



# Corporate Social Responsibility and Sustainability Report 2012



1.	Foreword by the General Manager	2
2.	About the Company	3
2.1.	Titan Cementara Kosjeric Ltd	3
2.2.	Corporate Values	4
2.3.	Through History	5
3.	Sustainability and Responsibility	5
3.1.	Corporate Governance and Corporate Social Responsibility	6
3.2.	Sustainable Development	8
4.	Care for Our Employees	12
4.1.	Safety First	12
4.2.	Employment Profile	15
4.3.	People Development	18
5.	Society: Openness and Transparency	20
5.1.	Taking Collective Action	21
5.2.	Engaging With Community	22
6.	Care for Environment	26
6.1.	Climate Change	27
6.2.	Environmental Footprint	30
6.3.	Waste and Water Management	32
7.	GRI Disclosure Tables	34
8.	Reporting Principles	37



Dear Stakeholders,

You are being presented with the third annual Corporate Social Responsibility and Sustainable Development Report which is regularly issued in compliance with the highest international standards of the Global Reporting Initiative. We are guided by the concept of giving an in-depth insight into our performance and highly-rated results in the previous period defined by value system which direct our corporate strategy. Herein document, having been assessed and verified by independent third party, has complied with level B+ criteria indicating additional corroboration for affiliating entrepreneurial spirit and operational excellence together with respect for people, society and environment.

Overall market conditions in Serbia, influenced by the Eurozone crisis, deteriorated, lowering demand for our products. In order to respond to the challenging circumstances, we had to implement the restructuring program leading to redundancy, which affected not only our workforce but contractors' as well. However, even with the severe financial outlook, we have developed a responsible redundancy plan according to the law, offering additional support for the employees leaving, thus confirming we do not abjure from our established concept of social accountability.

Indispensable self-awareness and whole-hearted engagement in sustainable development realisation are noticeable among all Titan Cementara Kosjerić employees. By more ambitious norms for

sustainability and CSR having been set as a goal, we affirm progress within priority fields of operations: occupational safety, environment and collaboration with key stakeholders.

Consistently cherishing the culture of prevention is our permanent objective as for creating healthy working environment. Nevertheless, two recorded injuries in the previous period should be the stark reminder that we are in constant need of both investing in this field and maintaining a high level of conscientious behaviour and alertness regarding ourselves and others, so as to eliminate incidents and mutually create healthy and safe workplace.

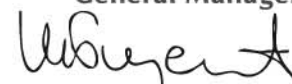
Commitment to international leadership principles and best practices together with guaranteed enforcement of indispensable national legal regulations is corroborated by having been granted IPPC permit in 2011, as the first company in the country. By acquiring the permit, we have ascertained our commitment to the highest environmental requirements. Thereby, our responsibility for the future generations implies further challenges which are predominantly to imply emission mitigation and water and fossil fuel consumption decrease, resulting in significant contribution to biodiversity preservation and slowdown of climate change.

We particularly focus on open communication and effective collaboration with diverse stakeholders. They confirmed that

they recognised our integrity and efforts to meet high standards and continuously improve. Their concern for our operations and engagement in finding solutions to common issues, contributes to mutual wellbeing and creating a beneficial dialogue which is, concerning a long-run perspective, aimed at general social interests. Significance of transparent communication and community stakeholder engagement policy our company benefits from is equally tangible in this Report.

Our endeavours to substantially respond to challenges of the society we live in are the grounds for our recognized values, as well as our firm belief that trustworthiness and open cooperation are the best way of achieving good and stable results.

**Miroslav Gligorijević**  
General Manager





## ABOUT THE COMPANY

KEY FINANCIAL INDICATORS	2011	2012
Total Equity (000€)	49,228	42,128
Directly Generated Value (000€)*	42,185	37,933
Distributed Economic Value (000€)	26,831	25,414
Operating Costs (000€)**	18,997	17,127
Employee Salaries and Benefits (000€)	5,844	6,046
Interest Charges (000€)	37	10
Taxes in P&L Statement excluding Profit Tax (000€)	1,873	2,122
Pro bono Investment in local Community (000 €)	79	109
Economic Value Increase of the Company (000€)	15,354	12,518
Earnings Before Interest, Taxes and Depreciation (000€)	16,527	14,596

\* Directly Generated Value comprises the revenues from sale, rent, financials, interest rate as well as net income and loss on sale operations Property, Plant and Equipment

\*\* Operating Costs comprise cost value of the sold goods and other operating expenses decreased for different kinds of taxes

The concept of corporate social responsibility at the same time, the strength of corporate values and sustainable development consciousness are the central pillar of the company breakthrough.

### *Titan Cementara Kosjeric Ltd.*

In spite of the fact that it is the concept of corporate social responsibility and sustainable development has been integrated in the company corporate policy as ethical principle and achieved through investing in production technology, decrease of production impact on environment, introducing international standards designed to protect working environment as well as investing in human resources by means of various trainings for the employees. In spite of the fact that it is the youngest and smallest cement plant in Serbia, Titan Cementara Kosjeric (TCK) has firmly established its position on the market. This position has been achieved by both a high quality product and professional approach to its clients. Due to permanent investments in technology as well as human resources, the

ongoing production capacity of 750,000 tons of cement per year is three times higher compared with production volume in the year of 1976 when the plant was founded. Progress indicators are demonstrated by abiding investments in working and life environment. Ever since the company became an integral part of Titan Group in 2002, almost € 55,000,000 has been invested in the process optimization, environmental protection and occupational health and safety. The very progress of the plant is based on a high-quality system management, efficacy and flexibility of organizational and administrative structure as well as designing and conducting training programmes for employees at all levels.

*Titan Group, the international cement and building materials producer headquartered in Greece, with 110 years of industry experience, establishes its corporate success and reputation on implementing the best available technologies (BAT), systematic research, knowledge management as well as high calibre employees. According to the University of Aegean survey, Titan Group was distinguished as being the leader in the field of CSR in Greece for the fourth successive time. This prestigious recognition ascertains the endeavour of the company to become one of the global leaders within this corporate segment. The company enjoys the international confidence which has the effect of € 50,000,000 investment performed by International Finance Corporation in Titan plants in South-east Europe, including TCK. Therefore, this will enable further investments in sustainability together with all aspects of corporate social responsibility.*



## Corporate Values

Our company consistently invests in development at all levels, whereby the fundamental elements and corporate culture values remain the same and thereby are cherished as the outset of all corporate activities.



## Through History

1976	The first cement bag left the production line, marking the official opening of the plant.
1987	Modern mining machines were introduced to improve quarry operations.
1989	Transportation service established to satisfy customers' needs.
2002	The first reconstruction of the kiln pre-heater was conducted, with an increase of the production capacity. Cementara Kosjeric became a member of Titan Group.
2004	Investments in a new chamber of the kiln electro-filter and clinker storage silo – another contribution to environmental protection. The cement packing and palletising facility opened – the first cement plant in Serbia which delivered the overall output of under-foil packed cement on pallets.
2005	Equipment for continuous measuring of emissions at most important points (kiln, cement mill, solid fuels mill) was installed.
2006	Certification in accordance with the ISO 9001 standard.
2007	New bag filter on the cement mill was installed.
2010	The waste water treatment system launched; Certification in accordance with the OHSAS 18001 standard – Corporate Safety and Health – and the ISO 14001 standard – Environmental Protection.
2011	The IPPC permit in compliance with Law on Integrated Pollution Prevention and Control was obtained. Our company was the first in the country which succeeded in obtaining this permit; CE mark was obtained for two types of portland composite cement; The first Corporate Social Responsibility and Sustainable Development Report was released.
2012	The second CSR and Sustainable Development Report (for 2011) was independently verified in compliance with GRI standards, Level C+.

## SUSTAINABILITY AND RESPONSIBILITY

Corporate social responsibility, being based on endeavour to do less harm and to do more good, makes integral part of corporate vision and is defined by CSR Policy adopted in 2010. Within this frame, the company is implementing its business strategy, which begins with the management commitment and follows our priorities:

- We make sure that safety always comes first, hence caring for employees as well as contractors;
- We respect and support the local community and actively engaging social activities to achieve sustainability;
- We are dedicated to perform our operations in an environmentally responsible manner thus ensuring sustainable development of both the company and the surrounding.

On the occasion of presenting the CSR and Sustainable Development Report for 2011, the company organized round table discussions with the stakeholder representatives thus showing readiness to understand the needs of the surrounding more profoundly. To what extent TCK takes into consideration suggestions of the stakeholders, is indicated by the fact that we included suggestions provided at the round table discussions in the current report, referring to the issues of environment, collaboration with the local community as well as sustainability reporting.



## Corporate Governance and Corporate Social Responsibility

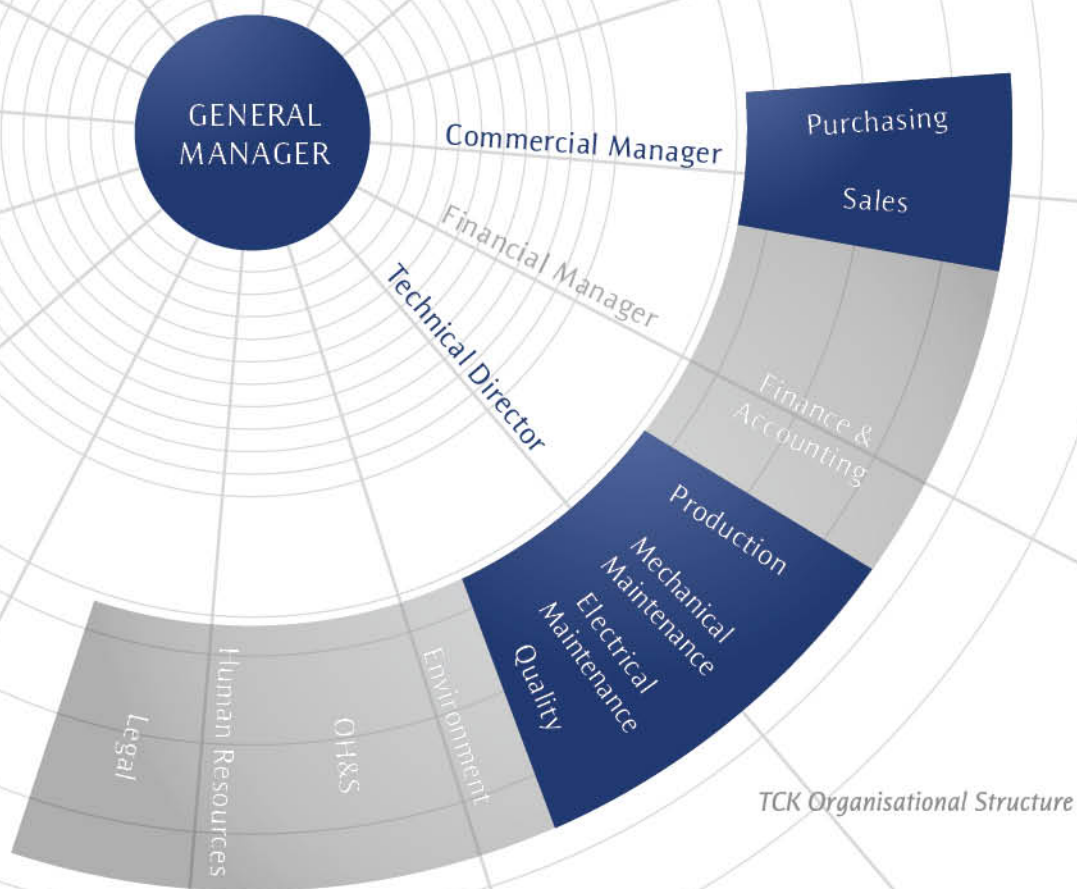
The CSR commitment of the company is not responsibility of only one department, but the pledge of all our employees, while company's top management regularly review and lead the strategy implementation, proactively managing risks and opportunities aiming to embed sustainability in the organization and to increase the value created for all key stakeholders.

