



TOGETHER WE BUILD SUSTAINABLE RELATIONS

2021 Integrated
Annual Report



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ABOUT

the Integrated Annual Report for 2021

We hereby present the 12th consecutive Integrated Annual Report published by TITAN Cementara Kosjerić (in short TCK¹). This Report is aligned with international standards and TITAN Group's ESG performance criteria and standards (ESG – Environmental, Social and Governance), and includes TCK's key figures provided in the Consolidated Financial Statements.

TITAN Cementara Kosjerić is considered to be among the pioneers in the country to empower open and transparent communication on material issues through integrated, ongoing reporting fully aligned with international standards and sector best practices.

As a member of the TITAN Group, we have consistently followed these reporting practices since 2011, thus reaffirming our commitment to sustainable business growth, with the respect of people, the community and the natural environment. TCK's Integrated Annual Report for 2021 (short form: the Report) covers all material aspects of our business, identified by the Company through a continuous process of engagement and collaboration with stakeholders, through regular monitoring of results, in line with key sustainability performance indicators and internationally recognized reporting standards.

In this regard, the contents of this Report are comparable with previous sustainable development reports for 2019 and 2020². The 2021 Report refers to the integrated operations of the cement plant in Kosjerić, including its quarries (located in the Municipality of Kosjerić, Serbia)

and includes its subsidiary in Montenegro – TCK Montenegro, whose primary activities are commercial. Our primary activities are cement production and distribution. The legal entity TITAN Cementara Kosjerić, a company registered in the Republic of Serbia, is a subsidiary of TITAN Cement Group (in short: TITAN Group). TCK holds 100% of the ownership rights over the assets of the subsidiary in Montenegro and the plant in Serbia.

This Report includes figures from TCK's Consolidated Financial Statements and the financial results of its subsidiary in Montenegro for the period January 1 to December 31, 2021. The Report provides disclosure of non-financial indicators concerning environment 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. TCK has fully aligned its reporting with the global sectoral approach of its parent company in the monitoring and verification of ESG performance. The Report includes the ESG Performance Statements, covering an extensive number of performance indicators related to material issues and the Sustainable Development Goals 2030 (SDGs 2030).

TCK's 2021 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 Advanced Level, the approach of the Global Cement and Concrete Association (GCCA),

¹ TITAN Cementara Kosjerić will be referred to in short as TCK, Cementara or the Company.

² All of TITAN Cementara Kosjerić's annual reports are available here: <https://titan.rs/sustainability/annual-reports/>.

the Sustainability Accounting Standards Board (SASB) Framework 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)³ to harmonize sustainability reporting with the SDGs 2030, following the TITAN Group approach⁴.

Accuracy, quality and consistency of reported information are supported by the TITAN Group Human Resources Management System and the ESG Performance System. Group Guidelines ensure the implementation of both international standards (like SASB, UNGC, etc.) and sector specific (GCCA Sustainability Charter and Guidelines) reporting frameworks and standards.

The 2021 Report has been verified by independent auditors from Grant Thornton Serbia, for Advanced Level, in accordance with the Communication on Progress of the UN Global Compact. The Independent Limited Assurance Report compiled by Grant Thornton Serbia is a part of this Report.



More information, questions & suggestions:

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More information about integrated reporting:

www.integratedreporting.org



More information about TCK:

www.titan.rs



More information about TITAN Group:

www.titan-cement.com

³ "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).

⁴ For more information about the global sectoral approach and standards, see the TITAN Group Integrated Annual Report for 2021: https://www.titan-cement.com/TITAN_Cement_Group_IAR_2021_EN.pdf.

MESSAGE FROM

the General Manager

Dear Stakeholders,

I am pleased to present TCK's Integrated Annual Report for 2021. For more than a decade now, our Company reports annually to stakeholders on material issues for sustainable and responsible growth. This Report presents all of our significant business results and demonstrates our commitment to maintain open and proactive dialogue with our key stakeholders. This Report is prepared in accordance with international reporting standards and consistently confirms our dedication to sustainable growth, with the respect for people, the community and the environment. With our membership in the UN Global Compact we have integrated the universal Ten Principles into our activities in the long-term. Indicative of our commitment to supporting the achievement of the 2030 Sustainable Development Goals (SDGs), we continued to make great strides in this area in 2021.

The activities and enthusiasm with which we approach improving our Health and Safety culture demonstrates our commitment to constant development within this domain. We achieve this through the joint efforts of our entire team toward building a safer and healthier work environment. By prioritizing this aspect, we successfully overcame the challenges which arose from the Covid-19 pandemic.

With the increased demand for cement on the domestic market and the constant monitoring of operating expenses, we closed the year with good results – consolidated turnover increased by 7.4% and we had an increase of consolidated EBITDA of 6.7%, in comparison to 2020.

We are relentless in our efforts to reduce our environmental footprint and have made significant investments with this goal in mind. Implementation of responsible practices allows us to make constant headway here. Last year, we produced nearly 600,000 tons of cement while maximizing our contribution to environmental protection. For years now, our emission values have been far below legally prescribed limits. Nevertheless, we have invested in the installation of a bag filter on the kiln and raw mill which has resulted in further reducing already low emission parameters by nearly half of the values registered in 2020. With numerous other enhancements, those we have implemented and those we plan to implement, we can be sure that our operations have a minimal impact on the environment. And any future projects will be mindful of maintaining and further improving our performance. One such initiative is to introduce new types of cement, the production of which will result in reduced CO₂ emissions.



Although the previous year was successful, it is important to also mention the risks to which we are exposed. Naturally, the current energy crisis has been a point of focus. This has not only had a direct impact on the increased cost of energy necessary for production, but an indirect consequence has been that our operating costs have increased in terms of both the materials and services we require to operate. This crisis may affect the overall volume of construction and, consequently, the level of demand for cement. Due to the impossibility of using alternative fuels, the unstable economic situation has increased risks to unimaginable proportions. Not only do we face unfavourable financial outcomes caused by rising fossil fuel prices, we also face uncertainty regarding the supply of these fuels under extraordinary conditions. For these reasons, I believe it is vital to once again emphasize the importance of introducing alternative fuels use as a means of sustaining our operations in the long run.

We expect 2022 to be a year full of complex challenges. However, we remain optimistic that our experience in undertaking preventative measures and making timely decisions, including diversification of supply sources, will assist us in overcoming instability. In particular, we refer to prices on the global energy market, as well as any significant disruptions in the trade of goods and services. This will help us ensure continuity in production and keep our customers well-supplied.

We will continue to harness the advantages offered by digital transformation, to hone new skills and competences, provide better working conditions and benefits for our customers and the community.

By living our values, we place care for people and society as priority, remaining a reliable partner to our local community. With the collaboration and support of its employees, business associates and the community, we will continue to actively participate in projects which bring progress to the community where we live and work. As has always been the case, we will continue to put forth effort to make Kosjerić a better place to live, for existing and future generations alike.

Miroslav Gligorijević
General Manager



ABOUT OUR COMPANY

TITAN

Cementara Kosjerić

TITAN Cementara Kosjerić d.o.o. is the youngest cement plant in Serbia. It was founded and began operations in 1976. From the very beginning, we have strived to provide high-quality products and a professional approach to customers. As a result, TCK was quickly recognized as a well-known and good quality brand on the market.

With 45 years of successful business, TCK's today's production capacity is approx. 750,000 tons of cement per year and supplies substantial portions of the Serbian and Montenegrin markets. In April 2002, Cementara joined the TITAN Group, an international producer of cement products.

OUR GOVERNING OBJECTIVE

We aim to grow as a multiregional, building materials producer, combining entrepreneurial spirit and operational excellence with respect for people, society and the environment.

The TITAN Group is an international corporation with a 120-year tradition of excellence. It is present in over 15 countries worldwide and employs over 5,300 people. 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. TITAN Group's parent company is TITAN Cement International (TCI), incorporated in Belgium and listed on stock markets in Brussels, Paris and Athens.

The TITAN Group confirms its commitment to social responsibility and sustainable development through its corporate policies and practices and is an active participant in global initiatives. TITAN Group is the first Greek corporation to become a participant of the United Nations Global Compact. The UNGC's goals are to call upon companies worldwide to align their operations with the principles of human rights, labor rights, environment and anti-corruption.



Responsible Business Throughout History

| | |
|-------------|--|
| 1976 | <ul style="list-style-type: none"> • The first bag of cement leaves the production line, marking the official opening of the plant. |
| 1987 | <ul style="list-style-type: none"> • Modern mining machinery is installed, improving quarry operations. |
| 1989 | <ul style="list-style-type: none"> • Cement transportation services are now available, satisfying customer needs. |
| 2002 | <ul style="list-style-type: none"> • Cementara Kosjerić becomes a member of the TITAN Group. |
| 2004 | <ul style="list-style-type: none"> • Investments are made into the addition of a new chamber for the kiln electro-filter and raw mill storage silo, which serves to further contribute to environmental conservation. • A cement packing and palletizing facility opens. TCK is the first cement plant in Serbia capable of delivering the overall output of under-foil packed cement on pallets. |
| 2005 | <ul style="list-style-type: none"> • Equipment is installed which continually measures emissions at key points (the kiln, cement mill, and solid fuels mill). |
| 2006 | <ul style="list-style-type: none"> • Certification in accordance with the ISO 9001 standard is conducted. |
| 2007 | <ul style="list-style-type: none"> • A new bag filter is installed on the cement mill. |
| 2010 | <ul style="list-style-type: none"> • Wastewater Treatment System is launched. • Certification in accordance with OHSAS 18001 standards is conducted (Occupational H&S) and ISO 14001 – Environmental Protection. |
| 2011 | <ul style="list-style-type: none"> • TCK obtains the integrated IPPC Permit, in accordance with the Law on Integrated Pollution Prevention and Control – the first of its kind to be attained in Serbia. • CE mark is obtained for two types of Portland Composite Cement. • First CSR and Sustainable Development Report is published. |
| 2013 | <ul style="list-style-type: none"> • Water recycling and dry ash storage and dosage systems are launched. |
| 2015 | <ul style="list-style-type: none"> • TCK receives recognition from TITAN Group for best initiative, i.e. progress in Occupational H&S. |
| 2016 | <ul style="list-style-type: none"> • An important milestone is reached – TITAN Cementara Kosjerić commemorates 40 years of successful operations. • Serious Incident Prevention training program is launched. |
| 2017 | <ul style="list-style-type: none"> • The TITAN Leadership Platform is launched. • The first Integrated Report is published. |
| 2018 | <ul style="list-style-type: none"> • The fifth cycle of TCK's Internship program is implemented. • SAP SuccessFactors Platform is implemented to improve employees' experience and simplify HR related processes. • New cooling procedures according to BAT improve further environmental performance regarding Nitrogen Oxide emissions (NO_x). |
| 2019 | <ul style="list-style-type: none"> • HAZID program is implemented – workplace hazard identification program. • Employee Opinion Survey is conducted, aiming to research motivation and employee engagement, work conditions and the use of skill-sets. |
| 2020 | <ul style="list-style-type: none"> • Potential Serious Injury and Fatality (PSIF) recognition and prevention system is introduced. • Two new bag filters for reducing dust produced by the kiln scale and crusher are installed. • Project to reduce specific consumption of thermal energy in the rotary kiln is finalized. • The TITAN Employee Assistance Program (EAP) is launched. • We continue to engage and empower local stakeholders with the implementation of the 8th cycle of our annual "For My Kosjerić" competition. |
| 2021 | <ul style="list-style-type: none"> • Last-generation bag filter installed on the rotary kiln and raw mill. • Certification in accordance with ISO 45001 – Occupational Health and Safety, is integrated into the previously established ISO 9001 Standard – Quality Management and ISO 14001 – Environmental Protection systems. • We begin monitoring and reporting on Scope 3 CO₂ emissions. |

Consolidated Key Performance Indicators for 2021



Our Products

TITAN Cementara Kosjerić's product line includes three types of cement. These are available on the market either in packaging and/or in bulk. Our products are used to build high-rise and low-rise buildings, high priority infrastructure projects, residential buildings, commercial complexes and facilities of societal importance.

Given that cement is a major construction material, it must respond to today's commercial, societal and living needs in terms of the quality. At TCK, we are always ready

to respond to these complex challenges. We continue to implement and apply up-to-date technologies and are constantly improving the performance of our product line. In this way, we strive to justify the long-standing trust of our customers and meet ambitious societal requirements for sustainable construction which ensure safety, affordability and reliability of residential buildings and infrastructure facilities. One such initiative is the introduction of new types of cement, which are produced with lower CO₂ emissions.



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

In addition to stable quality (water consumption, setting time), this cement provides 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) 42,5N

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



Corporate Values

INTEGRITY

Ethical business practices
Transparency
Open communication
Good governance

KNOW-HOW

Enhancement of 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

Shareholder value
Clear objectives
High standards

CONTINUOUS IMPROVEMENT

Learning organization
Willingness to change
Rise to challenges

CORPORATE SOCIAL RESPONSIBILITY

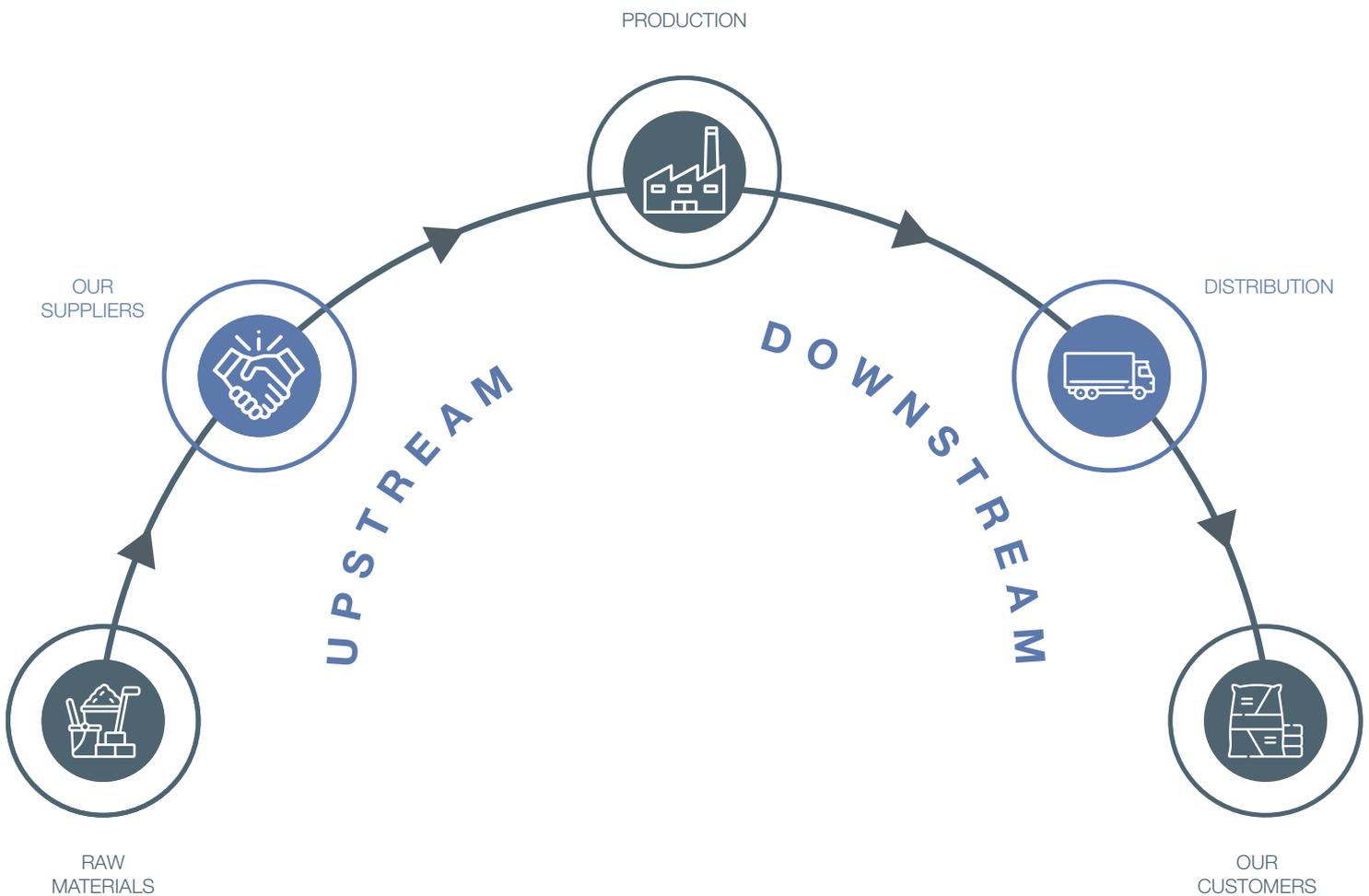
Safety first
Sustainable development
Stakeholder engagement

Management Systems

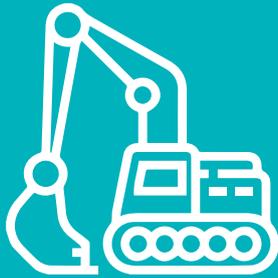
We create long-term value for the Company and stakeholders by including the highly recognized domestic and international standards to our regulatory framework. Our management system is established on the implementation of the following integrated ISO standards: 9001 – Quality, 14001 – Environmental Protection and 45001 – Occupational Health and Safety. At the same time, TITAN's policies regarding ethical business practices, social responsibility, human rights, anti-corruption and anti-bribery and anti-competitive behavior are embedded in all decision-making, and work processes.



TCK's Value Chain

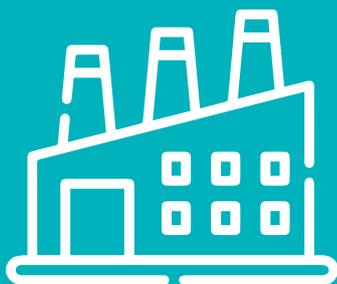


We are focused on continuously improving sustainability performance by reducing or eliminating environmentally negative impacts. We do this by implementing a model that balances economic, social and environmental objectives.



Main impacts 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 risks
- Use of raw material

Indirect impacts:

- CO₂ emissions
- Other emissions

HOW WE

Create Value

Intellectual and human capital

We value the contributions our employees have made to our achievements and demonstrate this by constantly supporting their professional development and engagement in inclusive work environment, one based on collaboration and trust.

€ 4,500,000 toward employees through salaries and other benefits

€ 218,000 invested toward Health and Safety

€ 100,000 invested in the development of employees' knowledge and skills



Financial capital

Economic resources are used efficiently to ensure the continued growth of the business and to secure the Company's competitiveness in the market.

In 2021, the Company achieved good results, with a **6.7% growth** of EBITDA

The Company paid **€ 13,400,000⁵** taxes directly to state and local authorities



Manufacturing capital

Our cement is produced using the best technologies and we secure reliable delivery to our customers.

We produced almost **600,000 tons** of cement for our customers



⁵ Out of which the taxes directly paid to the state and local authorities of TCK (in Serbia) amount to € 10,700,000, whereas the direct taxes paid for TCK Montenegro (in Montenegro) amount to € 2,700,000.

At TITAN Cementara Kosjerić, we strategically invest in resources to create sustainable, long-term and shared value for our stakeholders, and to contribute to achieving the 2030 Sustainable Development Goals. TCK value creation is represented through capitals, as defined by the International Integrated Reporting Council (IIRC). By taking these capitals into account when reporting, the Company provides a more complete perspective of how it creates benefit for society.

Social capital

We nurture collaboration with our stakeholders, building long-term relationships based on trust and partnership through projects which have a positive impact on society and the local community.

The Company invested nearly **€ 90,000** toward projects within the local community

Share of domestic suppliers in total procurement amounts to **80.66%**⁶

Almost **€ 7,300,000**⁷ was the value of procurement to suppliers from Kosjerić

Natural capital

Protecting nature means handling resources with care and the responsible executions of operational activities, with minimal impact on the environment.

€ 577,000 invested toward the environment



⁶ The figure is defined as "Local Spend" and shows the consolidated results in accordance with TITAN Group reporting standards – for more information see "ESG Performance Statements". Local Spend in Serbia (for TCK) was 77.94%, i.e. 80.66% consolidated with the business of TCK Montenegro.

⁷ The amount includes VAT.

FOCUSED

on Material Issues

We engage with our stakeholders following a Materiality Assessment process that takes into account their feedback and priorities regarding material issues. By mapping issues of importance to both our stakeholders and our business through the Materiality Assessment process, we are able to develop a sustainable business strategy and generate additional value for society, with long-term significance. Through this process we also prioritize material issues addressed by key stakeholders while we review the outcomes of our policies and activities related to material issues and respective targets.

Materiality Assessment at TITAN Cementara Kosjerić is an integrated, continual process by which we recognize and assess the impact of our operations on society and the environment alike. It also allows us to review relevant societal factors, financial aspects and topics relative to environmental protection, within the context of our business.

Materiality Assessment, that is, the prioritizing of important topics is the foundation from which we define the contents of the Integrated Annual Report. Identified topics form the Materiality Matrix, which is the platform by which we prioritize stakeholder needs. This serves to establish an inclusive and stable sustainable development strategy, aiming toward the long-term improvement of all comprehensive Company's results and the creating of positive changes within the community.

TCK's Key Stakeholders

Customers
Local community and local authority
Shareholders
Employees
Regulatory authorities
Investors
Business associates and suppliers
Youth
NGOs

The New 2020 Materiality Assessment Cycle

TITAN Cementara Kosjerić launched a new Materiality Assessment Cycle in 2020, thereby updating issues of priority to the Company and community alike. We have harmonized our internal assessment process with TITAN Group Guidelines, upgrading it with the following new tool: SASB Materiality Map®, which allows for an overview of identified topics focused on the sustainability of the construction sector. Furthermore, we have tied the selected material issues with the UN SDGs.

The new Materiality Assessment Cycle took place at TCK over several stages. Using the results of the questionnaire, answered by representatives of management and relevant organizational units in the Company, we first identified key stakeholders and reviewed material issues of significance to our Company and stakeholders. The next step was to identify important topics not covered during the previous Materiality Assessment Cycle. Further, impact assessment was performed on the Company's policies, management system and practices relative to defined material issues and their adequate resolution. A quality contribution to the process was made by the expert study compiled by independent auditors at Grant Thornton, which has provided information concerning current global and national sustainable development trends.

