behavior. This centralized reporting system is managed by an independent company, specialized in dealing with this area and in full compliance with the EU General Data Protection Regulation (GDPR). Strictly adhering to data confidentiality, reports are sent to the EthicsPoint Committee, comprised of TITAN Group representatives and regional management. The Committee is authorized to investigate all reported cases and decide on how to proceed forward.

International Independent Auditor's Assessment

In 2020, TITAN Cementara Kosjerić was subject to a detailed assessment process, carried out by ERM CSV (ERM Certification and Verification Services Ltd, abbreviated: ERM CVS), with the aim of verifying non-financial data on sustainable development, as part of the 2020 TITAN Group Integrated Report preparation process. The audit included an online visit to our plant, compliance with reporting principles, in line with the GCCA Guidelines, as well as UNGC Advanced level for COP criteria, including collaboration between TCK and local stakeholders.

The independent audit's findings corroborate the high-level knowledge and commitment of TCK's management team in the area of sustainability. At the same time, its affirmative assessment confirms good collaboration between the Company and local stakeholders, as well as the high standard of plant's housekeeping.

As a result of our good practices applied in suppliers' evaluation process, the independent auditors commended TCK's activities within the supply chain and identified our Company as a good example to other plants operating as part of the TITAN Group.

All revised data and processes were in compliance, and to promote and facilitate continuous learning and enhancement, several minor recommendations for improvement are to be implemented in the upcoming period.







FINANCIAL RESULTS

In 2020, TCK achieved good financial results while remaining dedicated to a wide spectre of precautionary measures to ensure the health and safety of its employees as well as other engaged persons with whom the Company collaborated.

A significant number of uncertainties have arisen within the business environment and in terms of market conditions resulting from the pandemic caused by COVID-19. This was also true in regard to the procurement of key inputs, necessary in the production process. Furthermore, there was no unscheduled downtime in the plant's production cycle, nor significant interruptions to the supply chain. Despite uncertain economic and social circumstances, Cementara remained true to its business model and successfully adapted to changes in market movement. We continued to strive toward operational excellence, laying the foundations for future growth. The Company's official financial indicators recorded over the past year confirmed this.

The financial results achieved in 2020 were better than could be expected and above those achieved in 2019. In comparison with 2019, operating revenue increased by 1.4%, while operating profit (EBITDA) increased to 22%. Net profit after tax also recorded augmentation by 23%. In 2020, production and sales volumes remained closely on par with those achieved in 2019. However, favourable energy costs, savings in fixed costs and the optimization of working capital, as a result of extensive measures performed by management were all important factors in the achievement of TCK's strong financial results within the period covered by this Report.

Further, in 2020, TCK's liquidity remained at a high level. Generated cash from operating activities was sufficient to ensure the timely settlement of all legal, contractual and other liabilities. There was no need for external sources of financing such as bank loans, nor to utilize aid packages offered by the government. Investment activities were reduced slightly in comparison with the 2020 budget as certain projects were postponed for the following year.



LOOKING TO THE FUTURE

TCK contributed to the Group Materiality Assessment launched in 2019 which resulted in specific ESG¹⁴ targets for 2025 and beyond, as announced by the Board of Directors in March 2021, reaffirming the Company's long-term commitment to sustainable development and the creation of value for the common good.

De-carbonization and digitalization	Growth-enabling work environment	Positive local impact	Responsible sourcing
we will TRANSFORM our business, focusing on resilience, innovation and on building solutions to serve our customers more efficiently as we move towards a carbon-neutral, digital world.	we will CULTIVATE an inclusive culture with equal opportunities for all our people to grow professionally within a safe and healthy work environment.	we will ENABLE our business operations and our people worldwide to contribute to the prosperity of our local communities with respect to their social and environmental concerns.	we will EMPOWER our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviors, while using natural resources responsibly.
<p>TARGETS:</p> <p>CO₂ emissions reduction:</p> <ul style="list-style-type: none"> • Scope 1 (direct CO₂ emissions, net): -35% vs. 1990 level • Scope 2 (indirect CO₂ emissions from electricity): -45% vs. 2020 level • Monitoring and independent verification of supply chain (Scope 3: indirect CO₂ emissions of the supply chain) emissions • Aspiration to deliver society with carbon-neutral concrete by 2050 • Increase of our annual investment in Research & Innovation to € 20m 	<p>TARGETS:</p> <ul style="list-style-type: none"> • Zero fatalities & industry-leading LTIFR performance among peer group¹⁵ • Wellbeing initiatives in all countries • 1/3 female participation in BoD • Equal opportunities & inclusion and 20% increase of female participation in senior roles, talent pools and new hires • 100% of employees with access to upskilling and reskilling opportunities, with emphasis on safety, de-carbonization & digitalization 	<p>TARGETS:</p> <ul style="list-style-type: none"> • Strong performance in cement production-related specific dust, NO_x and SO_x emissions • 100% of sites¹⁶ with quarry rehabilitation plans and rehabilitation of 25% of affected areas • 100% of sites¹⁶ in high biodiversity value areas covered with quarry biodiversity management plans • 100% of key operations covered with community engagement plans, aligned with material issues and UN SDGs 2030 • 2/3 of total spend directed to local suppliers and communities 	<p>TARGETS:</p> <ul style="list-style-type: none"> • 280 lt/t Cementitious Products water consumption & 70% of water demand covered with recycled water • 85% of production¹⁷ covered with ISO 50001 or energy audits • 50% of production¹⁷ covered with "Zero Waste to Landfill" certification • 70% of key suppliers¹⁸ meeting TITAN ESG supplier standards

All underpinned by **GOOD GOVERNANCE, TRANSPARENCY AND BUSINESS ETHICS**

Contributing to the SDGs:



TITAN Cementara Kosjerić initiated the process of defining targets at the local level, in harmony with local Material issues, TITAN Group ESG Targets and TITAN's defined key indicators, applied to monitor target realization.