The highest governing body of the company, the Board of Directors, is regulated by the principles of the corporate governance on the global level, whereas the **Local Management Committee**, consisting of: General, Technical, Commercial Manager and Financial Manager-ess of TCK, has been established with the responsibility to implement all decisions made by Titan Group and estimates feedback information provided by stakeholders on diverse levels: through dialogues with local community, in the meetings designed for revising corporate results within the plants of Titan Group, as well as in meetings held annually for revising the performance and development of the employees.

**The updated Code of Conduct** has been developed in compliance with the latest standards of European and international institutions encompassing the European Commission Policy of Corporate Social Responsibility. The document covers critical areas of business, including relations with customers and suppliers as well as the society at large, and has been communicated to the public through TCK's web site.

Commitment to the CSR principles has contributed to establishing the **TCK Corporate Social Responsibility Committee**, with the view to ensuring and monitoring implementation of the programmes designed for advancing key fields referring this domain, such as: health and safety, environment, local community development and corporate governance. The CSR Committee, with 33% of women's engagement, integrates the highest management of the company, suggesting the seriousness of the approach to analysis of risks and options for improvements in this sphere.

In the course of the previous year, the internal CSR and sustainability reporting management system was improved, with the need to accord standards of internal reporting with the standards of Global Reporting Initiative resulting in all Group's companies having unique guidelines in the realm of social responsibility.





### Meeting Customer's Needs

### Customers satisfaction

Category	Unsatisfying	Satisfying	Good	Very Good	Excellent
Overall Satisfaction	0%	0%	33%	67%	0%
Timeliness	4%	16%	16%	64%	0%
Cooperation	2%	24%	24%	50%	0%
Quality	5%	39%	44%	12%	0%

50kg

# TITAN

## CEMENTARA KOSJERIĆ

### UPUTSTVO

= 10 l

= 60 l

Cement	Pesak	Agregat	Voda	Zapremina

#### BETON

1. litak 50 kg	+	75 l	+	95 l	+	90 l	=	140 l	Betona
----------------	---	------	---	------	---	------	---	-------	--------

#### NORMALAN MALTER

1. litak 50 kg	+	99 l	+	—	+	30 l	=	130 l	Maltera
----------------	---	------	---	---	---	------	---	-------	---------

#### POJACAN MALTER

1. litak 50 kg	+	60 l	+	—	+	25 l	=	80 l	Maltera
----------------	---	------	---	---	---	------	---	------	---------

X

POSREDOVANJE  
POSREDOVANJE KOSJERIĆ KAMENI, HRVATSKA

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

POSREDOVANJE POSREDOVANJE POSREDOVANJE POSREDOVANJE

### UPUTSTVO ZA PRENOŠENJE

#### NEPRAVILNO

Uzorni ekološki pristup. Cement u vrećama ili betonu ekološki u svim prilikama pristupačan od vlage. Ako mora da se čuva na otvorenom prostoru ili u vrećama, da budu pokriveni sa suvom, čistom, nepropusnom pokrivenošću, kako ne bi došlo do dodatne vlažnosti i oštećenja.

#### PRAVILNO

Bezbednost pri radovima. Cement u vrećama, nakon identifikacije je ispod sigurnosne oznake, bezbedan za upotrebu. Cement u vrećama, je ispod sigurnosne oznake, bezbedan za upotrebu.

SRPS B.C.1.011/01  
PC 35M (V-L) 42.5R  
EN 197-1:2000  
CEM II/B-M (V-L) 42.5R

**Preporučeni rok upotrebe: 90 dana od datuma pakovanja utisnutog na vreću.**

ČUVAJMO OKOLINU

As for the corporate safety and health, there was neither objection to impacts of the products nor complaints about marking and proposed recommendation for safety management, storage and product utilization. Further information on safety management/storage, the buyers can obtain through Material Safety Data Sheet which is regularly updated on the web site [www.titan.rs](http://www.titan.rs) or can be found in the Sales department.

## *Sustainable Development*

*National Strategy for Sustainable Development defines sustainable development as a goal-oriented, long-term, incessant, comprehensive and synergistic process having impact on overall aspects of life (economic, social, ecological and institutional) at all levels. Sustainable development assumes building the models which highly satisfy social and economic needs as well as interests of citizens and concurrently eliminate or significantly decrease impacts threatening or doing damage to environment and natural resources.*

### *National Strategy for Sustainable Development*

Our production process comprises: ore excavation; raw material crushing, grinding, mixing and burning; cement milling, product packaging and distribution to beneficiaries. We are deeply conscious of the fact that these operations might have impact on the environment; therefore, we strive to mitigate or eliminate these impacts with a view to preserving natural resources of the planet for the forthcom-

ing generations. Concurrently, we are to build cooperation, dialogue and trustworthiness with key stakeholders as the prerequisite for accomplishing mutual objectives and sustainable development. At the same time, Titan products are used for different kind of construction such as housing, roads, bridges hence contribute to society development providing safety, durability, efficiency of resources and

connecting stakeholders.

The continuous investment we make enables us to achieve a long-term balance between economic, social and environmental objectives, thus eliminating our impact and offering added value and sustainability to the society.



619,809 t

of raw material extracted from two active quarries

Total annual air emissions:

1.55 t

Dust

Total expenses related to environmental issues: more than

€ 360,000

714,251 m<sup>2</sup>

is the total area of active quarries, out of which

462 t

NO<sub>x</sub>

Through direct taxation to the state and local authorities: almost

€ 7,500,000 evra

418,047 m<sup>2</sup>

are affected by operations

0.26 t

SO<sub>x</sub>

For goods and services to suppliers: more than

€ 22,000,000

out of which

71%  
to local suppliers.

442,201 t

was total amount of cement production.

€ 250,000

in development programs of the local community, out of which 48% through donations in cash and 52% through donations in kind

To the employees, through salaries and benefits: more than

€ 6,000,000

Each employee attended, on average, almost

34

hours of various development programs.

Main impacts of quarrying activities:

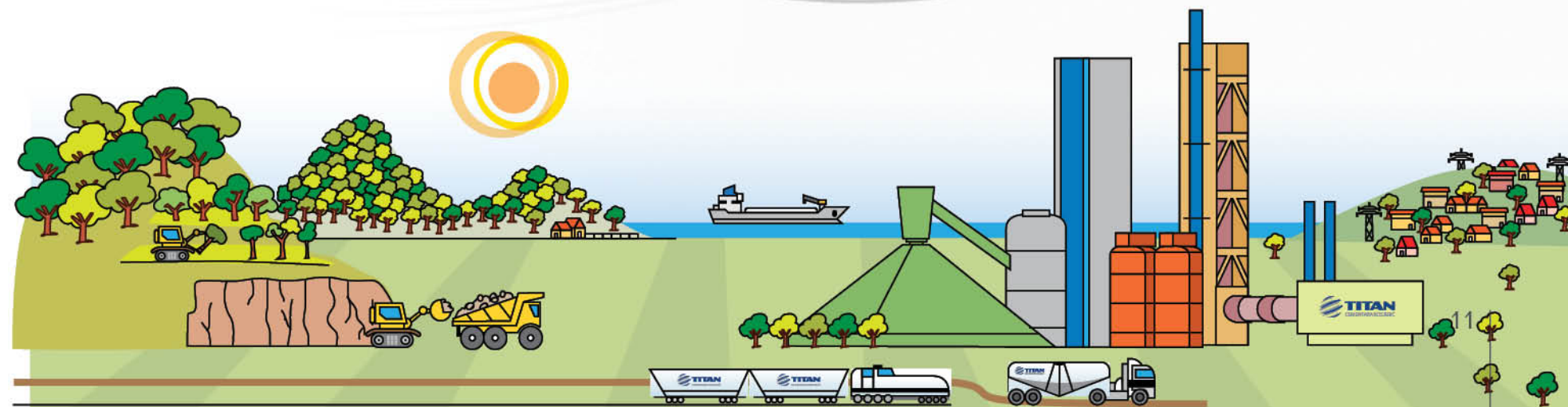
- Noise and dust
- Vibrations
- Landscape alternation
- Potential effects on biodiversity
- Energy consumption

Main impacts of cement production:

- CO<sub>2</sub> emission
- Energy consumption
- Other emissions (dust, NO<sub>x</sub>, SO<sub>x</sub>)
  - Noise
- Water consumption
- Safety risks

Indirect impacts:

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



## Setting Sustainable Objectives

In 2010, publishing our first CSR Report, we clearly stated our commitment to continuously develop and progress. Engagement with our stakeholders provided the feedback that enabled us to develop an action plan aligned with Group's targets that will be reviewed and updated annually by CSR Committee.

Objectives	Performance 2012	2015 Targets
2015 Targets		
Improving our competences, skills and knowledge	33.73 hours of training per employee € 237 of training investment per employee	At least 30 hours of training per employee Further investment in improving our competences
Corporate ethics	Distributing the updated Titan Group Code of Conduct	Training and implementation of the Code of Conduct
Occupational injuries	Frequency of injuries at work per 1,000,000 working hours is 4.19	Achieving zero-accidents at work
Collective Agreement	Preparation for signing a new Collective Agreement	A new Collective Agreement signing
Market		
Maintaining customer satisfaction	No justified complaint about products was lodged in the reporting period	Low level of complaints, preventive counselling and customer training
Responsibility towards customers	Research and analysis with a view to reducing Cr <sup>6+</sup> in cement	Reducing the content of Cr <sup>6+</sup> in cement, to the level below 2 ppm within a product life cycle
Customer and supplier training in corporate responsibility	Establishing standards on social protection and occupational safety of the employees with contractors while contracting business 151 hours of safety trainings or contractors	Continuation of customer and supplier training in CSR standards Continue delivering safety trainings for contractors

Objectives	Performance 2012	2015 Targets
Environment		
Investing in sustainable development	More than € 360,000 invested in environmental protection	Continued efforts to improve our environmental performance and footprint
CO <sub>2</sub> Emission	CO <sub>2</sub> emission reduction by 4.8%, compared to 2011	CO <sub>2</sub> emission reduction by 22%, compared to 1990
Energy Efficiency	Fuel oil consumption reduction by 14.82% compared to the previous year	Further fuel oil consumption to 5% compared to 2012
Alternative raw materials consumption was 9.8%  Further increase in alternative raw materials consumption	Completion of the Study on Assessing the Environmental Impact. The Project of dosing material and SRF (Solid Recovered Fuel) utilization Alternative raw materials consumption was 9.8%	Continued effort to comply with EU standards, relating to alternative fuel utilization  Further increase in alternative raw materials consumption
ISO 14001	Document update of Management System as recertification preparation	Recertification in compliance with ISO 14001
Engaging with Local Community		
Dialogue with Stakeholders	Meetings of TCK Advisory Board  Round table discussions with stakeholders employing the issues of the joint interest	Continued activities of TCK Advisory Board  Meeting with stakeholders and keeping the dialogue going
Transparency and Integrity	2011 CSR and Sustainable Development Report was released and verified by independent audit institution	Upgrading Corporate Social Responsibility and Sustainable Development Report – improved quality
Strategic Approach to investments in local community	Total investments in infrastructure and development programmes in the local community is € 250,000	To continue to support important development programmes in the local community