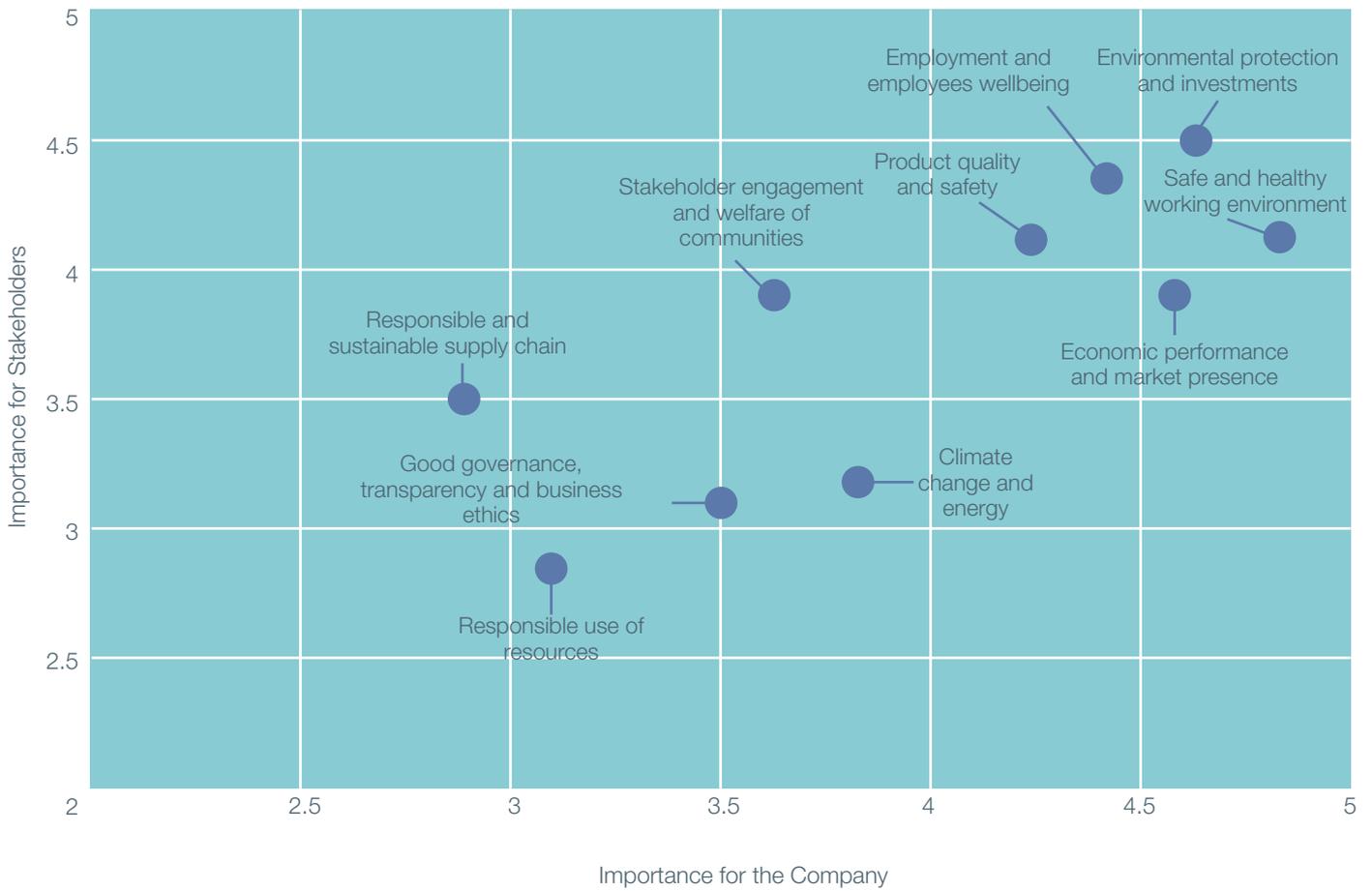
The 2020 Materiality Assessment Cycle reaffirmed the primary position of the following topics: environmental protection and green investment, safe and healthy working environment, employment and employee wellbeing, stakeholder engagement and community wellbeing. A similar range of topics is represented in the 2018 Materiality Assessment, and in this area TCK has expanded its effective influence. We have done this by introducing a new material topic: good governance, transparency and business ethics, thus demonstrating that our Company regularly updates its practices, in line with CSR trends.

The relevance and the materiality of a Company's or industry's topics change very quickly. Therefore regular feedback from our stakeholders is crucial and made possible via open, structured communication. With this in mind, TITAN Group has designed an additional validation process within Materiality Assessment with key stakeholders, to be applied at each individual business unit. The results of this method will assist us in adapting our

priorities, as needed, and will contribute to improving our level of preparedness for the next Materiality Assessment Cycle.

The dynamic process of assessing material topics at TITAN Cementara Kosjerić is the starting point for achieving our goal: to improve business practices, build reliable partnerships and create common value for society.

TITAN Cementara Kosjerić's Materiality Matrix



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

| Key Material Issues | Corresponding UN Sustainable Development Goals (SDGs) | TITAN ESG Performance Indicators/Page in this Report |
|--|---|---|
|  Environmental Protection and Investments | SDG 3 Target 3.9 SDG 6 Targets 6.4 and 6.5 SDG 7 Target 7.b SDG 9 Target 9.4 SDG 12 Targets 12.2, 12.4 and 12.5 | Indicators: 3.1-3.19 Pages: 38-41 |
|  Safe and Healthy Working Environment | SDG 3 Targets: 3.6 and 3.8 SDG 4 Target 4.3 SDG 8 Target 8.8 | Indicators: 2.1-2.24 Pages: 34-35 |
|  Employment and Employees Wellbeing | SDG 4 Targets: 4.3, 4.4 and 4.5 SDG 5 Targets: 5.1, 5.4 and 5.5 SDG 8 Targets: 8.5, 8.6 and 8.8 SDG 10 Targets: 10.2 and 10.3 SDG 16 Target 16.5 | Indicators: 2.26-2.90 Pages: 35-37 |
|  Economic Performance and Market Presence | SDG 8, SDG 9, SDG 11 | Indicators: 1.1-1.22 Pages: 10, 14-15, 27-32, 46-47, 51, 70-72 |
|  Product Quality and Safety | SDG 3, SDG 8 | Pages: 10, 48 |
|  Stakeholder Engagement and Welfare of 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 | Indicators: 3.20-3.32 Pages: 14-15, 41-44 |
|  Climate Change and Energy | SDG 7 Target 7.2 SDG 12 Target 12.2 | Indicators: 1.1-1.22 Pages: 27-32 |
|  Good Governance, Transparency and Business Ethics | SDG 3, SDG 4, SDG 5, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 16, SDG 17 | Indicators: 5.1-5.5 Pages: 49-50 |
|  Responsible and Sustainable Supply Chain | SDG 9 | Indicators: 3.33, 4.46 Pages: 46-47 |
|  Responsible Use of Resources | SDG 6 Targets 6.3, 6.4 and 6.5 SDG 12 Targets 12.2, 12.4 and 12.5 SDG 15 Targets 15.3, 15.4, 15.5, 15.9 and 15.a | Indicators: 4.1-4.45 Pages: 45-46 |

BUSINESS APPROACH

in a Changing Global Landscape

Climate change and the road towards a carbon-neutral future

Climate change represents a long-term risk for our planet and society. It requires the mobilization of organizations across many sectors, the cement industry among them. In 2021, the Global Cement and Concrete Association (GCCA) published its Roadmap for Net-Zero Concrete, which sets out a pathway to help limit global warming to 1.5°C and deliver society with net-zero concrete by 2050. Our industry is working across the built environment value chain to deliver on this commitment and is calling on its stakeholders to play their part as well.

Digital transformation as a foundation for future growth

The Fourth Industrial Revolution, driven by the advent of the Internet of Things, big data, artificial intelligence and advanced analytics, promises to transform key components of the industry's value chain.

Traditional value generation drivers and differentiators are complemented by new digital tools that unlock value through improved operational efficiency and higher customer engagement. Companies that embrace Industry 4.0 early on can reap significant benefits.

TITAN Group's approach

Turning aspiration into action, we are working hand in hand with our customers, supply chain partners, peers and our other stakeholders across geographies, to help limit global warming to 1.5°C and achieve a net-zero economy by 2050.

Committed to ambitious science-based targets, we are continuously reducing our carbon footprint by increasing the use of alternative fuels, improving energy efficiency, developing low-carbon products, and adopting innovative technologies and solutions.

TITAN Group's approach

We are among the early adopters and leaders of digital innovation in the cement industry, harnessing the power of digital breakthroughs.

Our digital journey so far has been powered by our innovative, entrepreneurial spirit and willingness to test and learn. With Artificial Intelligence solutions tailored to the needs of the cement industry, we are transforming our operations for ultimate efficiency and the delivery of high-quality products, with an eye on the present and future needs of our customers.

At the same time, we help minimize energy consumption and reduce CO₂ emissions, supporting our net-zero goal.

Increasing demand for sustainable products and services

As the world continues to urbanize, demand for sustainable infrastructure and green building materials and solutions is set to rise.

Concrete is an essential building material that has shaped our world and is critical for addressing society's needs for the sustainable built environment of tomorrow. It will play an integral role in creating sustainable and prosperous communities through the delivery of key infrastructure, homes, clean energy and a more resilient environment.

Customers increasingly seek sustainable products that will meet their evolving needs.

Comprehensive sustainability plans to create value for all stakeholders

Building a sustainable future demands comprehensive planning and collaboration with other businesses, governments, academia and society at large.

Companies need to set goals, develop roadmaps to achieve these goals, track their performance and communicate their progress to their stakeholders in a consistent and transparent manner.

TITAN Group's approach

As the world is transitioning to a net-zero, circular economy, we are playing an active role in the development of the sustainable, green building materials and solutions of tomorrow.

We focus on their affordability, durability and recyclability as well as on their carbon footprint.

When designing them, we evaluate the environmental impact that they have throughout their entire life cycle, meeting the increasing needs of our customers for sustainable products and services.

At the same time, we encourage our partners to incorporate sustainability considerations in their business decisions and daily behaviors, promoting responsible sourcing across the built environment value chain.

TITAN Group's approach

Sustainability is at the heart of our strategy, as reflected on our everyday business practices and the behaviors of our people.

With clear, measurable ESG targets and concrete plans in place across our regions, we are focusing our efforts on the areas where our actions and sustainable solutions can have the biggest positive impact, directly and indirectly, in line with the UN Sustainable Development Goals (SDGs). To address sustainability challenges, we have joined forces with local and global stakeholders.



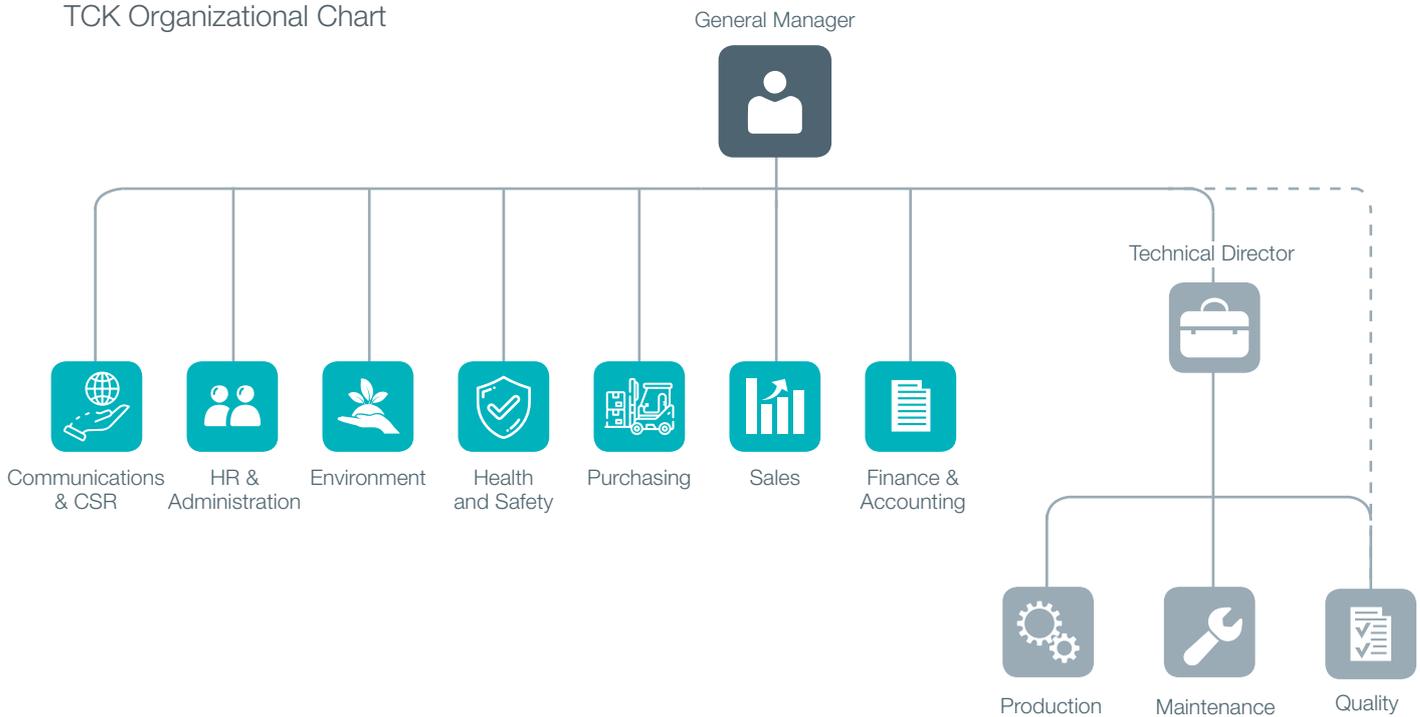
MANAGEMENT REPORT

GOVERNANCE

Through a beneficial and compliant corporate governance strategy we ensure a clear constellation of responsibilities and decision-making at TITAN Cementara Kosjerić. This

strategy achieves its purpose and adheres to the corporate values of our business, coherent with the aspects of sustainable development and stakeholder expectations.

TCK Organizational Chart



The manner in which management is organized at TCK ensures that the most critical business decisions are rendered by the Board of Directors, in compliance with TITAN Group policies and guidelines, with the Company's General Manager at its helm. The long and short-term goals of sustainable development are determined by the CSR Committee, comprised of: the General Manager, Technical Director, Environmental Manager, H&S Manager, HR & Administration Manager and the CSR & Communications Manager. In addition to competences concerning the strategic issue of sustainability at TCK, the CSR Team handles a wide range of operational activities within this domain. Coordination of CSR initiatives at TCK falls under the competence of the following organizational unit: CSR & Communications, which ensures a seamless line of communication with the Corporate Center and key stakeholders.

Sectoral committees contribute to the proper functioning of TCK's organizational structure, in terms of Quality, H&S, Environment and Employee Development. In 2021, a total of eight Committee meetings were held. Members of the BoD are included in the work performed by these committees. This allows for networked, constructive and streamlined communication, which is an important feature of successful corporate governance relative to all of our processes.

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

Sustainability Committees



Risk Management

Risk identification, monitoring and control is part of regular business planning and operative activities performed by TITAN Cementara Kosjerić management. By establishing targets and key business segment management cycles we are able to consistently monitor identified risks, which in turn, allows for a quick and efficient response. Our Company implements a risk management procedure within the framework of integrated ISO 9001, 14001 and 45001 systems. This allows us to identify internal and external sources of risk, or favorable conditions which may have a potential impact on achieving desired outcomes. The methodology applied to this bilateral procedure serves to accurately and continually consider opportunities to identify risks but also to take advantage of advantageous opportunities that improve business processes.

Current political tensions, which have escalated since the end of 2021 as a result of the ongoing situation in Ukraine have negatively impacted the stability of financial opportunities and commodity markets. It is difficult to predict how long this social and economic instability is to last and when and at what level financial indicators will stabilize. The TITAN Company is not exposed to the

events taking place in Ukraine, Russia or other affected regions. However, the effects of these changes in the wider context, including the energy sector, are expected to adversely affect market trends and further increase inflation risk. Under current circumstances, TITAN management cannot predict with certainty the impact of all current factors on the Company's future operations. The Company does not have any significant external debt, nor have there been any disruptions to our operations, including supply chains, resulting from sanctions, military conflict or the instability of commodity markets. Despite all these objective challenges, management predicts that existing circumstances will not diminish the Company's ability to continue operating in the foreseeable future.

At the same time, local management continues to closely monitoring the development of the pandemic crisis and its negative impact on both global and domestic economies, as well as on the Company. In this context, TCK management places its employees above all else and undertakes all protective measures to safeguard the integrity of its people.





| Identified Risks | Solutions – Possibilities |
|---|---|
| Public Finance – Impact on the Cement Market | <p>TITAN Cementara Kosjerić manages all operations responsibly, focusing on its most important investments and employee development. The Company does not expose itself to financial risk, as it considers that the impact on the economic environment is limited. The Credit Control Committee supports this approach through regularly held meetings.</p> |
| Recruitment and Career Development of Our Best Candidates – Company Location | <p>In line with TCK policies, we provide equal employment opportunities and professional development for the members of our collective. Furthermore, TCK offers compensation above the local average, in line with relevant regulations. For a number of years now, the Company successfully implements training programs for high school students, undergraduates and graduates from the local community.</p> |
| Restructuring Program | <p>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 above those prescribed by law.</p> |
| Health and Safety | <p>By establishing H&S as a business priority, TCK strives toward the systematic improvement of working conditions for direct and contractor employees alike. We achieve this by nurturing a culture where, above all else, safety comes first, with adequate training and clear and effective ISO 45001 procedures in place. This is also achieved by employing an optimal number of staff directly responsible for this aspect of our business.</p> |
| Climate Change | <p>Through its dedication to action, the TITAN Company has had a positive impact on reducing greenhouse gas emissions. With this aim in mind, we continuously invest in the best available technologies, seeking to increase the use of alternative raw materials, introduce alternative fuels and improve energy efficiency.</p> |
| Mainstreaming CSR Through the Supply Chain | <p>TITAN Cementara Kosjerić continually improves best standards at all levels of the value chain. Relations with suppliers and contractors are systemized through Purchasing Procedures (ISO 9001), the Code of Conduct for Procurement, the Human Rights Policy and the Prevention of Bribery and Corruption Policy.</p> |

ESG

Performance Review

Confirming its longstanding commitment to sustainable development and creating value for the Company, the TITAN Group has set ambitious targets in the fields of environmental, social and governance performance (ESG). These targets are centred around four areas: Decarbonization and Digitalization, Growth-Enabling Work Environment, Positive Local Impact and Responsible Sourcing. All of these targets are underpinned by Good Governance, Transparency and Business Ethics.

The following section of the Report includes a comprehensive annual performance review of TITAN Cementara Kosjerić's key achievements and connects these with topics identified as material to our stakeholders. A detailed overview of data in accordance with TITAN's defined focus areas is available in the section "ESG Performance Statements".

DECARBONIZATION

and Digitalization

Our Company is focused on applying the best available technologies, practices and innovations aiming to digitalize cement production process. In this way, we improve the reliability and efficiency of TCK plant, thus providing quality service to our customers as well as contributing to reducing carbon footprint. Investments in digital transformation, as well as in new skills and competences that are material for the transition process, will ensure better working conditions. These are vital steps along the path to creating long-term value. Part of this strategy is to improve and further develop our products, so that they are produced with the lowest possible CO₂ emissions.



MATERIAL ISSUES:

Economic performance and market presence
Climate change and energy

Our Efforts at Mitigating Climate Change Risks

TITAN's Roadmap to a Carbon Neutral Future

TITAN Group is committed to the COP21 Paris Agreement goal, reaffirmed at the COP26 in Glasgow to maintaining the increase in global temperature to well below 2°C, and preferably to 1.5°C, compared to pre-industrial levels. In addition to implementing the UN Sustainable Development Goals 2030, the Group supports the European Green Deal vision of Carbon Neutrality by 2050 and endorses the Global Cement and Concrete Association (GCCA) 2050 Climate Ambition, the cement industry's joint effort in providing a roadmap to carbon neutrality.

In 2021, TITAN Group joined a number of leading companies worldwide in signing the "Business Ambition for 1.5°C" – a global campaign led by the Science Based Targets initiative (SBTi), the aim of which is to keep global warming to 1.5°C and reaching net-zero emissions by 2050.

The Group aspires to reduce its carbon emissions by increasing the use of alternative fuels, accelerating its efforts in energy efficiency, developing low-carbon products, and adopting innovative technologies and solutions.

Climate Change and Energy

Reducing CO₂ emissions is a key step along our path towards creating long-term value. Therefore, we have set ambitious, short and long-term climate goals for ourselves, which are validated by the Science Based Targets initiative (SBTi). This validation underscores the Group's commitment to sustainability and action to prevent the

most damaging effects of climate change. In our pathway of decarbonization, we use scientific methodologies and results to specify and measure our emissions in both internal (Scope 1 emissions) and external boundaries (Scope 2 and Scope 3) to ensure consistent and material information that will help find the best sustainable solutions through the value chain in terms of all material issues, primarily that of climate change.

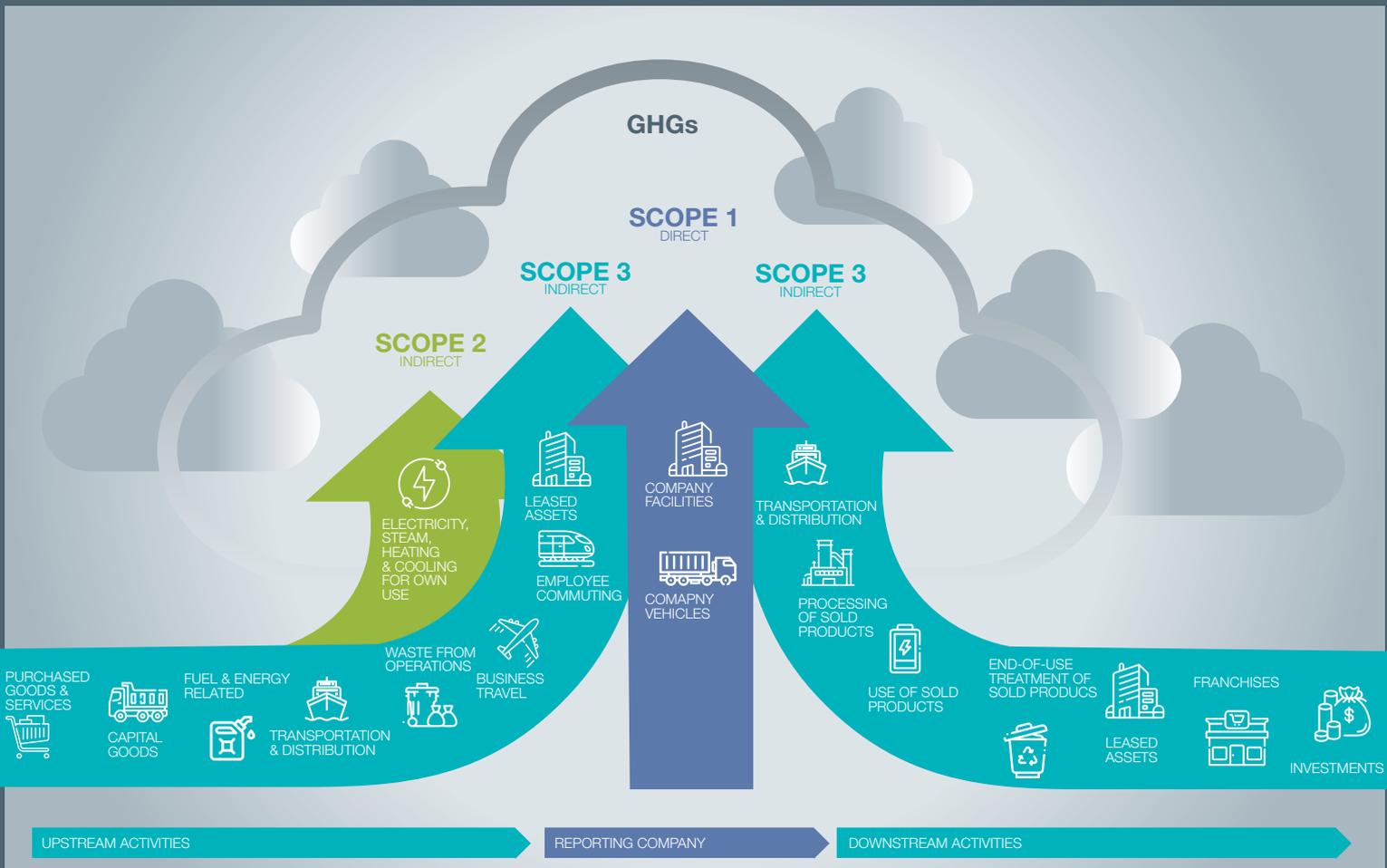
Greenhouse Gas Emissions Reporting Categories

According to the Greenhouse Gas Protocol (GHG Protocol), GHG emissions are categorized into the following three Scopes according to their source:

Scope 1: direct emissions from sources owned or controlled by the reporting company;

Scope 2: indirect emissions i.e., emissions generated from purchased electricity, steam, heating and cooling energy consumed by the reporting company;

Scope 3: all other indirect emissions that occur in the reporting company's value chain.



Scope 1 CO₂ Emissions

Considering that the CO₂ emissions in the cement industry, mostly arise from the process of raw materials transformation – during clinker production as well as the kiln fuel combustion, we undertake the following activities to reduce emissions: increase the thermal energy efficiency, develop and produce low carbon cement and use alternative fuels – like biomass.

Although Serbian law does not require reporting relative to CO₂ emissions, for 15 years TCK has been monitoring and reporting on these emissions regularly.

TCK's total direct CO₂ emissions in 2021 amounted to 0.36 million tons, approx. 3% lower than in 2020. In the same period, the total emission of biogenic CO₂ resulting from wood pellet combustion amounted to 696 tons. Specific direct emissions of CO₂ per ton of product amounted to 624.9 kg CO₂/t_{product} or approx. 2.4% lower than in 2020.