¹⁴ Titan's Environmental, Social and Governance Targets (ESG Targets) are in harmony with the UN Sustainable Development Goals 2030. Target performance efficacy will be verified by an independent auditor, while Scopes 1 and 2—emissions targets, will be validated by the Science Based Target Initiative (SBTI).

¹⁵ Cemex, LafargeHolcim, Argos, HeidelbergCement, CRH, Cementir, Vicat, Buzzi

¹⁶ Active wholly-owned sites

¹⁷ Production from our integrated clinker-cement plants.

¹⁸ Key suppliers: critical suppliers according to GCCA Guidance for Sustainable Supply Chain management with a meaningful level of spend for the TITAN Group.

GLOBAL NETWORK

of Cooperation and Support

We are committed to creating value for society by providing support and initiating useful change within our community. This is evident in the high standards that we channel from our business sphere onto all other areas of activity. This includes respecting the diverse needs of all stakeholders and contributing to the exchange of know-how and competencies in the wider social context, oriented towards up-to-date guidelines set by best business practices. Our most important associates along this path are:

WE SUPPORT



The United Nations Global Compact Initiative

The UN Global Compact¹⁹ is the world's largest corporate sustainability initiative. This voluntary initiative is a call to the representatives of companies, academic institutions, civil societies, municipal government and trade unions to align their operations with the Ten Universal Principles on human rights, labor rights, environmental protection and anticorruption. TITAN Group was among the first 500 signatories of the UNGC worldwide.



Global Cement and Concrete Association

Founded in 2018, the Global Cement and Concrete Association (GCCA) is the industry-based initiative, representing the sustainable interest of its sector at a global level. The GCCA inherited the role of the former Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), and from January 1, 2019 has taken over the work programs of the CSI as well as all activities arising from said programs. TITAN Group is a member of this Association that focuses on key objectives aimed at sector development and strengthening its contribution to sustainable construction. This is realized by creating a value chain and encouraging innovation, in collaboration with industry and association representatives, and with key experts and stakeholders alike.



Responsible Business Forum Serbia

TITAN Cementara Kosjerić is a member of the Responsible Business Forum Serbia. This is a network of the advanced companies operating in Serbia and is a national partner to the CSR Europe network, a leading CSR organization in Europe. The Forum empowers companies to operate in line with the principles of sustainability, responsibility and ethics and through the synergy of resources and knowledge, contributes to the implementation of good business practices that bring positive and measurable social impact.

¹⁹ We acknowledge that our parent company TITAN Cement International S.A. participates in the UN Global Compact, and we support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals. We consolidate our support for this initiative fully under our parent's commitment. Therefore, we don't participate in UN Global Compact activities nor do we participate in activities of Global Compact Local Network.

ESG PERFORMANCE

Statements

TITAN Group discloses information related to ESG Performance in alignment with voluntary commitments to IIRC principles, UNGC, and GCCA based on a long-term practice of integration which is referred to as the Global Sectoral Approach in this Report. Since 2018, in order to further align its disclosures with the SDGs 2030, TITAN incorporated the “Guidance on Core Indicators for Entity Reporting on the Contribution Towards the Attainment of the Sustainable Development Goals” of the United Nations Conference on Trade and Development (UNCTAD, 2019 edition), and promoted the connection of selected indicators with SDGs Targets based on the Guidance.

In 2020, TITAN also incorporated the Sustainability Accounting Standards Board (SASB) Framework in preparation of ESG performance statements, in order to appropriately address the more financially material ESG disclosures. The SASB Framework was leveraged for the purpose of connecting the SASB Materiality Map® with the 2020 Group’s Materiality Assessment, which allowed for alignment between the Group and its subsidiaries. In the same direction, the Group also started reporting in alignment with the Sustainability Accounting Standard Board (SASB) for the specific requirements of industries mostly relevant to our operations. For committing on targets 2020 and reporting on progress for all other environmental parameters except CO₂, the baseline year is 2003 (when TITAN reported for the first time consolidated non-financial performance indicators). For CO₂ emissions the baseline year for relevant target(s) is 1990, in line with the Kyoto Protocol.

The ESG Performance Review and Statements focus on material issues for TITAN operations and key stakeholders. TITAN’s Global Sectoral Approach encompasses the disclosure of Core Indicators for Value Creation and Governance, Social and Environmental Performance. Indicators (KPIs) are structured under two separate tables: Social Performance Index and Environmental Performance Index.

TITAN Group ESG Performance Statements are structured according to TITAN’s reporting standards, which are in alignment with global (UNGC, SDGs 2030, UNCTAD and SASB) as well as sector specific (GCCA) reporting standards and frameworks.

Sector Standards for Non-Financial Disclosure

In 2020, TITAN Group actively participated in five Working Groups under the framework of activities of GCCA: Health and Safety in the Cement and Concrete Industries, Thought Leadership and Policy for Cement and Concrete, 2025 Concrete Roadmap, Innovations in the Cement and Concrete and Good Practices and Benchmarking.

Sector Association or Initiative	Guidelines and other documents of reference	Published
Global Cement and Concrete Association (GCCA)	GCCA Sustainability Charter	Latest edition from 2019 or 2020
	GCCA Sustainability Framework Guidelines	
	GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing. <i>This document has been agreed within the GCCA to have extended application to concrete and other related activities.</i> [Pillar 1] ²⁰	
	GCCA Sustainability Guidelines for the monitoring and reporting of CO ₂ emissions from cement manufacturing [Pillar 2]	
	GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing [Pillar 4]	
	GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing [Pillar 4]	
	GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing [Pillar 5]	
	GCCA Sustainability Guidelines for quarry rehabilitation and biodiversity management [Pillar 4]	
(Previously) WBCSD/CSI	Guidelines for Environmental and Social Impact Assessment (ESIA)	2016
	Recommended Good Practices for: (a) Contractor Safety and (b) Driving Safety	2009

²⁰ Global Cement and Concrete Association (GCCA) has built its Sustainability Charter around 5 Pillars – Pillar 1: Health and Safety, Pillar 2: Climate Change and Energy, Pillar 3: Social Responsibility, Pillar 4: Environment and Nature and Pillar 5: Circular Economy.

