

Building a Better World Together

2023 Integrated
Annual Report



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We hereby present the Integrated Annual Report, proudly published by TITAN Cementara Kosjerić (abbreviated name: TCK¹) for the 14th consecutive year. This document brings together our ESG results (ESG - Environmental, Social and Governance), as well as key figures provided in the Consolidated Financial Statements.

TCK's 2023 Integrated Report (in short: the Report) covers the integrated operations of the cement plant in Kosjerić, including its quarries (located in the municipality of Kosjerić, Serbia) and the subsidiary in Montenegro – TCK Montenegro, a company engaged primarily in commercial activities. TCK's primary focus is on cement production and distribution. TCK is a company incorporated in the Republic of Serbia and is a subsidiary of TITAN Cement Group (in short: TITAN Group). TITAN Cementara Kosjerić holds 100% ownership over the assets of its subsidiary in Montenegro and the plant in Serbia.

This Report is prepared in accordance with the sustainable reporting standards of the TITAN Group, in alignment with the International Integrated Reporting Council (IIRC) Guidelines, Global Cement and Concrete Association (GCCA) approach, Sustainability Accounting Standards Board (SASB) and the United Nations Global Compact Sustainable Development Goals (SDGs 2030). Furthermore, our Company applies an integrated approach adapted to the United Nations Conference on Trade and Development (UNCTAD)² Guidelines for Sustainability Reporting to align sustainability reporting with UN Sustainable Development Goals, following the TITAN Group approach³.

Using the internal Group's Human Resources Management System (GHRMS) and ESG Performance System to consolidate and report ESG performance, the Company ensures harmonization and accurate reporting.

The 2023 Report has been certified by an independent auditor from Grant Thornton Serbia, and their Auditor's Report of Factual Findings is provided at the end of this document.

**Additional information,
questions and suggestions:**

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Danka Jovanović
CSR & Communications Officer

**More information about
TITAN Cementara Kosjerić:**
<https://titan.rs/homepage/>

**More information about
TITAN Group:**
www.titan-cement.com

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

² 'Guidance on Core Indicators for Sustainability and SDG Impact Reporting', United Nations Conference on Trade and Development (UNCTAD, 2022).

³ For more information concerning the global sectoral approach and standards, see the TITAN Group Integrated Annual Report for 2023: https://www.titan-cement.com/integrated_annual_report_2023_EN.pdf

2023 IN KEY FIGURES

Turnover

€ 87.8m

NET Profit (after taxes)

€ 23.6m

Investments in Environmental
Protection

€ 1.8m

EBITDA

€ 29.6m

Capital Expenditure

€ 2.2m

Employees (Dec. 31, 2023)

196

Total Assets

€ 47.5m

Dear associates and colleagues,

Before you is the latest version of the Integrated Annual Report of TITAN Cementara Kosjerić, which encapsulates the most significant business results of our Company attained in 2023. In a world of escalating environmental and social challenges, we continue to prioritize the welfare of our employees, partners and the local community, alongside the preservation of the environment in which we operate. Our commitment is upheld through our strategic approach to sustainable development, underscored by the transparent communication of our accomplishments.

We place **particular emphasis on fostering the growth, opportunities and benefits** that the Company offers to all our team members.

Since late 2022, our employees have been enrolled in a voluntary health insurance program, which provides prompt and better-quality healthcare services. Beyond physical wellbeing, we prioritize the mental health and overall satisfaction of our workforce. Cementara offers an array of benefits, including remote work options, developmental and improvement training, team-building activities, corporate events, sports programs, and commemorative awards, among others, to support our employees.

In the past year, our colleagues served as mentors to 20 interns who were part of the **TITAN Internship Program**. **Six of these individuals** secured positions within the Company upon completion of the program. We are extremely pleased that we had the opportunity to expose them to their first work experiences and to introduce them to various organizational workflows across different departments.

To drive **digital transformation and integrate innovative solutions** into our processes, we successfully launched the Heat Map and Real-time Optimizers projects last year. These initiatives enable real-time monitoring and optimization of our production process, leading to reductions in energy consumption. At the same time, we dedicated efforts towards enhancing internal efficiency by advancing the development of the SAP S/4 Hana system throughout the year. In full operation since the beginning of 2024, this integrated system facilitates seamless data structure, availability, and exchange within the TITAN Group.

Every employee plays a pivotal role in our continuous achievements in occupational health and safety (OH&S), fostering a culture of care and vigilance. Through extensive training hours and the collective commitment of our employees and contractors, we celebrated a remarkable milestone last year, achieving **1,030 days without lost-time injuries** for our direct employees. At the same time, in 2023, we were rated with the highest 'green' rating at the TITAN Group internal 360° safety audit.



We remain steadfast in our efforts to minimize our environmental footprint, allocating substantial resources to environmental protection initiatives. In accordance with our decarbonization goals, we increased the share of green cement in our product range, resulting in a noteworthy **reduction of specific CO₂ emissions** by 2.56%. Additionally, we implemented a number of projects to **enhance the reliability of our water management systems**, ensuring the preservation of water resources.

One of our proudest achievements in **2023 was our support for the local government of Kosjerić**. Our investment of RSD 30m enabled the connection of elementary, high schools and the healthcare center, to the town's centralized heating system. This initiative significantly reduced the adverse effects of air quality caused by large fireboxes, demonstrating our commitment to environmental stewardship and community wellbeing.

Despite the backdrop of geopolitical uncertainties, including conflicts in the Middle East and Ukraine, we are exceptionally proud of the Company's remarkable business performance in the past year. With over **630,000 tons** of cement produced, 2023 marked **the third most successful year in our 48-year history** in terms of production and sales volume. Moreover, we achieved an impressive increase in consolidated revenue by 16.2%, along with a rise in **operating profit (EBITDA) by 18.3%** compared to 2022.

You can explore these achievements, as well as numerous other results and initiatives, detailed within the pages of this Report. I would like to thank all our colleagues, associates and partners for their collaborative efforts in advancing our purpose to make the world around us a safe, sustainable and enjoyable place to live.

Miroslav Gligorijević
General Manager

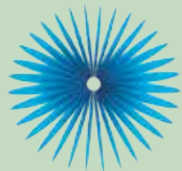
OUR VALUES

**WE CARE**

We care about our people, our customers, our communities and the environment.

**WE DARE**

We dare to do challenging work, be candid, innovate and learn.

**WE BUILD TO LAST**

Building to last comes with long-term, mid-term and short-term perspectives, team work and collaboration, and continuous improvement.

**WE WALK THE TALK**

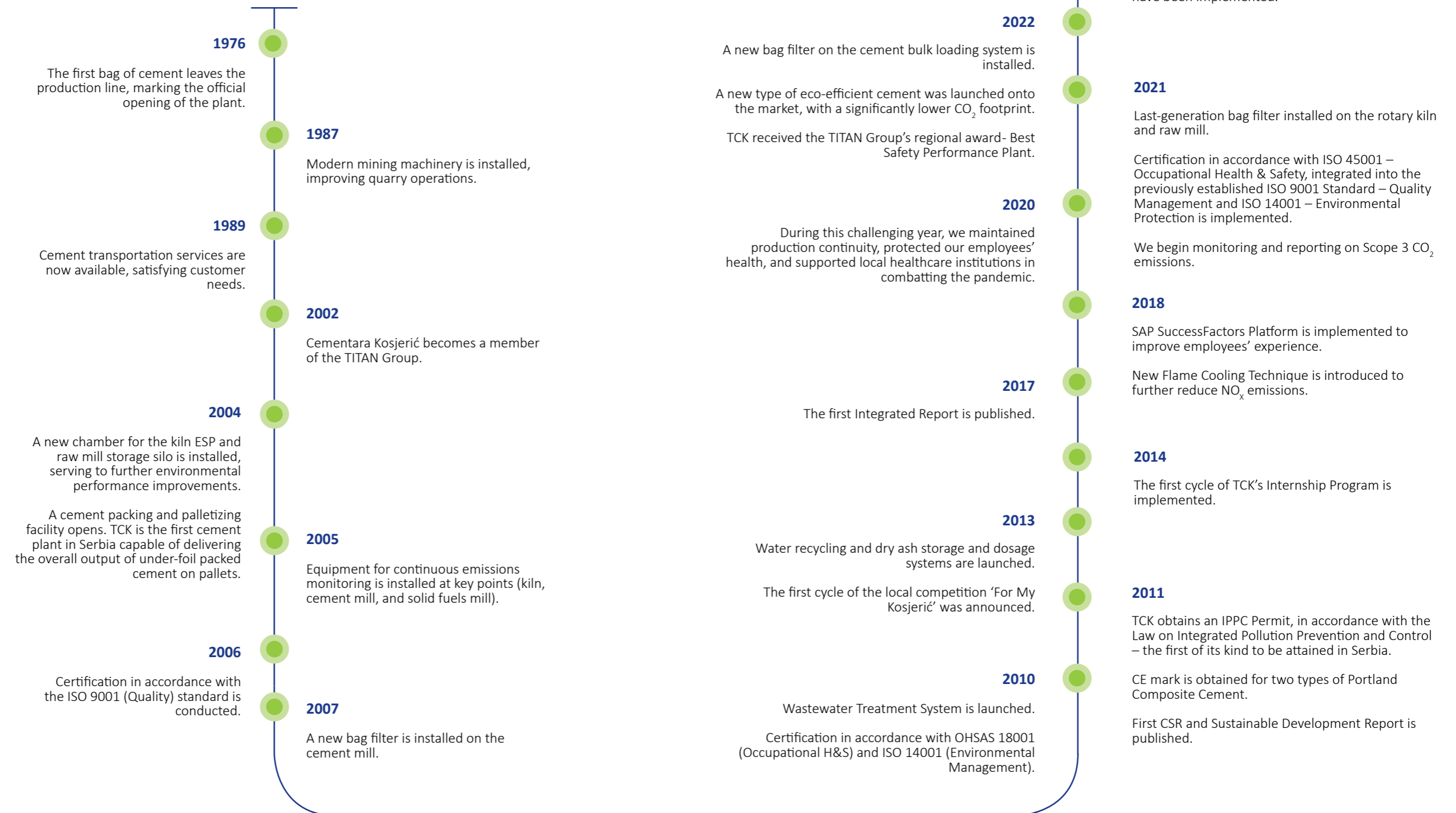
We deliver results, live our values and keep our promises.

OUR PURPOSE



**MAKING
THE WORLD
AROUND US
A SAFE,
SUSTAINABLE
AND ENJOYABLE
PLACE TO LIVE.**

Responsible Business Throughout History



TCK is the youngest and the smallest cement plant in Serbia. From the very beginning we have advocated strongly for high-quality products and professional relationships with customers, the result of which has led us to being a recognized and respected brand on the market.

The TITAN Group is an international cement and building materials producer, present in 15 countries around the world, continuously confirming its commitment to social responsibility and sustainable development through business policies and practices and active participation in international activities.

Our current capacity of approx. 750,000 tons of cement supplies a significant portion of the Serbian and Montenegrin markets.

How We Create Value

TITAN Cementara Kosjerić with versatile engagement and strategic investment in resources responds to the global challenges of sustainable development and social responsibility, contribute to achieving the 2030 United Nations Sustainable Development Goals, creating added value for the widest range of stakeholders.