Introducing Eco-Efficient Cement

Part of the TCK strategy is product development and improvement, with the lowest possible CO₂ emissions. Led by this, in 2021, TCK developed a new product marked CEM II/C-M(V-L) 32,5R. The performance of this type of cement is of equally good quality and shows similar comparative properties in concrete as those demonstrated by CEM II/B-M(V-L) 32,5R cement, which has been available in our product line for many years.

By introducing the new type of cement, the total CO₂ emissions will be reduced by 4% annually. Our Company has set the long-term target to impact the reduction of total CO₂ emissions by 12% by the end of 2025, through further formula optimization and development of products with innovative characteristics.

Co-Processing in Cement Kilns

Co-processing in resource-intensive industries involves the use of waste in production processes for the purpose of reusing energy and materials, that is, reducing the use of conventional fuels and raw materials through substitution. Specifically, co-processing of waste in cement kilns enables the utilization of energy and mineral value from waste while at the same time a new product is produced – cement.



When waste recycling is not an option, the hierarchy of waste management applies co-processing as the most socially, environmentally, and the most responsible method of waste management.

The cement industry has the capacity to become a significant user of alternative fuels. By doing so, the industry is replacing traditional energy sources, such as petcoke and coal, with alternatives such as solid fuels derived from waste, waste tires and biomass residues.

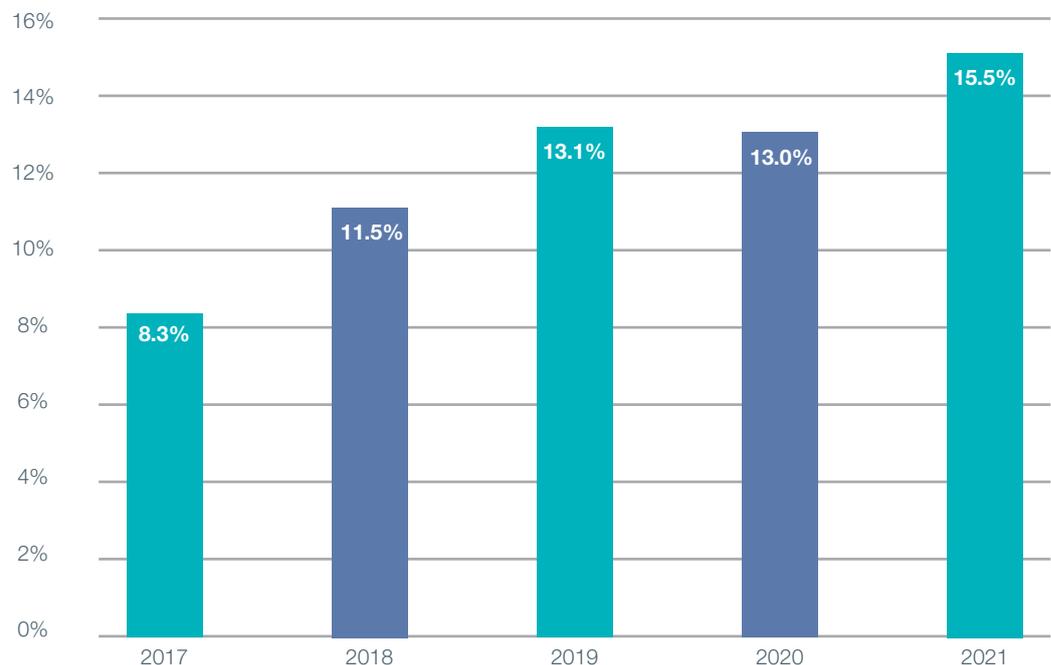
The use of alternative fuels allows waste to be used as a resource with a number of positive effects:

- Negative impacts on the environment are reduced. With safe treatment, the amount of waste permanently disposed in landfills is reduced, which prolongs the lifetime of existing landfills, primarily municipal waste. At the same time, the costs of expanding and building new municipal waste landfills are postponed and reduced;
- Greenhouse gas emissions are reduced;
- Waste management costs are reduced;
- Consumption of non-renewable fossil fuels is reduced, and the lifespan of existing reserves is extended. This ensures energy independence from fossil fuels;
- The number of jobs available in waste management is increased;
- Production costs of the cement industry are on the decline and, consequently, market competitiveness is improved.

Taking all these advantages into account, the cement industry has developed a number of technological solutions for co-processing waste in a safe way that will not have a negative impact on the environment, human health or product quality. The highest ratio of alternative fuels consumption (% of energy obtained from alternative fuels) in the cement industry is achieved in developed countries and those most advanced in terms of environmental protection. Cement plants in Germany have reached an average ratio of alternative fuel use of 69.2%⁸.

Increasing the use of alternative fuels to replace non-renewable fossil fuels is crucial in achieving TITAN's decarbonization targets. In 2021, the Group's ratio of alternative fuels reached 15.5%⁹, an increase of approximately 19%, compared to 2020. The use of biomass as an alternative fuel has reached a thermal substitution rate of 4.8%. Dried sludge from wastewater, sludge from refineries, rubber, solid fuels derived from waste (SRF/RDF) and agricultural waste were used to replace conventional solid fuels in several Group plants in 2021.

Alternative Fuels Ratio at TITAN Group



A new, state-of-the-art production facility for alternative fuels went into operation in the Pennsuko Cement Plant in Florida, in Q1 of 2021, introducing high-quality RDF as a new fuel type for co-processing fuel in the kiln. New installations or upgrades to the existing infrastructure for the production of alternative fuels were also completed in the cement plants of Zlatna Panega plant, Bulgaria, and Usje plant, North Macedonia, allowing both plants to reach record thermal-substitution levels and contributing to local waste-management efforts. The feeding installation of the

Thessaloniki plant, Greece, was also upgraded, resulting in significant improvements in the plant's alternative fuel consumption.

TITAN Cementara Kosjerić uses exclusively fossil fuels for clinker production. Reducing fuel costs, independence from imported fuel, and optimization of natural resources are critical business challenges of strategic significance to our Company.

⁸ VDZ Environmental Data of the German Cement Industry 2020.

⁹ https://www.titan-cement.com/TITAN_Cement_Group_IAR_2021_EN.pdf.

Waste to Energy for the Western Balkans Cement Industry



The project entitled: Waste to Energy for the Western Balkans Cement Industry, in short: W2E, was initiated in 2020 in three Balkan states: Serbia, North Macedonia and Albania.

Aiming to improve the framework through which household and industrial waste is utilized in cement production, the W2E project is a step in the right direction for the Western Balkans toward adopting European environmental protection standards. This includes establishing systemic solutions for safe and sustainable waste management. This initiative complies with the strategic documents and applicable legislation of the Republic of Serbia, as well as the directives and best practices applied in the EU concerning waste management.

The project is funded through the develoPPP program of the German Federal Ministry for Economic Cooperation and Development (BMZ). The implementing partners of the project are the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and cement plants of the TITAN Cement Group operating in Albania, North Macedonia and Serbia, in collaboration with the Co-PLAN Institute for Habitat Development, Union of Albanian Producers (AMU), Resource Environmental Center (REC, North Macedonia) and the Zlatibor Regional Development Agency (ZRDA).



Thermal Energy

In 2021, TITAN Cementara Kosjerić used thermal energy derived from burning fossil fuels and biomass.

Overall, energy consumption at TCK in proportion to cement production remained in line with energy consumption indicators at all TITAN Group cement plants throughout 2021 (http://www.titan-cement.com/TITAN_Cement_Group_IAR_2021_EN.pdf), and specific energy consumption per unit of product remained in line with achieved Group values. A detailed presentation of energy consumption data at TITAN Cementara Kosjerić is subject to specific confidentiality restrictions, in accordance with Company's policy.

Compared to 2020, thermal energy consumption in 2021 was somewhat reduced by nearly 1.5%.

Scope 2 CO₂ Emissions

TITAN Group is researching into the various options available to reduce these emissions. Purchasing electricity from renewable sources from current or potential

suppliers, installing power plants that produce electricity from renewable sources (wind farms, solar panels), or maximizing heat use by utilizing heat recovery systems, are all alternatives considered by TITAN Group as possible solutions.

In 2021, Scope 2 emissions at TITAN Cementara Kosjerić were reduced by 28.8 %, relative to 2020, mainly due to a decrease in the CO₂ grid emission factor. Aiming to provide the highest level of Company transparency to stakeholders, the external auditor verified Scope 2 emissions at TITAN Group.

Specific consumption of electricity throughout 2021 amounted to approximately 6% less than in 2020 at TCK.

Scope 3 CO₂ Emissions

Monitoring CO₂ emissions in our supply chain (Scope 3) is key to achieving TITAN's long-term ambition to deliver carbon-neutral concrete by 2050. In mid-2021, after two pilot tests were performed at our plant and the plant in Thessaloniki, Greece, we executed the first annual calculation of Scope 3 CO₂ emissions. Our monitoring included 6 out of 15 Scope 3 emissions categories. The

selected categories: purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, business travel, employee commuting and downstream transportation and distribution, are considered relevant to cement industry activities, according to GCCA analysis, with only four of them being mandatory.

In 2021, Scope 3 emissions at TITAN Cementara Kosjerić amounted to approx. 14% of the total (Scope 1, Scope 2 and Scope 3) CO₂ emissions.

At TITAN Group level, Scope 3 emissions were verified in 2021 by ERM Certification and Verification Services Ltd. Emissions calculated for 2021 will be set as the baseline from which the TITAN Group and all units operating within the Group will identify key elements in its supply chain. This will be used to engage suppliers towards a net zero commitment. TITAN Group, and TCK as its member, continually improve upon the approach to Scope 3 emissions reporting. This includes identifying gaps and exploring alternative ways toward increasing accuracy and establishing required management systems.



TCK Improves All Areas of Operation Through Digital Transformation

In utilizing the opportunities which the 4th industrial revolution has afforded us, the TITAN Group has become a pioneer in terms of the digital transformation of cement production processes. This includes the application of artificial intelligence, big data processing and the use of advanced analytics.

In 2020, TITAN Group founded the Group Digital Center of Competence to further strengthen capacities for development and the implementation of new digital solutions, focusing on production, the supply chain

and customers. Significant investments in the digital transformation will improve our operational model and create new added value for society.

In keeping with the latest global corporate trends and defined TITAN Group priorities, over the recent period, TITAN Cementara Kosjerić has implemented various projects, aiming to increase the reliability of plant operations and reduce unscheduled downtime. One such important undertaking at TCK is the installation of Siemens integrated diagnostic and analytical system for managing the production process, known as the CEMAT. At the core of this automated concept is the monitoring and governing of production processes. CEMAT process control software functions on the basis of collecting big data from sensors located throughout the plant, in real time.

CEMAT: A New Era in Cement Industry Process Control

CEMAT is the leading system for controlling cement industry-related processes. It was developed in close collaboration with the industry. CEMAT fulfills all the specific production requirements, providing varied responses which are adequately adapted to the actual state of the production process. Thus, the plant is run under the very best control operations. An additional advantage of CEMAT is that it includes the application of integrated diagnostic functions, which assist in quick detection of potential errors, before issues arise, thus minimizing downtime. The installation of the CEMAT system at TCK was completed over a number of phases. It required the complete reconstruction of electrical rooms and measuring equipment, and as of 2020, all plant functions run via this unique, latest-technology software.

In an effort to quickly develop and implement digital solutions at TCK, throughout 2021 we further expanded the possibilities of dynamic, electronic reporting in real time, by applying detailed automatic process analysis and big data processing. Real time production process parameters are always available, even outside the plant on mobile devices. At the same time, we optimized the work of automatic regulators in the plant, maximizing their energy efficiency and fast mode which manages process parameters. Furthermore, we have started a cyber safety and industrial IT infrastructure reliability project.

IT Infrastructure Resilience and Protection from Cyber-Attacks

IT infrastructure security and protection is of significance to maintaining the continuity of TCK's business. In this area, we continue to apply best available practices and continuously update our business plans. To improve the security of the Company's Information System, TITAN Group has appointed an Information Security Manager, who has been tasked with developing an IT Security Strategy and Program at the Group level. This strategy and program are consistently monitored and applied by our local IT team.

Information security, business policies and overall risk management of IT infrastructure within the TITAN Group comply with ISO 27001 requirements.

TCK has achieved the following in terms of information security management within digital environments:

- put into place information tools as a means of protection from cyber-attacks;
- constant investments in the IS, to preserve its security and protection;
- implementation of performance measures, through critical information security indicators and self-assessment.

TCK organizes annual, interactive online training for all employees who use computers in order to improve the security and resilience of information technologies to cyber-attacks. This training serves to reduce the shortcomings of the system, by improving existing capacities for prevention, proactive action and the construction of new instruments, with the ability to detect issues quickly and respond adequately. Further, TITAN Group has initiated a major IT project to implement a common ERP system across all Group entities, TCK included.



GROWTH-ENABLING

Work Environment

Professional development and care for our employees is at the heart of our operations and corporate principles. Affirming the positive values of the business collective is essential to forming a stimulating work environment where our people have the opportunity to realize their full professional potential. This approach allows us to nurture an inclusive culture where equal opportunities that allow for individual growth are a given, and which ensure a healthy and safe workplace. All of which is integral to TITAN's ESG targets for 2025.

The Group-level People Management Framework provides for equal opportunities for all employees, and promotes integrity, meritocracy, open communication and transparency, thus creating an environment in which team members can improve performance and reach their full potential.



MATERIAL ISSUE:
Safe and healthy working environment

Taking Care of Our People – The Primary Goal of the Business During the Pandemic

Another year marked by the pandemic placed great challenges before the Company. Along with adapting to the new organizational scheme and working conditions, a serious challenge faced by TCK was the significantly higher number of employees infected with the virus in 2021, in contrast to the previous year. In line with events, all of the efforts of our collective have been toward the attainment of the goal: to prevent the spread of the virus and to preserve the health of our people, while at the same time, maintaining production and cement sales. TITAN Cementara Kosjerić has taken all measures to protect the health of its employees and contractors, which include: imposing stricter hygiene standards, promoting social distancing, installing plexiglass panels, making it mandatory to always wear masks, and reducing or cancelling travel, meetings and events.

Additionally, TCK introduced the Employee Assistance Program in 2020, which aims to provide expert consulting services that contribute to improving the health, psychological and emotional wellbeing and professional output of our employees and their families.

Safety First

Throughout 2021, which marked the second year of operations under Covid-19 pandemic conditions, TCK managed to maintain all business processes despite the health challenges posed by the pandemic. At the same time, TCK used this opportunity to improve its H&S System through good planning, adapted organization and compliance with measures set to prevent Covid-19 in the workplace. We have achieved very good results in safety by applying best available practices, innovative solutions and with consistent employee commitment. This formula has proven to be successful to overcoming the limitations caused by the pandemic.

One of our greatest advancements of the previous year was the successful completion of the ISO 45001:2018 Standard certification process, performed by independent auditing company, Eurocert. During the audit, no nonconformities nor unsafe conditions were observed. The introduction of this Standard has resulted in incorporating all three ISO systems: ISO 9001, ISO 14001 and ISO 45001 into one integrated system.

As is part of our regular practices, TCK continued in 2021 to organize numerous safety training for TCK's direct employees and permanent contractor employees. By conducting training online and in individual modes, as well as holding training outdoors for smaller groups of participants, TCK was able to hold as many as 3,378 hours of H&S training. This translates to an average of over 13.5 hours of professional development per direct/contractor employee.

In this process, training derived from the GAP analysis takes precedence. This type of training is intended to cover employees working in key positions in Production and Maintenance specific needs coming from the GAP analysis, and to improve their competences, skills and by extension, to raise the overall level of the plant's safety culture.

Last year we organized 158 safety walks, during which we identified 746 unsafe conditions and acts, most of which have already been eliminated. TCK's Safety System received the highest green score, "no critical findings", in our annual 360° Audit Report.

At the initiative of the TITAN Group H&S team, a campaign was held in 2021 over several months entitled "Slips, Trips and Falls Prevention", tasked to improve employee skills and competences as well as the overall work environment, thus reducing the negative impact of such incidents. Within the "Next Step in Safety" program, launched in the region targeting to achieve a higher and sustainable safety performance, TCK improved the latest versions of the procedures: "Confined Spaces" and "Hot Works", which are among the most important safety concepts.

In 2021, we continued to enhance contractors' work conditions and workflow organization, in line with all systemic processes and H&S norms established at TCK. In this area, we advance and increase the number of Safe Work Plans, from the most complex to those less demanding activities. Similarly, TCK insistently promotes strict adherence to the LOTOTO procedure, and insists it apply to the work performed by our contractors.

Notwithstanding all the efforts we invest in incident prevention, one minor injury of a direct employee occurred at TCK, resulting in employee lost working days. The incident was investigated in detail. The results of the investigation were applied to prevent the reoccurrence of the same or similar incidents and all employees were notified of these new measures.

The recognition, mitigation and elimination of risks in TCK's operations, as well as the increase of Near Miss reporting and RCA, are important steps toward ensuring a safe and healthy work environment, contributing to the increase of the satisfaction and safety of employees and contractors. Learning from the mistakes of others has been an efficient way of increasing competence, raising safety awareness and adopting the following vision: all injuries are preventable. In practice, we implement this by sharing information about all incidents which occur throughout the entire TITAN Group or examples from other sources, when applicable to the cement industry.

TITAN Cementara Kosjerić's Safety Committee is 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 lead to improvements in all areas of operation, as well as ensuring sound understanding and the exchange of information among employees. As a result of continuous communication and by developing an atmosphere of

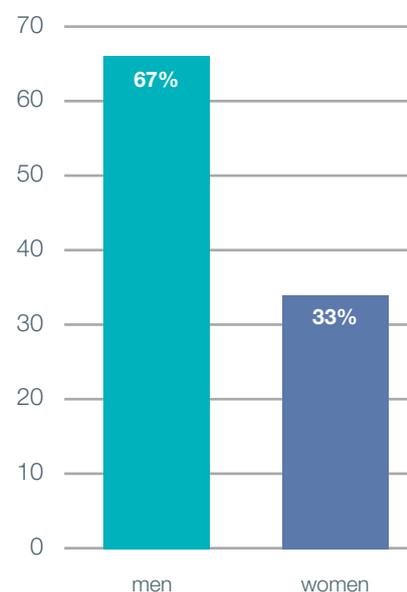
mutual trust at TCK, we have built a safety culture that is one of our greatest achievements.

All issues pertaining to the area of health and safety are laid out in detail in TCK's Collective Agreement.

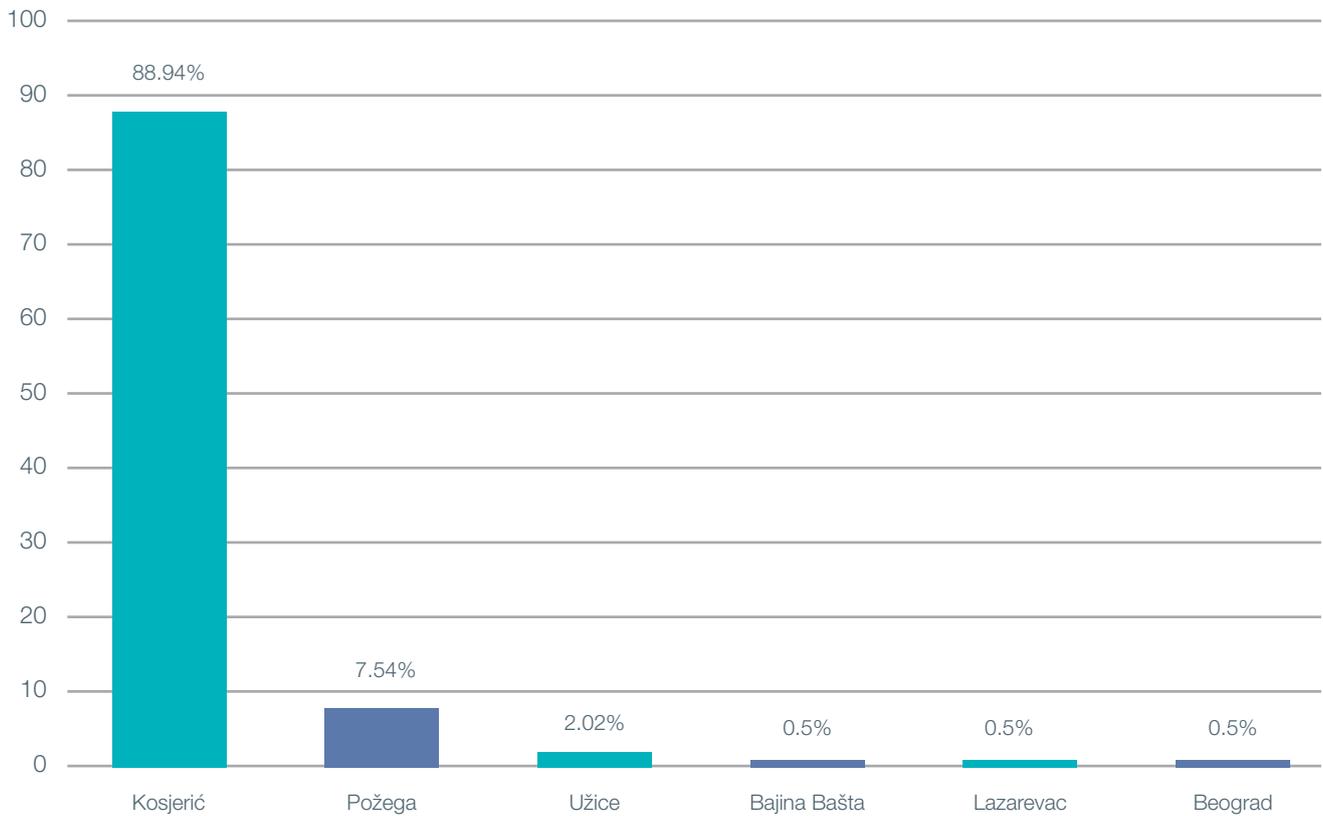


MATERIAL ISSUE:
Employment and employee's wellbeing

Management Employees
According to Gender



Employee Structure According to Residence



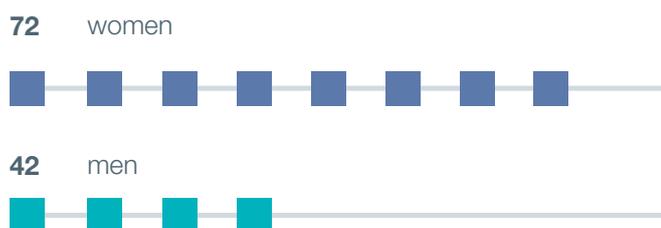
Professional Development

Despite the pandemic extending on into 2021, we were able to continually resolve challenges concerning employee development. The result of our efforts here has been that our employees adapted well to the new, altered manner of functioning and communication styles within TCK. In adhering to epidemiological measures, the members of

our collective had easy access to training resources and practically continued on with their professional development without disruption.

The total number of training hours held at TITAN Cementara Kosjerić confirm our collective's ability to adapt to "the new normal", and is in line with the Company's long-term digitalization strategy.