## CARE FOR OUR EMPLOYEES

*In Titan Cementara Kosjeric we cherish genuine care for our employees and their development. In our experience, employment implies a long-term cooperation, founded on trustworthiness, and directly reflecting the value of the company and compatibility with fundamental corporate principles.*

### Safety First

Occupational Health and Safety is a core business priority of TCK. A successful organisation of the company safety system with clearly defined responsibilities of all employees is committed to achieving working environment without injuries, respecting fundamental safety principles:

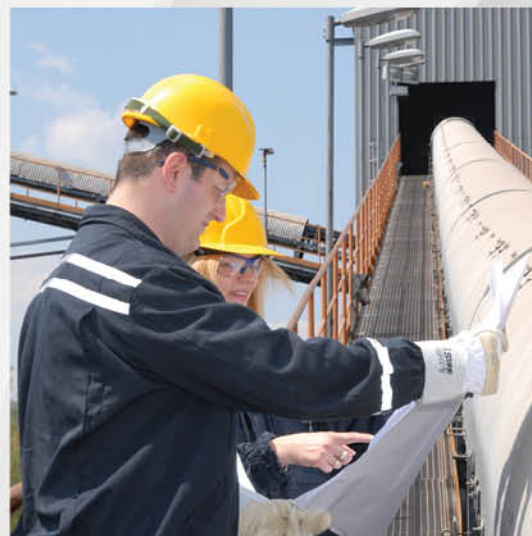
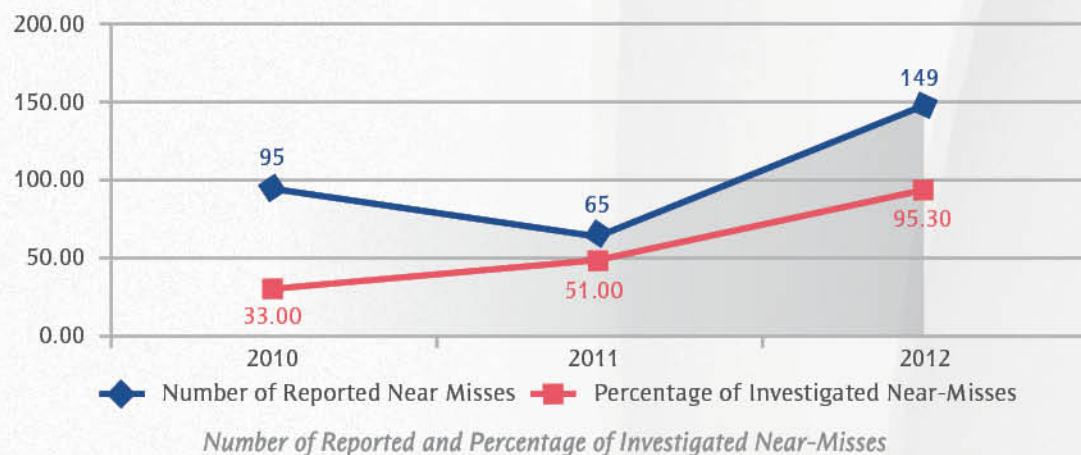
- All incidents can be prevented;
- Respecting safety regulations and safe behaviour are prerequisite for employment.

Even though we have been recording continuous advancement in H&S, there are still drawbacks in the results. For example, the severity rate of lost time injuries is higher than in previous years due to one serious injury in 2011 that caused long absence. Safety remains the key area for the company and progress is annually verified, through external auditing in compliance with international standard OHSAS 18001. Additionally, this fundamental field of TCK corporate responsibility, has been highly rated for the second year running (85.4% excellence) by the team which conducted "360 degree audit". The team comprised H&S Manager of Titan Group together with Regional H&S Manager and the results are presented in the diagram below. Because we invest a lot of effort to improve and endeavour to be proactive, we are trying to integrate more leading indicators in the management

review, such as the fact that 42 employees (15.22% out of the total number of employees) took part in incident investigations, which help us prevent potential risks. All incident investigations reports are provided on the plant server and most significant ones are given on the noticeboards or discussed at safety meetings.



"360 DEGREES" Audit Results



Parameter	Definition	2010	2011	2012
Fatal Injuries	Number of injuries at work with fatal result	0	0	0
LTI*	Number of lost time injuries*	1	2	2
LTIFR**	Frequency rate of lost time injures **	1.71	3.72	4.19
LTISR***	Severity rate of lost time injures ***	665	262	898
AR	Number of days due to absence from work per 200.000 working hours (GRI Definition)	6566	5453	5076
Professional Diseases	Number of lost calendar days due to professional diseases	0	0	0
Training Hours Index	Average H&S training hours per employee	17.63	6.32	11.01

Aiming at engaging all employees in our efforts to achieve zero accident, TCK management closely collaborates with the company's **Trade Union** which represents 80% of employees in a joint **Committee for Occupational Health and Safety** comprising 5 representatives of the Union and 3 representatives of the employers. In the regularly held meetings of the Committee, the representatives of both employees and management discuss the key issues from the realm of interest with a view to improving health and safety in the working environment.

*LTI: Injury at work is any injury resulting in employee's absence from work one or more working days not taking into account the day of injury. Both injuries refer to males.*

*LTIFR = Number of lost days incidents X 1.000.000 / Total number of working hours accomplished by directly employed in a year.*

*LTISR = Total number of calendar days of absence due to injury at work in a year X 1.000.000 / Total number of accomplished working hours of the direct employees in a year.*





### *Safety Culture Development*

Highly raised self-awareness of the company employees is a key feature of an incessant safety culture development. It requires individual responsibility not only for themselves but also for colleagues, associates and all other people abiding within TCK. This ambitious but achievable guiding idea underlying the overall organization together with operations in the field of health and safety is conducted through a direct engagement of the company staff. The employees are involved in safety subcommittees, trainings, thematic meetings concerning safety issues. In the course of 2012, 34 various safety meetings were held with participation of 16 employees on average. Important topics were discussed (incident investigation, tools, equipment, procedures) related to general safety policy of the company.

Systematic development of safety culture has been significantly improved by interactive mid-year training "Occupational Health and Safety Policy", designed for all employees with a view to safety applying in all aspects of life and work. TCK interminably maintains communication with the local community and wider surroundings so that this versatile safety

system can function thoroughly. Important information from this field is available in internal newsletter, "TCK Novosti", providing articles intended for H&S in each of its issues.

### *Emergency Response*

A good organisation of safety system in TCK refers to an adequate hazard recognition, risk assessment and prevention and appropriate reaction in emergency situations. Due to this, in August 2012, the training on reactions in emergency situations (fires, earthquakes, injuries) was organized, followed by a detailed plan and evacuation strategy, with everybody having their own responsibility.

Special teams were built, consisting of employees who are additionally trained and are competent for appropriate reactions under emergency circumstances. They are in charge of:

- Fire fighting team;
- Evacuation in inaccessible locations team;
- First aid team;
- Location clearing team.

Starting from 2013, drills with real emergency simulation will be conducted for the teams, at least twice a year, simulating emergency situations of all kinds.

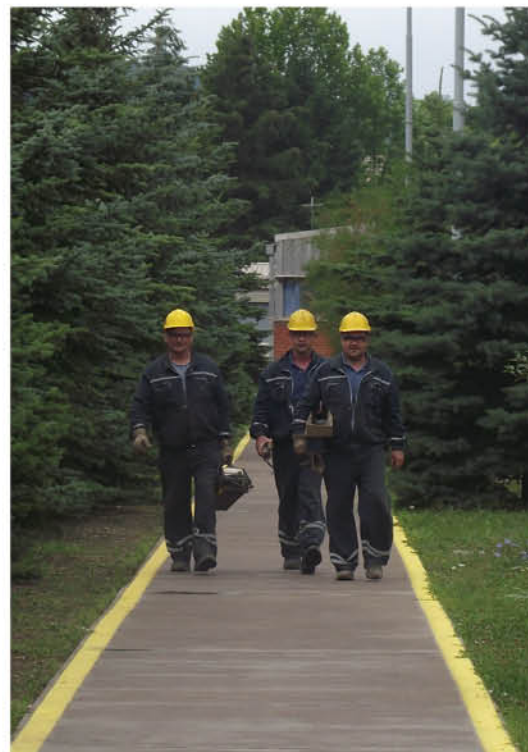
### *Risk Assessment from Explosives (ATEX)*

Risk assessment from explosion under normal atmospheric conditions within companies not being involved in explosive material production together with determining preventive measures for prevent-

ing unwanted situations is defined by a particular set of Guidelines, i.e. ATEX which stands for Atmospheric Explosion.

In October 2012, the ATEX Study was completed in the company, involving risk assessment from explosive within the plants for solid fuel grinding and liquid fuel preparation. The study, referring to risk detecting, equipment planning and risk assessment within these premises of the plant, indicates to a very low risk of possible explosion within the areas of potential risk, in compliance with built-in equipment and measures conducted by TCK.

At the end of the year, a short training was held for the employees, introducing ATEX guidelines and presenting thorough results of the study.





## Employment Profile

EMPLOYEES in Titan Cementara Kosjeric on December 31		2011		2012	
Number of full-time employees		302		256	
Number of temporary employees		5		5	
Total number of employees		307		261	
Number of employees by Gender		#	%	#	%
female		46	15.16	35	13.64
male		261	84.84	226	86.36
Number of employees provided with performance and development feedback information		#	%	#	%
female		13	12.70	14	15.41
male		26		29	
EMPLOYEE TURNOVER		Gender		2012	
Newly employed		Females		1	
		Males		2	
Employees leaving the company – regular turnover		Females		1	
		Males		6	
Employees leaving the company – restructuring plan		Females		11	
		Males		31	
Turnover rate, excluding retirement (number of employees having left the company / average number of employees for the period)		16.13			
INDIRECTLY EMPLOYED – contractors		2011		2012	
Estimated number of contractors' employees		162*		136*	
Estimated number of contractors' employees (without logistics and transportation)		23*		24*	
Estimated number of contractors' employees – logistics and transportation		138*		112*	
Total number of working hours provided by employees indirectly employed		304,921		256,394	

\* Number of contractors estimated as FTE (Full Time Equivalent)

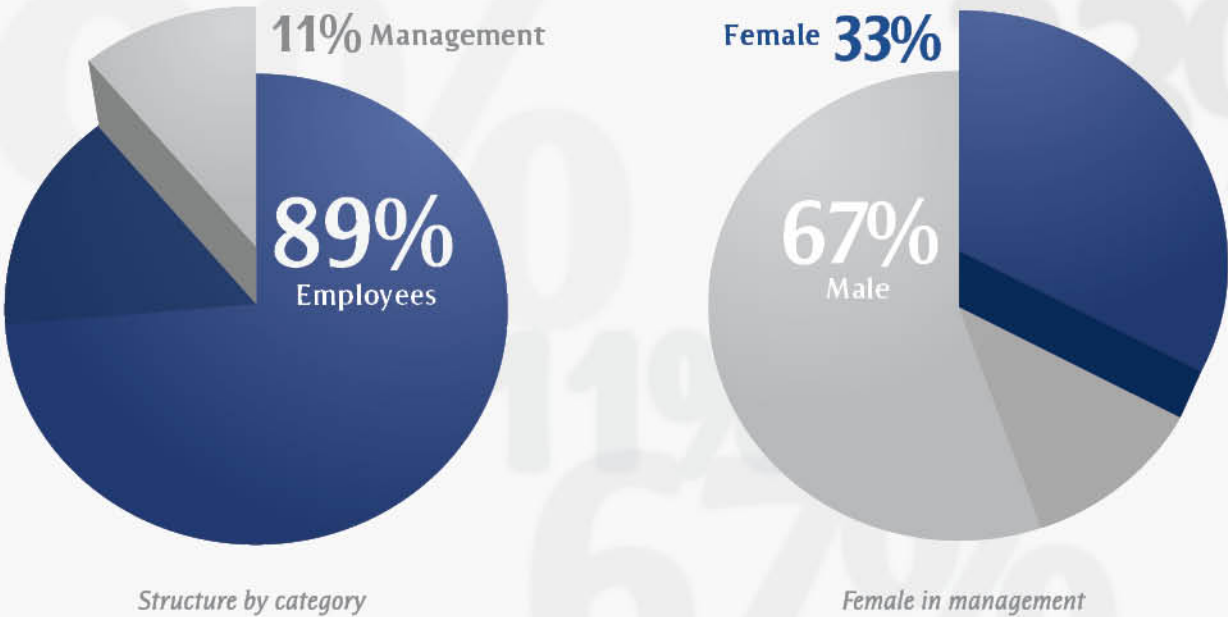
*Our relationships with suppliers are founded on trustworthiness, respect, fairness and honesty with the aim of upholding a long-term cooperation.*

Employment at TCK is characterized by long-term contracts with employees being provided with wages considerably beyond the average of the local and national market and additional to the provisions of law benefits as described in the table below.