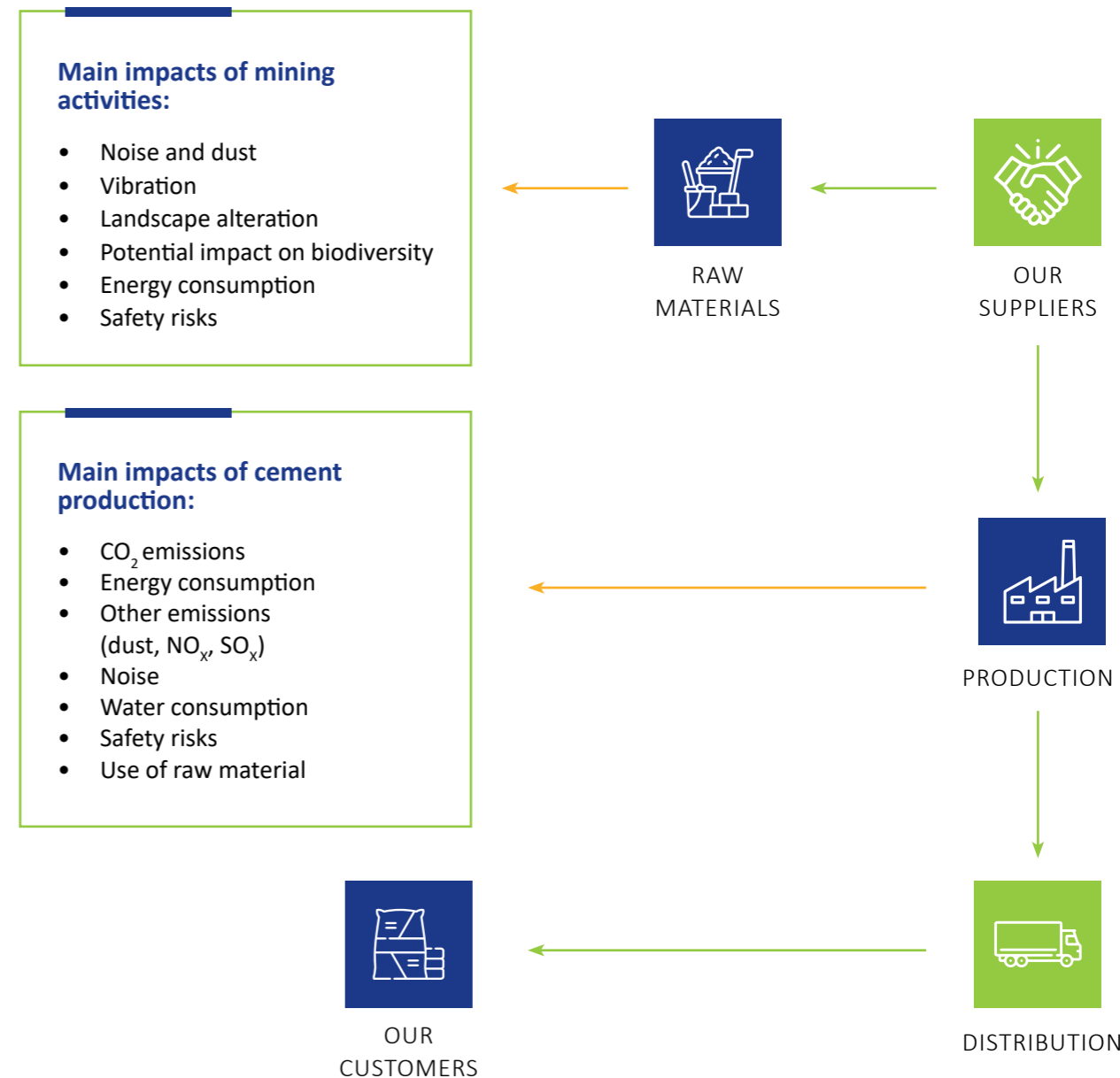
TCK VALUE CREATION		
Intellectual and Human Capital	We value the contributions our employees have made to our achievements. To demonstrate our gratitude, we continuously support their professional growth and foster an inclusive work environment characterized by collaboration and trust.	<p>€ 6.1m to employees through salaries and other benefits</p> <p>€ 416,000 invested in OH&S</p> <p>Over € 137,000 invested in the development of employees' knowledge and skills</p>
Financial Capital	Economic resources are used efficiently to ensure the continued growth of the business and to secure the Company's market competitiveness.	<p>18.3% growth of consolidated EBITDA</p> <p>The Company paid € 13m in taxes directly to the state and local authorities⁴</p>
Manufacturing Capital	Our cement is produced using the best technologies and we secure reliable delivery to our customers.	We produced over 630,000 tons of cement for our customers
Social & Relationship 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.	<p>The Company invested more than € 552,000 toward projects within the local community</p> <p>Share of domestic suppliers in total procurement amounts to 84.88%⁵</p> <p>€ 11.7m was the value of spend to suppliers⁶ from Kosjerić</p>
Natural Capital	Protecting nature means handling resources with care and the responsible execution of operational activities, with minimal impact on the environment.	€ 1.8m invested in environmental performance improvement



⁴ Out of which taxes directly paid to the state and local authorities of TCK (in Serbia) amount to € 12,820,000, whereas direct taxes paid for TCK Montenegro (in Montenegro) amount to € 230,000.
⁵ The figure is defined as 'Local Spend' and shows consolidated results in accordance with TITAN Group reporting standards – for more information see 'ESG Performance Statements'. Local Spend in Serbia (for TCK) was 83.43%, i.e. 84.88% consolidated with TCK Montenegro.
⁶ The amount includes VAT.

TCK's Value Chain and Our Impact

We are addressing – reducing or eliminating – environmental impacts by implementing a model that balances economic, social, and environmental objectives.



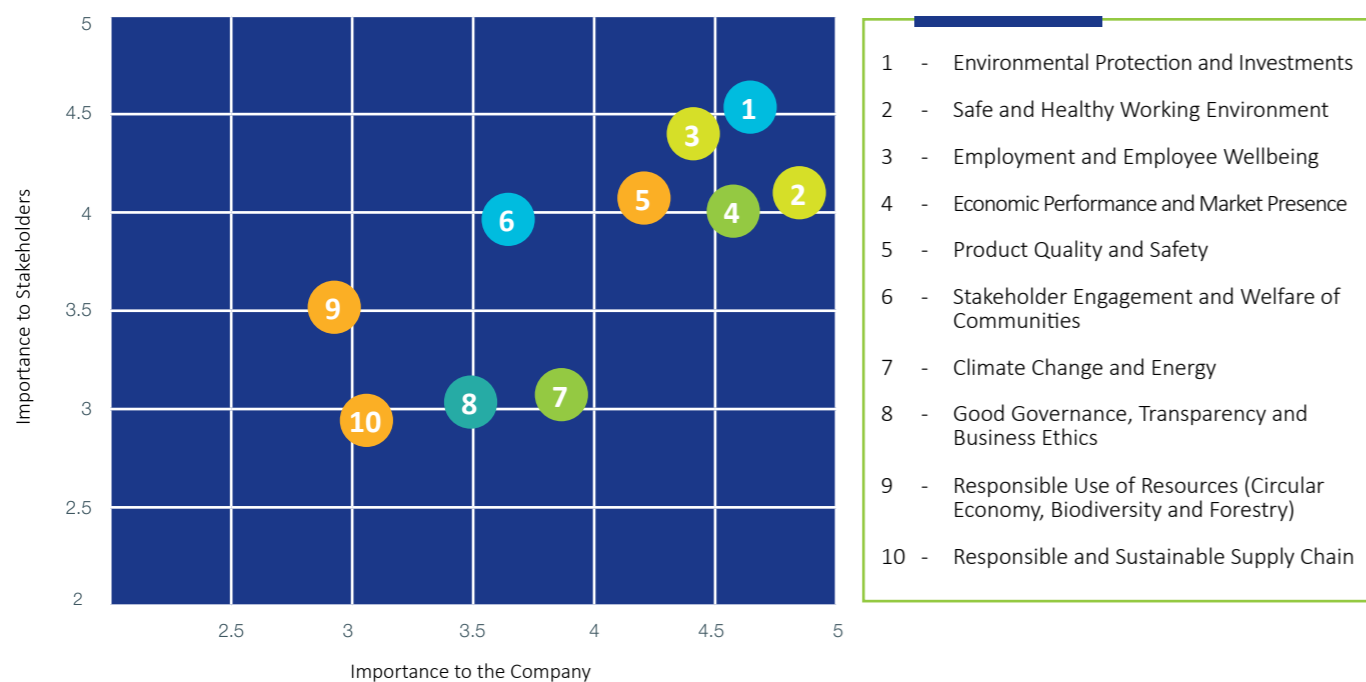
We cultivate long-term value for the Company and stakeholders by integrating highly recognized domestic and international standards into our regulatory framework. Our management system is founded on the implementation of the following integrated ISO standards: 9001 – Quality, 14001 – Environmental Management and 45001 – OH&S. Simultaneously, TITAN's commitment to ethical business practices, social responsibility, human rights, anti-corruption, anti-bribery, and anti-competitive behavior permeates all decision-making processes and workflows.



Focus on Material Issues

The Materiality Assessment process identifies the importance of an issue or topic to both the Company and its stakeholders. Materiality Assessment, i.e. the process of prioritizing material issues is an important factor in defining the contents of the Integrated Annual Report and a relevant foundation from which the Company can adequately respond to our key stakeholders' reasonable expectations and needs. Resulting from this process is the Materiality Matrix, a list of important topics that are prioritized according to their impact on the Company and significance to key stakeholders.

TITAN Cementara Kosjerić's Materiality Matrix



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

TITAN Group Focus Areas:

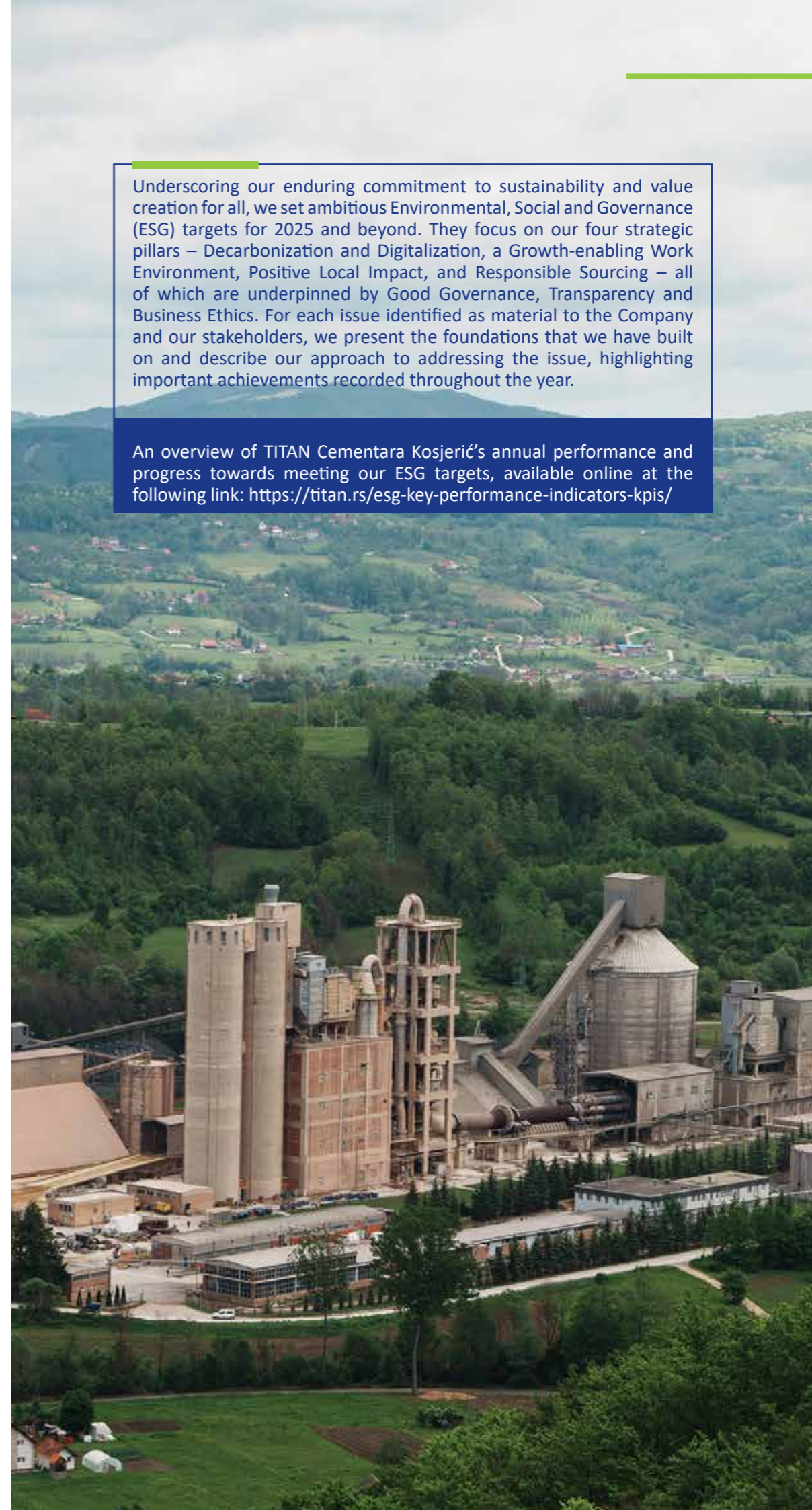
- Decarbonization and Digitalization
- Growth-enabling Work Environment
- Positive Local Impact
- Responsible Sourcing
- Good Governance, Transparency and Business Ethics

TCK's Key Stakeholders
Customers
Employees
Business partners and suppliers
Local community and local authorities
Regulatory authorities
Youth
Shareholders
Contractors
Media

We launched a Materiality Assessment Cycle in 2020 by integrating our internal evaluation process with the TITAN Group's guidelines. We linked selected key topics to the United Nations Sustainable Development Goals (SDGs). By validating material issues in 2022, we have confirmed that the top priority Material Issues for us and our stakeholders remain: environmental protection and green investments, followed by a safe and healthy working environment, employment and employee wellbeing, economic performance and market presence, and product quality and safety. As the result of the validation process, we identified three more issues material to several of our stakeholders: access and affordability, competitive behavior and data security.

