Integrated annual report 2021

TITAN
ZLATNA PANEGA CEMENT

About the report

This is TITAN Bulgaria's eighth Integrated Annual Report (IAR 2021), referred to as 'the Report' throughout this document (in printed or electronic format). The Report follows the principles of the International Integrated Reporting Council's (IIRC) Framework to provide our stakeholders with comprehensive information by giving an overview of our business performance during 2021. The reporting period is January 1st to December 31st, 2021.

The Report presents the financial and sustainability related disclosures of all operations of the TITAN Group in Bulgaria, referred to as TITAN Bulgaria, including Zlatna Panega Cement AD (the legal entity for our cement and concrete operations) and all other TITAN Group subsidiaries in Bulgaria (GAEA EAD, GSPB EAD and Double W Co EOOD). The main content of the Report includes an overall presentation of TITAN Bulgaria activities, goals and achievements, quantitative data, and financial information for 2021.

The Report is independently verified for environmental, social and governance (ESG) disclosures regarding the implementation of the UN Global Compact principles and advanced level criteria for Communication on Progress. The audit expresses a limited assurance conclusion that the published disclosures and indicators for our Health and Safety and Environmental performance have been established in accordance with the respective sectoral guidelines and protocols of the Global Cement and Concrete Association, which - since January 1st, 2019 - continued all work and activities of the previous Cement Sustainability Initiative (CSI) that operated under the framework of the World Business Council for Sustainable Development (WBCSD). Also this year the limited assurance with the auditing company is extended with the revision of the training plan of our employees and the Community engagement plan implemented for our stakeholders from the local community. TITAN Bulgaria monitors and reports corporate performance according to the global sectoral approach of TITAN Cement International S.A. (in short: TITAN Group), using global and sector-specific reporting standards and Sustainability Performance KPIs Index.

We make reference to the implementation of principles of the International Integrated Reporting Council (IIRC), the UN Global Compact Communication on Progress Guidelines, the Global Cement and Concrete Association Guidelines (GCCA), and the UN Sustainable Development Goals (SDGs) 2030. TITAN Bulgaria also integrated into its approach the Guidance of the United Nations Conference on Trade and Development (UNCTAD) for connecting its sustainability reporting with Targets for SDGs, following the TITAN Group approach. Last, we have adopted the TITAN Group practice for providing a connection of our ESG Performance Statements (KPIs) with the Sustainability Accounting Standards Board (SASB) Standards.

For more information about the TITAN Group approach and standards, please visit the 2021 TITAN Group Integrated Annual Report: https://www.titan-cement.com/newsroom/annual-reports/.

The consolidated financial statements, presented in the Annexes of the Report, were audited by PricewaterhouseCoopers Audit OOD. The sustainability-related performance overview and statements were independently verified by Grant Thornton OOD.

This Report is assured by an independent Business Assurance Company at the Advanced Level of Communication on Progress according to the United Nations Global Compact criteria.

WE SUPPORT

Note for the use of the Logo of the UNGC 'We Support':
We acknowledge that our parent company TITAN Group 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 consolidated our support for this initiative fully under parent's commitment. Therefore, we do not participate in the UN Global Compact activities, nor do we participate in activities of the Global Compact Network