Indicative Employee Benefits	2011.	2012.
Additional Health Insurance	no	yes
Injury/death insurance 24/7	yes	yes
Additional retirement pay	yes	yes
Jubilee awards for 10, 15, 20, 25, 30, 35 and 40 years	yes	yes
School supplies for employees' children	yes	yes
New Year's gifts for children	yes	yes

Yet, in 2012, facing the challenges in local market, TCK developed and implemented a resizing program focused on a total of 42 employees. The program was officially disclosed and approved by authorities and a total of 27 employees applied voluntarily for the early leave. Other employees were offered the opportunity for new job placements and new contracts so as to provide services to TCK and other organizations. The implementation of this resizing program has also affected the number of contractors servicing TCK.

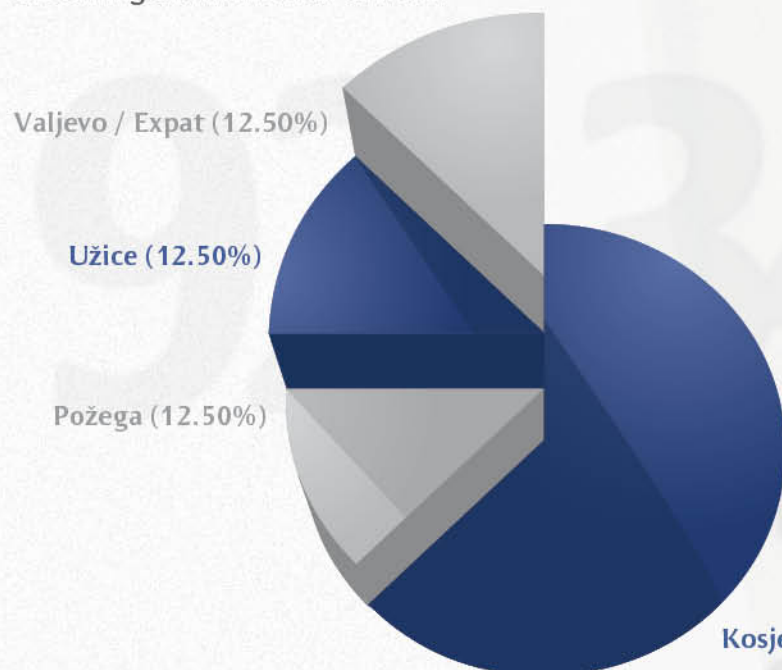
Equal Opportunities



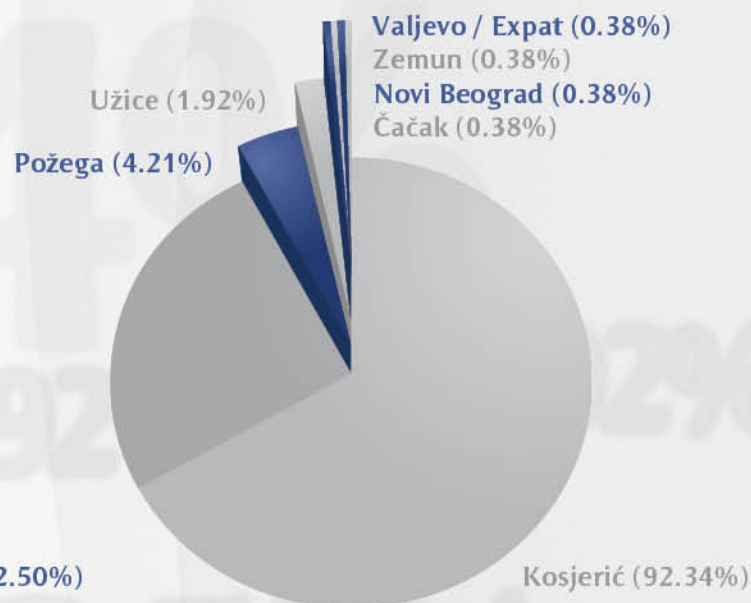


TCK provides equal opportunities for all, in employment as well as in professional development. Primarily, giving the opportunity for employment to citizens of the surrounding communities is encountered as an important parameter of sustainable development. The company standards applied in compliance with our corporate values initiate employment of the local skilled cadres whenever it is possible. All employed in the company work full hours, and their average salary in 2012 was 2.5 times higher than the average salary in the Republic of Serbia whereas the lowest base salaries having been paid in December are higher 2.6 times with regard to prescribed minimum wage. In the course of the previous year, there was no complaint of the employees registered concerning discrimination at work.

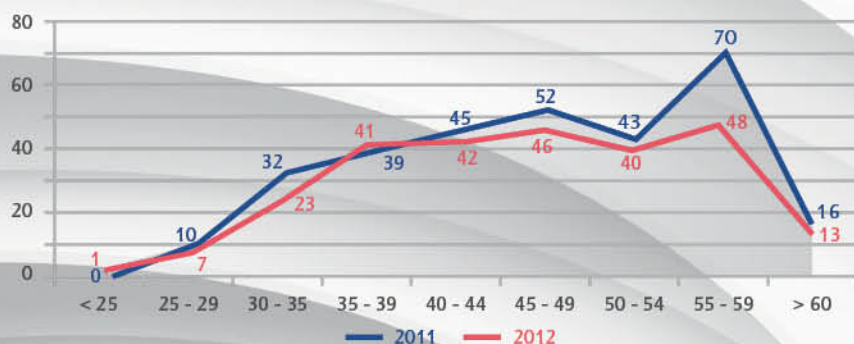
In the process of annual performance appraisal conducted in the company, the members of the local Management Committee are also provided with accomplishments feedback. The comprehensive procedure evaluates to what extent the members of the company management are committed to fundamental business principles and corporate values. These indicators enable performance and career management. Apart from achieved results, the methods of their achievements are taken into consideration; hence the members of the management have a thorough insight into their achievements in the fields of occupational health and safety, employee development and approach to transferring corporate values to the business teams.



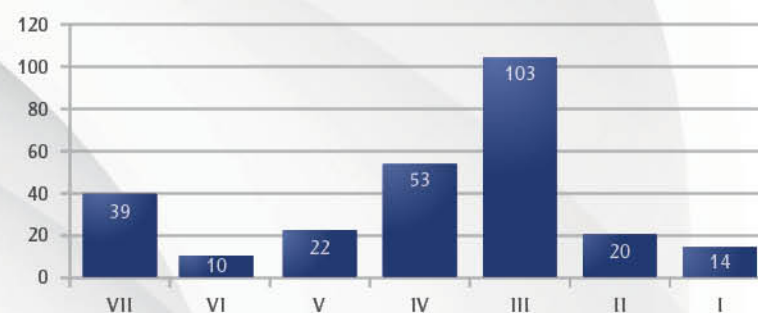
Structure of the employees by residence – management reporting to General Manager



Structure of the employees by residence – all employees



Employee age distribution in Titan Cementara Kosjeric



Occupational structure of Titan Cementara Kosjeric employees

Employees entitled to a childcare leave in 2012	males	11
	females	6
Employees who have exercised their right to leave	males	0
	females	6
The expected number of employees to return from their leave	males	0
	females	2
Employees who have returned to work from leave	males	0
	females	4
Employees who have returned to work after leave and are employed even after 12 months	males	/
	females	100%

Parental leave in Titan Cementara Kosjeric

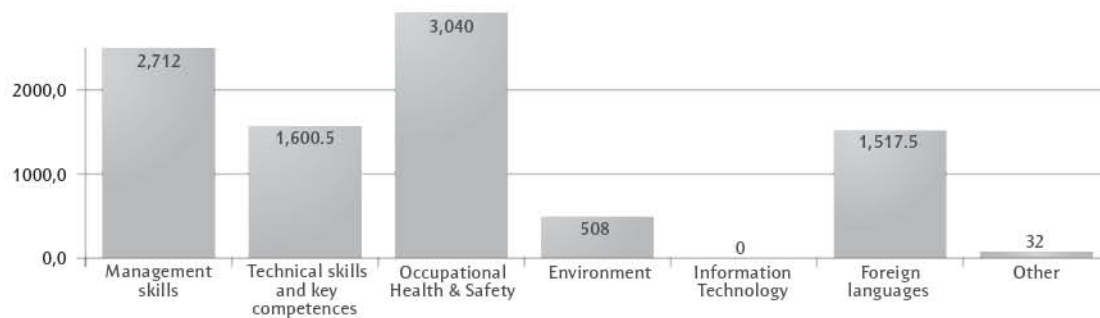
## People Development

So as to achieve best business results and ensure company growth, we support continuous learning and encourage our employees to enhance their professional development and successfully climb career ladders. Pursuant to this approach, TCK offers a wide array of educational programs earmarked for variety competence enhancements such as: on-the-job learning, leadership development, technical knowledge and skills training, recognized professional qualification trainings. Transferring obtained knowledge among our employees, accompanied by conduct-

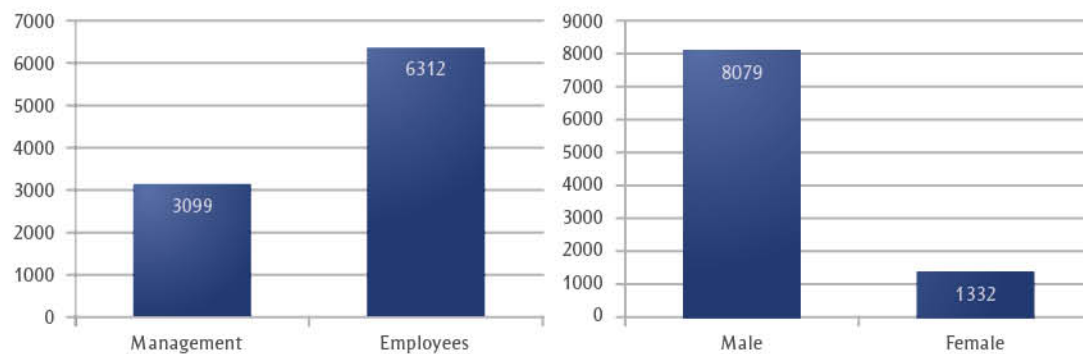
ing various internal training sessions provides vital encouragement. In the course of 2012, a total of 269 employees attended numerous trainings and development programs. A total of 9,410 hours of training was realised, i.e. 33.73 hours per each employee. Guided by our endeavour to transfer good practices to stakeholders, in the course of previous year, virtually 250 hours of training was realised for contractors, out of which 151 hours of training refers to occupational safety.