Underscoring our enduring commitment to sustainability and value creation for all, we set ambitious Environmental, Social and Governance (ESG) targets for 2025 and beyond. They focus on our four strategic pillars – Decarbonization and Digitalization, a Growth-enabling Work Environment, Positive Local Impact, and Responsible Sourcing – all of which are underpinned by Good Governance, Transparency and Business Ethics. For each issue identified as material to the Company and our stakeholders, we present the foundations that we have built on and describe our approach to addressing the issue, highlighting important achievements recorded throughout the year.

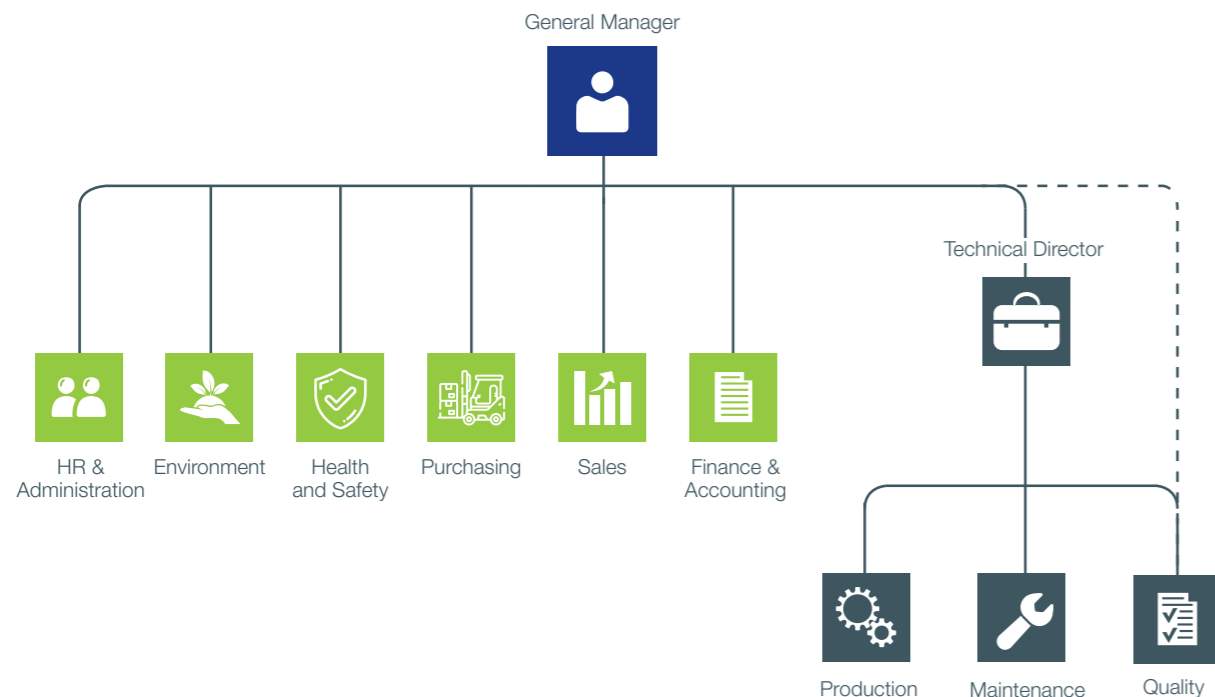
An overview of TITAN Cementara Kosjerić's annual performance and progress towards meeting our ESG targets, available online at the following link: <https://titan.rs/esg-key-performance-indicators-kpis/>



Governance



MATERIAL ISSUE:
Good Governance, Transparency and Business Ethics



By maintaining healthy and balanced corporate governance processes, TCK aims to ensure clear lines of responsibility and decision-making. All our decisions consider our values, sustainable development, and stakeholder expectations.

The most important business decisions in line with TITAN Group’s policies and guidelines are implemented by the Management Committee, led by the Company’s General Manager. The Sustainable Development Goals are formed by the CSR Committee, while coordination of CSR activities and day-to-day communication with the Corporate Center and stakeholders is the responsibility of the CSR & Communications Department.

The sectoral boards (Quality, Environmental, H&S, Training and CSR Board) have a significant role in ensuring successful corporate governance and their work is supported by the Management Committee.

The Company ensures that conflicts of interest are prevented, and that there is a fair approach to the awards system, steered by clear procedural guidelines, and TITAN Group policies.

Policies are regularly communicated and employees are trained accordingly.

Our entire workforce has access to the **EthicsPoint** platform, a tool used for anonymous and confidential incident reporting. This software is an additional tool supporting transparency, which thereby safeguards good governance and integrity.

Risk Management

By establishing targets, we monitor identified risks, which in turn, allows us respond quickly and efficiently. Our Company implements risk management procedures within the framework of integrated ISO 9001, 14001 and 45001 systems. This methodology serves to accurately and continually consider identified risks, but also to take advantage of opportunities that enhance business processes.

Negative geopolitical developments at the global level have led to unstable financial circumstances, inflation and disruptions of the commodity market. Therefore, we carefully monitor developments, aiming to find the best strategies to alleviate the influence of these circumstances and facilitate continuity in all business aspects.

Decarbonization and Digitalization

Decarbonization serves as a foundation for innovation and growth, and our Company is at the forefront of this initiative through the creation of low-carbon products and investment in energy efficiency. By leveraging cutting-edge technologies, we optimize the cement production process to deliver high-quality service and generate long-term value for our business and society.



MATERIAL ISSUE:
Economic Performance and Market Presence



MATERIAL ISSUE:
Climate Change and Energy

Decarbonization

Decarbonization at the TITAN Cementara in Kosjerić represents a crucial step towards a more sustainable future. The introduction of advanced technologies and innovative processes enables the reduction of CO₂ emissions, not only decreasing the ecological footprint but also setting standards for the industry. TCK is leading the way towards a more energy-efficient and environmentally friendly production environment, while also providing inspiration and a model for others in the market.

Climate Change & Energy

Climate change poses a long-term risk for our planet and society. For this reason, addressing climate change through systemic action is paramount in today’s world and is a crucial factor for the enduring sustainability of our business, particularly considering the energy- and carbon-intensive nature of the cement industry. In light of this, we have set ambitious short-term and long-term climate goals for ourselves.

As the consequences attributed to climate change become more apparent, there is increased regulatory activity aimed at reducing greenhouse gas emissions (GHG), particularly CO₂ emissions. Cement production is a carbon-intensive process and is therefore directly affected by such regulatory changes, including the European Union Emissions Trading System (EU ETS), the Carbon Border Adjustment Mechanism (CBAM) regulation and national climate laws.

By actively engaging in European and international initiatives and collaborating on research and development projects, TITAN remains committed to the development of eco-efficient products and piloting technologies for carbon capture and utilization within its facilities. These efforts are essential in driving towards a zero-carbon future.

TITAN Cementara Kosjerić strives to diminish carbon emissions by persisting in efforts that enhance energy efficiency, developing products with a reduced carbon footprint, and by embracing innovative technologies and solutions. Recognizing decarbonization as a catalyst for innovation and growth, we are inclined to integrate alternative fuels into our operations.

The reporting of CO₂ emissions adheres to sectoral Guidelines established by the GCCA, with the calculation methodology aligned with the Greenhouse Gases (GHG) Protocol, developed by WRI and WBCSD.

TCK’s Scope 1: CO₂ Emissions Performance

CO₂ emissions in the cement industry arise from the process of burning fuel and calcination of raw material. In 2023, we achieved a reduction of specific carbon dioxide emissions per ton of product⁷ by 2.5% compared to 2022.

⁷ Product refers to a cementitious product, according to GCCA Guidelines.

Thermal Energy

In 2023, TITAN Cementara Kosjerić used thermal energy obtained from the burning of fossil fuels and biomass – wood pellets for heating purposes.

Within the Company, we monitor energy consumption meticulously to mitigate environmental impact and reduce costs. Our ongoing investment in energy-efficient equipment, routine equipment inspections and timely preventive maintenance, strategic fuel selection, and optimization processes have enabled us to sustain company-strong performance in thermal energy consumption.

Overall, throughout 2023, energy consumption at TCK remained proportional to cement production, aligning with energy consumption indicators observed across the TITAN Group's cement plants (refer to https://www.titan-cement.com/integrated_annual_report_2023_EN.pdf). This consistency also extends to the achieved values of specific energy consumption per product unit. A more detailed presentation of energy consumption data within the Company is subject to specific confidentiality restrictions, as outlined in the Company's policy.

Co-processing in Cement Kilns

Co-processing waste in cement kilns enables the extraction of energy and mineral value from waste materials, while, at the same time, producing a new product – cement. When recycling waste is not feasible, adhering to waste management hierarchy mandates the adoption of co-processing as the most socially and environmentally responsible method.

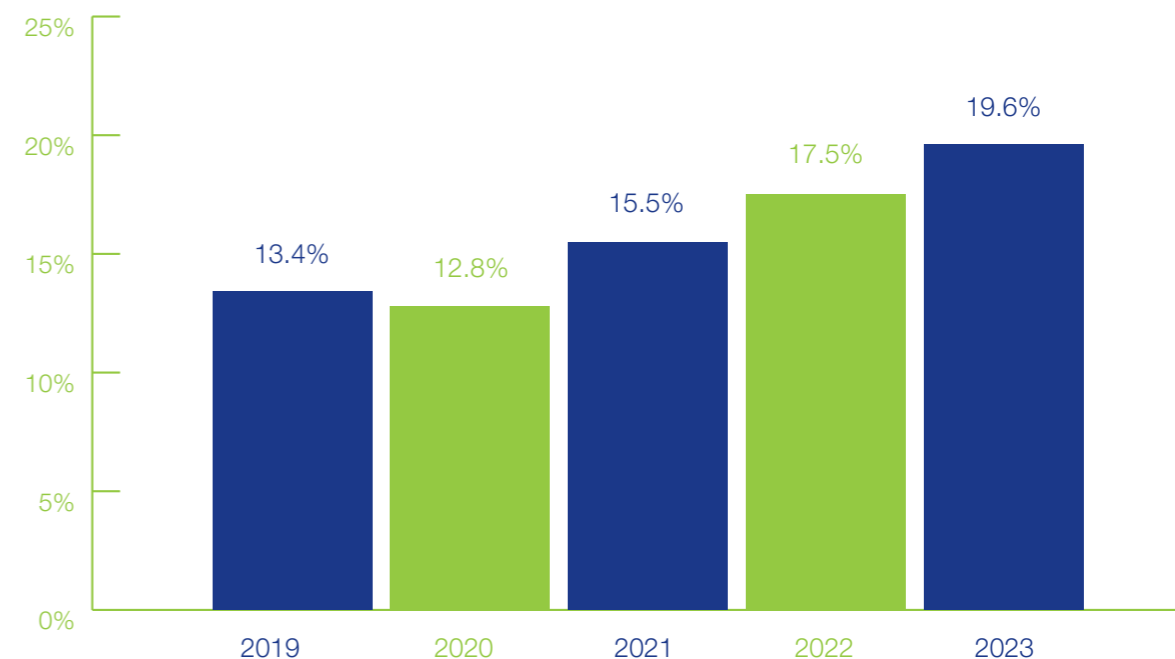
The cement industry holds significant potential to incorporate alternative fuels into its production processes. By using alternative fuels, the industry substitutes conventional energy sources like petroleum coke and coal with low-carbon options such as solid fuel obtained from waste, waste tires and biomass residues. The cement industry has developed a number of technological solutions to safely and efficiently co-process waste. The highest adoption rates of alternative fuels in cement production are achieved in the most developed and environmentally conscious countries. For instance, in German cement plants, the average utilization of alternative fuels (expressed as a percentage of total energy) stands at 71.6%⁸.