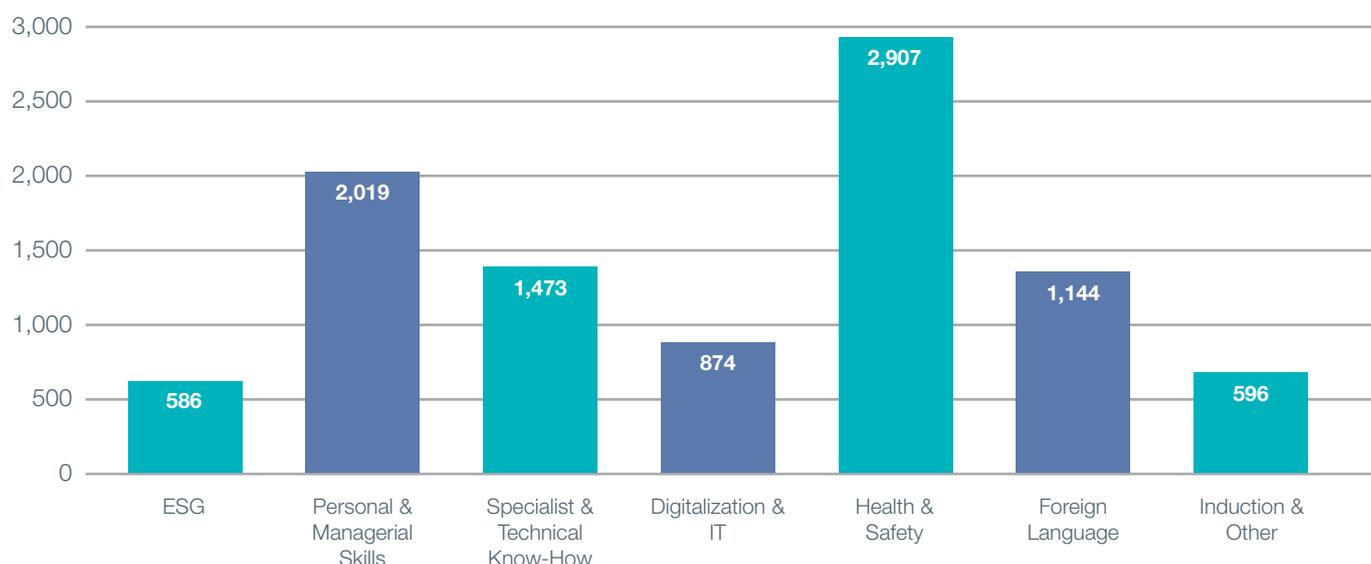
Average Hours of Training per Gender



Average Hours of Training per Employment Category



Training in 2021: **9,599 hours**¹⁰



Employees' Wellbeing

Our approach to employees' wellbeing aims to support our people in all dimensions of the TITAN Health and Wellbeing framework (physical, mental, social, and financial), in a holistic and integrated way. In 2021, TCK has implemented 9 wellbeing initiatives covering all 4 dimensions, whereas the majority of realized activities was focused to enhance physical and financial wellbeing of our employees.

In August of 2021, a **new Collective Agreement** was signed at TCK, which defines new benefits for improving employees' wellbeing. Therefore, the Company took the decision to meet its employees needs concerning sick leave over 30 days. The Company will provide funds in the amount of 35% of the reimbursement, over the legally prescribed amount of 65% of the reimbursement which is paid out by the competent Republic Fund.

We have also enhanced our **reward system** for hourly employees. There is now a clearer connection between results and expected performance bonuses. This was established by ensuring better channels of communication and calibration of ratings, as well as through the revision of rating and rewarding rules.

Quarterly management meetings are held at TITAN Cementara Kosjerić where we **monitor the realization of strategic targets**, improve the level of transparency, ensure collaboration among the organization's various departments, as well as establish individual performance targets, overall communication and task completion.

In 2021, we began implementing a specific Action Plan, drafted in the previous period, for the purpose of providing guidelines on how to **improve employee engagement**. The first step along this path was to perform a review of all job descriptions at TCK, to highlight the role, position and purpose of each position more precisely. This will serve to empower our workforce and allow each individual to take responsibility for their own results and successes.



On the occasion of World Mental Health Day, we initiated the campaign "How Are You?", dedicated to sustaining psychological health and raising awareness concerning this topic. The program's intent is to emphasize the necessity of taking care to ensure psychological balance, which is equally important to ensuring the physical health of the body, during these times especially, whilst in the midst of an ongoing pandemic.

This useful campaign is implemented by TITAN through promoting educational materials, video clips, texts, and all mental health resources which are available through Intranet "Connections". By providing this type of support, our Company persistently strives to contribute to sustaining the psychological health and satisfaction of its employees and their families, in all areas of their personal and professional lives.

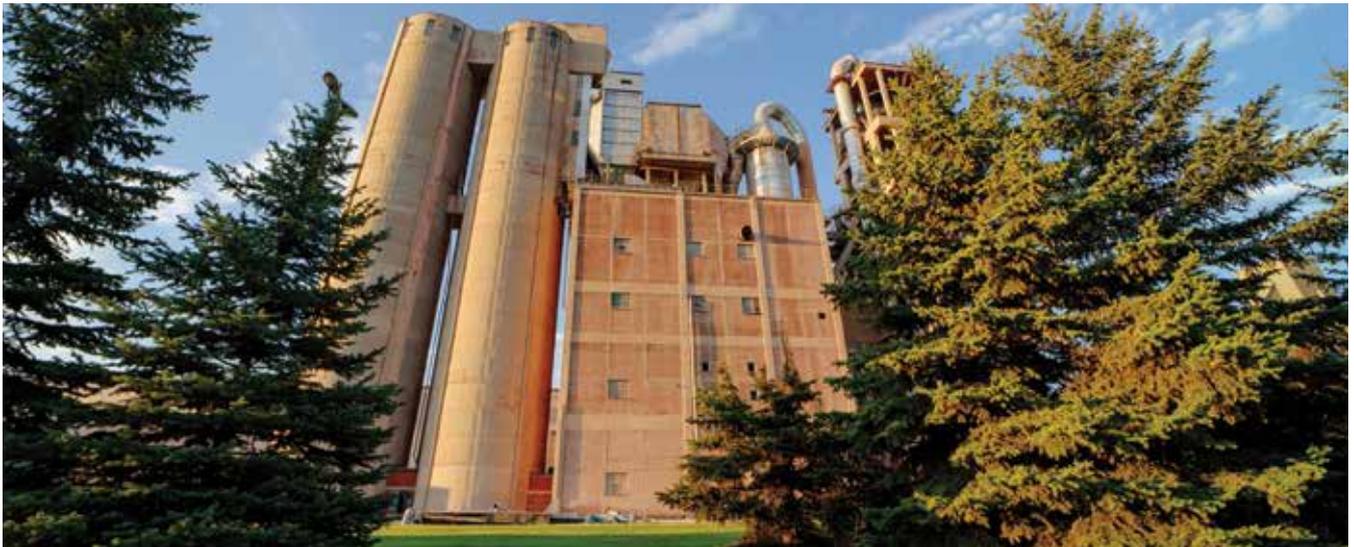
¹⁰ Consolidated presentation of training hours according to defined categories within the section "ESG Statements".

POSITIVE

Local Impact

TITAN Cementara Kosjerić promotes open dialogue and collaboration with its stakeholders. The aim of this is to implement initiatives which contribute to improving quality of life, while considering the social and environmental challenges facing the local community. As we aspire to continually progress in terms of environmental protection

performance, the Company systemically monitors its environmental footprint and regularly reports the results it achieves within this field. At the same time, we have set ambitious targets to reduce emissions and to preserve biodiversity and natural resources.



MATERIAL ISSUE: Environmental protection and investments

Air Emissions

TITAN Cementara Kosjerić monitors significant air emissions, in accordance with legislative requirements and GCCA Guidelines. Emissions management is conducted via established steps and methods set to prevent, minimize and monitor emissions, in line with appropriate BAT¹¹ recommendations. We continue to apply the process of flame cooling in the rotary kiln, an additional measure to further reduce NO_x emissions. A new bag filter for dedusting the kiln and raw mill's flue gases was put into operation. Also, we have started activities to replace another bag filter with a new one which serves for dedusting bulk cement loading.

Devices for continuous emissions measurements have been fitted on all TCK's major emitters. This is how

we monitor emissions in real time, thus allowing us to implement preventive actions in a timely manner. The fifteen-day average emission values measured at the rotary kiln stack are published on the Company's website at: www.titan.rs. This is one of the ways in which we provide our stakeholders with up-to-date information. The measurements of emissions by other sources are conducted by authorized institutions, in line with regulations.

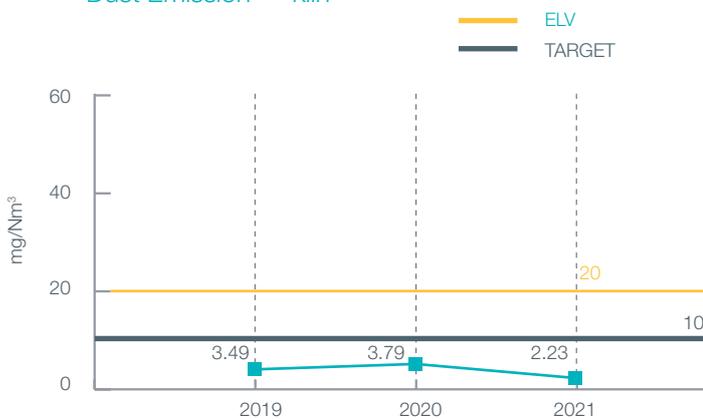
The continued efforts and investments made by TCK to control emissions have proven to be effective. Our emissions are below those prescribed in the IPPC Permit and rotary kiln's emissions are also below the internally prescribed, more challenging targets. The following graphs show the annual average air emissions values, in comparison to internal targets, and the ELVs prescribed in the applicable IPPC Permit.

¹¹ Best Available Technologies.

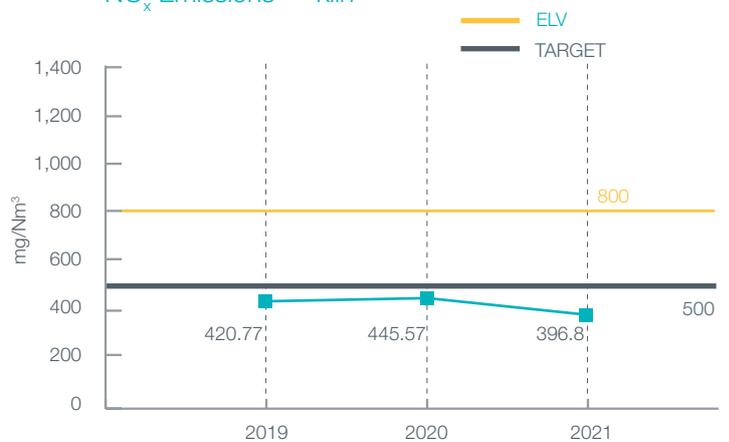
Installation of a Bag Filter on the Kiln and Raw Mill

As part of our long-term commitment to improving levels of environmental protection, we have invested in the installation of a bag filter on the kiln and raw mill. The new filter was put into operation at the beginning of March 2021, and to date, it has demonstrated excellent performance, with dust emissions below 2 mg/Nm³. With this investment, we have ensured low levels of dust emissions, regardless of changes in plant operation modes. 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.

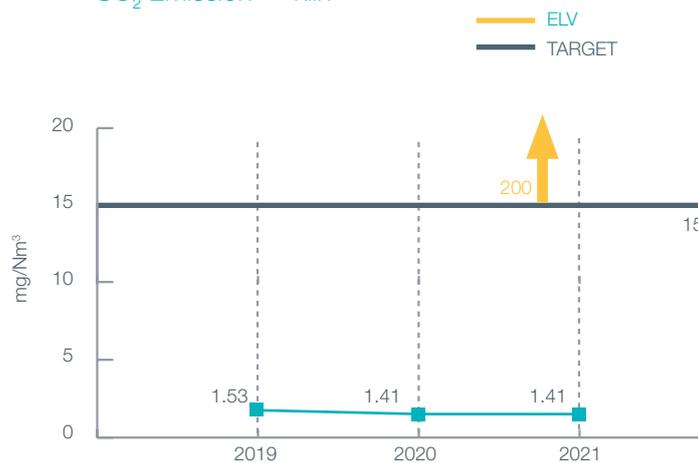
Dust Emission — kiln



NO_x Emissions — kiln



SO₂ Emission — kiln



Ambient Air Quality in Kosjerić

In presenting ambient air quality in Kosjerić we refer to the valid measurements of the Serbian Environmental Protection Agency throughout 2021.

These measurements indicate the presence of air pollutants at the local level, irrespective of TITAN Cementara Kosjerić operations, which is particularly evident in winter.

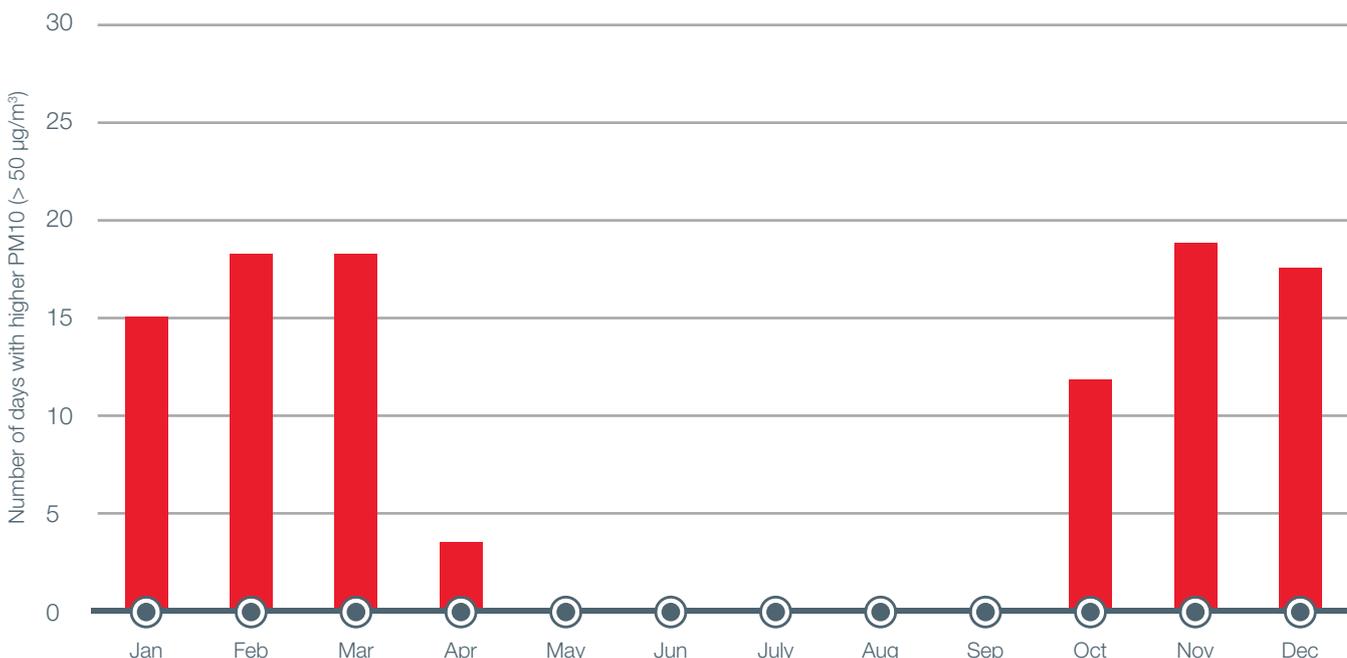
After continuously good results recorded by the monitoring station during the summer months, with the beginning of the heating season, increased concentrations of PM10 appear in the ambient air of the local environment. Excessive production of these pollutants over winter suggests they are the result of energy inefficient heating

systems and small boiler rooms used to heat individual households in the community.

In the summer of 2021, the air quality in Kosjerić was good and all recorded parameters remained below the prescribed limit values.

The following chart indicates the number of days in which PM10 parameter limits were exceeded or when air quality remained within this framework for each month of 2021. It is clear that the days when air pollution was recorded in Kosjerić always occurred during the heating season and air quality improved in proportion to reduced heating needs. Air quality remained within the prescribed limits during the summer season, despite the fact that TCK plant was in operation at that time.

Number of days in 2021 with higher PM10 concentration in Kosjerić (source: Environmental Protection Agency website)



Waste Management

Waste produced by TITAN Cementara Kosjerić as a result of its daily activities is sorted by its source and is collected and temporarily stored and disposed of by authorized recycling operators, the aim of which is to minimize waste sent to landfills. Waste is never a by-product of the technological process of producing clinker and cement

at TCK, and most of our waste is generated during packaging and palletizing activities, as well as during maintenance of equipment.

In 2021, the total amount of waste generated amounted to 297.06 tons, of which 250.32 tons was shipped to authorized recycling facilities, while 46.74 tons was handed over to an authorized operator for disposal.

Biodiversity Preservation

TITAN Cementara Kosjerić does not carry out its production operations in protected areas, or in areas of particular importance to nature preservation and enhancement. One of the preventative measures conducted by the TITAN Group in implementing its environmental protection plan is to conduct regular biodiversity risk assessments on all its sites and quarries. This is performed by applying the Integrated Biodiversity Assessment Tool (IBAT). The results of this risk assessment that was conducted in 2020 for all Group sites confirmed that the Cement Plant and the two quarries, Suvo Vrelo and Galovići, are not in proximity to (or part of) areas of high biodiversity value, and therefore no specific Biodiversity Management Plans are required for our sites.

Our operations are largely dependent on the exploitation of natural resources. For this reason, 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 stages of quarry development and exploitation. All quarry activities performed are in line with the GCCA Guidelines that apply to sustainable quarries rehabilitation and biodiversity management. In addition to quarry activities, we have continued with the process of proper landscaping and development of green zones at the plant.



MATERIAL ISSUE:
Stakeholder engagement
and welfare of communities

TITAN in Kosjerić – Engagement and Investment in the Local Community

By comprehensively supporting the development of the local community, we strive to improve the quality of life of our co-citizens. The growth of our Company is based on the principles of social responsibility and sustainable development, and this is inseparable from the wellbeing of those living in our immediate environment.

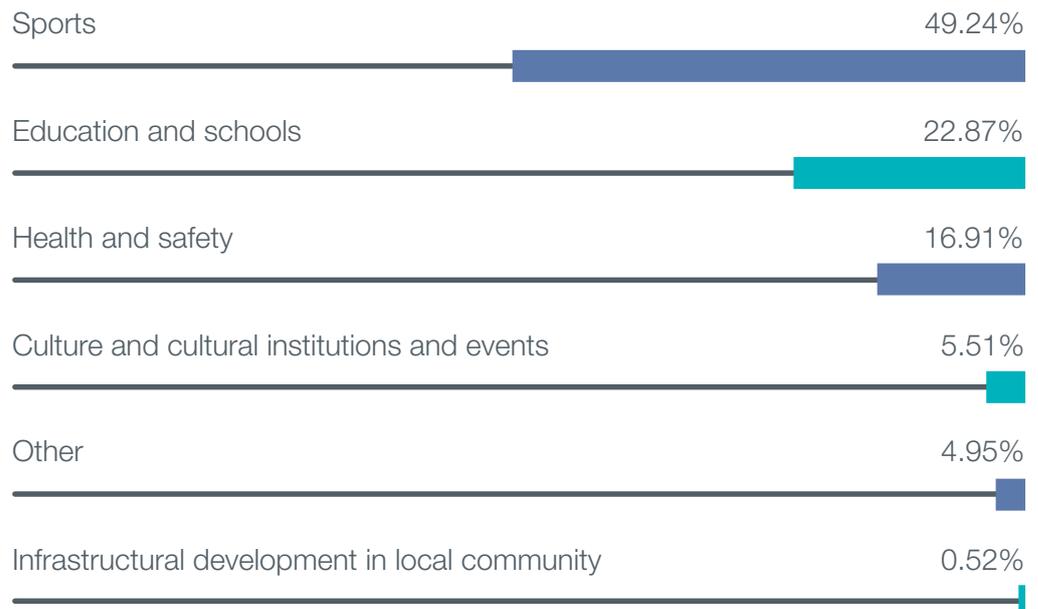
One of the key areas of responsible business policy includes our contribution to the sustainable development of the local community. Aiming to improve its social commitment within the immediate community, TCK conducted a comparative analysis of the connection between the initiatives it implements locally and TCK's material issues. The research was conducted via a new online self-assessment platform, a special module of the Group's Data Collection System (ESG Performance System), providing a structured overview and reliability of information.

The analysis, which included 6 initiatives in 2021, indicates that the implemented activities respond to many material topics, with the regular involvement of stakeholders and strengthening of local resources. Thus, community engagement at the level of "consultation" is represented by 67%, while "community involvement" is present at a rate of 33%. A total of 56 participants was involved, 31 of whom are employed at TCK. In terms of effectiveness, it is estimated that over 3,000 beneficiaries have gained concrete benefits from all 6 initiatives, to which this analysis is limited. Compared to pre-pandemic times, in 2021, the number of projects implemented by TCK within the community and including stakeholder involvement was significantly reduced due to restrictions imposed by the spread of the pandemic.

Multi-Media Center – Staying in Close Touch with the Community

Nurturing open communication and encouraging feedback from our community is one of the ways in which we keep the public informed and improve collaboration with the community in which we operate. TCK's Info Center, located in Kosjerić's main street serves this purpose. This is where the members of our community, associates, customers and all other visitors can find out more about TCK's operations. Stakeholders have access to information and can have their questions answered by experts concerning production processes, business results, projects, and the significant initiatives implemented by TITAN Cementara Kosjerić year after year within the community. The Info Center is always open for the organization of various seminars, cultural, educational and health-related programs which contribute to improving quality of life and strengthening ties between our Company and the community.

Structure of Investments in the Local Community



The Company invested nearly **€ 90,000** in local-community development projects.

Know-How – A Valuable Resource for Youth Development

One of the corporate values nurtured at TITAN Cementara Kosjerić is our dedication to learning, the acquisition of know-how and competences. In line with this principle, which responds to the demands of the modern corporate world and daily life in general, TCK strives to support and motivate younger generations to invest in their own constant learning and continual personal and professional development.

This form of socially responsible practice is implemented by our Company through educational support programs.

Through this framework, we have awarded valuable prizes to the pupils of schools within the Municipality of Kosjerić for many years, for the exceptional results they have achieved in school and national competitions. To commemorate Vidovdan celebrations we continued in 2021 with our tradition of awarding the 15 most successful primary and high school pupils, who are a source of pride to their collective and community alike. In promoting positive educational achievements, we emphasize the value of knowledge as a vital aspect of progress to any modern society.



Over One Million Dinars to Support Digital Education

Among the various initiatives dedicated to the local community, TITAN Cementara Kosjerić has again demonstrated its care for its immediate community, with special attention paid to local youths. Given the need for constant upgrades, our Company has donated assets for the purchase of computer equipment in the amount of RSD 1,420,000 to “Mito Igumanović” Elementary School.

The implementation of this project included equipping two computer classrooms with 28 new desktop computers. TITAN’s donation, a gesture of support to all elementary school pupils and teachers, allows for quality classes to be held, in line with the set curriculum. At the same time, this donation provides a means by which to motivate pupils to work continuously on gaining additional skills, all in line with new digital educational models.



Many Generations of Athletes Grow up with the Support of TITAN

By investing in promoting quality lifestyle, healthcare and the importance of sports, TCK has continued to nurture collaboration with the local community and provide long-standing, selfless support, based on the reliable implementation of sustainable development and CSR policies.

As a supporter of healthy social activities, TCK does a lot to support local sports clubs, in which a total of 430 young athletes train. This support ensures that the clubs have better conditions they need to train, quality equipment, the opportunity to compete in various local and international competitions, and therefore the chance to achieve significant results. In 2021, we earmarked over EUR 44,000 to cover these needs. TCK provides financial support to the local sports organizations for years, and our investment in the advancement of Kosjerić's sports culture has amounted to over EUR 900,000 since 2002, to date. This confirms our constant inclusion in shaping the community we operate in, where sports play a very important role.