Environmental Performance Index

1. TCK Key Performance Indicators – All Activities – Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)			2020	2019	2018	SDGs & Targets	Codes	GCCA UNGC UNCTAD
Local Impacts Impact on natural raw materials recourses	Natural raw materials extracted (total, wet)	million t	0.80	0.67	0.74	SDG 12 Target 12.2	EP01L	●
	Raw materials extracted for clinker and cement production	million t	0.79	0.67	0.74		EP02L	●
	Raw materials extracted for aggregates	million t	0.01	0.00	0.00		EP03L	●
	Externally recycled waste materials (total, wet)	t	84	213	104	SDG 12 Targets: 12.4 and 12.5	EP04L	●●
	Reused	t	0	0	0			
	Recycled	t	84	213	104			
	Recovered	t	0	0	0			
Impact on water recourses	Water consumption (total)	million m ³	0.05	0.05	0.05	SDG 6 Targets: 6.3, 6.4 and 6.5	EP05L	●●
	Water withdrawal (total, by source)	million m ³	0.08	0.08	0.08		EP06L	●●●
	Ground water	million m ³	0.00	0.00	0.00			
	Municipal water	million m ³	0.03	0.03	0.03			
	Rain water	million m ³	0.05	0.05	0.05			
	Surface water	million m ³	0.00	0.00	0.00			
	Quarry water used (from quarry dewatering)	million m ³	0.00	0.00	0.00			
	Ocean or sea water	million m ³	0.00	0.00	0.00			
	Waste water	million m ³	0.00	0.00	0.00			
	Water discharge (total, by destination)	million m ³	0.03	0.03	0.03		EP07L	●●●
	Surface (river, lake)	million m ³	0.03	0.03	0.03			
	Ocean or sea	million m ³	0.00	0.00	0.00			
Off-site treatment	million m ³	0.00	0.00	0.00				
Impact on biodiversity and land stewardship	Active quarry sites with biodiversity issues ^(1,3)		0	0	0	SDG 15 Targets: 15.3, 15.4, 15.5, 15.9 and 15.a	EP08L	●●
	Active quarry sites with biodiversity management plans ^(2,3)		-	-	-		EP09L	●●
	Active quarry sites with biodiversity management plans	%	-	-	-		EP10L	●●
	Sites with quarry rehabilitation plans ⁽³⁾	%	100.0	100.0	100.0		EP11L	●●
	Quarry land areas rehabilitated from total impacted (cumulative) ^(3,4)	%	3.35	-	-		EP12L	●
	Active quarry sites (wholly owned) with Environmental Management System (ISO14001 or similar)	%	100.0	100.0	100.0		EP13L	●
2. Cement Activities – Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)			2020	2019	2018	SDGs & Targets	Codes	
Climate change Impact on Green House Gas Emissions	Specific gross direct CO₂ emissions (Scope 1)	kg/t _{Product}	640.7	609.3	611.3	SDG 9 Target 9.4	EP16L	●●
	Specific net direct CO₂ emissions (Scope 1)	kg/t _{Product}	640.7	609.3	611.3		EP17L	●●
	Indirect CO₂ emissions (Scope 2, total) ⁽⁵⁾	million t	0.07	0.06	0.07		EP18L	●●●
Alternative fuels and materials	Biomass in fuel mix ⁽⁶⁾	% _{Heat Basis}	0.40	0.42	0.35	SDG 7 Targets: 7.2, 7.3 and 7.a	EP20L	●●●

Standards: The reporting standards under TITAN's Global Sectoral Approach, namely GCCA, UNGC, and UNCTAD.

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of: CO₂ emissions from cement manufacturing, co-processing fuels and raw materials, monitoring and reporting of emissions, monitoring and reporting of water in cement manufacturing, and quarry rehabilitation and biodiversity management (for all documents the reference is the latest edition of 2019 or 2020). The above Guidelines had superseded in 2020 the previous – and respective – Guidelines of the WBCSD/CSI, which were the guidance for measuring, reporting and verifying environmental performance until (and including) year 2018. For the Sector standards, see details in Table „Sector Standards for Non-financial Disclosures“.