Increasing the use of low-carbon fuels, which replace non-renewable fossil fuels, is key in realizing TITAN's decarbonization goals. In 2023, the TITAN Group saw a notable uptick in the proportion of alternative fuels, reaching 19.6%, marking an approximate 12% surge from the previous year, 2022. This increase stems from streamlined permitting processes, proactive sourcing endeavors for new alternative fuels in both local and international markets, and investments across several TITAN cement plants. The use of biomass as an alternative fuel has reached a thermal substitution rate of 8.1%. Various substrates such as dried sewage sludge, refinery sludge, tires, solid waste-derived fuels (SRF/RDF) and agricultural waste have been utilized to replace conventional solid fuels in several of the TITAN Group's plants throughout 2023⁹.

⁸ VDZ Environmental Data – German Cement Industry 2022.

⁹ https://www.titan-cement.com/integrated_annual_report_2023_EN.pdf

Alternative Fuels Ratio at TITAN Group



Currently, TITAN Cementara Kosjerić relies solely on fossil fuels to power its kiln. Our primary business challenges, with significant strategic implications, revolve around cost-saving measures, reducing dependence on fuel imports, optimizing natural resource utilization, and mitigating greenhouse gas emissions.

TCK's Scope 2: CO₂ Emissions Performance

Scope 2 CO₂ emissions (indirect emission) stem from electricity usage in our plant. In 2023, total electrical energy consumption in our plant was maintained at almost the same level compared to 2022.

TCK's Scope 3: CO₂ Emissions Performance

Our monitoring of CO₂ emissions within the supply chain encompasses six of the 15 categories outlined by the GHG Protocol, representing approximately 18% of our total GHG emissions. Fuel-related activities (Category 3) and downstream transportation and distribution (Category 9) emerge as the primary contributors to these emissions, followed by procurement of goods and services (Category 1) and upstream transportation and distribution (Category 4). Other categories, including business trips, and employee travel, contribute minimally to these emissions (Categories 6 and 7). We are continuously enhancing Scope 3 emissions reporting by identifying potential improvements. Through this approach, we provide consistent and material information that will assist in discovering the most sustainable solutions across the entire value chain, particularly concerning climate change.

Digitalization

At TITAN Cementara Kosjerić, digitalization is reshaping production processes, enhancing efficiency, monitoring, and quality control. This digital evolution not only drives down costs but it also increases our competitive edge in the market. By embracing digital tools, operators can swiftly respond to changes and leverage innovative technologies to optimize operations. The strides we're making in digitalization are fundamentally changing our operational landscape, streamlining processes, enhancing efficiency and unlocking access to information.

A Powerful Platform – SharePoint Online

Microsoft SharePoint Online emerges as a versatile and robust platform fostering collaborative work within organizations. In leveraging this platform, our organization has successfully executed various projects such as eDelovodnik, ePonude, and several personnel approvals. Central to our workflow automation within SharePoint Online is Power Automate, a key component of the Microsoft Power Platform. Through Power Automate, we have been able to design, automate, and optimize processes, minimizing manual intervention and accelerating project timelines.

The eDelovodnik management system and ePonude projects have significantly improved content creation and offer collection thanks to Power Automate. By integrating Power Automate, we have established standardized and traceable approval workflows for personnel, enhancing accountability and compliance. Complementing SharePoint Online, Power Apps enables us to craft custom applications, while synchronization among SharePoint, Power Automate, and Power Apps creates a cohesive project environment.

The security features of SharePoint Online ensure the safeguarding of sensitive data associated with eDelovodnik, ePonude, and personnel approvals. Role-based access control and permission settings provide granular control over project elements, dictating who can access, edit, or endorse them.

In conclusion, Microsoft SharePoint Online, along with Power Automate and Power Apps has proven to be invaluable in enhancing the efficacy of our organization's projects. The combination of collaborative features, workflow automation, and custom application development has elevated the efficiency and effectiveness of eDelovodnik, ePonude, and various personnel approvals, positioning our organization for continued success in leveraging modern technology for enhanced productivity and collaboration.



Digital solutions and tools are an integral part of our daily work.

Growth-enabling Work Environment

We always foster a work environment that encourages employee growth and development, offering opportunities for learning and advancement, as well as recognition and rewards for outstanding performance. We promote an inclusive culture, a culture of trust and respect, where everyone can contribute and collaborate effectively. We value the wellbeing and satisfaction of our workforce and provide a safe and healthy work environment.

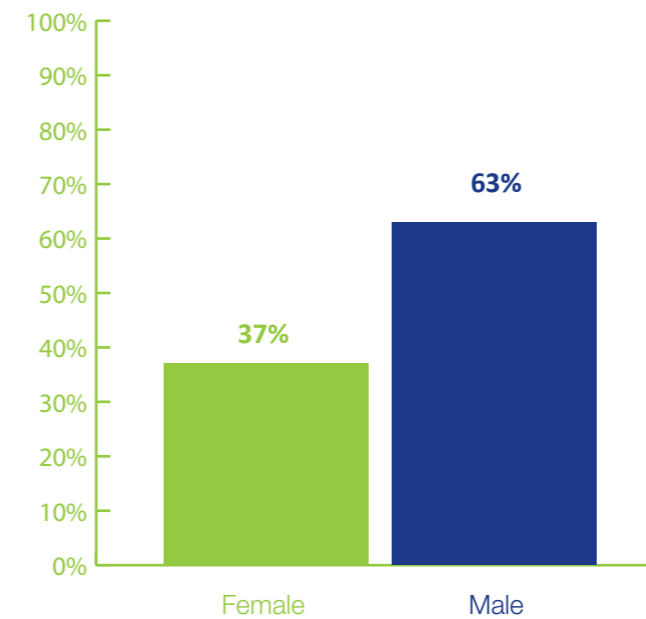


MATERIAL ISSUE:
Employment and Employee Wellbeing

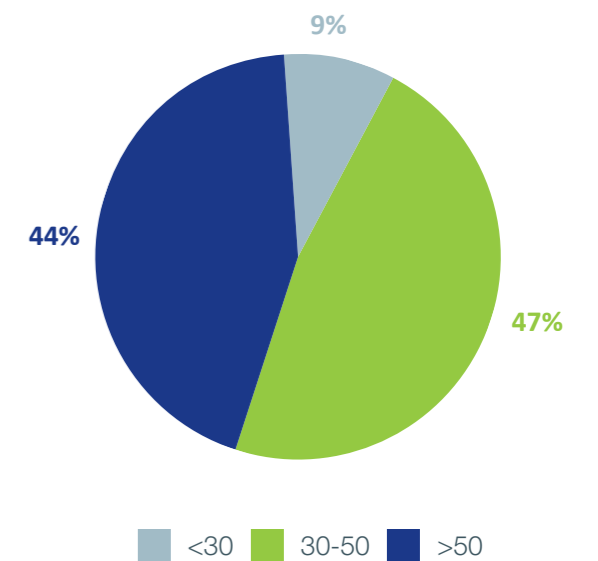
As in previous years, we provide opportunities for students and recent graduates seeking to acquire valuable experience and skills. Our internship program is designed to expose interns to real-world projects and challenges, fostering an environment where they can learn, grow and forge connections with our Company. Our goal is to equip these interns with the necessary tools for future professional endeavors, while providing TCK with an extensive pool of potential employees.

In 2023, our program welcomed 20 new interns, while also bringing on board 6 former interns as colleagues at TCK.

Employees in Management Roles According to Gender



Employee Age



Safety First



MATERIAL ISSUE:
Safe and Healthy Working Environment

The year 2023 started for TITAN Cementara Kosjerić with recognition in the form of a newly introduced TITAN award presented to the TITAN plant with the best H&S performance in the SEE Region. This same year ended with the achievement of 1,030 days without direct employees sustaining LTI injuries.

These results were reached thanks to the joint efforts and commitment of management and employees in applying the highest safety standards and were additionally confirmed by the high level of realization of annual goals and measures derived from action plans, as well as by receiving, for the fifth year in a row, the highest rating at the annual H&S 360° Audit, implemented by HSE TITAN Group.

During the year, 5,189 hours of H&S training were performed, which means that every employee, including direct employees and contractors, attended more than 20 hours of training on average. The number of performed safety training sessions held for contractors significantly increased compared to previous years (18.6 hours in 2022; 38.6 hours in 2023).

For the first time ever, we both established and monitored the achievement of the agreed H&S goals that apply to direct employees on our permanent contractors. This further confirms our genuine concern for their health and safety and sends a clear message that we view our contracted employees in the same way we see our direct employees. This approach was well received by our contractors, and most of the set goals were achieved, which is why we consider this initiative one of the biggest occupational H&S achievements in the past year.

During the year, 38 New Miss incidents were reported in the Company. Using the Root Cause Analysis method, all incidents were investigated. Over 200 preventative and corrective measures resulted from these investigations, significantly contributing to numerous improvements in the work environment as well as reducing the level of risk.

In the previous year we organized 156 safety walks, with the participation of direct and contractor employees, resulting in 699 findings being introduced for improvement.

As a result of all Safety System Audits during the year, 1,193 measures were prescribed with a deadline for implementation in 2023, and we achieved 89% of the implementation of these measures.

Despite achieving excellent results in 2023, our performance was unfortunately marred by a contractor LTI injury that occurred during the annual overhaul. This incident was directly caused by a violation of our safety rules and non-compliance with procedures. A detailed investigation identified both direct and indirect causes of the incident, leading us to implement corrective measures designed to prevent similar occurrences in the future.

TITAN Cementara Kosjerić's Safety Committee, whose primary role is to include employee representatives in the organization and implementation of the Safety System, was reorganized. The Committee now consists of three employees from Production and Maintenance and the H&S Manager.

The development of new and improvement of existing procedures, regular and high-quality training of all employees and contractors, as well as a high level of awareness and discipline in the implementation of security measures, remain our basic principles that we adhere to every day, on the way to further improving our Security System and creating a safe working environment without injury.

People Development



MATERIAL ISSUE:
Employment and Employee Wellbeing

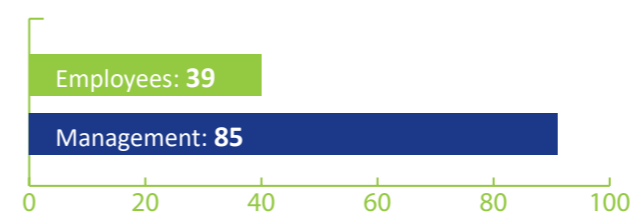
We remain committed to providing our employees with continuous and relevant learning opportunities that serve to assist them in their daily activities.

We place great emphasis on improving communication skills and providing feedback, particularly among team members, as well as with other colleagues. This year, we launched the 'Learning from Mistakes' program, aimed at fostering a sense of psychological safety for our colleagues. We plan to continue this program in the coming years to further enhance our workplace culture.

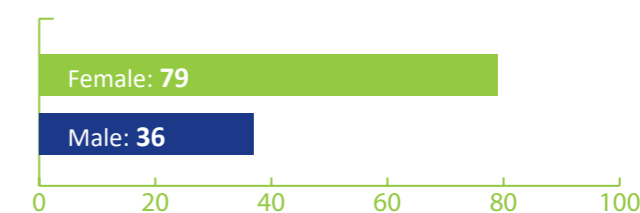
We have also provided our young leaders with what we call the 'Rising Leaders Program', specifically designed to develop the skills and competencies they need to lead and inspire their teams.

Topics also in focus include H&S training, project management and digitalization.