Long-Standing Tradition of Open Communication with the Community

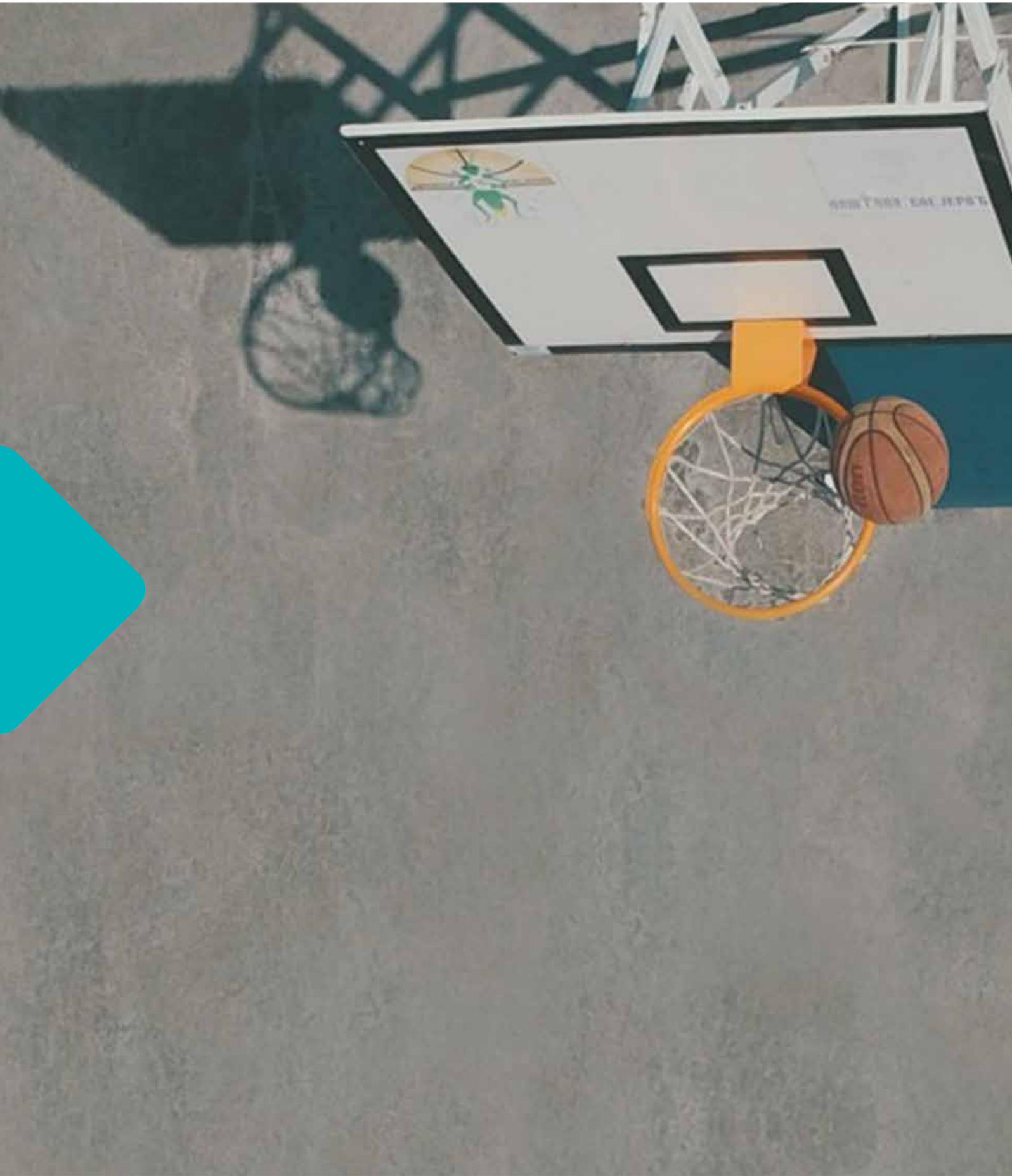
TITAN Cementara Kosjerić was among the first companies in Serbia to support the need for transparent representation of its operations and the establishment of an open dialogue with the community in reference to CSR. Reporting at TCK is in full compliance with the standards and best practices of international and European frameworks alike. As part of the TITAN Group, we have kept in full alignment with this concept since 2011. In this manner, all our activities are in line with stakeholders' expectations and support the long-term execution of TCK's corporate strategy.

TITAN Cementara Kosjerić's Integrated Annual Report for the year 2020 has been certified by independent auditors from Grant Thornton Serbia, for Advanced Level, in accordance with Communication on Progress (COP) on the UN Global Compact. For the first time in the history of its reporting, TCK received verification for completing the Materiality Assessment process in 2020.

The application of advanced reporting standards by our Company is grounded on the strategy by which the TITAN Group strives to improve its recognizable approach to social engagement in each country in which it operates. The way we address performance, starting with TCK's 2021 IAR, by linking local material issues and TITAN Group's Focus Areas together with an aligned overview of the ESG Performance Structure and the ESG Performance Statements has significantly increased the degree to which TCK's overall sustainability performance connects to the SDGs.

SUSTAINABLE DEVELOPMENT GOALS







Encouraging Community Development

TITAN Cementara Kosjerić is oriented toward supporting local, Kosjerić-based suppliers. We do this through the direct procurement of material from local merchants and manufacturers and by contracting a wide range of services with local vendors necessary to ensure the smooth functioning of our business processes. In reviewing overall performance for 2021, the total turnover achieved in collaboration between our Company and local suppliers amounted to €7.3 million, or 22% of TCK's total purchases.

Local contractors from Kosjerić cover the majority of services necessary for the smooth running of business processes. In 2021, the number of directly employed contractors from the Municipality of Kosjerić engaged in such work totalled to 46. Through partnerships with local companies that have permanent contracts with Cementara, annual turnover amounted to €2.5 million, a 23% increase compared to 2020.

An important link in the supply chain at TITAN Cementara Kosjerić is the transport of cement and input material. In 2021, these jobs were performed by 98 contractors. During the period, transportation turnover amounted to €4.2 million, which was slightly below 2020 levels.

Through responsible practices, TITAN Cementara Kosjerić contributes to a positive, direct and indirect economic impact on the domestic economy. Monitoring and reporting according to the "Local Spend" performance indicator, or the share of domestic suppliers in total procurement, is done according to TITAN standards and the UNCTAD Guidelines. According to these indicators Local Spend in total procurement for 2021 amounted to 77.94% or 80.66% consolidated with operations in TCK Montenegro, which is near 2020 levels. Cementara strives to ensure that at least two thirds of all procurement is directed toward domestic suppliers. We achieve this through the implementation of various projects and by choosing to work with domestic companies to provide us with certain products and services.



RESPONSIBLE

Sourcing

We are dedicated to the principles of a circular economy, and within this platform, we perform a wide range of activities directed at the minimization, reuse and recycling of materials and energy with the aim of preserving natural resources. Moreover, we encourage and empower our associates to incorporate the principles of sustainable development into their business processes and decisions, which is the way we are able to expand the principles of our CSR strategy onto those we work with closely.



MATERIAL ISSUE:
Responsible use of resources

Resources Preservation

Natural resources are crucial resources, which enable economic growth and improvement of living conditions. Reducing, reusing and recycling raw materials, water and waste are key elements by which our Company is unceasingly guided in its efforts to achieve sustainability. We are focused on conservation, given that the functions of modern society depend on resources, the supply of which is continually being depleted and is non-renewable.

Natural and Alternative Raw Materials

In order to preserve the planet's ecosystem, the use of natural resources requires that exploitation is handled with a great deal of responsibility. As TCK is strategically committed to conserving natural resources, we see our opportunities in applying the concept of circular economy, one based on reducing the use of natural raw materials and replacing it with the use of alternative raw materials. In 2021, we consumed over 87,000 tons of secondary, alternative raw materials to produce clinker and cement, which contributed to reducing the exploitation of non-renewable natural resources thereby reducing the amount of deposited industrial waste by the same amount.

Water

Water is essential to our environment. That is why preserving water quality and its efficient use through our Water Management System are among the highest of priorities at TITAN Cementara Kosjerić. Water risk assessment is regularly conducted at all locations in which TITAN Group operates, with the assistance of the Aqueduct Tool (World Resources Institute – WRI) and the Risk Water Filter (World Wildlife Fund – WWF). According to the water risk assessment that was made in 2020 at Group level, the Kosjerić Plant is within a water-stressed area. The results of this assessment will be used for the evaluation of local conditions, to identify related risks and opportunities and make appropriate decisions to further enhance our practices for sustainable water management.



At TCK, water is used for industrial and sanitary needs as well as drinking water. We use water sourced from the Skrapež River and also harvested rainwater for our industrial needs, while drinking and sanitary water is supplied through the public network system. The wastewater treatment facility has been in operation since 2010 whereas since 2014 treated water has been reused through water recirculation system, which has significantly reduced the use of fresh water.

The amount of water consumed at TCK is monitored by flow meters, which allow us to provide detailed and timely analysis of data, thereby allowing us to identify potential problems and implement appropriate corrective measures



MATERIAL ISSUE:
Responsible and sustainable
supply chain

Responsible Procurement and Supply Chain Reliability

TITAN Group has established a Roadmap to a Sustainable Supply Chain, which provides specific guidelines and deadlines for the timely achievement of the Group's target: for 70% of our key suppliers to fulfil the standards set forth in TITAN's ESG objectives by 2025. In line with this, the first TITAN Group Procurement Policy was adopted in July of 2021. The Procurement Policy sets out the main principles for regulating areas within its domain, including improved procurement practices that contribute to the Group's even greater commitment to being a socially responsible, ethically and environmentally conscious and committed organization.

Finally, TITAN Group has initiated a process to further develop and expand the relevant ESG criteria it uses in evaluating key suppliers. The significant roles of key suppliers have been recognized and defined for all business units according to the GCCA Guidelines for Sustainable Supply Chain Management, as they account for 80% of the Company's total procurement expenditures. Given their dominant position in terms of the business relationship, key suppliers may significantly influence the Company's sustainability drivers should they be the cause of interruptions and/or disruptions to operations or should they cause potential damage to the Group's or TCK's reputation through actions which fail to comply with the ESG standards we have introduced. This assumption applies to contractors who violate safe working conditions, are not legally licensed, or do not meet other TITAN standards.

as needed. In 2021, we enabled to reuse 610,558.9 m³ of treated wastewater through our Recirculation System. This means that 87.82% of the total water needs were covered by the recycled water.

TITAN Cementara Kosjerić has set high standards in the implementation of a water quality 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 analyses demonstrate that TCK adheres to all regulatory requirements concerning the discharge of wastewater.

A constant priority for TCK is the protection of labor rights and safe working conditions among employees and contractors, in particular, under the extraordinary conditions resulting from Covid-19. As was the case prior to the pandemic, even under these new circumstances, we did not identify any non-compliance with regulations in the areas of environmental protection, human rights and/or the measures set against bribery and corruption.

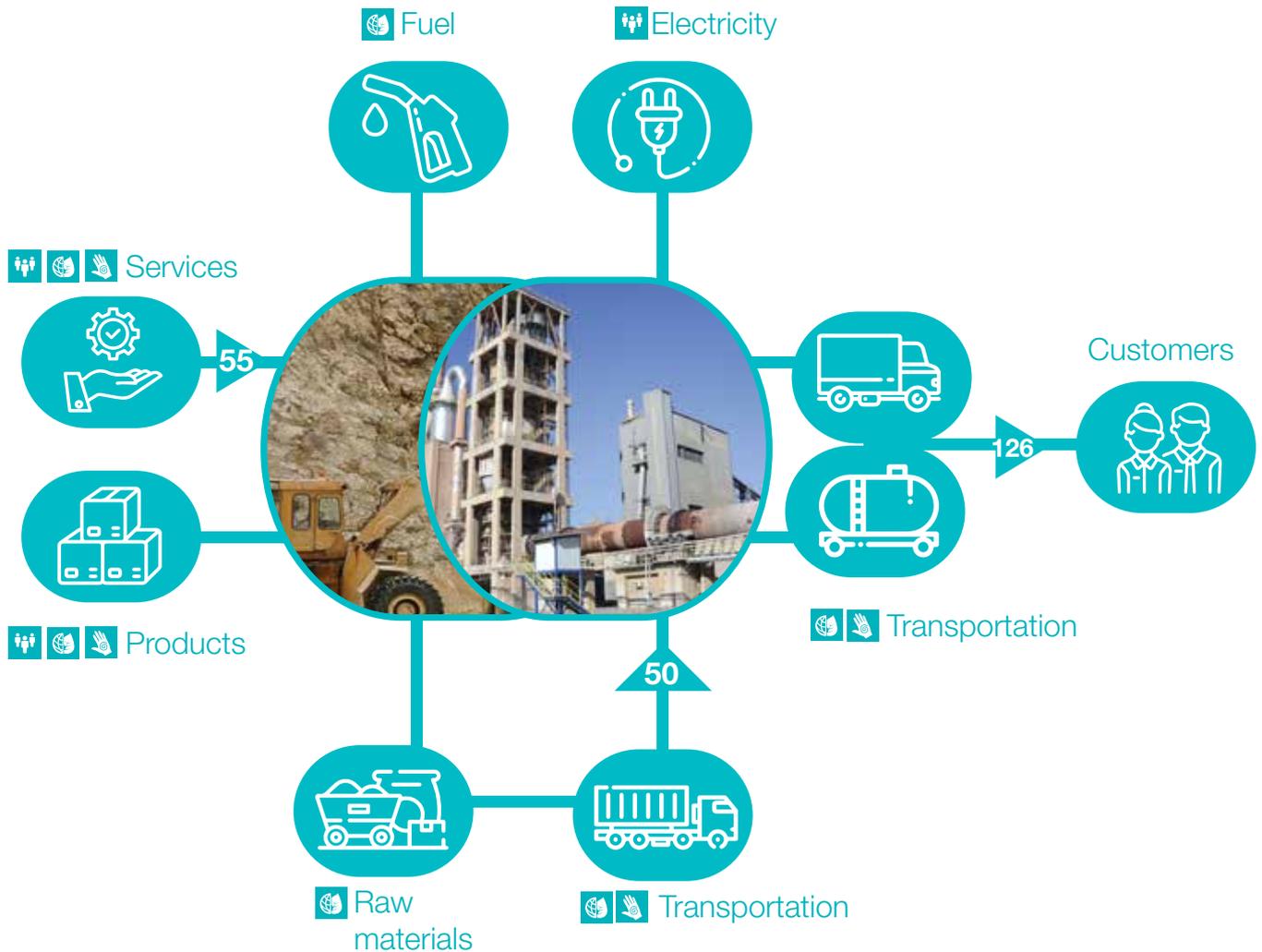
TITAN Group's Procurement Policy, published in 2021, clearly sets the precondition for our suppliers to apply all laws and regulations to their business activities; to respect human and labor rights, and establish a safe working environment. These requirements are described in the clauses built into the contracts with suppliers, in detail. In 2021, all new TCK contractors were pre-qualified based on human rights and impact on society criteria, then, on the basis of H&S standards and environmental impact as they performed the contracted work.

Supplier evaluation is an ongoing process at TITAN Cementara Kosjerić. We also conduct evaluation during the engagement of contractors and set numerous requirements. The results of regular contractor audits and H&S criteria assessment upon completion of works and the quality of products/services provided are all taken into consideration. At the end of each year, we perform a final evaluation of all suppliers with whom Cementara collaborated during the previous evaluation period. We then assess the quality of the product or service and the effectiveness and scope of applied CSR practices. In 2021, we evaluated 303 out of 748 suppliers, 44 of which were evaluated in accordance with H&S and environmental impact criteria.

TCK includes CSR clauses in all the contracts it executes with suppliers that oblige suppliers to respect human and labor rights, prevent bribery and corruption, and adhere to H&S and environmental protection. We promote these practices through the supply chain also by providing each new supplier with a Procurement Code of Conduct.

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 |
|------------------------|-----------------------|-------------------|-----------------------------|

| CONTRACTORS | 2021 | 2020 | 2019 |
|---|---------|---------|---------|
| Total number of employed contractors | 231 | 239 | 287 |
| Number of employed contractors, excluding logistics and transportation* | 54 | 49 | 55 |
| No. of contractors – logistics and transportation | 176 | 189 | 232 |
| Total no. of contractor man-hours | 435,401 | 450,292 | 541,132 |

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



MATERIAL ISSUE:
Product quality and safety

Customer Trust – A Sign of Quality

At TITAN Cementara Kosjerić, we are fully committed to customer satisfaction. This allows us to have constant insight into our results and how to gain a competitive advantage. By applying multiple channels of communication, adapted to global conditions and the latest in digitalization, we regularly listen to and monitor our customer’s needs and expectations so that we can react in the most adequate and timely manner. By nurturing mutual trust, we strive to timely respond to requests and suggestions with fast service and support, focused on efficient solutions, thereby maintaining customer satisfaction and loyalty.

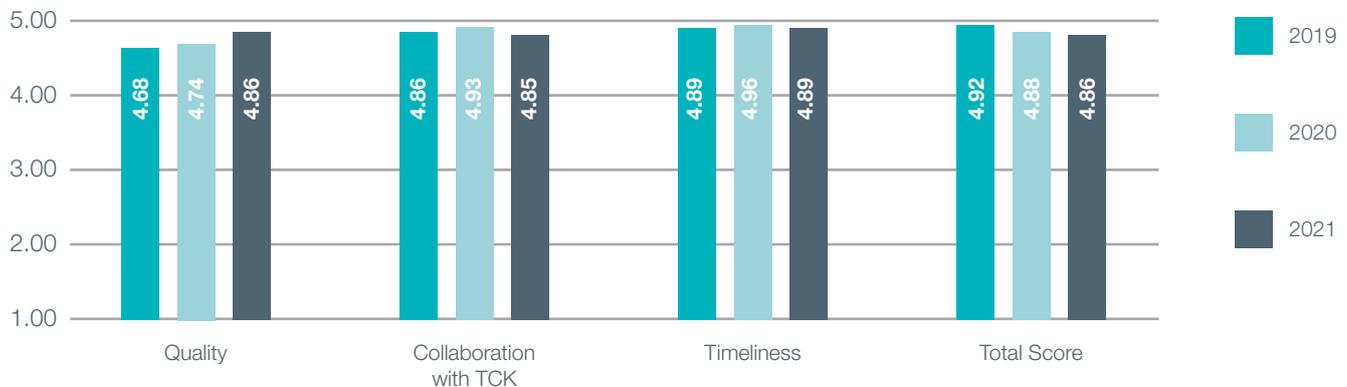
Because we respect the opinions of our customers, once again we conducted our annual Customer Satisfaction Survey in 2021. This is one of the measures we apply to receive feedback concerning the quality of our product line and all activities included in marketing our products. For years now, Cementara has applied a customer survey technique as a means of placing value on customer opinions about all comprehensive quality factors relative to products, services, expertise, relationships with our customers, equipment, and cement delivery. We provide our customers with the opportunity here to give us their



suggestions and ideas, all with the aim of improving collaboration. This method of conducting research and measuring customer satisfaction is a reliable indicator of the level of efficiency, as it indicates to what degree TCK’s products and services meet the expectations of the market and society.

We pay special attention to product and service quality complaints, which we resolve in an atmosphere of mutual respect, offering expert assistance and advice. In 2021, TCK did not receive a single official product quality complaint. Also, over the past 5-year period, there has not been a single customer complaint submitted relative to the impact of our products on H&S, nor on the way our packaging is marked, i.e., the recommendations for safe handling, storage and product use.

Results of Customer Satisfaction Survey 2019-2021



GOOD GOVERNANCE

Transparency and Business Ethics

As part of the TITAN Group, TITAN Cementara Kosjerić is strongly dedicated to operating in harmony with all leading principles of integrity and business ethics. Compliance with high-risk management standards established to resolve situations of bribery, corruption and human rights is considered a basic norm in the operations of the entire Group and applies to our entire sustainability strategy. In addition to complying with applicable laws and regulations, TITAN's Code of Conduct and general policies ensure commitment to the highest international regulations and standards, including the United Nations Guiding Principles on Human Rights and Business, as well as International Law against Bribery and Corruption.

Prevention of Bribery and Corruption

In accordance with our corporate values and culture, and as is clearly defined in TITAN's Code of Conduct and relevant Group policies, TCK applies a zero-tolerance policy in terms of bribery, fraud and all other corrupt practices.

All initiatives and efforts made in combatting corruption are supported and implemented through our Company's strong organizational structure. These imply clear roles and responsibilities and offer a reliable framework for sound governance and performance in the field of sustainability. The Audit and Risk Committee of the TITAN Group, a body of non-executive, independent members, is tasked to supervise corruption and fraud risks, among other things. The Group's Compliance and Anti-Fraud Department, as a part of Group Internal Audit, Risk and Compliance Department, has overall responsibility in

risk monitoring, compliance and coordination of relevant control activities, in collaboration with management and the Legal Department.

Our Anti-Bribery and Corruption Policy establishes the principles, rules and responsibilities, indicates areas of high risk in which the mentioned ethical issues are most likely to arise in operations and provides guidelines for preventative and investigation procedures, including risk assessment and third-party compliance.

TITAN Group's Anti-Fraud Program establishes strategic priorities and efforts to prevent and detect any violation of ethical norms and corruption across the entire Group. Its purpose is to protect assets and resources, the Company's reputation and credibility, culture and operational efficiency. Within this context, we implement a comprehensive program of activities and controls which serve to combat fraudulent activities, by mitigating and identifying such incidents in the workplace, and the Group's response to such cases.

To increase awareness of the battle against fraud, we drafted the Anti-Fraud Program Framework in 2021, which has been applied across the Group. This program promotes openness and transparency, standards and guidelines and clarifies the roles, expectations and responsibilities of those involved in fraud proceedings in the workplace.

Among preventive actions, we also have Fraud Risk Assessment projects, which apply to areas of higher risk and aim to identify and eliminate potential deficiencies in controls that serve to prevent unethical behavior, through consistent and effective action plans.



In 2021, no cases of political contributions were recorded, neither financial nor in-kind, directly, or indirectly and no corruption-related fines were imposed by regulators and courts in the reporting period.¹²

Compliance Program and Group Policies

Compliance risks are proactively resolved at the Group level, through the application of the TITAN Group Compliance Program. This program includes an integrated system of relevant activities, mechanisms and controls set to provide adequate guarantees that ensure compliance risk is timely identified, properly assessed and efficiently mitigated. This strengthens our compliance culture, ensures adherence to compliance requirements and encourages ethical behavior.

The Code of Conduct and the Group's general policies are collection of norms applied to all operations and cover TITAN Group's entire strategic area, offering guidelines to employees and associates, thus ensuring compliance with all applicable internal and statutory rules.

TITAN Group's list of policies includes, but is not limited to the following: Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Competition Law Policy, Policy on Sanctions, CSR Policy, Whistleblowing Policy, Environmental Protection Policy, Personal Data Protection Policy, Human Rights, OH&S and Quality Policy.

A key function of the TITAN Group Policies Awareness Program is to develop awareness, to educate and to provide continuous consulting, as we believe it necessary for our people to be adequately informed and supported in these continued efforts. With this goal in mind, throughout 2021, we implemented the second phase of Group Policies Awareness Program, through online training and tests linked to recognition of the Code of Conduct and those policies with ties to sustainability and social responsibility. 99 employees participated in 223 training hours on this topic in 2021. In 2022, building on this effort, we will disseminate communication regarding the new Group Policy: Diversity, Equity and Inclusion.

The Company strives to offer long-term contributions to the sustainable development of the community and society. 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.



Human Rights

As part of the TITAN Group, our Company is dedicated to respecting basic human and labor rights, and full compliance with international norms and standards. Human rights are a key area included in the Compliance program of the TITAN Group, which provides a well-designed framework for resolving relevant issues in a structured and holistic manner across the entire Group. All obligations are clearly defined in TITAN Group's Human Rights Policy.

Diversity and inclusion are also identified as priorities at TITAN Cementara Kosjerić. This confirms the importance of the issue, not only in terms of our operations, but also relative to our employees and all stakeholders: suppliers,

customers and the local community. We are committed to maintaining an environment in which everyone has a true sense of belonging and where inclusion is the order of the day, while cultivating diversity and zero tolerance of any form of discrimination or harassment.

Our EthicsPoint platform is an anonymous and strictly confidential channel by which work-related incidents may be reported. In practice, this managerial software confirms the level of openness and transparency at our Company, which safeguards good governance and integrity. The platform, to which all employees have free access, ensures that incidents are reported, investigated and resolved through the implementation of a corrective measures plan, when and if necessary, with total confidentiality guaranteed.

¹² The above disclosures cover the requirements for reporting according to the SASB Standards for "Pricing Integrity and Transparency" and more specifically in the metric (KPI) EM-CM-520a.1. "Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities".

FINANCIAL

Results

In continuing to apply best business practices, with flexibility and prompt adaptation to market demands, Cementara has managed to minimize the impact of the pandemic on its achieved financial results. At the same time, TCK has maintained operational excellence and high competitiveness. This strategy has allowed the Company to remain productive without disruption to operations or the supply chain. This is demonstrated by official performance indicators for 2021.