2. Cement Activities — Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)		2020	2019	2018	SDGs & Targets	Codes	GCCA UNGC UNCTAD		
Local Impacts Impact on natural raw materials recourses Impact on water recourses Other air emissions	Materials consumption (total, dry)	million t	0.8	0.8	0.8	SDG 12 Target 12.2	EP25L	●	
	Extracted (natural) raw materials consumption (dry)	million t	0.7	0.7	0.7				
	Alternative raw materials consumption (dry)	million t	0.1	0.1	0.1				
	Alternative raw materials use (of total raw materials consumed)	% _{Dry}	9.2	12.6	9.8				● ●
	Alternative raw materials rate (based on clin- ker-to-cement (equivalent) factor)	% _{Dry}	11.2	15.2	11.6		EP26L	● ● ●	
	Water consumption (total)	million m ³	0.05	0.05	0.05	SDG 6 Targets: 6.4 and 6.5	EP27L	● ●	
	Water recycled (total)⁽⁴⁾	million m ³	0.63	0.56	0.57		EP28L	● ● ●	
	Coverage rate continuous measurement	%	100.0	100.0	100.0	SDG 3 Target 3.9	EP29L	● ●	
	Specific dust emissions	g/t _{Clinker}	8.2	7.9	9.6		EP30L	● ●	
	Specific NO_x emissions	g/t _{Clinker}	965.8	951.8	1,494.8	SDG 9 Target 9.4	EP31L	● ●	
Specific SO_x emissions	g/t _{Clinker}	3.1	3.5	3.7	EP32L		● ●		
3. All Activities — Disclosures concerning materials, fuels and wastes		2020	2019	2018	SDGs & Targets	Codes			
Impact on fuels and energy resources	Fuel mix, energy consumption for clinker and cement production	% _{Heat Basis}	100.0	100.0	100.0	SDG 7 Target 7.2	EP33L	●	
	Conventional fossil fuels	% _{Heat Basis}	99.6	99.6	99.6		EP34L	●	
	Alternative fossil and mixed fuels	% _{Heat Basis}	0.0	0.0	0.0	SDG 12 Target 12.2	EP35L	● ● ●	
	Biomass fuels	% _{Heat Basis}	0.4	0.4	0.4		EP36L	● ● ●	
Management of waste	Waste disposal (total, wet)	t	127	252	146	SDG 12 Targets: 12.4 and 12.5	EP37L	● ● ●	
	Non-hazardous waste	t	119	226	118				
	Hazardous waste	t	7	26	28				
	Waste disposal, break down by destination-usage (wet)	t	100.0	100.0	100.0			EP38L	● ●
	Reuse	% _{By mass}	0.0	0.0	0.0				
	Recycled	% _{By mass}	66.2	84.5	71.4				
	Recovered (including energy recovery)	% _{By mass}	0.0	0.0	0.0				
	Incineration	% _{By mass}	0.0	0.0	0.0				
	Landfilled	% _{By mass}	33.8	15.5	22.5				
Other (incl. storage)	% _{By mass}	0.0	0.0	6.1					
4. All Activities — Investments for the Environment		2020	2019	2018	SDGs & Targets	Codes			
	Environmental expenditures across all activities ⁽⁷⁾	million €	0.88	0.56	0.69	SDG 7 Target 7.b SDG 9 Target 9.4	EP39L	● ● ●	
	Environmental management	million €	0.38	0.42	0.45				
	Reforestation	million €	0.00	0.00	0.00				
	Rehabilitation	million €	0.00	0.00	0.00				
	Environmental training and awareness building	million €	0.00	0.00	0.00				
	Application of environmental friendly technologies	million €	0.49	0.12	0.22				
	Waste management	million €	0.01	0.02	0.02				

¹ Active quarries within, containing or adjacent to areas designated for their high biodiversity value.

² Sites with high biodiversity value where biodiversity management plans are actively implemented.

³ Coverage includes both quarries attached to cement plants and quarries for aggregates production.

⁴ New indicators

● Quarry land areas rehabilitated from total impacted (cumulative)

Coverage includes all quarries under TITAN management control. This KPI is calculated as the percentage of the impacted/disturbed quarry areas that has been rehabilitated (total and cumulative), aggregated at BU level. Under TITAN approach, this KPI is complementary to the KPIs under the topic of Impact on biodiversity and land stewardship in this Table, namely: "Sites with quarry rehabilitation plans" and "Active quarry sites with biodiversity management plans". Data disclosing started in 2020.

● Water recycled (total)

This KPI is calculated in line with GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing.

⁵ Indirect CO₂ emissions are related to emissions released for the production of the electrical energy consumed at TITAN's facilities. For their calculation, we use emission factors provided by the supplier of the electrical energy or other publicly available data sources.

⁶ Biomass rate corresponds to the percentage of total thermal energy consumption that comes from renewable energy sources.

⁷ The definition of Environmental expenditures across all activities is equivalent to the definition of Green Investment. See 'Glossary'.

Social Performance Index

All activities performance acc. to the TITAN Global Sectoral Approach		2020	2019	2018	SDGs & Targets	TITAN Codes	GCCA	UNGC	UNCTAD	
Health and safety	Employee fatalities	0	0	0	SDG 3 Targets: 3.6 and 3.8	SP01L	●	●	●	
	Employee fatality rate	0.00	0.00	0.00		SP02L	●	●	●	
	Contractors fatalities	0	0	0		SP03L	●	●	●	
	Third-party fatalities	0.00	0.00	0.00		SP04L	●	●	●	
	Employee Lost Time Injuries (LTIs)	0	1	0		SP05L	●	●	●	
	Employee Lost Time Injuries Frequency Rate (LTIFR)	0.00	2.74	0.00		SP06L	●	●	●	
	Employee lost working days	0	18	50		SDG 4 Target 4.3	SP07L	●	●	
	Employee Lost Time Injuries Severity Rate	0.00	49.25	129.05			SP08L	●	●	●
	Contractors Lost Time Injuries (LTIs)	1	2	0		SDG 8 Target 8.8	SP09L	●	●	●
	Contractors Lost Time Injuries Frequency Rate (LTIFR)	10.60	19.29	0.00			SP10L	●	●	●
	All activities performance leading indicators									
	Near misses ⁽¹⁾	4	6	10		SP11L	●			
	Training man-hours on health and safety per employee ⁽²⁾	2.20	14.75	18.41		SP12L	●	●		
Training man-hours on health and safety per contractor ⁽²⁾	6.48	7.71	7.73		SP13L	●	●			
Number of employees as of 31 December		190	201	195		SP15L	●			
Employee turnover (%)	5.79%	2.99%	23.00%		SP16L	●				
Employees left	11	6	44		SP17L	●				
Employee new hires (%)	0.00%	4.98%	10.00%		SP18L	●				
Employee new hires	0	10	20		SP19L	●				
New hires per age group						SP20L	●			
Under 30	0	6	12							
Between 30-50	0	4	7							
Over 50	0	0	1							
New hires per gender					SDG 5 Targets: 5.1, 5.4 and 5.5	SP21L	●			
Females	0	3	7							
Males	0	7	13							
Employment per age group ⁽³⁾					SDG 8 Targets: 8.5, 8.6 and 8.8	SP22L	●			
Under 30	11	16	13							
Between 30-50	88	97	107							
Over 50	91	88	93							
Employment per type ⁽³⁾					SDG 10 Target 10.3	SP23L	●			
Full time	188	194	205							
Part Time	0	1	1							
Temporary	2	6	7							
Employment per category ⁽³⁾						SP24L	●			
Managers	22	22	25							
Senior managers	2	2	3							
Administration/technical	83	74	65							
Semi skilled/unskilled	83	103	120							
Employment per gender ⁽³⁾						SP25L	●			
Females	39	41	38							
Males	151	160	175							
Share of women in employment (%) ⁽³⁾	20.53%	20.40%	17.84%		SP26L	●				
Share of women in management (%) ⁽³⁾	33.33%	33.33%	32.14%		SP27L	●	●			
Share of women in senior management (%) ⁽³⁾	0.00%	0.00%	33.33%		SP28L	●	●			
Employees from local community (%) ⁽³⁾	88.95%*	90.05%	90.14%		SP29L	●				
Unionized employees (%)	66.84%	65.17%	67.69%		SP30L	●				

Standards: The reporting standards under TITAN's Global Sectoral Approach, namely GCCA, UNGC, and UNCTAD.