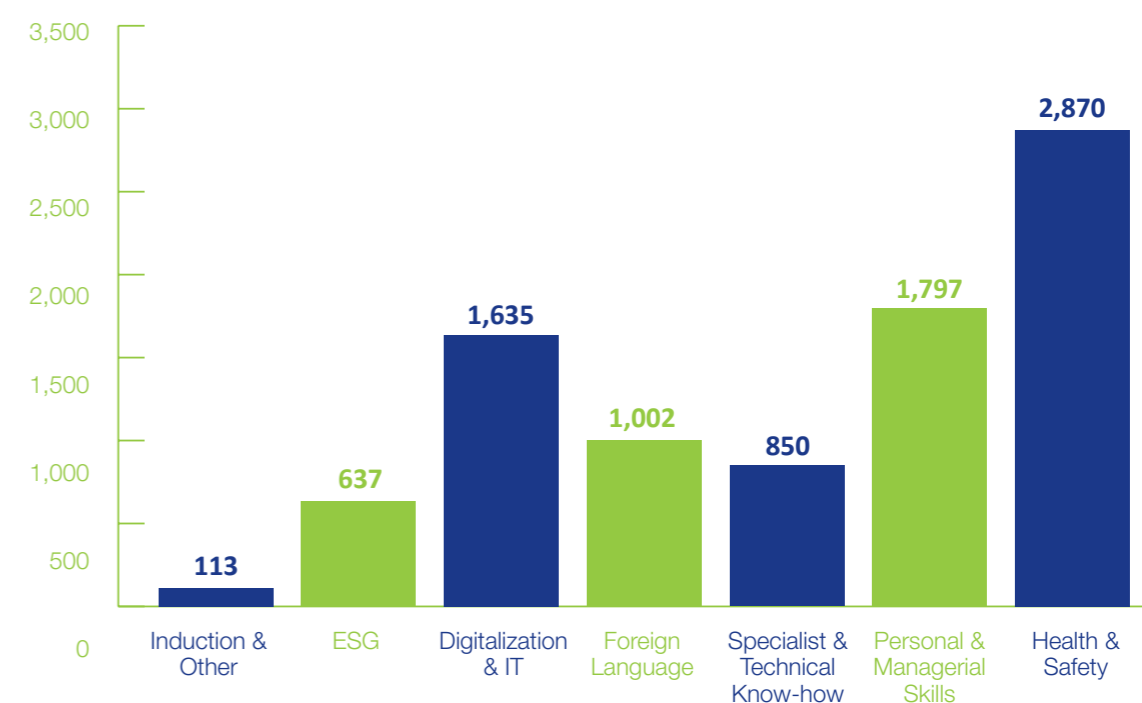
Average Training Hours per Employment Category



Average Training Hours per Gender



Training in 2023: **8,904 hours**



Employee Wellbeing

We believe that by supporting the well-being of our employees, we can create a happier, healthier, and more productive environment where employees will achieve exceptional results for our Company and clients.

As part of the 'Introduction of Healthy Habits' program launched in 2022, we have continued to encourage our colleagues to adopt healthy lifestyle habits. This year, we particularly emphasized incorporating physical activity into daily life. To support this initiative, we organized a series of corporate events that not only fostered socializing and connection among colleagues but also included various sports activities. Additionally, as part of this campaign, we conducted several training sessions focused on workplace health protection, covering topics such as protection from noise and dust, and prevention of burns.

All these initiatives are supported by additional health insurance, designed to facilitate easier and quicker access to medical examinations for our colleagues. They are also supported by the Employee Support Program we developed several years ago.

A significant new initiative we've introduced is flexible working hours for applicable positions, allowing employees to work from home two days a week if it better suits their needs. This flexibility aims to enhance work-life balance and overall job satisfaction.



We continuously conduct wellbeing initiatives for our employees, which aim to improve the quality of life and working conditions of our colleagues.

Positive Local Impact

Our Company actively fosters transparent dialogue and partnership with its stakeholders, aiming to implement initiatives that enhance the quality of life while respecting the social challenges and environmental requirements faced by the local community. Our dedication to continuous improvement in environmental protection and preservation of natural resources is unquestionable. Therefore, we carefully monitor our impacts and regularly report on the achieved results. Simultaneously, we have set ambitious plans for reducing emissions and conserving biodiversity and natural resources.



MATERIAL ISSUE:
Environmental Protection and Investments



TITAN Cementara Kosjerić is the first plant in Serbia to receive an IPPC permit (2011).

In June 2023, TITAN Cementara Kosjerić obtained its third Integrated Permit (IPPC), in accordance with the Law on Integrated Prevention and Control of Environmental Pollution. This permit represents the prescribed conditions under which the facility must carry out its activities, while minimizing the impact on the environment. The permit primarily prescribes the permitted levels of emissions, but also the prevention and control of negative impacts on the environment through rational management of resources, application of the best available techniques and saving of natural resources.

Air Emissions

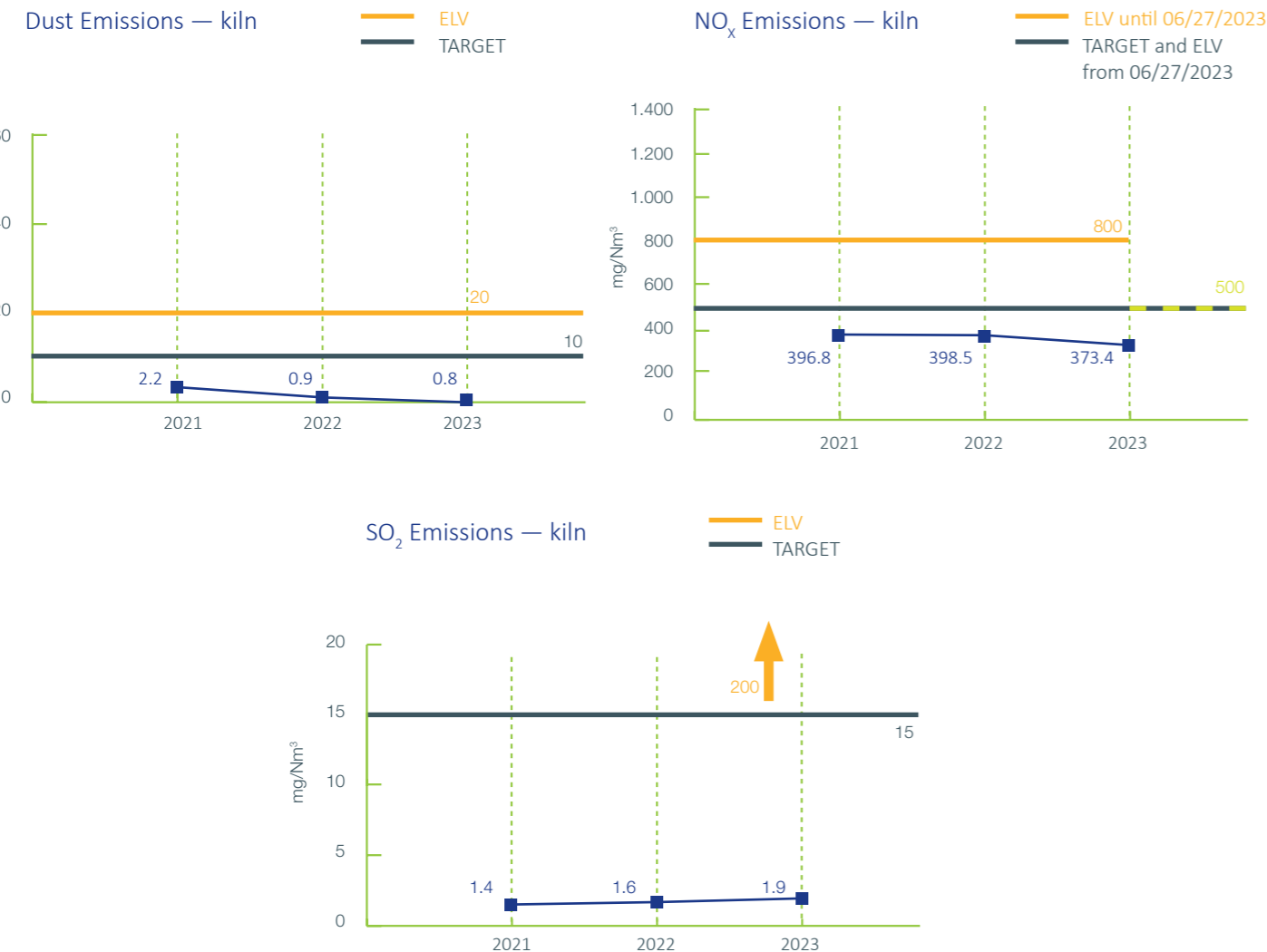
Our air emissions are monitored in accordance with the legal requirements and GCCA Guidelines. For emissions management, we use modern devices and methods to prevent, minimize and monitor our emissions, in accordance with appropriate BAT (*Best Available Technologies*) recommendations.

The most significant air emissions in the cement production process are emissions of nitrogen oxides (NO_x), sulfur oxides (SO₂) and dust. To reduce emissions of dust into the air, we use bag filters on all emitters, thus ensuring low levels of dust emissions. In order to reduce the emission of nitrogen oxides, in addition to the primary measures, we also apply the flame cooling technique, which ensures compliance with the lower ELV prescribed by the new IPPC.

Devices for continuous monitoring of emissions in our plant are installed on all main emitters. This enables us to monitor emissions in real time, and to take appropriate measures in a timely manner. We publish the measured fifteen-day average emission values on the rotary kiln emitter on the Company's website: www.titan.rs/homepage/, thereby providing interested parties with regularly updated information concerning our performance. Measurements on other emitters are regularly performed by authorized institutions, in accordance with regulations.

In addition to direct emissions, we achieve good results in the management of diffuse emissions through: covered conveyors, industrial vacuum cleaners are provided in plants, storages are closed, raw materials and roadways are water sprayed and road maintenance is provided.

Our efforts to control and minimize emissions have been successful, as our emissions are below the values prescribed by the new permit. The graphs illustrate the average annual emissions compared to our internal targets and the limit values set by the IPPC permit.



Waste Management

During our production activities, we do not generate technological waste; however, waste does result from plant maintenance, cement packing, and palletizing activities. This waste is sorted at its origin, collected, and temporarily stored in designated areas. It is then handed over to authorized operators for recycling treatment, aiming to minimize landfilling. All waste management activities are conducted in accordance with prescribed measures.

In 2023, we generated 276.8 tons of non-hazardous waste, all of which was submitted for recycling. Additionally, we generated 4.2 tons of hazardous waste, including lubricating oil, absorbents, light bulbs, and electrical and electronic waste. All hazardous waste was handed over to authorized operators for further treatment.

Biodiversity

Responsible and efficient land management as well as preservation of biological diversity is a key area of TITAN's sustainability strategy, which aims to preserve natural capital as well as the well-being of local communities in the areas where it operates. The rehabilitation of our quarries, as well as the management of biodiversity at our sites, are carried out in accordance with the GCCA Sustainability Guidelines for quarry rehabilitation and biodiversity management. TITAN's commitment to biodiversity conservation and sustainable land management is part of the environmental protection Policy and the Climate Change Mitigation Strategy and is in line with the relevant ESG Goals for 2025.

Prevention measures that we implement in the TITAN Group are periodic risk assessments of the state of biodiversity, at each of TITAN's locations, using the Integrated Biodiversity Assessment Tool (IBAT). The results of this risk assessment, which was carried out in 2020, confirmed that our factory and quarries, Suvo Vrelo and Galovići, are not nearby, nor are they located in areas with high biodiversity value. For this reason, specific biodiversity management plans are not required for our locations. Also, TITAN Cementara Kosjerić does not perform activities in locations that are protected by law, as well as in zones of special importance for the preservation and improvement of nature, or in areas located next to places of high biodiversity.

TITAN in Kosjerić – Engagement and Investment in the Local Community

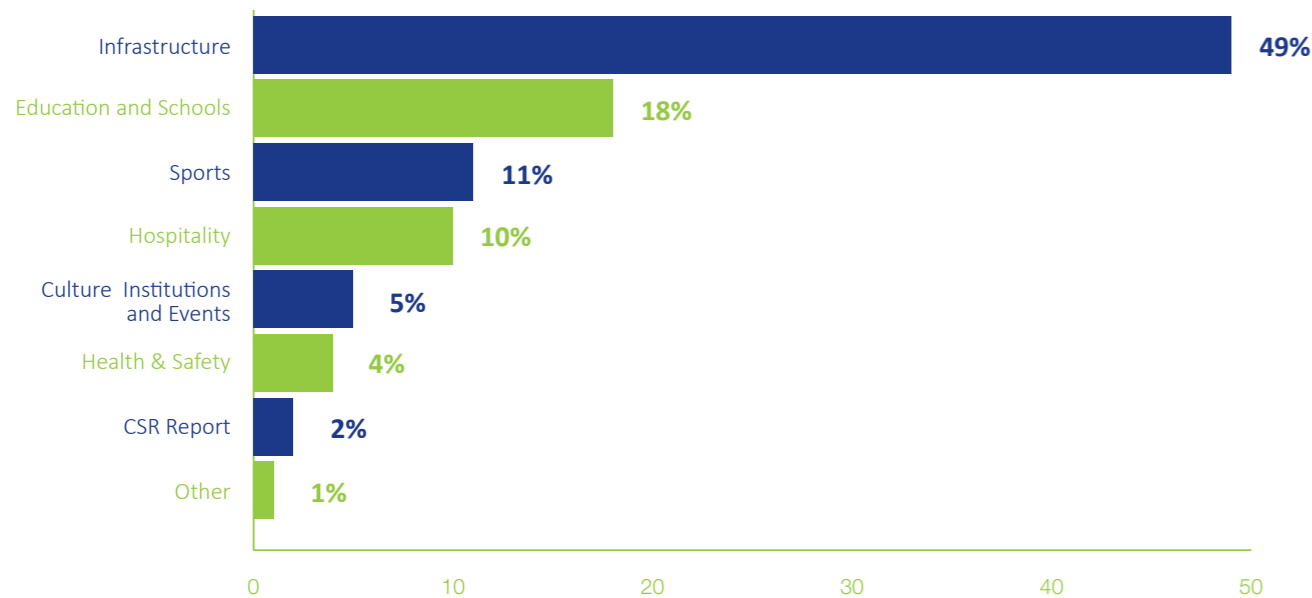


MATERIAL ISSUE:
Stakeholder Engagement and Welfare of Communities

At TITAN Cementara Kosjerić, our progress is rooted in the values of social responsibility and sustainable development, encapsulated by the welfare of both our residents and neighbors. Each day, we dedicate ourselves to enhancing the lives of our community members through strong initiatives that promote local development. In 2023 alone, the Company allocated over €552,000 toward investment projects within the local community.