Hours of training 2012



Hours of training 2012

### Code of Conduct

Last summer, all Titan Group employees were provided with a Code of Conduct copy, which had previously been revised and updated. The document encompasses general guidelines for tangible, devoted and responsible conduct of our colleagues within the frame of everyday activities at work which corresponds to the rules of professional ethics. Establishing the Code of Conduct, as the governance business act and providing well-being for the employees, requires the support of all employees, due to the fact that self-awareness of permanent and mutual value system creates the connections of business success.

### Communication with Employees

Respecting human rights, creating safe, healthy and good working conditions in the open working environment without discrimination, are prerequisites for achieving our corporate social responsibility ambitions. A pleasant social milieu is built on identifying a diverse sphere of needs and pursuits of our employees as well as implicitly respecting wellbeing of their families. Therefore, common values are the indispensable foundation for our overall plans and operations. This attitude, manifested in an interminable interactive involvement and good mutual communication among employees was enhanced by a new way of communication within the company, conducted in July 2012. That was the first time the company had organized TCK Conversations – the day dedicated to communications embracing company strategy, challenges and priorities.



## SOCIETY: OPENNESS AND TRANSPARENCY

Corporate social responsibility is defined as the responsibility of enterprises for their impacts on society. To fully meet their social responsibility, enterprises should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.

*European Policy on CSR, October, 2011*



The company openness towards local community is the prerequisite for development of credible relations with business environment, featuring one of the governance principles the company is guided by. In the view of our efforts to improve transparency, we made a further step in achieving international standards and acquired B+ level for this Report.

Mutual respect, public activities and cooperation we continually nurture with our employees, local community, clients, suppliers and other stakeholders, are acknowledged by the newsletter as well. "TCK Novosti" records vital topics referring to the local community and company, promoting mutual concept of progress through affirmation of life and corporate values.

Dialogues with community representatives, act as a significant step towards strengthening partnerships. Furthermore, the employees and contractors can seize the opportunity to augment safety and environmental issues by their personal initiatives; proposals, which might be anonymous, are submitted through adjusted form sheets in the boxes displayed within all facilities of the company.



## *Taking Collective Action*

### *TCK – A Member of Business Leaders Forum Serbia*

TCK became a member of Business Leaders Forum Serbia at the end of last year. Admittance to this prestigious leader group was merited due to endeavours we invest in the field of CSR and sustainable development, particularly in the field of occupational health and safety, environment as well as transparent relations with local community.

Business Leaders Forum Serbia gathers the representatives of our most progressive companies, and is the national partner of CSR Europe network, leading organization for corporate social responsibility with its policy based on a stable connecting all segments of the society, i.e. building ideal social values.



*Concerning the national level, the company promotes sustainability through membership in the Association of Cement Industry in Serbia (CIS) using its proactive approach. This Association offers the professional support to its members in the field of joint interest and in the manner which does not influence competition and being in compliance with law and general acts of the joined organizations.*

*Furthermore, our membership in other national associations, such as Foreign Investors Council, American Chamber of Commerce (AmCham), National Alliance for Local Economic Development (NALED), Hellenic Business Association, enables a continuous cooperation and communication with all social stakeholders in Serbia contributing to development of a society as a whole through sharing good practices and experience.*

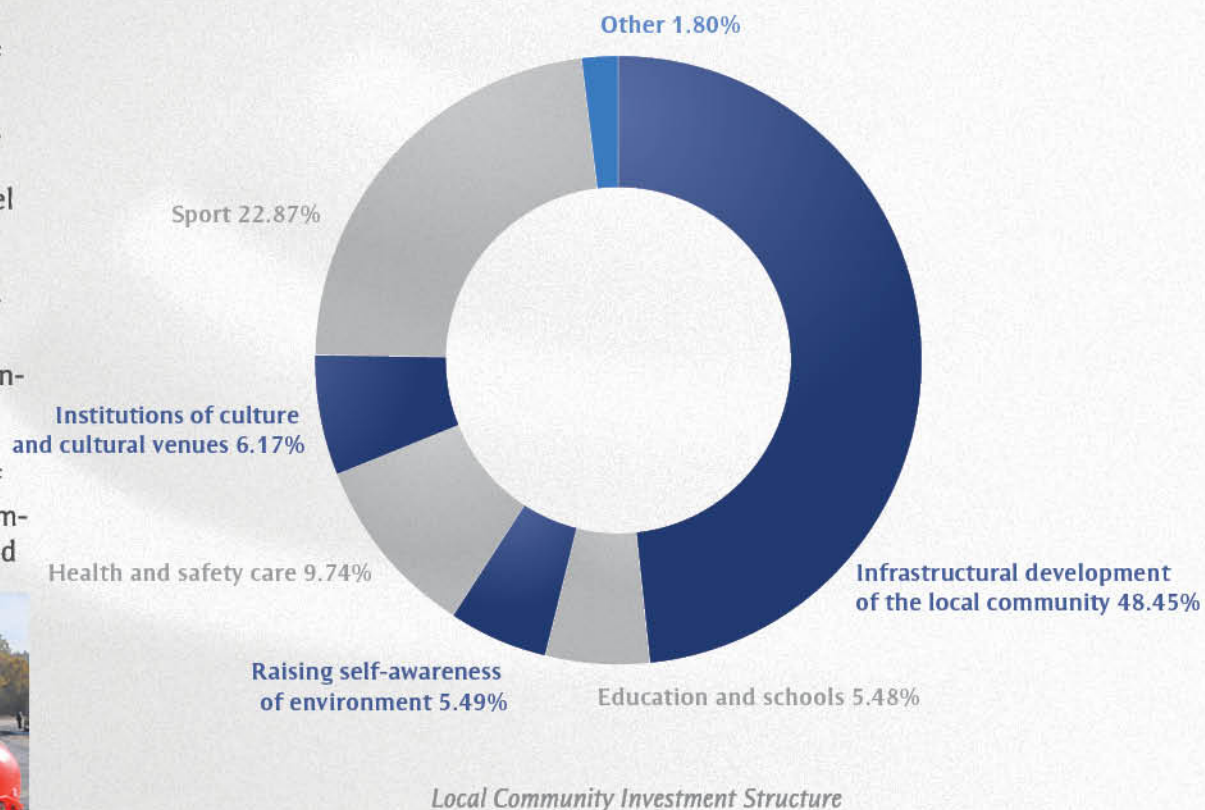


## Engaging With Community

Founding its strategy on the principle of investing its financial and human resources in the community it operates in, the company has been a reliable local community partner for years. As a model company, TCK concurrently promotes and initiates value development in its surroundings. Within its CSR policy, our company contributes to life standard enhancement in Kosjeric. Due to this concept, the company supports municipality institutions, sports clubs, non-profit organizations and individuals in need of aid. The presence of TCK in the local community is marked by its transparency and



openness concerning joint cooperation with all stakeholders as well as our efforts to have ongoing dialogue for issues of common interest. Necessity to continuously develop this kind of communication potentials, contributed to initiating TCK Advisory Board whose activities since 2011 have been operated by representatives of the company top management together with local community stakeholders. The issues of joint interest are solved by means of information, attitudes and initiatives sharing.



In cooperation with local authorities, the company takes part in constructing road and water supply infrastructure (€ 121,914). In 2012, the company participated in the Municipality initiative organized for the purpose of **purchasing a new vehicle for the Fire Fighting Station in Kosjeric**. Our support to non-profit sector is fully corroborated by local projects affirmation; in 2012 we enabled the program realization named: **Environmental Caravan "Watch Out – the Garbage!"** – by Green Initiative, **International Art Camp** organized by K-Town Group and **Music Festival BUM 31260** initiated by the members of dtR Association.

In the view of our commitment to enhance the long-term potentials of life quality and urge the perspective of the citizens in Kosjeric, we understand the need to justify trustworthiness of community which considers our company as being hard-working and responsible. In this respect, our activities in the corporate environment are clear and explicit: we contribute to a better milieu but we also invite local participants to respond with common strategy to vital challenges of the surroundings – from education improvement and safety at schools to finding solutions to waste management. By this understanding we are to meet the community expectations.



### *Wooden Log Church in Seca Reka*

The wooden log church in Seca Reka village in the vicinity of Kosjeric is one of the most valuable cultural and historical monuments in this region. It was probably erected in the 15th century, and the present design dates back to 1812. Here in ancient, sacral monument, surrounded by roadside tombs, the monuments dedicated to the Serbian soldiers in the Balkan Wars, celebrated two centuries of the existence in summer of 2012. In honour of the jubilee, the restoration was carried out by means of considerable funding, allocated by institutions and benefactors. The church restoration fund was contributed by Titan Cementara Kosjeric having donated construction material.

### *Plant Open Day*

Since there is a constant need for direct information exchange in the social context, TCK organized Plant Open Day on June 30, 2012, the occasion when the fellow citizens were provided with hospitality and the opportunity to be introduced with plant facilities, work conditions and company corporate strategy. The benefit of TCK employees and local community visitors' encounter reflects upon communication improvement and mutual trustworthiness with stakeholders who are, by newly established practice, additionally enabled to be provided with precise information on company operations.

### *Public Class in Physics – 2 Geek Weeks*

In collaboration with non-profit organization "dead town Resurrection" and primary school from Kosjeric, the company organized a public class in physics and chemistry, having been done by team "2 geek weeks" – the group of young scientists, known for promoting knowledge and skills all over the world. The class was done in the premises of Primary School "Mito Igumanovic" and was attended by a large number of delighted students. Laboratory materials together with other required chemical substances having been provided for this presentation, TCK donated to the school chemistry laboratory, making a promise to support a forthcoming Festival of Science at primary school which is bound to include the students of all ages with a view to being provided with information on a wide range of fields of science in an interesting and exceptional way.





## *The Second Corporate Social Responsibility and Sustainability Report*

On the occasion of presenting the second Corporate Social Responsibility and Sustainability Report of Titan Cementara Kosjeric, Miroslav Gligorijevic, the General Manager, Maria Alexiou, the Corporate Social Responsibility Manager of Titan Group and the representatives of Audit Firm, addressed themselves to those present on October 23, 2012. The message was conveyed to the public that in spite of the years featured as economic uncertainty the company remains committed to the principles of CSR. Furthermore, we promoted the IPPC Permit, granted in compliance with Law on Integrated Pollution Prevention and Control; TCK was the first company which succeeded in obtaining this permit, and thus proved to abide by the highest environmental standards.

The second CSR Report was prepared according to International Global Reporting Initiative (GRI), Level C+ and subsequently verified by independent audit of KPMG.

Following the initiative started two years ago to report our performance to the community, round table panel discussions were organized with involvement of both company and local community representatives. We have received a detailed feedback during discussions on three different topics: **environment, cooperation with local community and reporting on corporate social responsibility and sustainable development**. Stakeholders recognize the willingness of the company to cooperate with fellow citizens and report transparently in the field of environment as well as the efforts invested to further improve energy efficiency. They would also like to be more involved in the plans as regards alternative fuel (SRF) utilization.

The participants agreed that TCK is provided with capacity, knowledge and skills to contribute to the life quality within the local community. The proposal for initiating future public discussions by municipality authorities was accepted and followed by indispensable support of the company.

The stakeholders also favourably evaluated previous reports and acknowledged the initiative for independent appraisal and the document verification. It was accepted that the company includes in its reporting the decision-making policy on resource allocation to institutions and organizations of the local community, with the effect of initiating document preparation which is to deal with this issue.