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing (last edition in February 2020). This document has been agreed within the GCCA to have extended application to concrete and other related activities. For the Sector standards, see details in Table "Sector Standards for Non-financial Disclosures".

All activities performance acc. to the TITAN Global Sectoral Approach		2020	2019	2018	SDGs & Targets	TITAN Codes	CGCA	UNGC	UNCTAD	
People Development	Training investment per (trained) employee (Euros) ^(3,4,5)	260	369	372	SDG 4 Targets: 4.3, 4.4 and 4.5	SP31L	●	●		
	Training investment per gender (Euros) ^(3,4,5)	42,460	74,946	84,133		SP32L	●	●		
	Females	18,146	33,465	35,189						
	Males	24,313	41,481	48,944						
	Trained employees ⁽³⁾	163	203	226			SP33L	●		
	Share of trained employees (% in total workforce) ⁽³⁾	86%	100%	100%			SP34L	●		
	Share of trained female employees (% in total female employees) ^(3,4)	82.05%	98%	100%			SP35L	●		
	Trained employees per category ⁽³⁾						SP36L	●		
	Managers	23	21	25						
	Senior managers	2	2	3						
	Administration/technical	70	74	72						
	Semi skilled/unskilled	68	106	126						
	Trained employees per age group						SP37L	●		
	Under 30	11	16	15		SDG 5 Targets: 5.1 and 5.5				
	Between 30-50	84	97	116						
	Over 50	68	90	95						
	Training hours ⁽³⁾	3,253	8,007	8,745		SDG 8 Target 8.5	SP38L	●	●	
	Average training hours per employee (over the total number of direct employees), and breakdown per gender ⁽³⁾	17	40	41			SP39L	●	●	
	average female	33	64	62						
	average male	13	34	36		SDG 10 Targets: 10.2 and 10.3				
	Training hours per subject ^(3,4)						SP40L	●		
	Company on-boarding	0	660	0						
	Compliance (previously: TITAN Group Code of Conduct)	219	66	0		SDG 16 Target 16.5			●	
CSR and Sustainability (previously: Human Rights)	5	16	0				●			
Digital	13	0	0							
Environment (previously: Environment: care and management systems)	0	196	620							
Foreign languages	1,073	1,309	975							
Functional competence (previously: Non-technical skills and specialization)	133	478	335							
Generic competence (previously: Non-technical skills and specialization)	349	1,072	0							
Health and safety	427	2,946	3,910							
Managerial skills (previously: Management and managerial skills)	554	379	1,489							
Other	97	135	507							
Security	0	0	0							
Technical know-how (previously: Technical know-how and core competence)	385	750	909							
Stakeholder Engagement	Donations (Euros) ⁽⁵⁾	148,520*	150,502	149,482	SDG 2 Targets: 2.1 and 2.3	SP41L	●	●		
	Donations in cash (Euros)	72,972	102,277	117,687	SDG 4 Targets: 4.3 and 4.4	SP42L	●	●		
	Donations in kind (Euros)	75,548	48,226	31,795	SDG 8 Targets: 8.5 and 8.6	SP43L	●	●		
	Internships	0	7	10	SDG 9 Targets: 9.1 and 9.5	SP44L	●			
	New entry level jobs from internships/traineeships	0	1	1	SDG 11 Target 11.4					
					SDG 16 Target 16.5	SP45L	●			
Local Spend (%) ⁽⁵⁾	84.35%	79.28%	n/a	SDG 17 Target 17.17						
				SDG 9 Target 9.3	SP46L	●	●			

¹ The reported figures of 'Near misses' are the total figures for both direct employee and contractors.

² The KPI was calculated for 2020 by using the 'average employment'. This is consistent with all years prior to 2020.

³ KPIs calculated on the basis of 'Average' number of Employees for year 2018. As of 2019, the specific KPIs are calculated on the basis of the number of employees as of 31 December.

⁴ KPIs based on TITAN Group new definition (acc. to the Sustainability Glossary & Guidelines for Social Performance, 2019). The figures for the KPI "Share of trained female employees" and KPI "Training hours per subject" were adjusted for years before 2019, in order to reflect the performance acc. to the new definition. Figures for the KPI "Share of trained female employees (in total female employees)" which were calculated above 100% (because of the turnover for females, or other reasons) are reported as 100%.

⁵ For the definitions of: "Training Investment", "Donations", and "Local Spend" see 'Glossary'. For the "Local Spend": TITAN launched an improved methodology in 2019, following the approach of the UNCTAD (see 'Glossary'). Comparable figures for the Local Spend were not available for years before 2019.