In 2023, TITAN Cementara Kosjerić spearheaded 30 socially impactful initiatives, involving over 150 participants, including over 50 of our own employees. These efforts are estimated to have directly benefited over 33,000 individuals within both the local and broader communities, exemplifying our commitment to effectiveness and tangible results.

Structure of Investments in the Local Community



The Company implements programs focused on the communities in which it operates in accordance with its TITAN Group Framework Guidance. These programs are aligned with local needs and promote dialogue and collaboration with interested and motivated parties.

We Encourage the Further Progress of the Community

TITAN Cementara Kosjerić, through its responsible practices, actively contributes to the direct and indirect advancement of the domestic economy. Adhering to TITAN's standards, we transparently report the share of domestic suppliers in our total procurement (*Local Spend*). In 2023, this figure stood at 83.43%, i.e. 84.88% consolidated with operations in TCK Montenegro. As part of our commitment, we endeavor to engage domestic suppliers for at least two-thirds of our total purchases. This objective is realized through a series of projects that prioritize domestic companies, provided they meet all other criteria outlined in our purchasing procedures.



MATERIAL ISSUE:
Responsible and Sustainable Supply Chain

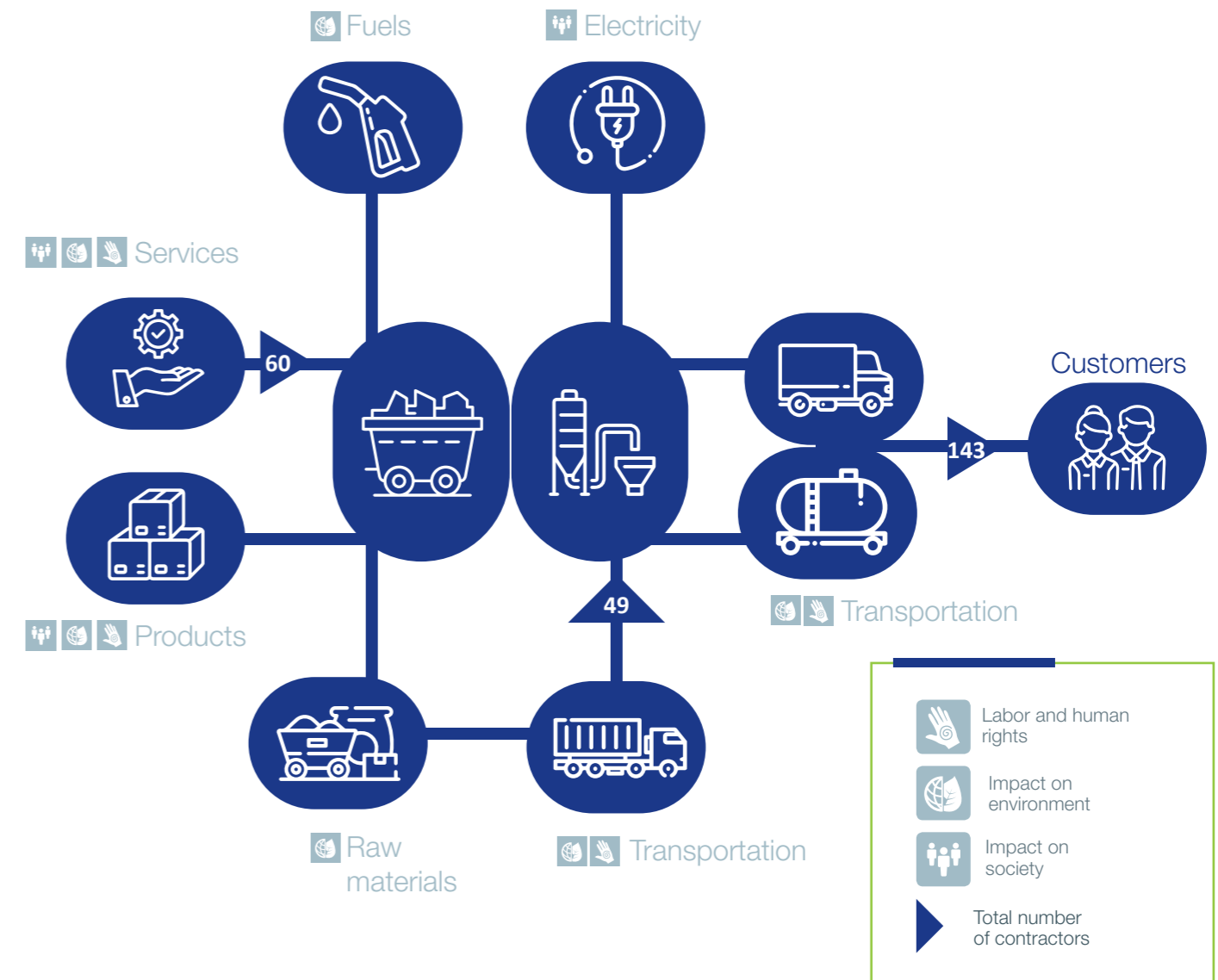
Subcontractors based in Kosjerić specialize primarily in plant production and maintenance activities. In 2023, we established annual contracts with 8 local companies, engaging 68 employees from Kosjerić for internal transport, bagged cement loading, and plant maintenance. These contracts resulted in a total turnover of € 4.37m, marking a 12% increase compared to 2022.

The role of Kosjerić-based companies in providing cement and raw material transportation services is paramount. In 2023, these services employed 116 individuals from transportation companies, maintaining the same workforce level as in 2022. Despite stable employment figures, the annual turnover for 2023 with transportation companies remained consistent at € 7.13m compared to the previous year.

Overall, companies seated in Kosjerić contributed significantly to our operations, with a total turnover of € 11.7m in 2023. This represents 24% of total yearly turnover with all suppliers.

Supply Value 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.



Local Cooperation for Better Air Quality



Last year, our Company invested RSD 30m in modernizing the town heating plant in Kosjerić, transitioning from fuel oil to gas, and expanding its capacity. TCK facilitated the connection of the elementary school, high school, and healthcare center to the town heating plant through this investment. This infrastructure upgrade not only creates an opportunity to decommission three large boiler rooms in these public institutions but also plays a vital role in improving air quality in Kosjerić by eliminating these significant sources of local pollution.

Through significant investments in our processes and equipment, TITAN Cementara Kosjerić has consistently achieved environmental excellence, ranking among the world's leading cement plants. This investment reaffirmed our strategic dedication to investing in the local community.

Festival Developing Science and Society

Last year's sixteenth Science Festival gathered 18,000 visitors at the Belgrade Fair, from May 17–19. The traditional event, primarily intended for children and youths, aims at promoting science, creative thinking and education, as significant values of a society. Representatives of 56 scientific and educational institutions from all over Serbia participated at the Festival, with more than 1,500 demonstrators. The audience had the opportunity to find out about hundreds of entertaining topics in natural and social domains, and to discover the entertaining side of science, with numerous interactive experiments.



Following the tragic event at the Vladislav Ribnikar Elementary School in Belgrade, the festival was organized as a humanitarian event, free of charge for all visitors. In collaboration with professional partners, special workshops were organized to provide psychological support to children, parents and teachers.

The free Science Festival was made possible owing to the financial donations of numerous companies and individuals, including TITAN Cementara Kosjerić. In an exceptionally short period of time, our Company responded to the appeal for solidarity in the implementation of the event contributing to the progress of the whole society.

The 'For My Kosjerić' Contest 2023

For the ninth consecutive year, TITAN Cementara Kosjerić has organized the 'For my Kosjerić' contest. The aim of this competition is to enhance educational standards, promote cultural and artistic vitality, elevate social welfare and inclusivity, and enhance environmental sustainability.

During the competition, a jury selected the top 12 projects from a pool of 20 submissions, with investments totaling almost € 32,000 allocated for their implementation.



TITAN's First Cycling Tour

Our Company promotes healthy lifestyle practices and sportsmanship exemplified by our inaugural cycling tour open to citizens of all ages.

Over 100 participants convened at the starting point for the 6-kilometer journey. At the finish line, amidst refreshments and rest for all, three fortunate individuals were awarded with bicycles as tokens of appreciation.



Responsible Sourcing

We prioritize the involvement of suppliers from the Kosjerić municipality whenever feasible and economically justified. Key tasks such as cement and raw materials transportation, mineral processing, internal plant logistics, bagged cement loading and plant maintenance are outsourced to local partners. Our continuous efforts to strengthen these collaborations have resulted in significant turnover with Kosjerić-based suppliers, reflecting our commitment to supporting the local community and economy.



MATERIAL ISSUE:
Product Quality and Safety

Quality Products

TITAN Cementara Kosjerić is dedicated to delivering high-quality products, services, and support to our valued customers. Through a market-oriented approach, we collaborate closely with institutions and customers to offer expert advice and innovative solutions, enabling them to achieve exceptional results. Our mission extends beyond producing high-quality cement with consistent performance; we also aim to support our customers in delivering environmentally-friendly and stable concrete solutions. In line with this commitment, TITAN Cementara Kosjerić is deeply committed to offering innovative green products, such as Eco-Efficient Cement, to meet the evolving needs of our customers and contribute to a sustainable future.

In 2023, our Eco-Efficient Cement made its debut on the Serbian and Montenegrin markets. Customer feedback has consistently rated it as a top-quality product, while also playing a significant role in reducing TCK's overall CO₂ emissions by 2% in 2023, compared to 2022.

CEM II/C-M(V-L) 42.5N

In addition to stable quality (water consumption, setting time), this cement provides high standard 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 LH

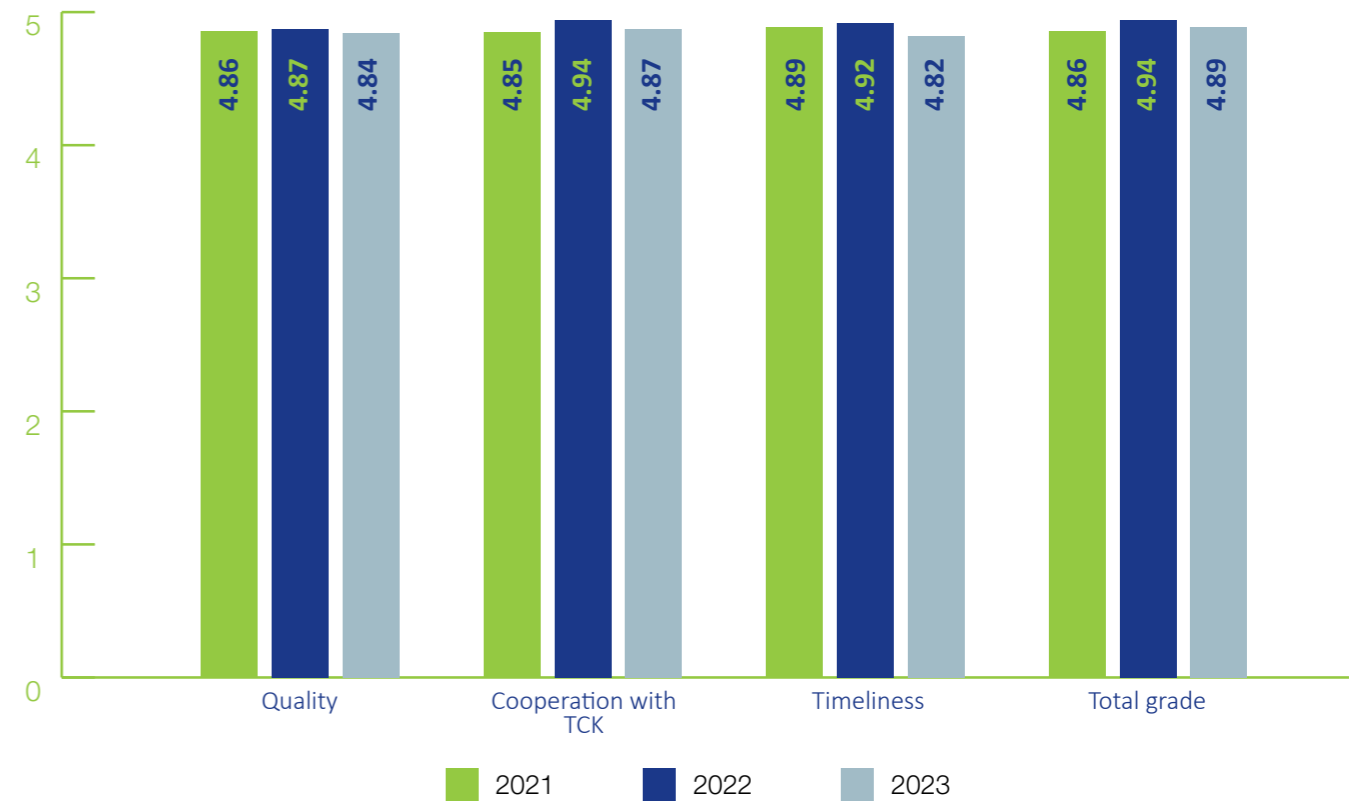
This cement has a wide range of applications, from transported and pumped concrete to reinforced concrete structures manufacturing and concrete exposed to moderately aggressive environments. Suitable to produce finishing building materials as well as concrete high compressive strength class, it meets requirements for consistent quality and low heat of hydration.