Our consolidated financial results for 2021 were better than those achieved in 2020. This includes the financial results achieved by TCK and its subsidiary, TCK Montenegro in Podgorica, that is under the sole ownership of TITAN Cementara Kosjerić. Consolidated revenue increased by 7.4%, while at the same time, consolidated EBITDA increased by 6.7%, compared to achieved consolidated results in 2020. Production and sales volumes on the domestic market increased compared to 2020. Despite increased energy costs in the last quarter of the year, and given favorable market trends in terms of product demand, continued control over fixed costs and the optimization of working capital, which were the result of extensive measures implemented by management, the negative impact of increased energy costs were mitigated to a large extent.

Regardless of the extraordinary, pandemic-related challenges, Cementara successfully maintained liquidity at high level. Cash generated from operating activities was sufficient to ensure the timely settlement of all legal, contractual and other liabilities. Additional sources of funding provided through internal lending or loans from commercial banks were unnecessary. Furthermore, with increased market stability and decrease in business risks, TCK's delayed investments from the previous year were realized in 2021. Thus, investments increased compared to 2020.

We expect 2022 to be a year of even more complex business challenges in comparison to 2020 and 2021, given the Russian-Ukraine conflict, and consequential increase of energy prices, as well as wider disruptions on the global commodity services market. TCK's experience in undertaking preventative action and making timely decisions will have an impact on risk management in overcoming market instability relative to energy costs and demand for our products. We will make all necessary efforts to adapt to new circumstances as they arise in the business environment and maintain good financial results under current social and economic conditions.

Basis for Audit of Financial Statements and Scope of Engagement

Statutory audit must be performed on the regular annual financial statements of large and medium-sized enterprises, classified in accordance with the Law on Accounting.

Statutory audit of consolidated financial statements is mandatory for parent entities that prepare consolidated financial statements in accordance with the Law on Accounting.

The consolidated financial statements, which are subject to audit, include:

- Consolidated income statement;
- Consolidated balance sheet;
- Consolidated statement of other comprehensive income;
- Consolidated statement of cash flows;
- Consolidated statement of changes in equity;
- Notes to the consolidated financial statements.

TITAN Cementara Kosjerić's consolidated financial statements for 2021 were audited by the renowned auditing company PricewaterhouseCoopers Belgrade.

The basic principles audit firms and certified licensed auditors must adhere to when auditing financial statements are as follows: professional ethics, professional scepticism, independence and objectivity.

For more information on TCK's Consolidated Financial Statements for 2021, please visit: www.apr.gov.rs



LOOKING TO THE FUTURE

TITAN Cementara Kosjerić contributed to the Group Materiality Assessment launched in 2019 which resulted in specific ESG targets¹³ for TITAN Group. These targets were formulated and adopted for 2025 and beyond, as announced by TITAN's Board of Directors in March 2021. They underscore the Group's long-term commitment to sustainable development and creating value for all.

| Decarbonization and digitalization | Growth-enabling work environment | Positive local impact | Responsible sourcing |
|---|---|--|--|
| <p>Our ambition: 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.</p> | <p>Our ambition: we will CULTIVATE an inclusive culture with equal opportunities for all our people to grow professionally within a safe and healthy work environment.</p> | <p>Our ambition: 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.</p> | <p>Our ambition: we will EMPOWER our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviors, while using natural resources responsibly.</p> |
| <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 group¹⁴ • 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, decarbonization & 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 sites¹⁵ with quarry rehabilitation plans and rehabilitation of 25% of affected areas • 100% of sites¹⁵ 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 l/t^{Cementitious Products} water consumption & 70% of water demand covered with recycled water • 85% of production¹⁶ covered with ISO 50001 or energy audits • 50% of production¹⁶ covered with "Zero Waste to Landfill" certification • 70% of key suppliers¹⁷ meeting TITAN ESG supplier standards |

All underpinned by **GOOD GOVERNANCE, TRANSPARENCY AND BUSINESS ETHICS**
Contributing to the SDGs:



TITAN Cementara Kosjerić is contributing to the achievement of TITAN Group's ESG Targets at the local level. Related TCK's targets are aligned with local material issues, as well as with TITAN's defined key indicators, applied to monitor targets realization.

¹³ TITAN's Environmental, Social and Governance Targets (ESG Targets) are in harmony with the UN Sustainable Development Goals 2030. The Scope 1 and 2 CO₂ emissions targets have been validated by the Science Based Target Initiative (SBTi). For more information about TITAN Group's 2025 ESG Targets, please see: <https://www.titan-cement.com/sustainability/our-approach/2025-targets/>.

¹⁴ Cemex, LafargeHolcim, Argos, HeidelbergCement, CRH, Cementir, Vicat, Buzzi.

¹⁵ Active wholly-owned sites.

¹⁶ Production from our integrated clinker-cement plants.

¹⁷ 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

In keeping pace with best practices worldwide, TITAN Cementara Kosjerić responds to the global challenges of sustainable development, with versatile engagement, creating value for our stakeholders, while respecting people, society and the environment in which it operates. The dedication of our Company to these goals is confirmed through our corporate policies and practices, but also through collaboration with international and local organizations and associations. We provide a glance of most important collaborative initiatives where TCK contributes:

WE SUPPORT



The United Nations Global Compact

The United Nations Global Compact is the world's largest voluntary initiative, dedicated to promoting socially responsible practices. This initiative includes 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 anti-corruption. TITAN Group was among the first 500 signatories in 2002 and became a participant of the UN Global Compact (UNGC) in 2017. TCK participates in the activities of the Local Network of UNGC in Serbia and annually publishes its Communication on Progress¹⁸ on the UNGC's website, while contributing to all efforts of TITAN. Our annual COP fulfills the requirements of the UNGC COP Criteria for Advanced Level, as certified by the Statement of Assurance of Third-Party Auditors, included in this Report.

Sources: Our Participants | UN Global Compact; and TITAN Cementara Kosjerić | UN Global Compact



Global Cement and Concrete Association

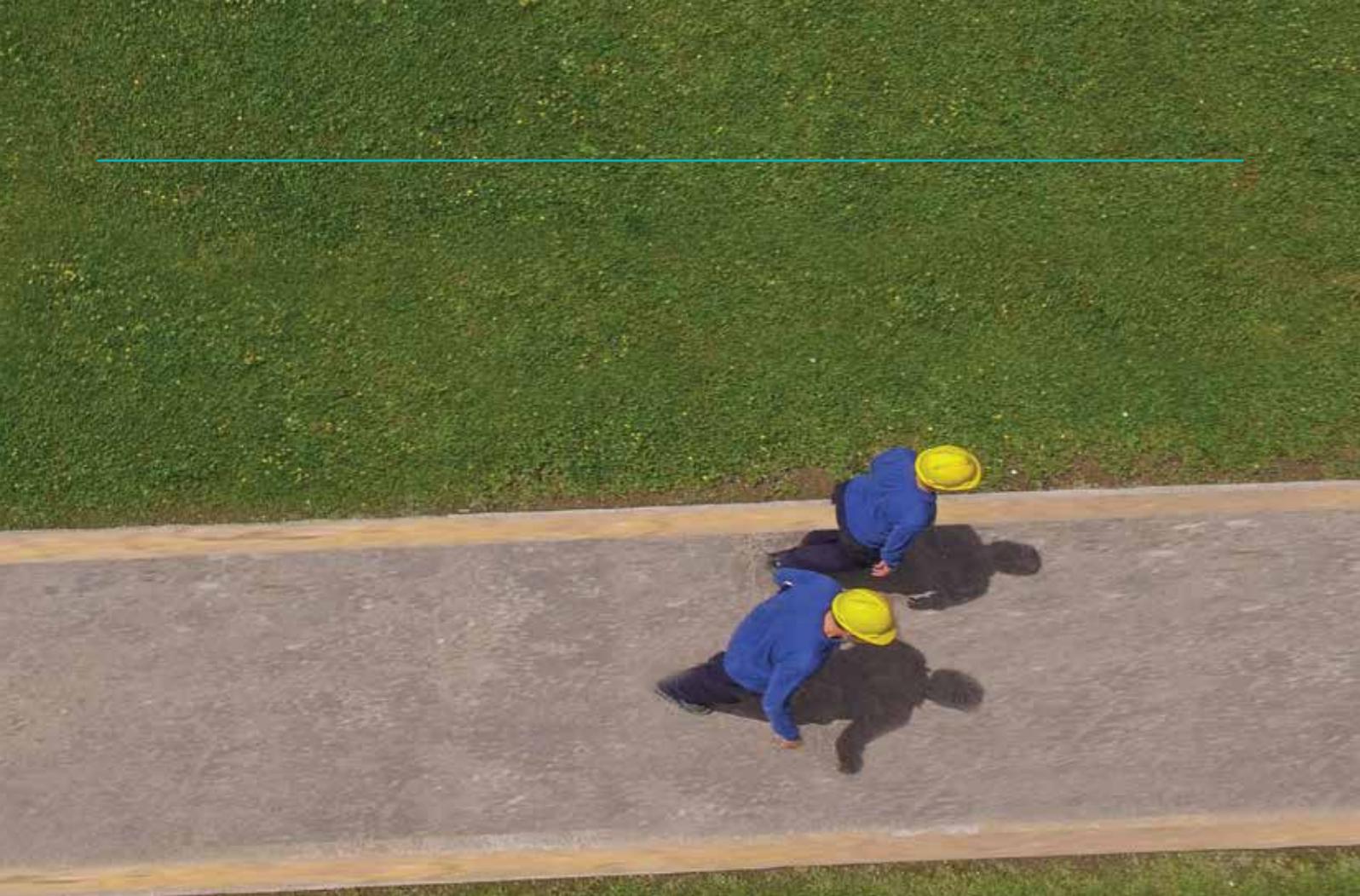
Global Cement and Concrete Association is a CEO-led industry initiative established in 2018, representing the global voice of the sector of cement and concrete. The GCCA took over the role of the former CSI Project of the WBCSD and continued work, since 1st January 2019, the work programs and sustainable development activities for the sector, with key objectives to develop and strengthen the sector's contribution to sustainable construction across the value chain, fostering innovation in collaboration with the industry, associations and key experts-stakeholders. TCK contributes to the work efforts of TITAN Group, who is a 'core' member of GCCA.



Responsible Business Forum Serbia

TCK is a member of the Responsible Business Forum Serbia. This is a network of forward-thinking companies operating in Serbia, committed to the wellbeing of the community. As a national partner to the CSR Europe network, a leading CSR organization in Europe, the Forum serves to share experiences concerning this area and empower companies to operate in line with the principles of sustainability, responsibilities and ethics. Through the synergy of resources and knowledge, the Forum contributes to the implementation of good business practices that have a positive and measurable social impact.

¹⁸ 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.



ESG

PERFORMANCE STATEMENTS

TITAN's approach to ESG Performance reporting

In 2021, the approach of the TITAN Group to integrated ESG Performance reporting based on voluntary commitments to IIRC principles, UNGC Communication on Progress according to Advanced Level criteria, GCCA Charter and Guidelines, and connection with the Sustainability Accounting Standards Board (SASB) Framework, was expanded for covering the Regulatory requirements of the EU Taxonomy Regulation (in brief: EU Taxonomy), and the TCFD requirements for climate-related risks.

Baseline years

For committing on targets by 2025 and reporting on progress for all other environmental parameters except CO₂, the baseline year is 2020. Also 2020 is used as baseline for SBTi Targets on CO₂ emissions. For CO₂ emissions other than SBTi the baseline year for relevant target(s) is 1990 in line with the Kyoto Protocol.

Changes in the structure and content of this Report

Materiality: TITAN's framework of material issues, as outcomes of the last cycle for the materiality assessment for the Group (2019), is presented in Table 1 of the ESG Statements. In this framework we have connected the outcomes of BUs' materiality, again following the outcomes of the assessment in the most recent cycle for each country/BU level completed between 2020-2021. The connections provide a more inclusive approach of materiality for TITAN, which is seen as a bottom-up and top-down approach and combines the merits of BU level analysis and engagement with the Group level blueprint and guidance.

Restructuring of the ESG KPIs Index

All disclosures for the performance KPIs for the areas of Environment, Social and Governance, were restructured by following the outcomes of materiality assessment on the Group level, using the TITAN's Focus Areas as a "compass". The respective KPIs for ESG performance were aligned according to material issues mostly relevant under each of the Focus Areas. The new approach for our ESG Statements, aimed at providing both external and internal stakeholders an efficient metrics flow concerning performance disclosures, focused on TITAN's materiality framework and connected to TITAN's 2025 targets, and beyond. See group of tables presented in the section "ESG Performance Statements" and aligned with the Focus Areas of TITAN's materiality: 1. Decarbonization and digitalization, 2. Growth-enabling work environment, 3. Positive local impact, and 4. Responsible sourcing. All underpinned by 5. Good governance, transparency, and business ethics.

New disclosures under TITAN's Focus Areas:

Decarbonization and digitalization (table 2.1): Scope 1 gross and net direct CO₂ emissions, % clinker production emissions coverage rate, Scope 2 CO₂ emissions, and Scope 3 CO₂ emissions, % clinker production emissions coverage rate, and specific CO₂ emissions per ton cementitious product.

Growth-enabling work environment (table 2.2): wellbeing initiatives for employees, % turnover breakdown by gender and age structure, % share of employees with performance evaluation and % share of female employees with performance evaluation.

Positive local impact (table 2.3): % employees from local communities, % share of internships from the local community, total number of initiatives under community engagement plans, total number of participants in community engagement plans, TITAN employees as volunteers to community engagement plans, total amount of "social investment" in the implementation of these community engagement plans, and blood donations (TITAN employees, business partners and communities).

Responsible sourcing (table 2.4): water withdrawal and discharge, % water demand covered with recycled water, "Zero Waste to Landfill" certification, and key suppliers meeting TITAN ESG standards.

Good governance, transparency, and business ethics (table 2.5.1): KPI for the grievance mechanism (EthicsPoint) coverage, % unionized employees, and % employees covered by Collective Bargaining Agreements.

GCCA: Specific KPIs calculated according to sector commitments integrated by TITAN, following the GCCA Charter and Framework Guidelines.

UNGC: TITAN follows the reporting requirements for meeting the criteria of UN Global Compact for the Communication on Progress (COP) Advanced Level.

UNCTAD: Under its reporting framework, TITAN has adopted applicable KPIs, according to UNCTAD Guidance, as supplementary to the above Reporting Standards.

SASB: TITAN aligns its reporting on ESG performance with the Sustainability Accounting Standard Board (SASB).

| TCK Material Issues | TITAN Group Focus Areas | | | | |
|---|---------------------------------------|-------------------------------------|--------------------------|-------------------------|--|
| | 1. Decarbonization and digitalization | 2. Growth-enabling work environment | 3. Positive local impact | 4. Responsible sourcing | 5. Good governance, transparency and business ethics |
| Environmental protection and investments | | | | | |
| Safe and healthy working environment | | | | | |
| Employment and employees wellbeing | | | | | |
| Economic performance and market presence | | | | | |
| Product quality and safety | | | | | |
| Stakeholder engagement and welfare of communities | | | | | |
| Climate change and energy | | | | | |
| Good governance, transparency and business ethics | | | | | |
| Responsible and sustainable supply chain | | | | | |
| Responsible use of resources | | | | | |

| | |
|---|--|
| A strong connection with TITAN Group Focus Area | A connection with TITAN Group Focus Area |
|---|--|

Sector Standards for Non-Financial Disclosures

| Sector Association or Initiative | Guidelines and other documents of reference | Published |
|---|--|---|
| Global Cement and Concrete Association (GCCA) | Sustainability Charter | Latest edition (publications between 2019 and 2021) |
| | Sustainability Framework Guidelines | |
| | 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] | |
| | Sustainability Guidelines for the monitoring and reporting of CO ₂ emissions from cement manufacturing [Pillar 2] | |
| | Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing [Pillar 4] | |
| | Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing [Pillar 4] | |
| | Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing [Pillar 5] | |
| | Sustainability Guidelines for quarry rehabilitation and biodiversity management [Pillar 4] | |
| | Guidance for Sustainable Supply Chain Management [Pillars 1, 3 and 5] | |
| (Previously) WBCSD/CSI | Recommended Good Practices for: (a) Contractor Safety, and (b) Driving Safety | 2009 |

The Global Cement and Concrete Association (GCCA) has built its Sustainability Charter around five (5) Sustainability Pillars, to encompass the full sustainability spectrum for its work purposes:

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.

The terminology of 'Pillars' is specific to the GCCA Charter of commitments for member companies, and details are available in the Charter and Framework Guidelines on the GCCA website: <https://gccassociation.org/sustainability-innovation/sustainability-charter-and-guidelines/>.

In 2021, TITAN Group actively participated in various working groups of the GCCA, contributing know-how and expertise, as has been its practice over previous years.

VALUE CREATION

Core Indicators Glossary

Notes for the Standard, Guidance, and Terms

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. Relevant terms are defined in this Report and relate to key indicators within ESG Performance Statements. Detailed data concerning the value chain is presented in sections: “How We Create Value”, “Management Report” and “ESG Performance Statements”.

Investments in training of direct employees

Total expenditures including the direct and indirect costs of training for our employees (including costs such as trainers’ fees, training facilities, training equipment, related travel costs etc.) reported also per employee and per year, and broken down by employee category (UNCTAD Guidance, 2019). TCK discloses the respective figures in detail in Table 2.2 of the ESG Performance Statements.

Investments in environmental protection

Total amount of expenditures (capital and operational) for those investments whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation to the environment (UNCTAD Guidance, 2019). TCK discloses the respective figures in detail in Table 2.3 of the ESG Performance Statements (KPI: “Environmental expenditures across all activities”).

Local Spend (%)

The ratio of spend to local suppliers over the spend to all suppliers, as a percentage. Costs of local procurement are a general indicator of the extent of an entity’s linkages with the local economy (UNCTAD Guidance, 2019). By local suppliers we mean suppliers who have a registered legal entity within the Republic of Serbia, for the purposes of collaboration with TITAN Cementara Kosjerić, and in Montenegro, if they have a business relationship with TCK Montenegro. TCK discloses the respective figure in Table 2.3 of the ESG Performance Statements.

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). TCK discloses this amount as “Donations”, as equivalent to “charitable/voluntary donations and investments of funds”, in detail in Table 2.3 based on the verified and published Financial Statements for the same reporting period.

Capital Expenditures

Capital expenditures, commonly known as CapEx, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.

1. Material Issues

| | TITAN Group | TCK |
|----|---|--|
| 1 | Future-ready business model for a carbon neutral world | Environmental protection and investments |
| 2 | Safe and healthy working environment | Safe and healthy working environment |
| 3 | Good governance, transparency and business ethics | Employment and employees wellbeing |
| 4 | Diverse and inclusive workplace | Economic performance and market presence |
| 5 | Positive local social, economic and environmental impact | Product quality and safety |
| 6 | Innovation with emphasis on digital and decarbonization | Stakeholder engagement and welfare of communities |
| 7 | Continuous development of our people | Climate change and energy |
| 8 | Reliable and sustainable supply chain | Good governance, transparency, and business ethics |
| 9 | Resource efficiency, recycling and recovery, contributing to circular economy | Responsible and sustainable supply chain |
| 10 | | Responsible use of resources |

Level of Material Issues:

- Global Material Issues
- **Sectoral Material Issues**
- Local Material Issues

Notes

The first column of the table above provides the order of prioritization of the material issues for TITAN Group and TITAN Cementara Kosjerić, according to the outcomes of the materiality assessment of the last cycle in 2020 and 2021.

About the definitions:

The boundaries of reporting for each material issue are defined by the principles of “materiality”, “relevance”, “conciseness”, “consistency”, and “connectivity” aligned with the guidance of the International Integrated Reporting Council (IIRC)¹.

Materiality

A matter is material if it is of such relevance and importance² that it could substantively influence the assessments of providers of financial capital with regard to the organization’s ability to create value over the short, medium and long-term. In determining whether or not a matter is material, senior management and those charged with governance should consider whether the matter substantively affects, or has the potential to substantively affect, the organization’s strategy, its business model, or one or more of the capitals it uses or affects.

Relevance

Relevant matters are past, present or future matters that impact or may impact the organization’s strategy, its business model or one or more of the capitals and thus ultimately affect the organization’s ability to create value over time. Identifying relevant matters for inclusion in the integrated report includes identifying the population of potentially relevant matters and narrowing these down to matters that are relevant for inclusion in the integrated report. Information about relevant matters will have either, or both, predictive value or confirmatory value with respect to intended users’ decisions.

Conciseness

Disclosures about material matters should include concise information that provides sufficient context to make the disclosures understandable and should avoid information that is redundant in nature.

Consistency and comparability

Reporting policies should be followed consistently from one period to the next unless a change is needed to improve the quality of information reported. This includes using the same KPIs to report on the same matters if they continue to be material across reporting periods. When a significant change has been made, the organization explains the reason for the change, describing (and quantifying if practicable and material) its impact. Comparability of reported information is intended to enable comparison with other organizations to the extent it is material to the organization’s own ability to create value over time.

Connectivity

Connectivity is intended to address the connection between financial and non-financial information, in order to provide a holistic view of the combination, interrelatedness and dependencies between all the factors that affect the organization’s ability to create value over time.

1. Sources: ‘Materiality Background Paper for <IR>’ (IIRC, 2013), and ‘The International <IR> Framework’ (IIRC 2013). Further information about the IIRC can be found on its website: www.theiirc.org.

2. TITAN uses the equivalent term “significance”.

| 2. ESG Key Performance Indicators (KPIs) | | | | | | | GCCA | UNGC | UNCTAD |
|--|--|--------------------------------------|--------|--------|--------|---------------------------------|--------------|------|--------|
| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB | | |
| 2.1 Focus area: Decarbonization and Digitalization | | | | | | | | | |
| 2.1.1 Material Issues: Climate change and energy & Economic performance and market presence | | | | | | | | | |
| Cement and cementitious production activities | | | | | | | | | |
| 1.1 | Scope 1 gross CO ₂ emissions ² | million t | 0.4 | 0.4 | 0.3 | | EM-CM-110a.1 | ●●● | |
| 1.2 | Scope 1 gross CO ₂ emissions covered under limiting regulations | % | 0.0 | 0.0 | 0.0 | | EM-CM-110a.1 | ●● | |
| 1.3 | Scope 1 gross CO ₂ emissions coverage rate ¹ | % _{Clinker production} | 100.0 | 100.0 | 100.0 | | | | |
| 1.4 | Scope 1 net CO ₂ emissions | million t | 0.4 | 0.4 | 0.3 | | | ●●● | |
| 1.5 | Scope 1 net CO ₂ emissions coverage rate ¹ | % _{Clinker production} | 100.0 | 100.0 | 100.0 | | | | |
| 1.6 | Scope 1 specific gross CO ₂ emissions | kg/t _{Product} [*] | 624.94 | 640.72 | 609.25 | | | ●● | |
| 1.7 | Scope 1 specific net CO ₂ emissions | kg/t _{Product} [*] | 624.94 | 640.72 | 609.25 | | | ●● | |
| 1.8 | Scope 2 CO ₂ emissions ³ | million t | 0.0 | 0.1 | 0.1 | | | ●●● | |
| 1.9 | Scope 2 CO ₂ emissions coverage rate ¹ | % _{Clinker production} | 100.0 | 100.0 | 100.0 | | | | |
| 1.10 | Scope 2 specific CO ₂ emissions ¹ | kg/t _{Product} [*] | 83.21 | 116.06 | 113.38 | SDG 9.4 | | | |
| 1.11 | Scope 3 CO ₂ emissions ^{1,4,5} | million t | 0.1 | n/a | n/a | | | | |
| 1.12 | Category 1 - Purchased goods and services ^{1,5} | million t | 0.0 | n/a | n/a | | | | |
| 1.13 | Category 3 - Fuel and energy related activities ^{1,5} | million t | 0.0 | n/a | n/a | | | ●● | |
| 1.14 | Category 4 - Upstream transportation and distribution ^{1,5} | million t | 0.0 | n/a | n/a | | | ●● | |
| 1.15 | Category 6 - Business travels ^{1,5} | million t | 0.0 | n/a | n/a | | | ●● | |
| 1.16 | Category 7 - Employee commuting ^{1,5} | million t | 0.0 | n/a | n/a | | | ●●● | |
| 1.17 | Category 9 - Downstream transportation and distribution ^{1,5} | million t | 0.0 | n/a | n/a | | | ●●● | |
| 1.18 | Scope 3 CO ₂ emissions coverage rate ^{1,5} | % _{Clinker production} | 100.0 | n/a | n/a | | | | |
| 1.19 | Scope 3 specific CO ₂ emissions ^{1,5} | kg/t _{Product} [*] | 120.07 | 126.12 | n/a | | | | |
| 1.20 | Conventional fossil fuels substitution rate | % _{Heat} | 99.6 | 99.6 | 99.6 | | | | |
| 1.21 | Alternative fuel substitution rate | % _{Heat} | 0.4 | 0.4 | 0.4 | SDG 7.2 SDG 12.2 SDG 13.1 | | | |
| 1.22 | Biomass in fuel mix ⁶ | % _{Heat} | 0.4 | 0.4 | 0.4 | | | | |

*Product refers to Cementitious product according to GCCA Guidelines.