COMMUNICATION

on the progress of the UN Global Compact

10 Principles of the UN Global Compact	Description	Page in the Report
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Total number of significant investments and contracts which include human rights-related provisions	100% of contracts
	Total number human rights training hours	55
	Possible violations of the freedom of association and collective bargaining	66.84% of employees are members of the Union. CBA is signed in 2018
	Percentage of new suppliers assessed based on human rights	42-43
	Significant actual and potential adverse impact on human rights in the supply chain	42-43
	Local community engagement programs implemented, impact assessments and development programs	14-15, 38-40, 55
	Potential or actual negative impact of operations on the local community	13, 17-18, 44-45
	Percent of new suppliers who have been checked in relation to societal impact	42-43
	Significant real or potential impact on society through the supply chain	42-43
	Principle 2: Ensure they are not complicit in human right abuses.	Total number of significant investments and contracts which include human rights-related provisions
Total number human rights training hours		55
Possible violations of the freedom of association and collective bargaining		66.84% of employees are members of the Union. CBA is signed in 2018
Percentage of new suppliers assessed based on human rights		42-43
Significant actual and potential adverse impact on human rights in the supply chain		42-43
Labor Standards		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Percentage of employees to which the Collective Agreement applies	100%
	Minimum period for the reporting of significant changes	8 days
	Possible violations of the freedom of association and collective bargaining	66.84% of employees are members of the Union. CBA is signed in 2018
Principle 4: Businesses should eliminate all forms of forced and compulsory labor.	Immaterial	
Principle 5: Businesses should abolish child labor.	Immaterial	

10 Principles of the UN Global Compact	Description	Page in the Report
Labor Standards		
Principle 6: Businesses should eliminate discrimination in respect of employment and occupation.	Employees Structure	54
	Employee turnover by gender and age	54
	Benefits provided to full-time employees, not provided to temporary or part-time employees	None
	Return to work and retention rates after parental leave	100%
	Percentage of total workforce represented in formal joint management – worker health and safety committees	36-37
	Work related injury and absenteeism	54
	Employees working in a workplace with high occupational risk	23 employees
	H&S topics covered in formal agreements with trade unions	36-37
	Average hours of training per year, per employee, per gender and employee category	55
	Programs for skills management that support continued employability and career management	55
	Percentage of employees who receive regular performance reviews	97.9%
	Composition of corporate governance bodies and breakdown of employees	23
	Percentage of new suppliers assessed based on labor practices	42-43
	Significant impact on labor practices in the supply chain	42-43
Total number of discriminatory incidents	None	
Environmental Protection		
Principle 7: Businesses should support a precautionary approach to environmental challenges.	Environmental Protection	25-32, 52-53
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Protection	25-32, 52-53
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental Protection	25-32, 52-53
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Estimated risk of corruption	23-24
	Total value of financial and in-kind political contributions to politicians and related organizations	None

Income Statement

For the year ended 31 December	2020 '000 RSD	2019 '000 RSD
OPERATING REVENUES	5,530,457	5,453,514
Revenues from sale of merchandise	16,370	9,014
Revenues from sale of products and services	5,513,719	5,444,111
Other operating income	368	389
OPERATING EXPENSES	3,374,758	3,756,115
Cost of trading goods	14,243	7,874
Work performed by the entity and capitalized	8,477	4,831
Increase in inventories of unfinished and finished goods and ongoing services	62,848	-
Decrease in inventories of unfinished and finished goods and ongoing services	-	113,646
Cost of materials	455,403	560,008
Cost of fuel and energy	1,037,366	1,066,078
Cost of salaries, fringe benefits and other personal expenses	518,634	524,806
Cost of production services	959,854	1,079,284
Depreciation and amortization	170,817	166,200
Cost of long-term provisions	34,645	11,889
Non-production costs	255,121	231,161
OPERATING PROFIT	2,155,699	1,697,399
Financial income	10,710	24,987
Financial expenses	1,651	13,754
Income from property value adjustments of other assets at fair value through Income Statement	-	-
Expenses from property value adjustments of other assets at fair value through Income Statement	71	-
Other income	12,149	47,817
Other expenses	25,160	14,148
Net income attributable to discontinued operations, expenses arising from changes in accounting policies and correction of prior period errors	295	699
Net loss from discontinued operations, the effects of changes in accounting policies and corrections from previous periods mistakes	-	-
PROFIT BEFORE TAX	2,151,971	1,743,000
Income tax	334,373	265,128
Deferred tax income	8,913	1,176
NET PROFIT	1,826,511	1,479,048



On the website of the Business Registers Agency, www.apr.gov.rs, the Register of Financial Statements features a complete set of forms of regular annual financial statements for 2020, together with the report of the independent auditor and other documents attached to the financial statements, in accordance with Articles 33 and 34 of the Law on Accounting.

Balance Sheet

As of 31 December	2020 '000 RSD	2019 '000 RSD
NON CURRENT ASSETS	2,272,724	2,142,638
Intangible assets	32,463	36,166
Property, plant & equipment	2,232,295	2,097,045
Long-term financial investments	7,966	7,966
Long-term receivables	-	1,461
DEFERRED TAX ASSETS	25,332	16,419
CURRENT ASSETS	1,602,627	1,633,969
Inventories	687,960	718,682
Trade receivables	130,447	140,197
Other receivables	9,970	10,498
Short-term financial investments	16,449	14,733
Cash and cash equivalents	737,844	698,011
Prepaid Value Added Tax	16,546	17,970
Accruals	3,411	33,878
TOTAL ASSETS	3,900,683	3,793,026
EQUITY	3,087,968	3,093,498
Basic capital	2,505,942	2,505,209
Reserves	166,475	166,475
Retained earnings	415,551	421,814
LONG-TERM PROVISIONS AND LIABILITIES	71,118	66,498
Long-term provisions	71,118	66,498
SHORT-TERM LIABILITIES	741,597	633,030
Customer prepayments	44,616	10,995
Operating liabilities	550,963	556,341
Other short-term liabilities	47,778	28,449
Liabilities for other taxes, contributions and duties	98,016	36,505
Accrued expenses	224	740
TOTAL EQUITY AND LIABILITIES	3,900,683	3,793,026