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. It is recommended for the building of massive concrete structures, such as bridges, tunnels, roads. It demonstrates high resistance to frost and salt.

TITAN Cementara Kosjerić has long prioritized customer satisfaction through our 'Customer Satisfaction Survey'. This survey technique provides us with invaluable insights into customer opinions on product quality, service excellence, expertise, collaboration, equipment and cement delivery, offering meaningful inputs for our ongoing enhancement efforts.

Customer Satisfaction Survey 2021-2023



We are committed to closely collaborating with our customers, ensuring we understand their needs and providing innovative products, services, and leading-edge solutions in line with the TITAN 3D Strategy (Deliver, Decarbonize, Digitalize).



Responsible Procurement and Supply Chain Reliability

CONTRACTORS*	2023	2022	2021
Total number of employed contractors	254	265	231
Number of employed contractors, excluding logistics and transportation	60	58	54
Number of contractors – logistics and transportation	192	206	176
Total number of contractors man-hours	479,159	510,512	435,401

* Number of contractors estimated as FTE (full-time equivalent).

TITAN Cementara Kosjerić diligently performs ongoing evaluation of its suppliers, assessing their performance in health and safety, environmental protection, delivered products/service quality and adherence to our Company's Code of Conduct. In 2023, we conducted evaluations for 336 out of 783 suppliers, with an additional 32 suppliers evaluated specifically on health and safety and environmental criteria.¹⁰

Our steadfast commitment to upholding human rights, anti-bribery and anti-corruption measures, health and safety standards, and environmental preservation remains paramount. These practices are promoted and communicated to suppliers through supply chain management, regular communication with suppliers and distribution of the Code of Conduct.

The Code of Conduct defines professional obligations of both TITAN Cementara Kosjerić and our suppliers in business collaborations, while also instilling and promoting Titan's core values throughout the supply chain. In 2023, we distributed the Code of Conduct to 31 suppliers and incorporated clauses pertaining to human rights protection, anti-bribery and anti-corruption guidelines, health and safety standards and environmental protection into 141 contracts.

¹⁰ Key suppliers are those whose annual turnover with TCK in 2023 accounts for 70% of the total turnover, not counting suppliers of the group category and state institutions.

Resources Preservation



MATERIAL ISSUE: Responsible Use of Resources

For many years, the use of natural resources has been considered a material topic in our Company, important both from the point of view of business and from the point of view of the wider community. We are committed to contributing to sustainable development and taking actions to save non-renewable natural resources through using secondary raw materials and water- using recirculation systems.

Natural and Alternative Raw Materials

The use of natural resources requires responsibility, in order to minimize the impact of their exploitation. To this end, we prioritize resource conservation by incorporating end-of-life products as raw materials in our production processes. In 2023, we consumed over 116,500 tons of secondary raw materials- alternative raw materials for the production of clinker and cement – marking an increase of approximately 8% compared to the previous year. This approach not only enhances resource efficiency but also significantly reduces the volume of industrial waste landfilled in Serbia.

Water

Through our steadfast commitment to responsible water management, we have successfully achieve our goals in preserving the quality of water resources and reducing the use of fresh water. We put a wastewater treatment plant into operation in 2010, followed by the implementation of a water recirculation system in 2014, resulting in a substantial decrease in specific water consumption across our operations. Through the water recirculation system, we realized impressive result by reusing over 619,200 m³ of treated wastewater, achieving an overall water reuse ratio of 86.1%.

At our plant, we do not generate process wastewater. Apart from the recycled/reused water, at our plant the water we need for cooling purposes and road washing is just very small quantities of freshwater sourced from the Skrapež river plus harvested rain water. Market and sanitary water from the city water supply are also utilized.

We monitor water usage through installed water meters, allowing us to analyze data promptly. To further enhance our water management practices, we continue to actively pursue projects aimed at improving system reliability and enhancing water consumption control. In 2023, initiatives included pipeline replacements, PID regulation implementation for water dosing at the cement mill and kiln, and the installation of additional monitoring water meters.

Water risk assessment is a significant component of TITAN's sustainable management of water resources policy. In 2023, we completed an updated water risk assessment at the corporate level for all Group sites, with the use of Aqueduct, a tool developed by the World Resources Institute (WRI). According to this assessment, the Kosjerić Plant is located in a water-stressed area, therefore further actions will be taken 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.

Performance indicators in Environmental, Social, and Corporate Governance (ESG) domains are structured based on a comprehensive assessment of materiality within the TITAN Group, aligned with our focus areas. These indicators are thoughtfully selected based on their relevance to the overarching issues and their alignment with our long-term objectives, extending beyond 2025.

Our ESG Performance Statements are available online at: www.titan.rs/esg-key-performance-indicators-kpis/. Our focus areas include: 1. Decarbonization and Digitalization, 2. Growth-enabling Work Environment, 3. Positive Local Impact, and 4. Responsible Sourcing. All these areas are intricately linked to the 5th focus area: Good Governance, Transparency, and Business Ethics.

As always, we encourage feedback from our readers to enhance the content and design of this Report, ensuring its reliability and quality. By fostering a collaborative approach, we aim to maintain an engaging and informative publication that reflects our commitment to responsible practices and community collaboration.

For additional clarification of certain terms used in this Report, the Glossary is available at the online address: <https://titan.rs/glossary-2023/>



code	ESG Performance Indicators	Unit	2023	2022	2021	SDGs and Targets	Page in this Report
1. Focus Area: Decarbonization and Digitalization							
1.1 Material Issues: Climate Change and Energy & Economic Performance and Market Presence							
Cement and cementitious production activities							
1.3	Scope 1 gross CO ₂ emissions coverage rate	% _{Clinker production}	100.0	100.0	100.0		15
1.10	Scope 2 CO ₂ emissions coverage rate	% _{Clinker production}	100.0	100.0	100.0	9.4	17
1.19	Scope 3 CO ₂ emissions coverage rate	% _{Clinker production}	100.0	100.0	100.0		17
1.46	Moderate carbon products ¹	% _{Cement production}	100.0	100.0	100.0	7.2; 12.2; 13.1	
1.47	Green (lower carbon) products ²	% _{Cement production}	47.3	43.3	45.7		
2. Focus Area: Growth-enabling Work Environment							
2.1 Material Issue: Safe and Healthy Working Environment							
All activities							
2.1	Employee fatalities	#	0	0	0		
2.5	Employee Lost Time Injuries (LTIs)	#	0	0	1		
2.9	Contractors Lost Time Injuries (LTIs)	#	1	0	0		
2.11	Near misses	#	38	30	25	3.6; 3.8; 4.3; 8.8	20
2.12	Training man-hours on health and safety per employee ³	h/person	15.2	16.0	14.8		20
2.13	Training man-hours on health and safety per contractor	h/person	38.6	18.6	8.7		20
2.14	Expenditures for Health and Safety	€	416,303	1,250,344	217,449		10
2.2 Material Issue: Employment and Employee Wellbeing							
All activities							
2.26	Number of employees as of December 31	#	196	187	199		
Turnover							
	Employee turnover	%	1.02	11.23	2.51		
Employees left							
2.32	Employees left	#	2	21	5		
New hires							
2.39	New hires	#	11	9	14		
2.40	New hires: Females	#	3	3	7		
2.41	New hires: Males	#	8	6	7	5.4; 8.5; 8.6; 8.8; 10.3	
2.42	New hires under 30	#	6	2	8		
2.43	New hires 30–50	#	5	6	6		
2.44	New hires over 50	#	0	1	0		
Employment per gender							
2.55	Females	#	44	43	43		
2.56	Males	#	152	144	156		
2.57	Share of women in employment	%	22.45	22.99	21.61		
2.58	Share of women in management	%	37.04	41.38	33.33		19
2.59	Share of women in senior management	%	0.00	0.00	0.00		
All activities							
2.62	Training investment per (trained) employee ⁴	€	715	597	479		
2.63	Training investment	€	137,256	112,887	99,613	4.3; 4.4; 5.1; 5.5; 8.5; 10.2; 10.3; 16.5	10
Training investment per gender							
2.64	Females	€	61,765	52,548	43,671		
2.65	Males	€	75,491	60,339	55,942		
Training hours							
2.76	Training hours	#	8,904	7,537	9,599		21
2.77	Average training hours per employee (over the total number of direct employees)	#	45	40	48		
2.78	Average training hours per female employee	#	79	61	72		21
2.79	Average training hours per male employee	#	36	34	42		21

¹ Moderate carbon products refer to produced cement types with a carbon footprint that is at least 10.0% lower than that of a typical OPC type as well as any cementitious product sold to be used as cement or concrete additive.

² Green (lower carbon) products refer to produced cement types with a carbon footprint that is at least 25.0% lower than that of a typical OPC type as well as any cementitious product sold to be used as cement or concrete additive.

³ Starting with 2021 reporting, this, and similar Average Training Hours KPIs are calculated based on Employment on December 31. Previously, this KPI was calculated based on Average Employment.

⁴ For the definition of KPI Training Investment see: "Glossary" on our website.

code	ESG Performance Indicators	Unit	2023	2022	2021	SDGs and Targets	Page in this Report
3. Focus Area: Positive Local Impact							
3.1 Material Issue: Environmental Protection & Investments							
Air Emissions							
Cement Production Activities							
3.1	Coverage rate continuous measurement	%	100.0	100.0	100.0		24
3.2	Specific dust emissions	g/t _{Clinker}	1.9	1.9	4.7		24
3.3	Specific NO _x emissions	g/t _{Clinker}	855.5	866.0	844.0	3.9; 9.4	24
3.4	Specific SO _x emissions	g/t _{Clinker}	4.3	3.5	3.0		24
3.5	Integrated cement plants and cement grinding plants with certified EMS (ISO 14001 or similar)	% of plants	100.0	100.0	100.0		
Investments in Environmental Protection							
All Activities							
3.14	Environmental expenditures across all activities ⁵	€	1,802,253	456,490	576,608		10
3.15	Environmental management	€	473,478	364,549	377,200		
3.16	Reforestation	€	2,981	0	0		
3.17	Rehabilitation	€	0	0	0	7b; 9.4	
3.18	Environmental training and awareness building	€	1,998	123	128		
3.19	Application of best available technologies	€	1,312,721	78,927	185,532		
3.20	Waste management	€	11,075	12,892	13,748		
3.2 Material Issue: Stakeholder Engagement and Welfare of Communities							
3.21	Donations ⁶	€	552,476	163,533	88,381		26, 28-29
3.24	Employees from local community	%	89.29	89.30	88.94	2.1; 2.3;	
3.25	Internships	#	20	26	-	4.3; 4.4;	4, 19
3.26	New entry level jobs from internships/traineeships	#	6	3	-	9.3	4, 19
3.29	Total number of Initiatives under Community Engagement Plans	#	30	18	6		26
4. Focus Area: Responsible Sourcing							
4.1 Material Issue: Responsible Use of Resources							
All Activities							
4.1	Water consumption (total)	'000 m ³	57.0	64.6	52.6		
4.2	Water withdrawal (total, by source) ⁷	'000 m ³	99.7	104.1	84.7	6.3; 6.4;	
4.10	Water discharge (total, by destination) ⁸	'000 m ³	42.7	39.5	32.1	6.5	33
4.16	Water recycled (total)	'000 m ³	619.2	644.5	610.6		
4.17	Water demand covered with recycled water	%	86.1	86.1	87.8		
Cement Production Activities							
4.39	Alternative raw materials consumption (dry)	million t	0.1	0.1	0.1	12.2; 12.4	33
All Activities							
4.42	Waste disposal (total, wet)	t	322.6	254.5	297.1	12.2; 12.4;	
4.45	Externally recycled waste materials (total, wet)	t	281.1	215	250	12.5	25
4.51	Recycled	% w/w	87.1	84.4	84.3	12.2; 12.5	
4.54	Landfilled	% w/w	12.9	15.6	15.7		
5. Focus Area: Good Governance, Transparency and Business Ethics							
5.1 Material Issue: Good Governance, Transparency and Business Ethics							
5.1	Grievance mechanism (EthicsPoint) coverage	%	100	100	100	5.5; 16.5;	14
5.2	Percentage of unionized employees	%	60.20	60.43	64.32	16.6; 16.7	

⁵ For the definition of "Environmental expenditures across all activities" see: "Glossary" on our website.