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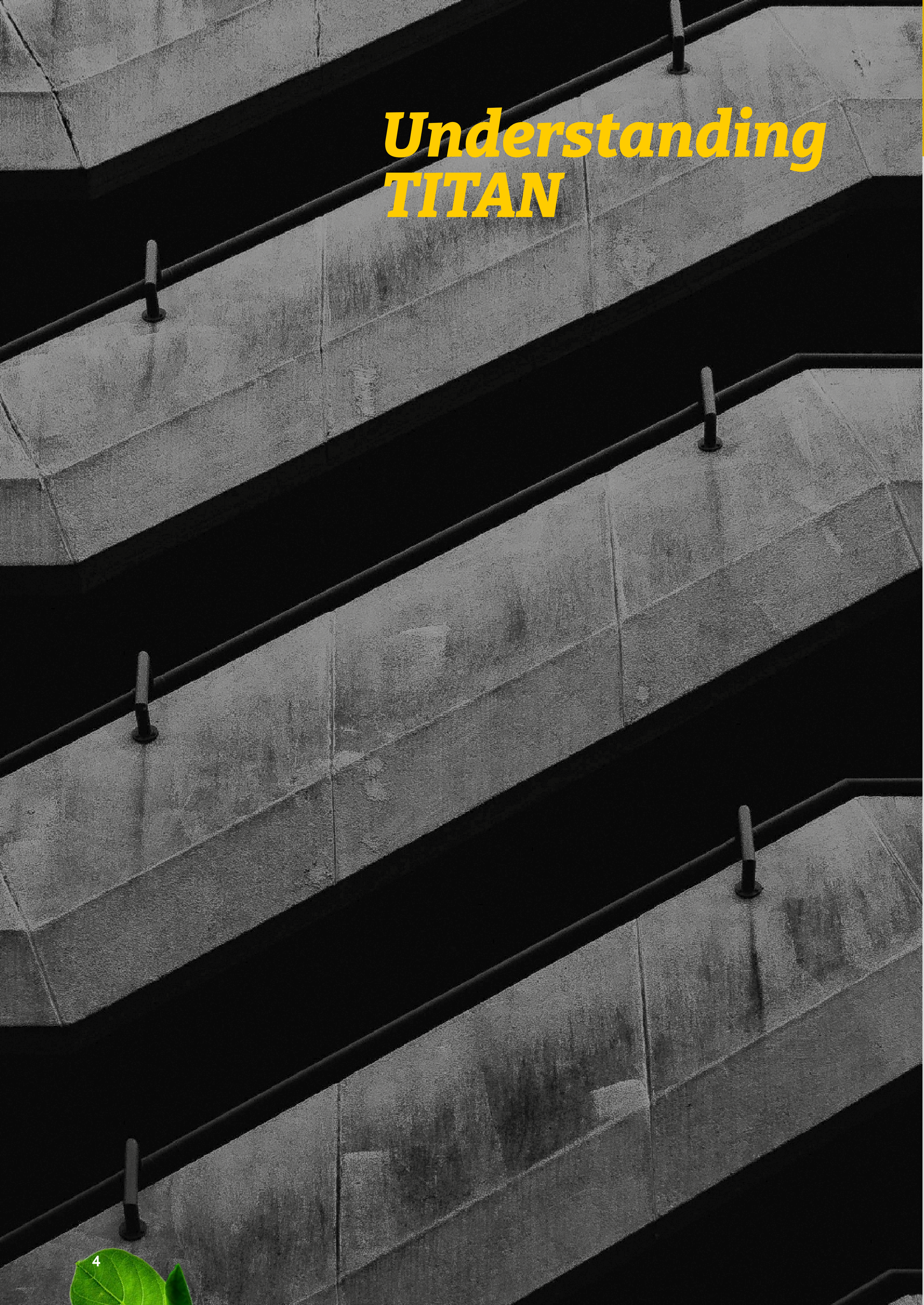

Understanding TITAN

2021 highlights

FINANCIAL highlights 2021

All the financial data in this chapter of the Report refer to Zlatna Panega Cement AD, the TITAN entity in Bulgaria for the sale of cement and concrete.

€44.711m

Revenue

€4.109m

EBITDA

€-2.205m

Net profit after tax

€73.427m

Total assets

€2.6m

Capital investment

SUSTAINABILITY (people and environment) related highlights 2021

255 employees

88.46% of employees from local communities

€37,810 invested in training and development

Zero fatalities and serious accidents for direct and contractors employees in TITAN Bulgaria operations

Zlatna Panega Cement developed a **decarbonization roadmap** with clear milestones and targets

Decrease in specific net CO_2 emissions by 31 kg per ton cementitious product

Reached **44%** thermal substitution rate with Alternative Fuels

112 k tons of waste have been utilized by the company, thus replacing a similar quantity of natural fuels and raw materials

20% reduction of electrical energy consumption in the Raw Mills complex

10.5% reduction in fresh water consumption for the cement plant;

Program **"Next step in safety"** was started and planned to be fully implemented in the next three years

Engagement/consultation with local community on quarries rehabilitation plans

Message from General Manager

2021 was a difficult year for the Bulgarian economy and Titan Bulgaria. The COVID pandemic persisted and the economic recovery, following the 2020 crisis, was not as strong as expected. In the last quarter of the year, energy prices started rising rapidly, increasing our production costs and eroding profit margins. The price increase that was implemented at the end of the year was too little too late to restore our profitability.

In this difficult year, we had to balance long-term plans with immediate responses required to address social and economic risks. We had to protect our people and ensure the continuity of operations between recurring COVID pandemic waves. We needed to restore profitability by adjusting sales prices and implementing our investment program that will improve the efficiency of our operation without losing sight of our long-term goals, so we can aggressively reduce our carbon footprint and achieve our 2030 environmental, social and economic goals.

Our first concern was to ensure the health of our people. Being a country with one of the lowest vaccination rates in Europe, we continued information campaigns about the vaccines, facilitated the vaccination process for our employees and our contractors. We also ran continuous PCR and rapid tests to contain the spread of COVID within our facilities. Although we have avoided the spread of COVID in our operations, our vaccination rates among our employees were only slightly higher than the vaccination rates in the country. Unfortunately, two subcontractors' employees have lost their lives due to COVID.

Our EBITDA in 2021 has decreased to €4.1m (-53%) vs 2020. The company invested €2.4 million in CAPEX projects (vs €2.9 million in 2020). 90% of the investments aim to improve our environmental and operational effectiveness. As a consequence of the decreased EBITDA, our free cash flow decreased to €2.3 million (vs €8.1 million in 2020).

In 2021, cement consumption in Bulgaria decreased by approximately 1%, compared to 2020. Although residential construction remains strong, the office and hotel construction sector could not recover after the pandemic. Additionally, public works construction slowed down during the long pre-election and election period. It did not resume even when a new government was in place due to accusations of the outgoing government of misuse of public funds in construction works. At the end of the year, we increased our sales prices to compensate for the escalating energy prices but did not restore our profitability to previous levels.