#### *Study Tour to Titan Plant in Bulgaria*

*As a result of the feedback received through the engagement activities, we organised a study tour to Titan cement plant in Zlatna Panega, Bulgaria, which was realized in March, 2013. This study tour was organized for the representatives of the municipality authorities, local organisations, TCK Advisory Board and TCK management.*

*More details about the visit will be provided in the 2013 Report.*

## CARE FOR ENVIRONMENT

Overall operations of Titan Group incorporate the Environmental Policy based on responsible utilization of natural resources and energy the cement industry is hinged on. The imperative of our company, to do less harm in the production process followed by systematic efficiency improvement within the working and life environment, is achieved by continuous investment in technology modernization, increase of energy efficacy, emission mitigation and optimal consumption of raw materials, fuels and water.

### Environmental Management System (EMS)

Our endeavour to improve not only monitoring and reporting as regard impacts on environment but also to efficiently organise operations comprising this field, has the effect of developing and implementing Environmental Management System (EMS).

Here in system enables:

- To timely detect all significant facts in the domain of environment that need to be managed and require certain operations and planning of the necessary activities to be accomplished;
- To observe legal requirements and ensure compliance with environmental regulations;
- Environmental trainings intended for directly and indirectly employed;
- Making and conducting particular plans in case of emergency with a view of successfully recovering the consequences and minimizing their impact on environment;
- Efficient management of the waste generated by our plant in compliance with local legal regulations;
- Recording and resolution of complaints relating to the environment;
- Reforestation plans development and implementation.

The system of Environmental Performance Management was implemented at the level of Titan Group in 2012, stipulating strict procedures concerning monitoring and reporting. Additionally, the Integrated Water Management System was completely implemented throughout the Group.

In accordance with Titan's decision to comply to WBCSD/CSI principles on generating gasses with "greenhouse effect", the CO<sub>2</sub> management system was implemented in 2007. Hereinabove mentioned system was revised and accorded with the latest version (3.0) the WBCSD Cement CO<sub>2</sub> Protocol: CO<sub>2</sub> emissions and energy Accounting and Reporting Standards for Cement Industry.

Externally certified Environmental Management System, in compliance to International Standard EN ISO 14001, was implemented in 2010.



## Climate Change

Taking into consideration that carbon dioxide generated by cement industry results in the “greenhouse effect” and, therefore, unfavourably affects climate change, Titan Group is focused on improving energy efficiency in industrial processes and developing eco-effective products (products with higher content of alternative raw materials). Although the use of alternative fuels has a significant environmental and economic potential with a wide social importance, the realization of this concept in TCK requires a thorough support of the local community.

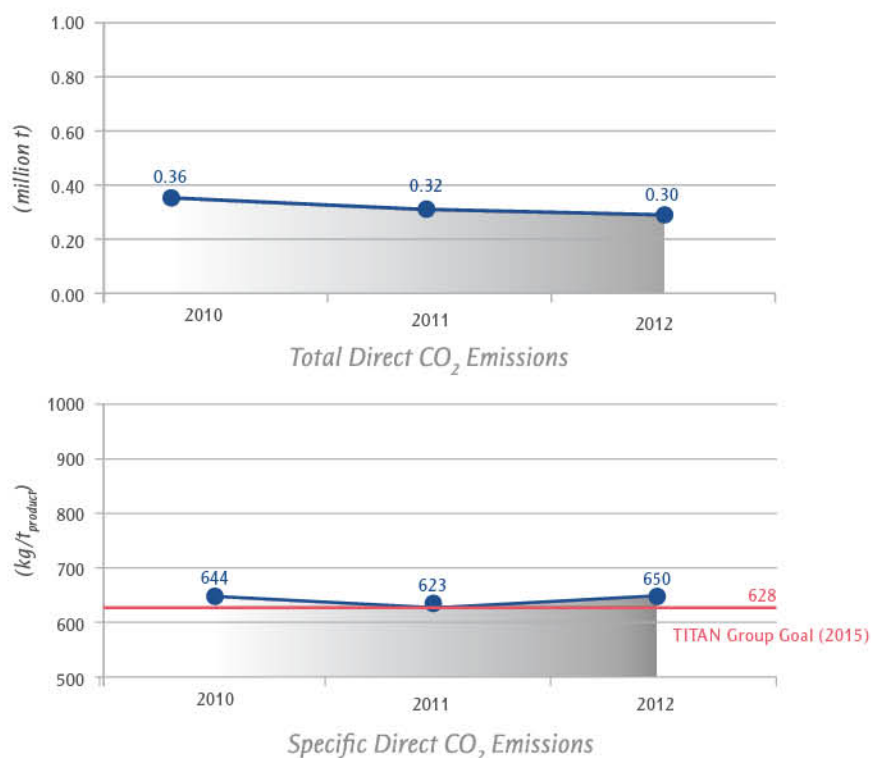
## CO<sub>2</sub> Emissions

Total CO<sub>2</sub> emission in the cement production is directly and indirectly generated. Direct emission emerges as the result of decarbonisation, i.e. the process of raw materials (mainly limestone) transformation into clinker as the basic component of the cement, as well as fuel consumption that is used in kilns (coal, petroleum coke, heavy fuel) and material transportation. Indirect emission of CO<sub>2</sub> emerges as the result of production of electricity required for clinker and cement production.

TCK applies the WBCSD/CSI Cement CO<sub>2</sub> and Energy Protocol: CO<sub>2</sub> and Energy Accounting and

Reporting Standards for the Cement Industry to calculate total CO<sub>2</sub> emissions. In accordance with this Protocol, reporting on CO<sub>2</sub> emissions is regularly executed, in spite of the fact that this field has yet to be enacted by Serbian law.

Total direct emission of CO<sub>2</sub> in 2012 was 4.8% lower compared to 2011 due to a reduced production process. Specific direct CO<sub>2</sub> emission per ton of a product was 4.4% higher compared to the same period of the previous year, which was the result of increased clinker supplies in 2012.

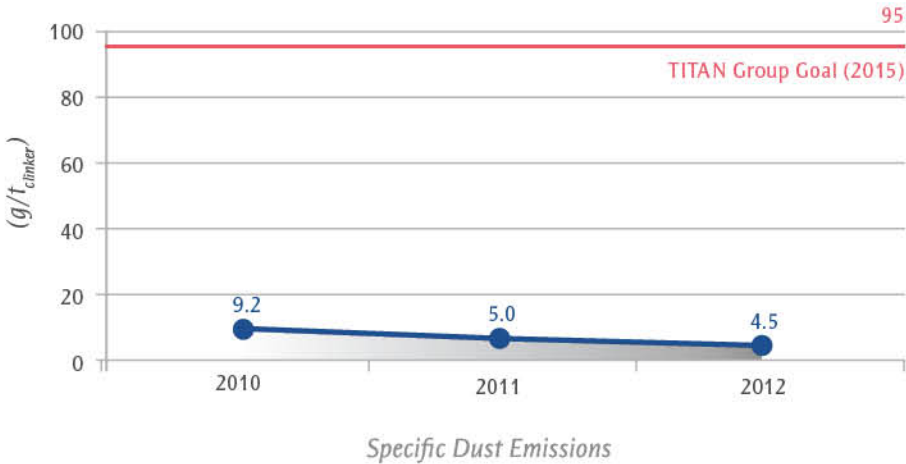
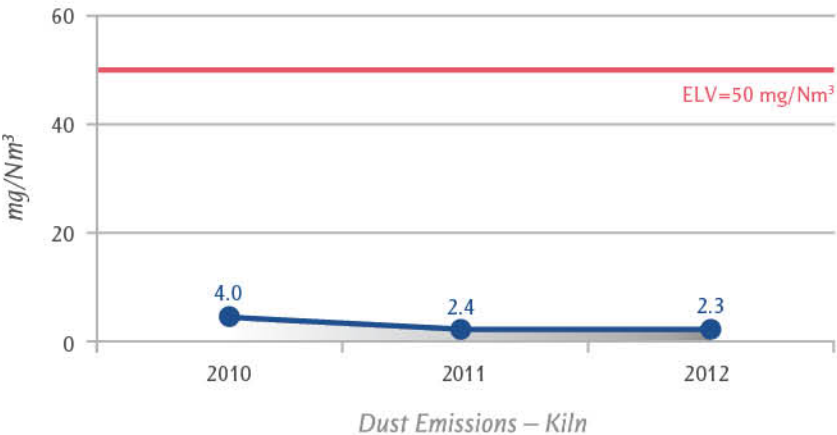


Other Air Emissions

Having been committed to continuously reduce our impact on environment, we endeavour to reduce dust, nitrogen-oxides (NO<sub>x</sub>) and sulphur-dioxide (SO<sub>2</sub>) emissions generated in our production process whose quantities mainly depend on raw material used.

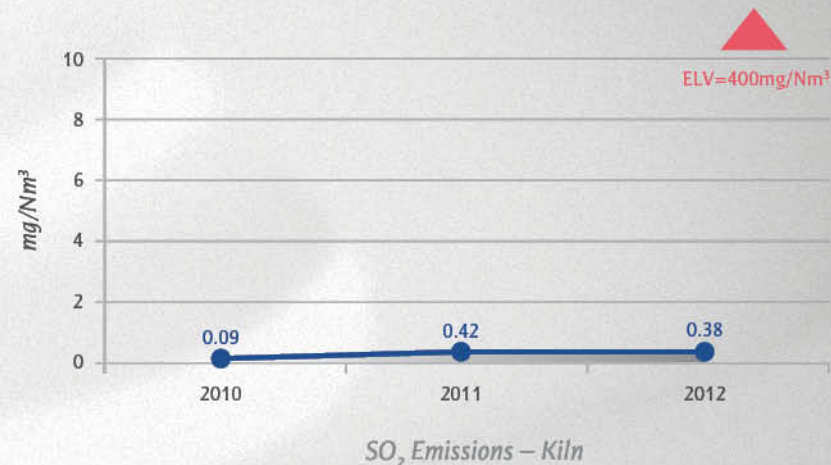
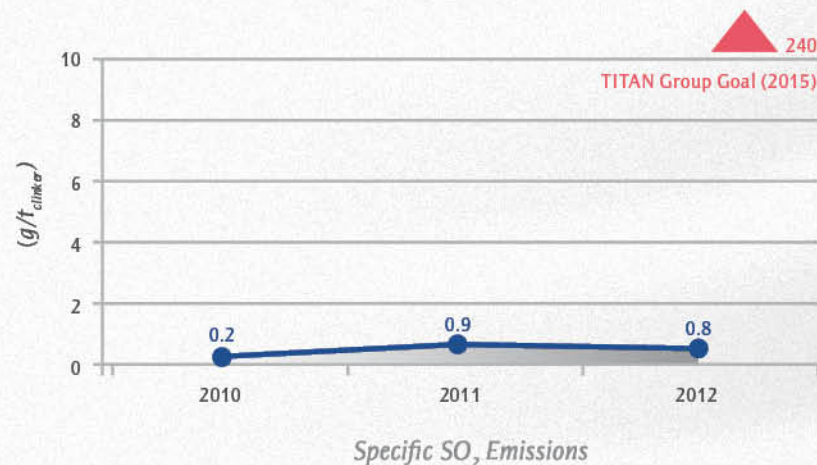
*In 2012, the MEAC2000 EU, emission data collecting and processing programme was installed which contributed to our monitoring system upgrading. The programme also ensured that our monitoring system for emission tracking together with data processing is in compliance with law regulations and directives.*