Cash Flow Statement

For the year ended 31 December	2020 '000 RSD	2019 '000 RSD
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operating activities	5,595,963	5,590,543*
Sales and advances received	5,574,860	5,558,442
Other inflow from operating activities	21,103	32,101*
Cash outflow from operating activities	3,435,072	3,754,773*
Payments and prepayments to suppliers	2,601,397	2,922,311*
Salaries, fringe benefits and other personal expenses	525,278	532,292*
Interests paid	498	144
Income tax	273,520	257,837
Payments for other public revenues	34,378	42,190
Net cash inflow from operating activities (A)	2,160,891	1,835,770
CASH FLOW FROM INVESTING ACTIVITIES		
Cash generated from investing activities	15,892	46,208
Sale of intangible assets & property, plant and equipment and biological assets	5,378	22,380
Interests received from investing activities	10,514	23,828
Cash outflow from investing activities	303,538	387,578
Purchase of intangible assets, property plant and equipment	303,124	387,141
Other financial investments (net outflows)	414	437
Net cash outflow from investing activities (B)	(287,646)	(341,370)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash generated from financing activities	-	-
Cash outflow from financing activities	1,832,774	2,476,404
Dividends paid	1,832,774	2,476,404
Net cash outflow from financing activities (C)	(1,832,774)	(2,476,404)
Net cash inflow (A+B+C>0)	40,472	-
Net cash outflow (A+B+C<0)	-	(982,005)
Cash at the beginning of the period	698,011	1,689,214
Foreign exchange gains on translation of cash	179	334
Foreign exchange losses on translation of cash	818	9,532
Cash at the end of the period	737,844	698,011

*Adjustment of data made in accordance of data reclassification from previous year.

Statement of Changes in Equity

For the year ended 31 December	Basic capital '000 RSD	Reserves '000 RSD	Retained earnings '000 RSD	Total equity '000 RSD
Balance at 1 January 2019	2,505,209	166,475	1,419,170	4,090,854
Profit for the year	-	-	1,479,048	1,479,048
Dividends distribution	-	-	(2,476,404)	(2,476,404)
Balance at 31 December 2019	2,505,209	166,475	421,814	3,093,498
Balance at 1 January 2020	2,505,209	166,475	421,814	3,093,498
Share premium	733	-	-	733
Profit for the year	-	-	1,826,511	1,826,511
Dividends distribution	-	-	(1,832,774)	(1,832,774)
Balance at 31 December 2020	2,505,942	166,475	415,551	3,087,968

VALUE CREATION CORE

Indicators Glossary

Notes for the standards, guidance, and terms used:

Most terms related to the Value Creation Core Indicators were adopted from the following document: "Guidance on Core Indicators for Entity Reporting on the Contribution Towards the Attainment of Sustainable Development Goals" (in short: UNCTAD Guidance, 2019) and incorporated under TITAN standards. Detailed figures for the "Training Investment"; "Green Investment", "Local Spend", "Donations", are provided inside Social Performance Index KPIs and Environmental Performance Index KPIs.

Training Investment

Total expenditures including the direct and indirect cost of training for direct employees (including costs such as trainers' fees, training logistics fees, equipment, etc.) reported per employee, per year, and broken down by employee category (UNCTAD Guidance, 2019). TCK discloses the respective figures in detail inside Social Performance Index KPIs.

Green Investment

Total amount of expenditures (capital and operational) for investments whose primary purpose is the prevention, reduction and elimination of negative impacts on the environment (UNCTAD Guidance, 2019). TCK discloses the respective figures in detail inside Environmental Performance Index KPIs.

Local Spend

Percentage of procurement spent to domestic suppliers. Costs of local procurement are a general indicator of the extent of an entity's impact on the local economy (UNCTAD Guidance, 2019). TCK discloses the respective figure in detail inside Social Performance Index KPIs.

Total spend on donations and social engagement initiatives

Total amount of charitable/voluntary donations and investments of funds (both capital expenditures and operating costs) in the broader community where target beneficiaries are external to the enterprise incurred in the reporting period (UNCTAD Guidance, 2019). TITAN is transparent in its disclosure of "Donations", as equivalent to "charitable/voluntary donations and investment of funds", in detail inside Social Performance Index KPIs and based on the verified and disclosed Financial Statements for the same reporting period.

Capital Expenditure (CAPEX)

Defined as the acquisition of property, plant and equipment, investment property and intangible assets.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA corresponds to operating profit plus depreciation, amortization, bank charges, impairment of tangible and intangible assets, other income and positive effects of changes in accounting policies and correction of errors from previous years and minus other expenses and negative effects of changes in accounting policies and correction of errors from previous years.

Net Profit after Tax (NPAT)

Net Profit is defined as profit after tax attributable to equity holders of the parent.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals are a collection of 17 global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. The SDGs, set in 2015 by the United Nations General Assembly and intended to be achieved by the year 2030, are part of UN Resolution 70/1, the 2030 Agenda.

United Nations Conference on Trade and Development (UNCTAD)

The United Nations Conference on Trade and Development is a United Nations body responsible for dealing with economic and sustainable development issues with a focus on trade, finance, investment and technology. In particular, they support developing countries to participate equitably in the global economy.

Communication on Progress (COP)

In its standardized format, i.e. in the form of an annual report, the Communication on Progress is a mechanism to inform company stakeholders (e.g., investors, consumers, civil society, and governments) on progress made in implementing the Ten Principles of the United Nations Global Compact.

United Nations Global Compact Initiative

The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles (“Ten Principles”) and to take steps to support UN goals. The “Ten Principles” are derived from the Universal Declaration of Human Rights, the International Labor Organization and the United Nations Convention Against Corruption.

CSR Europe

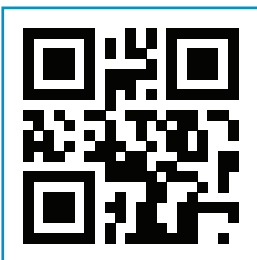
The leading European business network for Corporate Sustainability and Responsibility. The network supports businesses and industry sectors in their transformation and collaboration towards practical solutions and sustainable growth. The ambition is systematic change — in line with the SDGs, the organization seeks to co-build with European leaders and stakeholders an overarching strategy for a Sustainable Europe 2030.