⁶ For the definition of "Donations" see: "Glossary" on our website.

⁷ Total withdrawal includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.

⁸ Total discharge includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.



Through the diligent application of industry-leading corporate practices, our Company and its subsidiary, TCK Montenegro (hereinafter: the Group) have successfully navigated the global energy market's instability, ensuring uninterrupted supply chain operations.

Following strong financial performance in 2021 and 2022, the Group continues its impressive momentum by achieving outstanding consolidated financial results in 2023.

Sales revenues surged by 16.2%, while the consolidated operating profit (EBITDA) soared by an impressive 18.3%. This marks the second consecutive year in which the Group has surpassed its historical best result. In parallel, production and sales volumes reached their third highest levels ever.

The past year was characterized by stable investment activities and focus on optimizing working capital. As a result, cash generated from operations proved ample to meet both legal and contractual obligations, as well as other liabilities, all while maintaining steadfast support to the local community in advancing various socially significant initiatives.

The Group is committed to overcoming the impact of global shifts in the energy sector and broader global developments that are expected to affect market trends. We will maintain our flexibility and quickly adapt to any new challenges to ensure a seamless production process and sustain strong financial performance.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31	2023 '000 RSD	2022 '000 RSD
OPERATING REVENUES	10,480,523	9,021,211
Revenues from sale of merchandise	2,728,485	2,479,709
Revenues from sale of products and services	7,561,474	6,540,483
Work performed by the entity and capitalized	7,468	4,986
Increase in inventories of unfinished and finished goods	182,744	-
Decrease in inventories of unfinished and finished goods	-	4,496
Other operating income	352	529
OPERATING EXPENSES	7,231,209	6,299,974
Cost of trading goods	1,280,200	1,032,849
Cost of materials, fuel and energy	3,043,604	2,634,135
Cost of salaries, fringe benefits and other personal expenses	710,424	630,813
Depreciation and amortization	222,916	195,089
Expenses from property value adjustments (except financial assets)	-	781
Cost of production services	1,517,245	1,436,985
Cost of provisions	49,599	38,408
Non-production costs	407,221	330,914
OPERATING PROFIT	3,249,314	2,721,237
Financial income	17,633	8,587
Financial expenses	3,979	3,757
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	3,456	338
Other income	50,862	43,027
Other expenses	55,880	24,475
Net income attributable to discontinued operations, the effects of changes in accounting policies and correction of prior period errors	6,158	-
Net loss attributable to discontinued operations, the effects of changes in accounting policies and correction of prior period errors	-	1,648
PROFIT BEFORE TAX	3,260,652	2,742,633
Income tax	510,510	419,500
Deferred income tax	17,460	6,556
NET PROFIT	2,767,602	2,329,689

CONSOLIDATED BALANCE SHEET

As of December 31	2023 '000 RSD	2022 '000 RSD
NON CURRENT ASSETS	3,053,170	3,035,560
Intangible assets	67,919	50,878
Property, plant & equipment	2,985,251	2,984,682
Long-term financial investments and long-term receivables	-	-
DEFERRED TAX ASSETS	55,067	37,607
CURRENT ASSETS	2,455,144	2,639,891
Inventories	1,053,267	1,038,267
Trade receivables	394,430	472,870
Other short-term receivables	66,766	35,830
Short-term financial investments	507	531
Cash and cash equivalents	936,451	1,082,853
Short-term accruals	3,723	9,540
TOTAL ASSETS	5,563,381	5,713,058
EQUITY	4,283,421	4,160,319
Basic and other capital	2,511,830	2,510,265
Reserves	170,226	170,241
Retained earnings	1,601,365	1,479,813
LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES	129,204	119,683
Long-term provisions	112,905	103,506
Long-term liabilities	16,299	16,177
SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES	1,150,756	1,433,056
Short-term provisions	36,329	20,226
Short-term financial liabilities	9,394	8,809
Customer prepayments	40,690	9,501
Operating liabilities	810,683	1,258,838
Other short-term liabilities	252,424	131,657
Short-term accrued expenses	1,236	4,025
TOTAL EQUITY AND LIABILITIES	5,563,381	5,713,058

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31	2023 '000 RSD	2022 '000 RSD
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operating activities	10,600,828	8,925,282
Sales and advances received	10,372,844	8,905,074
Other inflow from operating activities	227,984	20,208
Cash outflow from operating activities	7,872,434	6,347,157
Payments and prepayments to suppliers	6,716,636	5,298,682
Salaries, fringe benefits and other personal expenses	666,871	640,037
Interests paid	1,357	1,610
Income tax	472,891	371,360
Payments for other public revenues	14,679	35,468
Net cash inflow from operating activities (A)	2,728,394	2,578,125
CASH FLOW FROM INVESTING ACTIVITIES		
Cash generated from investing activities	18,183	34,515
Sale of intangible assets & property, plant and equipment and biological assets	1,340	7,709
Other financial investments (net inflows)	-	14,927
Interests received from investing activities	16,843	11,879
Cash outflow from investing activities	247,967	805,162
Purchase of intangible assets, property plant and equipment	247,967	782,563
Other financial investments	-	22,599
Net cash outflow from investing activities (B)	(229,784)	(770,647)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash generated from financing activities	707	8,647
Other long-term liabilities	122	6,787
Other short-term liabilities	585	1,860
Cash outflow from financing activities	2,645,042	1,596,032
Dividends paid	2,645,042	1,596,032
Net cash outflow from financing activities (C)	(2,644,335)	(1,587,385)
Net cash inflow (A+B+C>0)	-	220,093
Net cash outflow (A+B+C<0)	(145,725)	-
Cash at the beginning of the period	1,082,853	864,106
Foreign exchange gains on translation of cash	155	224
Foreign exchange losses on translation of cash	833	1,570
Cash at the end of the period	936,451	1,082,853

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31	Basic and other capital '000 RSD	Reserves '000 RSD	Retained earnings '000 RSD	Total equity '000 RSD
Balance at January 1, 2022	2,507,709	170,268	769,446	3,447,423
Net change during the period	2,556	(27)	710,367	712,896
Balance at December 31, 2022	2,510,265	170,241	1,479,813	4,160,319
Balance at January 1, 2023	2,510,265	170,241	1,479,813	4,160,319
Net change during the period	1,565	(15)	121,552	123,102
Balance at December 31, 2023	2,511,830	170,226	1,601,365	4,283,421

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Auditor's Report of Factual Findings

To the owners and management of TITAN CEMENTARA KOSJERIĆ

The management of TITAN CEMENTARA KOSJERIĆ, Kosjerić, registration number: 07190425, TIN 101087985 (hereinafter referred to as the "Company"), hired Grant Thornton d.o.o. Beograd, Serbia ("Grant Thornton") engaged to perform predefined procedures regarding the non-financial disclosures presented in the 2023 Integrated Annual Report (hereinafter referred to as the "Integrated Annual Report") prepared by the Company for the fiscal year that ended on 31 December 2023 ("Selected Data") for the purpose of providing factual findings regarding the criteria described below (Scope of Work). For the purpose of this Report, the selected data pertains to the activities of the Company in Serbia and does not include information regarding the activities or performance of other contractors or third parties.

Predefined procedures are related to:

- review and assessment of the materiality assessment methodology in relation to the standard guidelines AA1000.
- of the qualitative and quantitative sustainability disclosures, particularly for the areas of environmental protection and health and safety, in accordance with the criteria applied in 2023, which are aligned with the TITAN reporting standards at the group level and the business unit level.

Our services were provided in accordance with the International Standard on Related Services (ISRS) 4400 – Performance of Agreed-Upon Procedures Engagements Regarding Financial Information.

Auditor's Report of Factual Findings (continued)

The Company management has provided us with the following:

- TCK 2023 Integrated Annual Report - Serbian and English versions.
- TITAN Sustainability Glossary & Guidelines (Social Performance).
- TITAN Sustainability Glossary & Guidelines (Environmental Performance).
- Review of ESG key performance indicator (KPI) metrics, Serbian and English versions.
- Consolidated financial statements for the purposes of the 2023 Integrated Report.
- All relevant reviews from the system related to records and measures taken by the Company concerning occupational health and safety and environmental protection in 2023.
- The 2023 "360 Health&Safety Review" internal audit report conducted by experts from the parent company.
- Workplace safety policy and vision.
- Action plan for implementing workplace safety and security within the TCK, including the KPIs and annual goals for 2023.
- Environmental protection policy.
- Decision on the issuance of an integrated permit by the Ministry of Environmental Protection.
- TITAN's Code of Conduct and Code of Conduct for Procurement.
- Anti-Bribery and Corruption Policy.
- Relevant data from the human resources department, supporting the report in terms of staff qualifications, structure, turnover, and education.

The procedures we conducted include:

- Reading the Integrated Annual Report (in its entirety) and analyzing the documentation received to ensure compliance with the criteria detailed in this Auditor's Report of Factual Findings;
- Visiting the factory and interviewing key personnel responsible for preparing the Integrated Annual Report, providing information on sustainability performance for the understanding and assessment of processes, internal controls, and information systems related to the preparation of the aforementioned information.
- Gaining an understanding of the Company's organizational structure, stakeholder engagement, and development processes in accordance with the sustainability program.

Our findings based on the aforementioned procedures are presented as follows:

- Through interviews and a visit to the TCK factory premises, we gained a sufficient level of understanding regarding the functioning and adherence to procedures related to safety, occupational health, and environmental protection.

Auditor's Report of Factual Findings (continued)

- Upon reviewing the relevant documentation accompanying the 2023 Integrated Annual Report, and comparing it with the relevant standards pertaining to the TITAN Group's sustainable reporting, we have found that the Company has prepared the draft of the 2023 Integrated Report in accordance with the TITAN Group's sustainable reporting standards, i.e. the Guidelines of the International Integrated Reporting Council (IIRC), the approach of the Global Cement and Concrete Association (GCCA), the Sustainability Accounting Standards Board (SASB), the UN Global Compact Sustainable Development Goals (SDGs 2030), and the guidelines of the United Nations Conference on Trade and Development (UNCTAD).

As the aforementioned procedures do not constitute an audit or review performed in accordance with the International Standards on Auditing or the International Standards applicable to review engagements of financial statements, we do not express any assurance as defined by those standards.

Had we performed additional procedures or had we conducted an audit or review of the financial statements in accordance with the International Standards on Auditing or in accordance with the International Standards applicable to review engagements of financial statements, we might have identified other matters that we would have specified in our report.

Our report is intended solely for the purposes stated in the first paragraph hereof and for your information, and it may not be used for any other purpose. This report pertains solely to the non-financial information disclosed in the TCK 2023 Integrated Annual Report and cannot be extended to other matters or to the Company's financial statements as a whole.

Belgrade, July 12th, 2024

 *Mirjana Jeremić*
Mirjana Jeremić
Certified auditor
Grant Thornton d.o.o. Beograd



TITAN
SERBIA