Total dust emissions were 1.55 tons in 2012. Comparing to Titan Group targets as well as TCK's IPPC permit, dust emission levels were far below stipulated limit values. Diffuse dust emissions generated by manipulation and transportation of material is continuously measured by the authorized institution, whereas the controlled condition in TCK is carried out by maintenance of the roads, transportation of the material by trucks covered by tarpaulin and other measures. According to the national legislation, dust emission was also below limits:

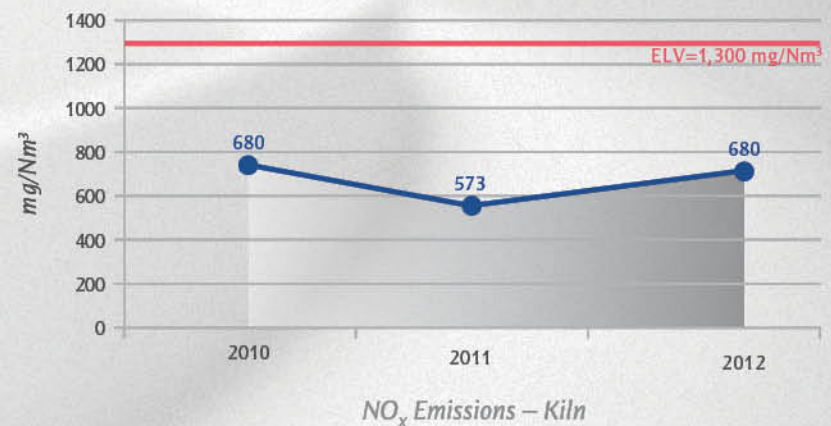
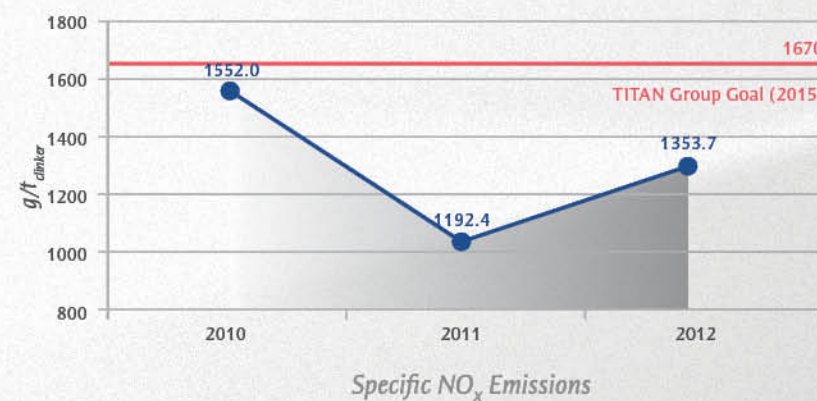


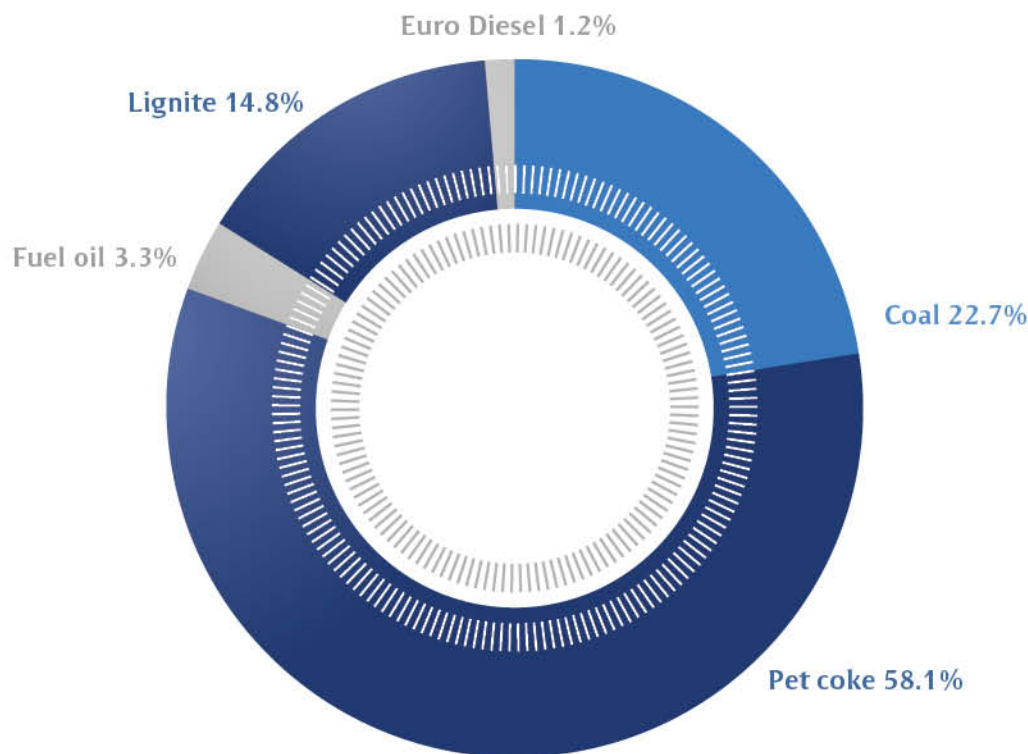


Total emission of SO<sub>2</sub> in 2012 was 0.26 tons. Achieved level is lower than the goal established by Titan Group. The SO<sub>2</sub> emissions were also more than 1,000 times lower in comparison to the national legislation:



Total emission of nitrogen-oxides in 2012 was 461.75 tons indicating a growth compared to the previous year, conditioned by increase of primary air in the rotary kiln burner as the result of combustion process optimization. The emission levels of NO<sub>x</sub> are below the level established as the goal by Titan Group. NO<sub>x</sub> emissions compared to stipulated limit values also show results below the marginal limits.





*Thermal Energy Consumption According to Fuel Types*



### *Environmental Footprint*

Within the domain of the care for environment, a considerable amount of raw materials and energy consumption in the cement industry is systematically followed and regulated. Our company gives a great importance to the implementation and improvement of diverse monitoring systems, since their precision is intended for measuring the entire impact of the cement industry on the environment. Furthermore, Titan Group is committed to increasing the efficiency of its plants, optimisation of

the existing equipment, as well as implementing the state-of-the-art technologies in this field. The objective of these endeavours is to reduce total consumption of natural materials and energy.

### *Energy*

Energy demand in the production process in TCK is met by consumption of thermal and electrical energy, whereas diesel fuel is used for transportation needs.

In the course of 2012, the saving in production of technological steam was achieved with the effect of reducing fuel oil consumption by about 15%.

Total thermal energy consumption in 2012 was 1,201.41 TJ and was generated from non-renewable energy sources.

For the same period, total electrical energy consumption in plant facilities and quarries was 47,283,555 kWh.



## Alternative Energy Sources

In the view of the need for saving the limited natural resources while improving the CO<sub>2</sub> footprint, the utilisation of alternative fuels is the benchmark for the cement industry worldwide.

In 2012, TCK submitted the request to the authorized Ministry so as to be provided with the approval of the Environmental Impact Assessment Study for Project of Solid Recovered Fuel (SRF) Dosing and Utilisation for combined combustion (co-incineration) with fossil fuels in the rotary kiln. In compliance to law regulations, the public hearing of the Study was conducted and with regard to requirements, amendments and alternations were made. We are bound to be provided with the agreement on the Study in 2013 which is the prerequisite for forthcoming operations relating to utilization of alternative, renewable fuels within our production process. In order to enable the stakeholders to understand why the AF utilisation is considered the best practice, our company has organised a study tour to our plant in Bulgaria where the process and positive effects of the technology could be seen.



Had TCK in 2012 been in position to utilize alternative fuels so as to provide 20% of thermal energy required for clinker production, we would have reduced the consumption of coal (non-renewable fuel) by 9,070 tons within only one year.



*Natural and Alternative Raw Materials*

Recognizing the principles of sustainable development aimed to protect natural raw materials from overexploitation, TCK endeavours to increase utilisation of alternative raw materials, with a view to not only saving non-renewable natural sources but also finding solution to disposal of industrial by-products. A wider local community is to benefit from this concept realization.

During 2012, the total consumption of raw materials for cement production was 684,570 t out of which 617,695.5 t were natural raw materials, whereas the consumption of alternative materials – secondary raw materials, was 66,874.5 t, i.e. 9,8% out of the total consumption of raw materials.

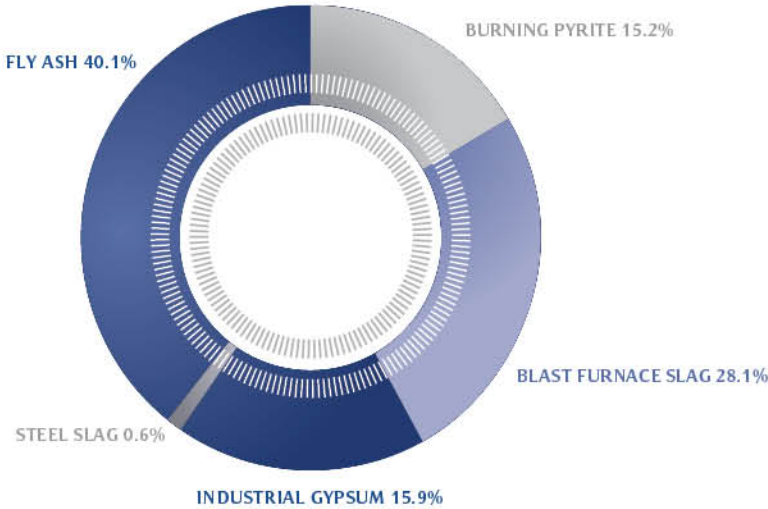
*Waste and Water Management*

*Waste Management*

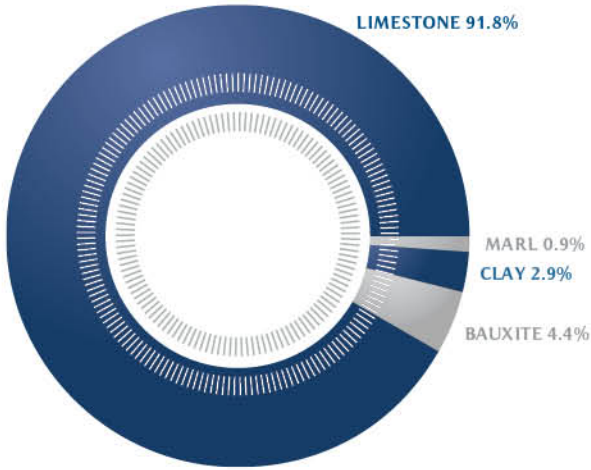
In the course of cement production, hazardous and non-hazardous industrial waste generated is treated in compliance with law regulations. In the waste management process we are aligned with the principle 3R (Reduce-Reuse-Recycle) with the implication to decreasing of generated waste quantity and its being recycled whenever it is possible.

In 2012, total 83.74 tons of industrial waste was generated out of which 6.54 tons of hazardous and 77.2 tons of non-hazardous waste in TCK. Authorized collectors and operators were provided with 83.74 t of industrial waste designed for appropriate recycle process.

Apart from industrial, the municipal waste is also generated. Municipal waste is not to be weighed and is to be overtaken by Public Utility Company “Elan” from Kosjeric.



*Consumption of Alternative Raw Materials*



*Consumption of Natural Raw Materials*



Intake water in 2012 ( '000 m <sup>3</sup> )	
Surface water (Skrapez)	637.97
Municipality water	22.96
Total	660.93

Discharged water in 2012 ( '000 m <sup>3</sup> )	
Surface water flow (Skrapez)	555.20
Total	555.20

\*Intake surface water is used for industrial needs  
 \*\* Water from the utility water supply system is used as drinking and sanitary water

Furthermore, there was none of the penalties recorded in 2012, provided for not having obeyed the law and regulations referring to environmental protection issues.