Global Cement and Concrete Association (GCCA)

The Global Cement and Concrete Association is a CEO-led industry initiative established in 2018, representing the global voice of the entire sector. The GCCA took over the former CSI Project (Cement Sustainability Initiative) within the framework of the World Business Council for Sustainable Development (WBCSD). Since January 1 2019, it has implemented work programs and sustainable development activities aiming to achieve sustainable development across the value chain, with the task of supporting innovation and cooperation with industry, associations and key experts among stakeholders.

International Integrated Reporting Council (IIRC)

The International Integrated Reporting Council is a global coalition of regulators, investors, companies, accounting bodies, and representatives of academia and the non-government sector. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting.



For more information, please scan the QR code and visit our website.

Independent Limited Assurance Statement

Introduction

The Board of Directors of TITAN Cementara Kosjeric (the "Company") engaged "GRANT THORNTON" d.o.o. Beograd ("Grant Thornton") to review the non-financial disclosures presented in the 2020 Integrated Annual Report (further referred as to "the Sustainability Report") for the fiscal year ended on December 31st, 2020 ("selected data"), in order to provide limited assurance in relation to the criteria as described below (Scope of work). For the purposes of this Statement, the selected data relate to the Company's activity in Serbia and do not include information pertaining to other cooperating companies or third-party activities / performance.

Scope of work

The assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000"), in order to provide limited level assurance opinion on:

- The consistency of qualitative and quantitative non-financial disclosures presented, with regard to the UN Global Compact principles and specifically to the Advanced Level of Communication on Progress Report criteria.
- The completeness and accuracy of qualitative and quantitative non-financial disclosures, in specific for the areas of Environment and Health & Safety and regarding the criteria applicable in 2020, which are aligned with the sectoral guidelines and reporting standards (GCCA¹ Sustainability Charter, GCCA Sustainability Framework Guidelines, and other relevant and applicable GCCA Guidelines, and the guidelines of the WBCSD/CSI only as applicable in 2020) and with the TITAN Group² Standards for Reporting on Group level and Business Unit level.
- The methodology of materiality assessment with regard to the guidelines of AA1000 Standard and more specifically the process followed by the company with respect to identifying and prioritising the most relevant Material Issues, considering the impact which each Material Issue has on the company and its stakeholders.

Management Responsibility

TITAN Cementara Kosjeric is responsible for the preparation, presentation, completeness and accuracy of the non-financial data provided to us, as incorporated in the 2020 Integrated Annual Report. This responsibility also includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for the individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the Company's Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process. In particular, the Company's Management is responsible for internal controls being designed and implemented to prevent the Report from being materially misstated.

¹ Global Cement and Concrete Association (GCCA)

² TITAN Cement International (referred to as "TITAN Group") is the Owner of the Company.

Our Responsibility

Our responsibility is to perform an independent limited assurance engagement in order to express a conclusion based on the procedures carried out for the selected data, as described in the “Introduction and scope of work” section above.

Our work has been conducted in accordance with the ISAE 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the Board of International Standards on Auditing and Assurance. This standard requires that we comply with ethical requirements from Code of Ethics for Professional Accountants issued by the International Ethical Standards Board for Accountants, as well as to plan and perform independent limited assurance engagement in a way that will allow us to express a conclusion with limited assurance.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with International Standards on Auditing and Assurance Engagements. To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this report towards anyone other than the Company and the TITAN Group, unless the terms have been agreed explicitly in writing, with our prior consent.

Summary of work performed

Within the scope of our work we performed amongst others the following procedures concerning the materiality analysis, management approaches and key data presented in the Sustainability Report:

- Read the Sustainability Report (in its entirety) to ensure it is in accordance with the criteria detailed in the “Introduction and scope of work” section in this Independent limited assurance report;
- Review of external media reports to identify relevant sustainability issues in the reporting period, if any;
- Interviews with key personnel responsible for the preparation of the Sustainability Report, providing the sustainability performance information to understand and evaluate the processes, internal controls and information systems relating to the preparation of the aforementioned information;
- Understanding the Company regarding to its sustainability organizational structure, stakeholder dialogue and development process of the sustainability program;
- Review the materiality process followed by the Company and in addition, review the Desk research/study provided by Group ESG Performance Department and the Benchmark external studies (GCCA), validating the material issues assessed during the internal materiality workshop.
- Participate in the Company’s materiality workshop ensuring the implementation of the AA1000 AS requirements during the analysis and development of the Materiality Matrix 2021 finalisation.
- Comparing text and data (on a sample basis) presented in the Sustainability Report to underlying sources. This included considering whether all material issues had been included and whether the reported text and data was accurately drawn from the underlying information.

Limitations

To conduct our work, we relied exclusively on the information provided to us by the Company's executives, which we accepted in good faith as being complete, accurate, real and not misleading.

- Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Statement and which arise from our mutually agreed methodology.
- No additional work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

Our independence and quality control

Grant Thornton implements the requirements of International Standard on Quality Control 1. Based on this, it maintains an integrated quality control system that includes policies and procedures for compliance with moral principles, professional standards and relevant legal and regulatory requirements. We comply with the independence requirements and other ethical standards of the IFAC Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, impartiality, professional adequacy, confidentiality and professional conduct. In this context, the assurance team is independent from the Company and has not participated in the preparation of the 2020 Integrated Annual Report.

Limited assurance conclusions

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that there are any errors or misstatements that would materially affect the non-financial disclosures (including explanatory notes and relevant references) as presented in the Integrated Annual Report of TITAN Cementara Kosjeric for the year ended 31 December 2020. Moreover, nothing has come to our attention that causes us to believe that the non-financial data presented, are not prepared, in all material aspects, in accordance with the criteria mentioned above, in the "Scope of work" section.

The Report meets the UN Global Compact criteria relating to a Communication on Progress (COP) Advanced Level.



Belgrade, 15/07/2021

The Chartered Accountant



Mirjana Jeremić



TITAN
CEMENTARA KOSJERIĆ