Notes for the external verification, standards, guidance, and terms used

Standards: For the reporting standards under TITAN's Global Sectoral Approach, namely the GCCA, UNGC, UNCTAD and SASB, please refer to the section "TITAN's approach to ESG Performance reporting" in the ESG Performance Statements.

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing, and co-processing of fuels and raw materials. The above Guidelines had superseded before 2021 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 "Sector Standards for Non-financial Disclosures."

Notes on specific KPIs

1. New indicator.
2. Direct CO₂ emissions related to the operation of TCK's cement production facility.
3. Indirect CO₂ emissions related to emissions released for the production of the electrical energy consumed at TCK. For their calculation, we use emission factors provided by the supplier of the electrical energy or other publicly available data sources.
4. Indirect CO₂ emissions related to the emissions of the supply chain.
5. Relevant information is not available for the specific years denoted as 'n/a'.
6. Biomass rate corresponds to the percentage of total thermal energy consumption that comes from renewable energy sources.

Notes for connection of KPIs with the SASB Standards

Connection of ESG performance indicators with metrics according to SASB Standards, in specific:

- EM-CM-110a.1 under the area "Greenhouse Gas Emissions" for Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.

2. ESG Key Performance Indicators (KPIs)

| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB |    |
|---|---|---------------------------|---------|-------|-------|--|--------------|---|
| 2.2 Focus area: Growth-enabling work environment | | | | | | | | |
| 2.2.1 Material issue: Safe and healthy working environment | | | | | | | | |
| All activities | | | | | | | | |
| 2.1 | Employee fatalities | # | 0 | 0 | 0 | | | |
| 2.2 | Employee fatality rate | #/10 ⁴ persons | 0 | 0 | 0 | | | |
| 2.3 | Contractors fatalities | # | 0 | 0 | 0 | | | |
| 2.4 | Third-party fatalities | # | 0 | 0 | 0 | | | |
| 2.5 | Employee Lost Time Injuries (LTIs) | # | 1 | 0 | 1 | | | |
| 2.6 | Employee Lost Time Injuries Frequency Rate (LTIFR) | #/10 ⁶ h | 2.80 | 0 | 2.74 | | EM-CM-320a.1 | |
| 2.7 | Employee lost working days | d | 20 | 0 | 18 | | | |
| 2.8 | Employee Lost Time Injuries Severity Rate | d/10 ⁶ h | 56.0 | 0 | 49.3 | | | |
| 2.9 | Contractors Lost Time Injuries (LTIs) | # | 0 | 1 | 2 | | | |
| 2.10 | Contractors Lost Time Injuries Frequency Rate (LTIFR) | #/10 ⁶ h | 0 | 10.60 | 19.29 | | EM-CM-320a.1 | |
| 2.11 | Near misses | # | 25 | 4 | 6 | | EM-CM-320a.1 | |
| 2.12 | Training man-hours on health and safety per employee ² | h/person | 14.84 | 2.20 | 14.75 | | | |
| 2.13 | Training man-hours on health and safety per contractor ² | h/person | 8.70 | 6.48 | 7.71 | SDG 3.6 SDG 3.8 SDG 4.3 SDG 8.8 | | |
| 2.14 | Expenditures for Health and Safety ^{3,5} | € | 217,449 | n/a | n/a | | | |
| Cement production activities | | | | | | | | |
| 2.15 | Employee fatalities | # | 0 | 0 | 0 | | | |
| 2.16 | Employee fatality rate | #/10 ⁴ persons | 0 | 0 | 0 | | | |
| 2.17 | Contractors fatalities | # | 0 | 0 | 0 | | | |
| 2.18 | Third-party fatalities | # | 0 | 0 | 0 | | | |
| 2.19 | Employee Lost Time Injuries (LTIs) | # | 1 | 0 | 1 | | | |
| 2.20 | Employee Lost Time Injuries Frequency Rate (LTIFR) | #/10 ⁶ h | 2.80 | 0 | 2.74 | | EM-CM-320a.1 | |
| 2.21 | Employee lost working days | d | 20 | 0 | 18 | | | |
| 2.22 | Employee Lost Time Injuries Severity Rate | d/10 ⁶ h | 56.0 | 0 | 49.3 | | | |
| 2.23 | Contractors Lost Time Injuries (LTIs) | # | 0 | 1 | 2 | | | |
| 2.24 | Wellbeing initiatives for employees ^{3,5} | # | 9 | n/a | n/a | | | |

2. ESG Key Performance Indicators (KPIs)

| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB | GCCA UNGC UNCTAD |
|---|--|------|--------|--------|--------|--|------|------------------------|
| 2.2 Focus area: Growth-enabling work environment | | | | | | | | |
| 2.2.2 Material issue: Employment and employees wellbeing | | | | | | | | |
| 2.26 | Number of employees as of 31 December | # | 199 | 190 | 201 | | | ● |
| 2.27 | Employee turnover per gender ³ | % | 2.51% | 5.79% | 2.99% | | | ● |
| 2.28 | Females | % | 1.51% | n/a | n/a | | | |
| 2.29 | Males | % | 1.01% | n/a | n/a | | | |
| Employee turnover per age group^{3,4,5} | | | | | | | | |
| 2.30 | Under 30 | % | 1.01% | n/a | n/a | | | |
| 2.31 | Between 30-50 | % | 0.50% | n/a | n/a | | | |
| 2.32 | Over 50 | % | 1.01% | n/a | n/a | | | |
| 2.33 | Employees left ⁴ | # | 5 | 11 | 6 | | | ● |
| Employees left per age group^{3,5} | | | | | | | | |
| 2.34 | Under 30 | # | 2 | n/a | n/a | | | |
| 2.35 | Between 30-50 | # | 2 | n/a | n/a | | | |
| 2.36 | Over 50 | # | 1 | n/a | n/a | | | |
| Employees left per gender^{3,5} | | | | | | | | |
| 2.37 | Females | # | 3 | n/a | n/a | SDG 3.6 SDG 3.8 SDG 4.3 SDG 8.8 | | |
| 2.38 | Males | # | 2 | n/a | n/a | | | |
| 2.40 | Employee new hires ⁴ | # | 14 | 0 | 10 | | | ● |
| Employee new hires per gender⁴ | | | | | | | | |
| 2.41 | Females | # | 7 | 0 | 3 | | | ● |
| 2.42 | Males | # | 7 | 0 | 7 | | | ● |
| New hires per age group⁴ | | | | | | | | |
| 2.43 | Under 30 | # | 8 | 0 | 6 | | | ● |
| 2.44 | Between 30-50 | # | 6 | 0 | 4 | | | ● |
| 2.45 | Over 50 | # | 0 | 0 | 0 | | | ● |
| Employment per type⁴ | | | | | | | | |
| 2.46 | Full time | # | 194 | 188 | 194 | | | ● |
| 2.47 | Part Time | # | 0 | 0 | 1 | | | ● |
| 2.48 | Temporary | # | 5 | 2 | 6 | | | ● |
| Employment per category⁴ | | | | | | | | |
| 2.49 | Managers | # | 22 | 22 | 22 | | | ● |
| 2.50 | Senior Managers | # | 2 | 2 | 2 | | | ● |
| 2.51 | Administration/technical | # | 86 | 83 | 74 | | | ● |
| 2.52 | Semi skilled/unskilled | # | 89 | 83 | 103 | | | ● |
| Employment per gender⁴ | | | | | | | | |
| 2.53 | Females | # | 43 | 39 | 41 | SDG 5.4 SDG 8.5 SDG 8.6 SDG 8.8 SDG 10.3 | | ● |
| 2.54 | Males | # | 156 | 151 | 160 | | | ● |
| 2.55 | Share of women in employment ⁴ | % | 21.61% | 20.53% | 20.40% | | | ● |
| 2.56 | Share of women in management ⁴ | % | 33.33% | 33.33% | 33.33% | | | ●● |
| 2.57 | Share of women in senior management ⁴ | % | 0.00% | 0.00% | 0.00% | | | ●● |

2. ESG Key Performance Indicators (KPIs)

| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB |
|---|---|------|--------|--------|--------|--|------|
| 2.2 Focus area: Growth-enabling work environment | | | | | | | |
| 2.2.3 Material issue: Employment and employees wellbeing | | | | | | | |
| 2.58 | Training investment per (trained) employee ^{3,4} | € | 479 | 260 | 369 | | |
| 2.59 | Training investment ³ | € | 99,613 | 42,460 | 74,946 | | |
| Training investment per gender^{3,4} | | | | | | | |
| 2.60 | Females | € | 43,671 | 18,146 | 33,465 | | |
| 2.61 | Males | € | 55,942 | 24,313 | 41,481 | | |
| 2.62 | Trained employees ⁴ | # | 200 | 163 | 203 | SDG 4.3 SDG 4.4 SDG 5.1 SDG 5.5 | |
| 2.63 | Share of trained employees (in total workforce) ⁴ | % | 100% | 86% | 100% | SDG 8.5 SDG 10.2 | |
| 2.64 | Share of trained female employees (in total female employees) ⁴ | % | 100% | 82.05% | 98% | SDG 10.3 SDG 16.5 | |
| Trained employees per category⁴ | | | | | | | |
| 2.65 | Managers | # | 25 | 23 | 21 | | |
| 2.66 | Senior Managers | # | 2 | 2 | 2 | | |
| 2.67 | Administration/technical | # | 83 | 70 | 74 | | |
| 2.68 | Semi skilled/unskilled | # | 90 | 68 | 106 | | |
| Trained employees per age group | | | | | | | |
| 2.69 | Under 30 | # | 17 | 11 | 16 | | |
| 2.70 | Between 30-50 | # | 93 | 84 | 97 | | |
| 2.71 | Over 50 | # | 90 | 68 | 90 | | |
| 2.72 | Training hours | # | 9,599 | 3,253 | 8,007 | | |
| 2.73 | Average training hours per employee (over the total number of direct employees), and break-down per gender ⁴ | # | 48 | 17 | 40 | | |
| 2.74 | Average female | # | 72 | 33 | 64 | | |
| 2.75 | Average male | # | 42 | 13 | 34 | | |

2. ESG Key Performance Indicators (KPIs)



| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB |
|---|--|------|--------|-------|-------|------------------|------|
| 2.2 Focus area: Growth-enabling work environment | | | | | | | |
| 2.2.3 Material issue: Safe and healthy working environment | | | | | | | |
| Training hours per subject | | | | | | | |
| 2.76 | Company on-boarding ³ | # | 347 | 0 | 660 | | |
| 2.77 | Compliance | # | 390 | 219 | 66 | | |
| 2.78 | CSR and Sustainability | # | 24 | 5 | 16 | | |
| 2.79 | Digital ³ | # | 874 | 13 | 0 | | |
| 2.80 | Environment | # | 172 | 0 | 196 | | |
| 2.81 | Foreign languages | # | 1,144 | 1,073 | 1,309 | | |
| 2.82 | Functional competence | # | 636 | 133 | 478 | | |
| 2.83 | Generic competence | # | 1,046 | 349 | 1,072 | | |
| 2.84 | Health and safety | # | 2,907 | 427 | 2,946 | | |
| 2.85 | Managerial skills | # | 974 | 554 | 379 | | |
| 2.86 | Other | # | 250 | 97 | 135 | | |
| 2.87 | Security | # | 0 | 0 | 0 | | |
| 2.88 | Technical know-how | # | 837 | 385 | 750 | | |
| 2.89 | Share of employees with performance evaluation ^{3,5} | % | 94.00% | n/a | n/a | | |
| 2.90 | Share of female employees with performance evaluation ^{3,5} | % | 86.00% | n/a | n/a | | |

Notes for the external verification, standards, guidance, and terms used

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.

Notes on specific KPIs

2. The KPI was calculated for closing of the reporting period 2020 in accordance with the practice for all Safety data, being the use of “Average Employment” (see Note 3 below). This is consistent with all years prior to 2021.

3. New KPIs and other notes:

- “Wellbeing initiatives” was introduced in this report for providing the total number of initiatives which aim to support employees on all dimensions of the TITAN Health and Wellbeing framework (the four dimensions are: physical, mental, social, and financial), in a holistic and integrated way. The KPI aims to strengthen our reporting on performance for the Material Issue Safe and healthy working environment, under the Focus Area Growth-enabling work environment.
- “Employee turnover per gender” (females and males), “Employee turnover per age group” (under 30, between 30-50, and over 50), “Employees left per age group”, and “Employees left per gender”, were introduced for the first time in this report, to enlarge the coverage of TITAN’s disclosures on performance related to the Material Issue Employment and employees wellbeing.
- Also new KPIs were introduced for TITAN’s disclosure of performance related to the Material Issue Employment and employees wellbeing, in specific: “Share of employees with performance evaluation”, and “Share of female employees with performance evaluation”. TITAN follows an inclusive approach to increasing employee coverage under performance evaluation programs at each BU level, engaging employees from all categories of employment (Managers and Senior Managers, Administration/technical and Semi-skilled/unskilled category).
- Last, for the definition of KPI “Training Investment” see the section “Notes for Value Creation Indicators”.

4. Other notes for KPIs calculated on the basis of “Average Employment”: As of 2019, the specific KPIs are calculated on the basis of the number of employees as of 31 December. 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) needed to be reported as 100%.

The total hours of training under the subject area “Environment” cover also the hours of training for the topics related to “Decarbonization” which was introduced as a new subject area in the last quarter of 2021 and accounted for insignificant in the total hours of training on Group level.

5. Relevant information that is not available for the specific years is denoted as ‘n/a’.

Notes for connection of KPIs with the SASB Standards

Connection of ESG performance indicators with the metric EM-CM-320a.1 according to SASB Standards, under the area “Workforce Health and Safety”, and in specific for the near misses and frequency rate for full-time employees, and contractors.

2. ESG Key Performance Indicators (KPIs)

| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB | |
|--|---|------------------------|---------------------------------------|---------|---------|---|--------------|----|
| 2.3 Focus area: Positive local impact | | | | | | | | |
| 2.3.1 Material issue: Environmental protection and investments | | | | | | | | |
| Air emissions | | | | | | | | |
| Cement production activities | | | | | | | | |
| 3.1 | Coverage rate continuous measurement | % | 100.0 | 100.0 | 100.0 | | EM-CM-120a.1 | ●● |
| 3.2 | Specific dust emissions | g/t _{Clinker} | 4.7 | 8.2 | 7.9 | | EM-CM-120a.1 | ●● |
| 3.3 | Specific NO _x emissions | g/t _{Clinker} | 844.0 | 965.8 | 951.8 | SDG 3.9 | EM-CM-120a.1 | ●● |
| 3.4 | Specific SO _x emissions | g/t _{Clinker} | 3.0 | 3.1 | 3.5 | SDG 9.4 | EM-CM-120a.1 | ●● |
| 3.5 | Integrated cement plants and cement grinding plants with certified Environmental Management System (ISO 14001 or similar) | % _{plants} | 100.0 | 100.0 | 100.0 | | | ● |
| All activities | | | | | | | | |
| 3.6 | Environmental complaints ^{1,2} | # | 2 | 0 | 0 | | | ●● |
| Rehabilitation | | | | | | | | |
| Cement production and aggregates activities | | | | | | | | |
| 3.7 | Sites with rehabilitation plans ³ | % | 100.0 | 100.0 | 100.0 | | EM-CM-120a.1 | ●● |
| 3.8 | Sites rehabilitated areas over affected areas (cumulative) ^{2,3,7} | % | 3.3 | 3.4 | n/a | | EM-CM-120a.1 | ●● |
| 3.9 | Sites with Environmental Management System (ISO 14001 or similar) | % | 100.0 | 100.0 | 100.0 | SDG 15.3 SDG 15.4 SDG 15.9 SDG 15a | EM-CM-120a.1 | ●● |
| Biodiversity | | | | | | | | |
| Cement production and aggregates activities | | | | | | | | |
| 3.10 | Sites in high biodiversity value areas ^{3,4} | # | 0 | 0 | 0 | | | ●● |
| 3.11 | Sites with biodiversity management plans ^{3,5} | # | 0 | 0 | 0 | | EM-CM-120a.1 | ●● |
| 3.12 | Sites with biodiversity management plans | % | - | - | - | | EM-CM-120a.1 | ●● |
| Investments in environmental protection | | | | | | | | |
| All activities | | | | | | | | |
| 3.13 | Environmental expenditures across all activities ⁸ | million € | 0.6 | 0.9 | 0.6 | | EM-CM-120a.1 | ●● |
| 3.14 | Environmental management | million € | 0.4 | 0.4 | 0.4 | | EM-CM-120a.1 | ●● |
| 3.15 | Reforestation | million € | 0.0 | 0.0 | 0.0 | | EM-CM-120a.1 | ●● |
| 3.16 | Rehabilitation | million € | 0.0 | 0.0 | 0.0 | SDG 7b SDG 9.4 | EM-CM-120a.1 | ●● |
| 3.17 | Environmental training and awareness building | million € | 0.0 | 0.0 | 0.0 | | EM-CM-120a.1 | ●● |
| 3.18 | Application of best available technologies | million € | 0.2 | 0.5 | 0.1 | | EM-CM-120a.1 | ●● |
| 3.19 | Waste management | million € | 0.0 | 0.0 | 0.0 | | EM-CM-120a.1 | ●● |
| 2.3.2 Material issue: Stakeholder engagement and welfare of communities | | | | | | | | |
| 3.20 | Donations ⁹ | € | 88,381 | 148,520 | 150,502 | | | ●● |
| 3.21 | Donations in cash ⁹ | € | 75,250 | 72,972 | 102,277 | | | ●● |
| 3.22 | Donations in kind ⁹ | € | 13,131 | 75,548 | 48,226 | | | ●● |
| 3.23 | Employees from local community | % | 88.94% | 88.95% | 90.05% | | | ●● |
| 3.24 | Internships | # | - | - | 7 | SDG 2.1 SDG 2.3 SDG 4.3 | | ● |
| 3.25 | New entry level jobs from internships/traineeships | # | - | - | 1 | SDG 4.4 SDG 9.3 | | ● |
| 3.26 | Internships from Local Community | % | - | - | n/a | | | ● |
| 3.27 | Key operations with Community Engagement Plans related to material issues and Group policies ¹ | # | One key operation (TCK) covered fully | | | | | ●● |

2. ESG Key Performance Indicators (KPIs)

| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB |
|------|----------------------------|------|------|------|------|------------------|------|
|------|----------------------------|------|------|------|------|------------------|------|

2.3 Focus area: Positive local impact

2.3.2 Material issue: Stakeholder engagement and welfare of communities

| | | | | | | | |
|------|---|---|--------|-----|-----|-------------------------------|--|
| 3.28 | Total number of Initiatives under Community Engagement Plans ^{1,2} | # | 6 | n/a | n/a | | |
| 3.29 | Total number of Participants to Community Engagement Plans ^{1,2} | # | 56 | n/a | n/a | | |
| 3.30 | TITAN Employees, volunteers to Community Engagement Plans ^{1,2} | # | 31 | n/a | n/a | SDG 2.1 SDG 2.3 | |
| 3.31 | Total amount of “social investment” for the implementation of the Community Engagement Plans ^{1,2} | € | 67,400 | n/a | n/a | SDG 4.3 SDG 4.4 SDG 9.3 | |
| 3.32 | Blood donations (TITAN employees, business partners and communities) ^{1,2} | # | - | n/a | n/a | | |

2.3.3 Material issue: Responsible and sustainable supply chain

| | | | | | | | |
|------|--------------------------|---|--------|--------|--------|--|--|
| 3.33 | Local Spend ⁹ | % | 80.66% | 84.35% | 79.28% | | |
|------|--------------------------|---|--------|--------|--------|--|--|

Notes for the external verification, standards, guidance, and terms used

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing, and quarry rehabilitation and biodiversity management. The above Guidelines had superseded before 2021 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.”

Notes on specific KPIs

1. New indicators. More details:

- “Internships from Local Community”, “Total number of Initiatives under Community Engagement Plans”, “Total number of Participants to Community Engagement Plans”, “TITAN Employees, volunteers to Community Engagement Plans”, “Total amount of ‘social investment’ for the implementation of the Community Engagement Plans”, and “Blood donations (TITAN employees, business partners and communities)” were introduced as new KPIs in this Report to strengthen performance disclosure relative to Material Issue: “Stakeholder engagement and welfare of communities.” Specifically:
 - The number of “Internships from Local Community” is calculated as % share of Interns (students or other) who are residents of the local communities, over the total number of Internships, as reported by the KPI “Internships”.
 - The KPIs of “Total number of Participants to Community Engagement Plans”, “TITAN Employees, volunteers to Community Engagement Plans”, and “Total amount of ‘social investment’ for the implementation of the Community Engagement Plans” are related to the KPI “Key operations with Community Engagement Plans related to material issues and Group policies” which was incorporated for the first time in the TITAN IAR 2020. In 2021, TITAN/TCK progressed with the implementation of a new framework guidance for Community Engagement Plans. The discussion on performance in 2021 is provided in the “Management Report” and “Focused on Material Issues”. Few definitions for providing more clarity about TITAN’s approach to stakeholders engagement in communities, are as follows:
 - o “Inform” refers to: Provide (local) Stakeholders with info on the BU Materiality Assessment outcomes and the ESG targets, and assist in understanding problems, alternatives, and solutions, as well as exploring opportunities for win-win collaborative initiatives.
 - o “Consult” refers to: Obtain Stakeholders feedback following the ‘Inform’ stage, and explore synergies of the BU with the local community.
 - o “Involve” refers to: Work directly with Stakeholders, and consider their concerns, aspirations, and expectations from the company (BU).
 - o “Collaborate” refers to: Listen to the input of Stakeholders as part the decision-making of the BU, following the previous 3 stages. Identify best option(s) for solutions, and agree on win-win opportunities for the local community and the company. Plan for implementation jointly with Stakeholders, and agree on the adequate level of advocacy for your decisions and actions.
 - o “Empower” refers to: Stakeholders and the local community can make their decisions and plan for their actions, for leading (their) solution-based efforts. The company aims to be the ‘enabler’ or ‘facilitator’.

2. Relevant information is not available for the specific years denoted as ‘n/a’.

3. Coverage includes all wholly-owned quarries attached to cement plants and quarries for aggregates production.

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

5. Active quarries with high biodiversity value where biodiversity management plans are actively implemented.

7. 2020 is the initial year for disclosing data for this indicator.

8. For the definition of “Environmental expenditures across all activities” see section “Value Creation Core Indicators Glossary”.

9. For definitions related to “Donations”, and “Local Spend”, see section “Value Creation Core Indicators Glossary”.

Notes for connection of KPIs with the SASB Standards

Connection of ESG performance indicators with metrics according to SASB Standards, in specific:

- EM-CM-120a.1 under the area “Air Quality” for air emissions of pollutants including NO_x, SO_x, particulate matter (PM10).

- EM-CM-160a.1 and EM-CM-160a.2 under the area “Biodiversity Impacts” for the environmental management policies and practices for active sites, and terrestrial acreage disturbed, percentage of impacted area restored.