### Waste and Water Management

Quality preservation and effective consumption of water as an invaluable natural resource, is one of our recognized priorities. The Integrated System of Water Management has been implemented and it comprises mapping of all water streams within the plant, data base for water balance assessment and water quality analyses.

Considering the fact that a dry process technology has been implemented in the company, the water required for plant operation is used for technological needs (materials, gases, equipment cooling), with no effect of creating process waters.

All waste waters are discharged into the river Skrapez, after being purified by means of water purifying facility up to the required quality level. Purified waste waters quality and the analyses of the Skrapez water are regularly followed. Reports and analyses indicate that conditions regulated by law are not violated for waste water discharge into the watercourse.

Good achievements are implied by the fact that none of the incidents was recorded in 2012 referring to discharge of materials, fuel and waste as well as fuel and chemicals spillage.

### Biodiversity Preservation and Quarry Rehabilitation

Considering the fact that our products depend on mineral resources availability, biodiversity preservation and quarry rehabilitation are highly ranked on the priority list of Titan Group. Furthermore, our company is the member of WBCSD/CSI Working Group in charge of soil and biodiversity. Guidelines on Quarry Rehabilitation as well as Guidelines on Biodiversity Management Plans have been developed within this group. Apart from establishing principles of quarry rehabilitation, the guidelines are focused on significance of engaging all stakeholders through continuous communication and open dialogue.

The methodical recommendation programme (forwarding) of the latest WBCSD/CSI Guidelines has been initiated in Titan. This programme has been designed for all business units with the aim of being applied for making new and developing existing rehabilitation and quarry rehabilitation plans.

### Green Belt Around TCK

In the greening action held last autumn, there were 400 conifer and deciduous trees planted within the zone of roads and above solid fuel and slag stockyard. The afforestation initiative came from Sales and Purchasing Departments in cooperation with the colleagues from Mechanical Maintenance and supported by Cementara volunteers.

The afforestation of the plant zone gained more significance by engaging community activists who took part in the eventual volunteering action held on November 3, 2012. The thorough activity was followed by working as well as entertaining and sports events. Apart from TCK employees and management, the local authority representatives, sports clubs, Folk dance Association "Maksim Markovic" and Hiking Association "Subjel" took part in this venue.



## GRI Disclosure Tables

### EC – Economic Performance

#	Indicator	Definition	Page in this Report
1	EC1	Direct economic value generated and distributed	3
2	EC5 *add	Ratio of the minimum salary in the company and minimum salary in Serbia by gender	17
3	EC6	Policy, business practices and percentage of local suppliers in total number of company suppliers	7,9
4	EC7	Procedures for local employment and percentage of top management from the local community	17
5	EC8	Investment in the local community	3, 9, 11, 22-25

### EN – Environment

#	Indicator	Definition	Page in this Report
6	EN1	Materials used by weight and volume.	32
7	EN2	Percentage of materials used that are recycled input materials	32
8	EN3	Direct energy consumption by primary source	30
9	EN8	Total water consumption by source	33
10	EN16	Total direct and indirect emission of gases with "greenhouse effect"	27
11	EN20	NOX, SOX and other significant air emissions	27-29
12	EN21	Waste waters	33
13	EN22	Total weight of waste by type and disposal method	32
14	EN23	Total number and volume of significant spills	33
15	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	33

### LA – Labour Practices and Decent Work

#	Indicator	Definition	Page in this Report
16	LA1	Total workforce	15
17	LA2	Total number and rate of employees turnover	15
18	LA3	Benefits provided to full-time employees	16
19	LA6 *add	Employees involved in mutual boards and occupational health and safety	13
20	LA7	Injuries at work	12-13
21	LA10	Training hours	18-19
22	LA12	Employees receiving regular feedback on performances	15
23	LA13	Workforce structure	15-16, 18
24	LA15	Return to work and retention rate after parental leave	18



## HR – Human Rights

#	Indicator	Definition	Page in this Report
25	HR4	Total number of discrimination incidents and performed corrective activities	17

## SO – Society

#	Indicator	Definition	Page in this Report
26	SO1	Applied programs as for local community involvement, impact assessment and development programs	5, 11, 22, 24-25, 28
27	SO3	Percentage of employees informed on anti-corruption policy and company procedures	19

## PR – Product Responsibility

#	Indicator	Definition	Page in this Report
28	PR1	Assessment of health and safety impacts of products and services for improvement	7
29	PR2 *add	Number of incidents of non-compliance with regulations concerning health and safety impacts of products and services	7
30	PR3	Type of product and service information required by procedures	7
31	PR4 *add	Total number of incidents of non-compliance with regulations and concerning product information and labelling	7
32	PR5 *add	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	7

## 1. Strategy and Analysis

#	Disclosure	Page in this Report
1.1.	General manager message	2
1.2.	Key impacts	8-9

## 2. Organizational Profile

#	Disclosure	Page in this Report
2.1.	Name of the organization	3
2.2.	Primary brands, products, and/or services	3, 7
2.3.	Operational structure of the organization	6
2.4.	Location of the organization`s headquarters	3
2.5.	Number of countries where the organization operates	3, 7
2.6.	Nature of ownership and legal form	3
2.7.	Markets served	7
2.8.	Scale of the reporting organization	3, 15
2.9.	Significant changes during the reporting period	3
2.10.	Awards received in the reporting period	/

### 3. Report Parameters

#	Disclosure	Page in this Report
3.1.	Reporting period	0, 3, 10, 37
3.2.	Date of previous report	37
3.3.	Reporting cycle	37
3.4.	Contact for questions regarding the report or its content	37
3.5.	Process for defining the report content	2, 5, 24, 37
3.6.	Boundary of the report	3, 37
3.7.	Limitations on the scope or boundary of the report	/
3.8.	Basis for reporting on business entities that can affect comparability.	/
3.9.	Techniques of data providing.	37
3.10.	Results and re-statements of information provided in previous reports.	/
3.11.	Significant changes from previous reporting period.	3
3.12.	GRI index	34-36
3.13.	Report verification	37, 39-40

### 4. Governance, Commitments and Engagement

#	Disclosure	Page in this Report
4.1.	Governance structure of the organization	6
4.2.	Whether the Chair of the governance body is also CEO	2
4.3.	Number of members of the governance body that are independent and/or non-executive members	/
4.4.	Mechanism for shareholders and employees to provide recommendations to governance body	6
4.5.	Connection of performances and salary of the management	17
4.6.	Sprečavanje sukoba interesa	6
4.7.	Procedures for appointment of Board of Directors members	6
4.8.	CSR policy and principles	2-3, 5
4.9.	Management participation in sustainability issues.	6
4.10.	Managers' performances relating to corporate social responsibility	17
4.11.	Risk management	6, 8-9
4.12.	Economic, environmental and social charters, principles or other initiatives the organization is obliged to or supports	37
4.13.	Membership in organizations	21
4.14.	List of stakeholder groups	20
4.15.	Basis for identification and selection of stakeholders	2, 5-6, 9-11, 20, 24
4.16.	Involvement of stakeholders	2, 5, 14, 19, 22, 24-25
4.17.	Key issues for interested stakeholders	5



## Reporting Principles

Titan Cementara Kosjeric produced its first annual Corporate Social Responsibility and Sustainable Development Report in 2011. Having applied the same reporting format, the content of the third Report has been created on the basis of both stakeholders' suggestions and the company and surroundings development. It is compliant to a general approach of the Corporate Social Responsibility Committee which, in the process of reporting program establishing, takes into consideration all aspects of business operations as well as feedback information received from local community representatives.

So as to provide consistency and easy-to-survey results, the previously applied structure has been consistently applied in the current Report. Therefore, the overall conception of the document has coherent content and formal format.

The Report which is to be presented to the public, has been developed in compliance with Sustainability Reporting Guidelines G3.1 of the Global Reporting Initiative, and overall information on occupational health and safety as well as CO<sub>2</sub> emissions, has been provided in compliance with the industry standards and relevant protocols on Cement Sustainability Initiative, established within the World Business Council for Sustainable Development (WBCSD).

The company is committed to raising its level of transparency and improving reporting to stakeholders. The 2012 Report fulfils GRI G3.1 requirements for application level B+ and this has been verified by independent auditors, namely KPMG. The verification statement is included in the Report.

So as to improve our future Reports, feedback from all stakeholders is welcomed. All questions and suggestions relating to the Report are to be submitted to Ljiljana Spasojevic, Human Resources Manager in Titan Cementara Kosjeric or to the e-mail address: [csr@titan.rs](mailto:csr@titan.rs). For more information please visit our website: [www.titan.rs](http://www.titan.rs).

## GRI Assurance Levels

	Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9 - 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for level B	Report Externally Assured
	Disclosures on Management Approach	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	Performance Indicators & Sector Supplement Performance Indicators	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility		Report on each core and Sector Supplement indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission	

Materiality	The information in the report covers topics and Indicators that reflect significant economic, environmental, and social impacts or that would substantively influence the assessments and decisions of stakeholders.
Inclusiveness	The organization identifies its stakeholders and explains in the report how it has responded to their reasonable expectations and interests.
Sustainability Context	The report should present the organization's performance in the wider context of sustainability.
Completeness	Coverage of the material topics and Indicators should be sufficient to reflect significant impacts and enable stakeholders to assess the reporting organization's performance in the reporting period.
Balance	The report reflects positive and negative aspects of organisation's operations to enable reasoned assessment of overall performance.
Comparability	Issues and information are selected, compiled, and reported consistently. Reported information is presented in a manner that enables stakeholders to analyse changes in the organization's performance over time, and could support analysis relative to other organizations.
Accuracy	The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.
Timeliness	Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.
Clarity	Information is made available in a manner that is understandable and accessible to stakeholders using the report.
Reliability	Information and processes used in the preparation of a report are gathered, recorded, compiled, analysed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.





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

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

## TRANSLATION

### **Limited assurance report on the Corporate Social Responsibility and Sustainable Development 2012 Report**

TO THE OWNERS

TITAN CEMENTARA KOSJERIĆ D.O.O.

#### *Scope and Responsibility*

We have reviewed the Corporate Social Responsibility and Sustainability Report 2012 ("the Report") of Titan Cementara Kosjerić d.o.o. Kosjerić (the "Company"). Management is responsible for the preparation of the Report in accordance with the G3.1 Global Reporting Initiative Guidelines (GRI) issued in 2006, as set out in the "Reporting Principles" section. Management is also responsible for determining the Company's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our review.

#### *Procedures performed*

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

These procedures included:

- comparison of information and data presented in the "About the Company" section of the Report to the corresponding information and data included in the Company's standalone financial statements as at and for the year ended 31 December 2012, on which auditor issued report dated 25 February 2013 in accordance with the Law on Accounting and Auditing of the Republic of Serbia;
- analysis of key processes for generating, recording and managing quantitative data presented in the Report. In particular we performed the following procedures:



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

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

#### *Opinion*

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Report of the Company is not prepared, in all material respects, in accordance with the G3.1 GRI - Global Reporting Initiative Guidelines issued in 2006, as set out in the "Reporting Principles" section.

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

Belgrade, 17 September 2013

KPMG d.o.o. Beograd

(L.S.)

James Thornley  
*Partner*

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

(L.S.)



KPMG d.o.o. Beograd

James Thornley  
*Partner*

Belgrade, 17 September 2013