2. ESG Key Performance Indicators (KPIs)

| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB |
|---|---|--------------------------|-------|-------|-------|----------------------------------|--------------|
| 2.4 Focus area: Responsible sourcing | | | | | | | |
| 2.4.1 Material issue: Responsible use of resources | | | | | | | |
| All Activities | | | | | | | |
| 4.1 | Water consumption (total) | million m ³ | 0.1 | 0.1 | 0.1 | | |
| 4.2 | Water withdrawal (total, by source)² | million m ³ | 0.1 | 0.1 | 0.1 | | EM-CM-140a.1 |
| 4.3 | Ground water | million m ³ | 0.0 | 0.0 | 0.0 | | EM-CM-140a.1 |
| 4.4 | Municipal water | million m ³ | 0.0 | 0.0 | 0.0 | | EM-CM-140a.1 |
| 4.5 | Rain water | million m ³ | 0.1 | 0.1 | 0.1 | | EM-CM-140a.1 |
| 4.6 | Surface water | million m ³ | 0.0 | 0.0 | 0.0 | | EM-CM-140a.1 |
| 4.7 | Quarry water used (from quarry dewatering) | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.8 | Ocean or sea water | million m ³ | 0.0 | 0.0 | 0.0 | SDG 6.3 SDG 6.4 SDG 6.5 | |
| 4.9 | Waste water | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.10 | Water discharge (total, by destination)³ | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.11 | Surface (river, lake) | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.12 | Sub-surface water (well) | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.13 | Ocean or sea | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.14 | Off-site treatment | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.15 | Other ⁵ | million m ³ | 0.0 | n/a | n/a | | |
| Cement and cementitious production activities | | | | | | | |
| 4.16 | Water consumption (total) | million m ³ | 0.1 | 0.1 | 0.1 | | |
| 4.17 | Water withdrawal (total) ² | million m ³ | 0.1 | 0.1 | 0.1 | | EM-CM-140a.1 |
| 4.18 | Water discharge (total) ³ | million m ³ | 0.0 | 0.0 | 0.0 | | |
| 4.19 | Water recycled (total) | million m ³ | 0.6 | 0.6 | 0.6 | SDG 6.3 SDG 6.4 SDG 6.5 | EM-CM-140a.1 |
| 4.20 | Specific water consumption | l/t _{Product} * | 90.13 | 92.95 | 92.77 | | |
| 4.21 | Specific water consumption | l/t _{Cement} | 88.37 | 94.19 | 89.84 | | |
| 4.22 | Water demand covered with recycled water | % | 87.8 | 88.4 | 87.9 | | |
| All Activities | | | | | | | |
| 4.23 | Natural raw materials extracted (total, wet) | million t | 0.7 | 0.8 | 0.7 | | EM-CM-130a.1 |
| 4.24 | Raw materials extracted for clinker and cement production | million t | 0.7 | 0.8 | 0.7 | SDG 12.2 | EM-CM-130a.1 |
| 4.25 | Raw materials extracted for aggregates | million t | 0.0 | 0.0 | 0.0 | | |
| Cement production activities | | | | | | | |
| 4.26 | Materials consumption (total, dry) | million t | 0.8 | 0.8 | 0.8 | | EM-CM-130a.1 |
| 4.27 | Extracted (natural) raw materials consumption (dry) | million t | 0.7 | 0.7 | 0.7 | | |
| 4.28 | Alternative raw materials consumption (dry) | million t | 0.1 | 0.1 | 0.1 | SDG 12.2 SDG 12.4 SDG 12.5 | |
| 4.29 | Alternative raw materials use (of total raw materials consumed) | % _{Dry} | 9.8 | 9.2 | 12.6 | | |
| 4.30 | Alternative raw materials rate (based on clinker-to-cement (equivalent) factor) | % _{Dry} | 11.9 | 11.2 | 15.2 | | |

2. ESG Key Performance Indicators (KPIs)

| code | ESG Performance Indicators | Unit | 2021 | 2020 | 2019 | SDGs and Targets | SASB |
|---|---|---------------------------------|----------------|-------|-------|------------------------------------|--------------|
| 2.4 Focus area: Responsible sourcing | | | | | | | |
| 2.4.1 Material issue: Responsible use of resources | | | | | | | |
| All Activities | | | | | | | |
| 4.31 | Externally recycled waste materials (total, wet) | t | 250 | 84 | 213 | | EM-CM-130a.1 |
| 4.32 | Reused | t | 0 | 0 | 0 | | EM-CM-130a.1 |
| 4.33 | Recycled | t | 250 | 84 | 213 | | |
| 4.34 | Recovered | t | 0 | 0 | 0 | | |
| 4.35 | Waste disposal, break down by destination-usage (wet) | % _{By mass} | 100.0 | 100.0 | 100.0 | | |
| 4.36 | Reuse | % _{By mass} | 0.0 | 0.0 | 0.0 | SDG 12.2 SDG 12.4 SDG 12.5 | |
| 4.37 | Recycled | % _{By mass} | 84.3 | 66.2 | 84.5 | | |
| 4.38 | Recovered (including energy recovery) | % _{By mass} | 0.0 | 0.0 | 0.0 | | |
| 4.39 | Incineration | % _{By mass} | 0.0 | 0.0 | 0.0 | | |
| 4.40 | Landfilled | % _{By mass} | 15.7 | 33.8 | 15.5 | | |
| 4.41 | Other (incl. storage) | % _{By mass} | 0.0 | 0.0 | 0.0 | | |
| 4.42 | Waste disposal (total, wet) | t | 297 | 127 | 252 | | |
| 4.43 | Non-hazardous waste | t | 290 | 119 | 226 | SDG 12.2 SDG 12.5 | |
| 4.44 | Hazardous waste | t | 7 | 7 | 26 | | |
| Cement production activities | | | | | | | |
| 4.45 | Integrated cement plants with "Zero Waste to Landfill" certification ^{1,5} | % _{Clinker production} | 0.0 | 0.0 | n/a | SDG 12.2 SDG 12.4 | |
| 2.4.2 Material Issue: Responsible and sustainable supply chain | | | | | | | |
| 4.46 | Key suppliers meeting TITAN ESG standards ^{5,6} | % | See note below | n/a | n/a | SDG 6 SDG 7 SDG 12 SDG 13 | |

*Product refers to Cementitious product according to GCCA Guidelines.

Notes for the external verification, standards, guidance, and terms used

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of monitoring and reporting of water in cement manufacturing. The above Guidelines had superseded before 2021 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 "Sector Standards for Non-financial Disclosures."

Notes on specific KPIs

1. New indicator.
2. Total withdrawal also includes the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
3. Total discharge also includes the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
5. Relevant information is not available for the specific years denoted as 'n/a'.
6. TITAN progressed in 2021 with building an internal Sustainable Supply Chain Roadmap and establishing: (a) New Group Procurement Policy, and (b) Foundations for ESG criteria to evaluate key suppliers, as defined in accordance with the GCCA Guidance for Sustainable Supply Chain Management, and with a meaningful level of spend for TITAN.

Notes for connection of KPIs with the SASB Standards

Connection of ESG performance indicators with metrics according to SASB Standards, in specific:

- EM-CM-140a.1 under the area "Water Management" for total fresh water withdrawn, percentage recycled, percentage in regions with high or extremely high baseline water stress (40–80%, Kosjerić, Serbia)
- EM-CM-150a.1 under the area "Waste Management" for amount of waste generated, percentage hazardous, percentage recycled.

2.5.1 Good governance, transparency and business ethics

| code | Governance Core Indicators | Notes | Performance 2021 | Reporting Standards |
|---------------------------------------|---|-------|------------------|----------------------------------|
| Compliance and business ethics | | | | |
| 5.1 | Grievance mechanism (EthicsPoint) coverage | 1 | 100% | SDG 5.5 |
| 5.3 | Percentage of unionised employees (%) | | 64.32% | SDG 16.5 SDG 16.6 SDG 16.7 |
| 5.4 | Percentage of employees covered by Collective Bargaining Agreements (CBAs) | 2 | 100% | UNGC UNCTAD SASB |
| 5.5 | Average number of hours of training on subjects related to Compliance, per employee | 3 | 1.96 | |

Note for the standards, guidance, and terms used

The KPIs referred in ESG Performance Statements as Governance core indicators are in line with the requirements of the UNCTAD Guidance on reporting of Core Indicators (UNCTAD, 2019), and are connected with the most relevant SDGs and specific Targets for each SDG. Specific KPIs from this list are also essential to reporting on progress with respect to TITAN Group commitments for the UNGC Ten Principles.

Notes for specific Governance core indicators

1. The EthicsPoint is accessible to all employees of TITAN. For each of the substantiated cases an action plan for remediation was implemented.
2. This disclosure covers the requirements for reporting according to the SASB Standards for 'Labor Relations' and in more specific the metrics (KPIs) EM-MM-310a.1 and EM-MM-310a.2.
3. Average number of hours of training per employee and per year, on Policies & internal regulations of TITAN (priority being on the Code of Conduct, Policies for Human Rights, Anti-Bribery, GDPR, but without considering this list as exhaustive). The KPI is calculated as total hours of training in the subject areas, divided by the total number of employees. TITAN categorizes these training subjects under the overall subject area: "Compliance" (see Table 2.2, for the KPI "Training hours per subject").

2.5.5 Environmental Audits

| Area | | |
|---------------------------------|----------|---|
| Environmental Management System | External | 1 |
| | Internal | 1 |
| Other | External | 4 |
| | Internal | 3 |
| Total | External | 5 |
| | Internal | 4 |

Consolidated Financial Statements

Consolidated income statement

| For the year ended 31 December | 2021 '000 RSD | 2020 '000 RSD |
|--|------------------|------------------|
| OPERATING REVENUES | 6,956,695 | 6,521,895 |
| Revenues from sale of merchandise | 1,506,034 | 1,866,759 |
| Revenues from sale of products and services | 5,423,134 | 4,583,058 |
| Work performed by the entity and capitalized | 4,495 | 8,477 |
| Increase in inventories of unfinished and finished goods | 22,355 | 62,848 |
| Decrease in inventories of unfinished and finished goods | - | - |
| Other operating income | 677 | 753 |
| OPERATING EXPENSES | 4,637,991 | 4,315,710 |
| Cost of trading goods | 814,735 | 856,617 |
| Cost of materials, fuel and energy | 1,765,348 | 1,492,769 |
| Cost of salaries, fringe benefits and other personal expenses | 528,405 | 519,200 |
| Depreciation and amortization | 185,948 | 170,817 |
| Expenses from property value adjustments (except financial assets) | 2,378 | 7,903 |
| Cost of production services | 1,021,110 | 963,031 |
| Cost of provisions | 48,787 | 34,645 |
| Non-production costs | 271,280 | 270,728 |
| OPERATING PROFIT | 2,318,704 | 2,206,185 |
| Financial income | 4,841 | 10,655 |
| Financial expenses | 19,982 | 1,573 |
| Income from value adjustments of financial assets at fair value through Income Statement | - | - |
| Expenses from value adjustments of financial assets at fair value through Income Statement | 114 | 11,306 |
| Other income | 34,622 | 12,574 |
| Other expenses | 18,800 | 17,257 |
| Net income attributable to discontinued operations, the effects of changes in accounting policies and correction of prior period errors | 578 | 1,481 |
| Net loss attributable to discontinued operations, the effects of changes in accounting policies and corrections from previous periods mistakes | - | - |
| PROFIT BEFORE TAX | 2,319,849 | 2,200,759 |
| Income tax | 355,294 | 339,777 |
| Deferred tax income | 5,719 | 8,913 |
| NET PROFIT | 1,970,274 | 1,869,895 |



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 consolidated financial statements for 2021, together with the report of the independent auditor and other documents attached to the financial statements, in accordance with Articles 44 and 45 of the Law on Accounting.

Consolidated balance sheet

| As of 31 December | 2021 '000 RSD | 2020 '000 RSD |
|---|------------------|------------------|
| NON CURRENT ASSETS | 2,448,087 | 2,269,315 |
| Intangible assets | 38,416 | 33,639 |
| Property, plant & equipment | 2,409,671 | 2,235,676 |
| Long-term financial investments and long-term receivables | - | - |
| DEFERRED TAX ASSETS | 31,051 | 25,332 |
| CURRENT ASSETS | 2,087,349 | 1,858,943 |
| Inventories | 771,116 | 687,960 |
| Trade receivables | 392,460 | 341,643 |
| Other short-term receivables | 40,419 | 34,947 |
| Short-term financial investments | 15,545 | 16,449 |
| Cash and cash equivalents | 864,106 | 774,362 |
| Short-term accruals | 3,703 | 3,582 |
| TOTAL ASSETS | 4,566,487 | 4,153,590 |
| EQUITY | 3,447,423 | 3,302,389 |
| Basic and other capital | 2,507,709 | 2,505,942 |
| Reserves | 170,268 | 170,268 |
| Retained earnings | 769,446 | 626,179 |
| LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES | 102,745 | 71,118 |
| Long-term provisions | 93,355 | 71,118 |
| Long-term liabilities | 9,390 | - |
| SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES | 1,016,319 | 780,083 |
| Short-term provisions | 24,472 | 25,109 |
| Short-term financial liabilities | 6,949 | - |
| Customer prepayments | 40,354 | 31,991 |
| Operating liabilities | 862,683 | 596,654 |
| Other short-term liabilities | 81,305 | 126,105 |
| Short-term accrued expenses | 556 | 224 |
| TOTAL EQUITY AND LIABILITIES | 4,566,487 | 4,153,590 |

Consolidated cash flow statement

| For the year ended 31 December | 2021 '000 RSD | 2020 '000 RSD |
|---|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Cash generated from operating activities | 6,900,630 | 6,654,205 |
| Sales and advances received | 6,856,971 | 6,568,889 |
| Other inflow from operating activities | 43,659 | 85,316 |
| Cash outflow from operating activities | 4,639,608 | 4,483,247 |
| Payments and prepayments to suppliers | 3,658,533 | 3,642,973 |
| Salaries, fringe benefits and other personal expenses | 529,404 | 525,846 |
| Interests paid | 17,360 | 498 |
| Income tax | 402,926 | 279,552 |
| Payments for other public revenues | 31,385 | 34,378 |
| Net cash inflow from operating activities (A) | 2,261,022 | 2,170,958 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Cash generated from investing activities | 4,555 | 15,927 |
| Sale of intangible assets & property, plant and equipment and biological assets | 0 | 5,378 |
| Interests received from investing activities | 4,555 | 10,549 |
| Cash outflow from investing activities | 365,129 | 303,893 |
| Purchase of intangible assets, property plant and equipment | 364,720 | 303,479 |
| Other financial investments | 409 | 414 |
| Net cash outflow from investing activities (B) | (360,574) | (287,966) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Cash generated from financing activities | 16,340 | - |
| Other long-term liabilities | 9,707 | - |
| Other short-term liabilities | 6,633 | - |
| Cash outflow from financing activities | 1,827,001 | 1,832,774 |
| Dividends paid | 1,827,001 | 1,832,774 |
| Net cash outflow from financing activities (C) | (1,810,661) | (1,832,774) |
| Net cash inflow (A+B+C>0) | 89,787 | 50,218 |
| Net cash outflow (A+B+C<0) | - | - |
| Cash at the beginning of the period | 774,362 | 724,801 |
| Foreign exchange gains on translation of cash | 127 | 180 |
| Foreign exchange losses on translation of cash | 170 | 837 |
| Cash at the end of the period | 864,106 | 774,362 |

Consolidated statement of changes in equity

| For the year ended 31 December | Basic and other capital '000 RSD | Reserves '000 RSD | Retained earnings '000 RSD | Total equity '000 RSD |
|------------------------------------|-------------------------------------|----------------------|-------------------------------|--------------------------|
| Balance at 1 January 2020 | 2,505,209 | 170,126 | 589,206 | 3,264,541 |
| Net change during the period | 733 | 142 | 36,973 | 37,848 |
| Balance at 31 December 2020 | 2,505,942 | 170,268 | 626,179 | 3,302,389 |
| Balance at 1 January 2021 | 2,505,942 | 170,268 | 626,179 | 3,302,389 |
| Net change during the period | 1,767 | - | 143,267 | 145,034 |
| Balance at 31 December 2021 | 2,507,709 | 170,268 | 769,446 | 3,447,423 |

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 of human rights training hours | 49-50, 64 | |
| | Possible violations of the freedom of association and collective bargaining | 64.32% of employees are members of the Union. CBA is signed in 2021 | |
| | Percentage of new suppliers assessed based on human rights | 46-47 | |
| | Significant actual and potential adverse impact on human rights in the supply chain | 46-47 | |
| | Local community engagement programs implemented, impact assessments and development programs | 14-15, 41-44, 63, 65-66 | |
| | Potential or actual negative impact of operations on the local community | 13, 16-17, 49-50, 38-41 | |
| | Percent of new suppliers who have been checked in relation to societal impact | 46-47 | |
| Principle 2: Companies should make sure that they are not complicit in human rights abuses. | Significant real or potential impact on society through the supply chain | 46-47 | |
| | Total number of significant investments and contracts which include human rights-related provisions | 100% of contracts | |
| | Total number of human rights training hours | 49-50, 64 | |
| | Possible violations of the freedom of association and collective bargaining | 64.32% of employees are members of the Union. CBA is signed in 2021 | |
| | Percentage of new suppliers assessed based on human rights | 46-47 | |
| | Significant actual and potential adverse impact on human rights in the supply chain | 46-47 | |
| | 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 | | 64.32% of employees are members of the Union. CBA is signed in 2021 | |
| 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 | 35-36, 62 |
| | Employee turnover by gender and age | 62 |
| | 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 | 34-35 |
| | Work related injury and absenteeism | 61 |
| | Employees working in a workplace with high occupational risk | 23 employees |
| | H&S topics covered in formal agreements with trade unions | 34-35 |
| | Average hours of training per year, per employee, per gender and employee category | 63 |
| | Programs for skills management that support continued employability and career management | 63-64 |
| | Percentage of employees who receive regular performance reviews | 94% |
| | Composition of corporate governance bodies and breakdown of employees | 22-23 |
| | Percentage of new suppliers assessed based on labor practices | 46-47 |
| | Significant impact on labor practices in the supply chain | 46-47 |
| Total number of discriminatory incidents | None | |
| Environmental Protection | | |
| Principle 7: Businesses should support a precautionary approach to environmental challenges. | Environmental Protection | 27-32, 38-41, 45-47, 60, 65, 67-69 |
| Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. | Environmental Protection | 27-32, 38-41, 45-47, 60, 65, 67-69 |
| Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. | Environmental Protection | 27-32, 38-41, 45-47, 60, 65, 67-69 |
| Anti-Corruption | | |
| Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | Estimated risk of corruption | 22-23, 49-50 |
| | Total value of financial and in-kind political contributions to politicians and related organizations | None |

GLOSSARY FOR FINANCIAL and Non-Financial Reporting

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

Profit before tax, financial income and depreciation and amortization. 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 are intended to be achieved by the year 2030. The SDGs 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)

Communication on Progress is a mechanism to inform company stakeholders, in the form of an annual report (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 (UNGC)

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. This association 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.

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.

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 2021 Integrated Annual Report (further referred as to "the Integrated Annual Report") for the fiscal year ended on December 31st, 2021 ("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 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000 - Revised"), 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 Social performance and regarding the criteria applicable in 2021 on Group level, (the "Reporting Criteria", as exemplified in the Group Integrated Annual Report), which are aligned with the sectoral guidelines and reporting standards (GCCA) and with the specific framework guidance and reporting standards developed by TITAN and have been adopted by the Group also for the individual BUs, within the audit scope. All disclosures for reporting on Environmental and Social Performance on BU level are aligned with the TITAN Group¹ Standards, which are embedded into the processes in place. More specific the disclosures and indicators for:
 - Environmental Performance have been established in all material aspect in accordance with the Reporting Criteria, and in specific with the respective GCCA Sustainability Framework Guidelines
 - Social performance, covering the following: Health & Safety, where TITAN BUs follow the GCCA Sustainability Framework Guidelines, People Development (for Training hours of Employees) and Community Engagement (according to the Group Target for all key operations having in place community engagement plans aligned with material issues for stakeholders and the SDGs²).
- 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.

¹ TITAN Cement International (referred to as "TITAN Group") is the Owner of the Company.

² Sustainable Development Goals – SDGs.

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 2021 Integrated Annual Report. This responsibility also includes the selection and application of appropriate methods to prepare the Integrated Annual 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.

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 (Revised) "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 for 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 Integrated Annual Report:

- Read the Integrated Annual 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;
- Interviews with key personnel responsible for the preparation of the Integrated Annual 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;
- Comparing text and data (on a sample basis) presented in the Integrated Annual 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 2021 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 2021. 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.

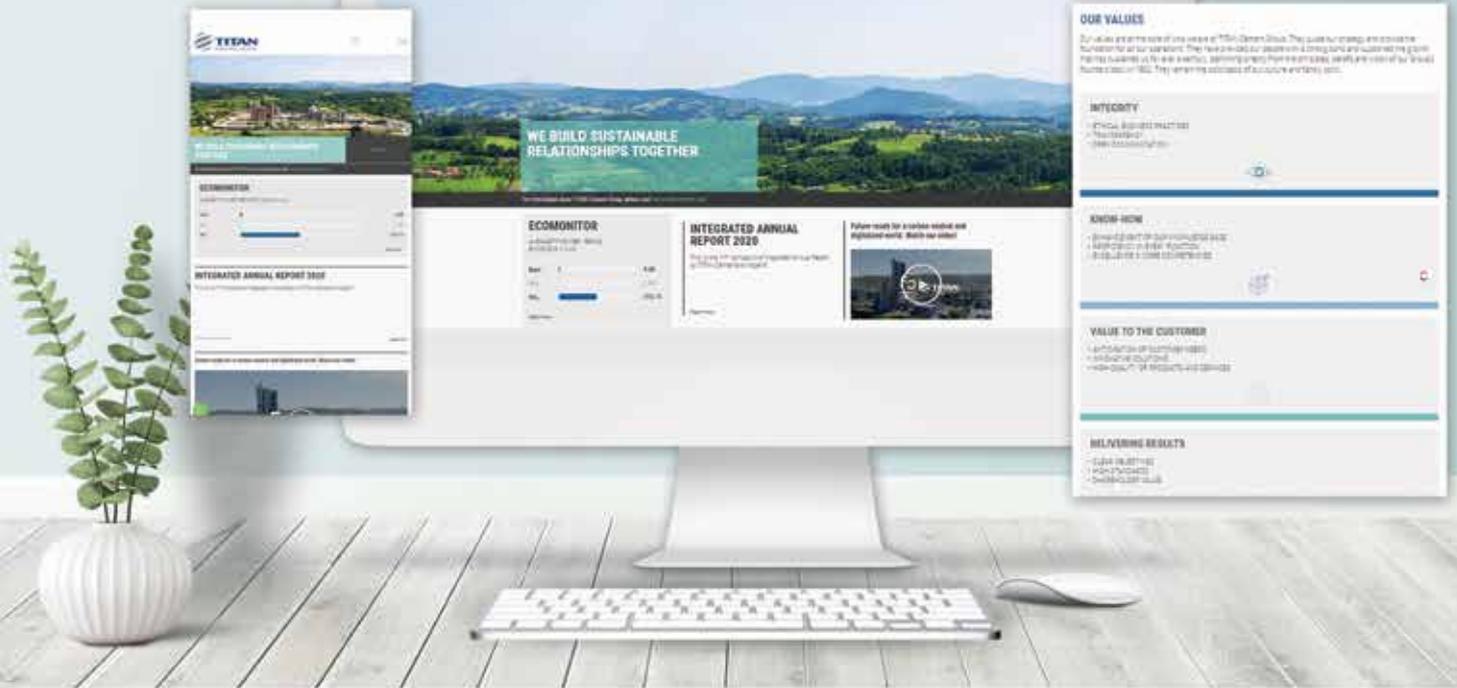
The Report meets the UN Global Compact criteria relating to a Communication on Progress (COP) Advanced Level.

Belgrade, 04/07/2022

The Chartered Accountant


Mirjana Jeremic





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