Climate change mitigation continued to be at the top of our agenda. In 2021, Titan signed the "Business Ambition for 1.5°C" Commitment letter, joining several leading companies that also seek to keep warming up to 1.5°C and reach net-zero emissions by 2050. Along these lines, Zlatna elaborated its decarbonization roadmap towards 2030 and finetuned its decarbonization initiatives till 2025. The decarbonization plan includes a variety of actions that will start in 2022, such as sourcing of new alternative decarbonized raw materials, studies for improving energy efficiency, identifying calcined clays deposits and formations suitable for carbon capture and storage close to the plant, CAPEX projects improving our efficiency both financially and environmentally and the introduction of new cement product types with lower clinker to cement content. The results of our efforts will be gradually realized as we will progress toward our 2030 decarbonization targets.

In 2021, we progressed in CO_2 reduction, attaining a decrease in specific net CO_2 emissions by 4% YoY. We reached the highest ever Alternative Fuels (AF) substitution rate of 44% alternative fuels in our fuel mix with 31% carbon-neutral biomass. The substitution rate achieved is not only a record for our plant but it is also a very high percentage for any cement plant with similar technical capabilities (4-stage preheater without calciner). The effort has been facilitated by feeding hydrogen (H_2) and oxygen (O_2) into the combustion process which improves significantly the combustion process. Hydrogen and Oxygen have been produced by the usage of PEM electrolysis system (Proton Exchange Membrane electrolysis system) provided by UTIS. The system has been tested for Titan at Zlatna and following the successful trial it will be deployed in other Titan cement plants.

Our subsidiary GAEA has been the exclusive supplier of all alternative fuels used by the plant, collecting 27k tons of industrial waste and 3k tons of used tires from all over Bulgaria. Apart from the alternative fuels, the company utilized also power plants wastes (44k tons of fly ash and gypsum), metallurgical industries (23k tons of slags), and other wastes (15 k tons) as alternative raw materials. The company contributes significantly to the development of the Bulgarian circular economy. For another year, all the alternative fuels (and raw materials) used at the plant are wastes from Bulgarian Industries without the need for any imports.

We were on track with all environmental targets towards 2025, including those related to energy efficiency, dust emissions, and water consumption. In 2021, we developed our 2030 decarbonization roadmap with clear milestones and targets. That year we decreased the specific net CO_2 emissions by 5% (or 31 kg per ton of cementitious product). By putting the new raw mill mixing silo in operation, we managed to reduce the electrical energy consumption in the Raw Mills complex by 20%. We reduced the consumption of freshwater by more than 10% vs. 2020 and covered fifty-two percent of our water demand with recycled water.

In 2021, we have completed the refurbishment of the raw mill silo contain a project that decreases our electrical consumption by 20% in the raw mill silo complex. Two other projects – part of the decarbonization plan - are currently in progress. Once completed in mid-2023, they will show improvement in our operational and environmental efficiency. The first one is an upgrade of the PEF feeding line and the installation of a PEF dryer. When it is completed, it will allow us to reach up to 70% thermal substitution rate (TSR) with alternative fuels at one of our kilns. The second one is the installation of a solar power plant of up to 11 MW in areas within or in adjacent plots to the plant. It provides up to 13700 MWh/y reducing scope 2 CO_2 emissions by 5500 tCO_2/y. For the latter, the plant has initiated the procedures for changing the status of the land and acquiring the relevant environmental permit.

H&S is a continuous priority for all of us. Despite our efforts, the year has been marked by two accidents – one to our employee and one to a subcontractor. Both our people recovered without no lasting consequences for their health. Due to these incidents, the Group launched the "Next Step in Safety" initiative, aiming to improve the way we perform routine activities that have safety risks. With the program, which came at the right time for Zlatna, we wanted to reconsider the way we plan and implement everyday work and increase the alertness of our employees to the hazards that might be inherent in their daily tasks.

In 2021, we have designed the response to an opinion survey, which has been launched by Titan earlier this year. In this survey, the employees expressed their opinion in a variety of areas. As a response to their opinion, we have launched a series of initiatives to simplify and accelerate decision-making as well as reinforce high-performance culture. These initiatives, among others, included simplification of procedures (LOTOTO and Permit-To-Work), delegation of authority to lower levels, the launch of an innovation program for the collection of ideas for process improvements or cost optimizations, and creating H&S team targets.

During 2021, 26 ESG initiatives and actions were implemented and assessed in coordination between TITAN Bulgaria and Group ESG team. All initiatives were assessed for connection with BU Material Issues under the SASB standards:

- Social Capital (55% of cases connected)
- Human Capital (24%)
- Leadership and Governance (14%). Followed by:
- Business Model and Innovation (5%), and Environment (2%).

In 2021 the level of community engagement: 'Involve' level reached 42%, and 'Collaborate' reached 31% share of all initiatives. The participants in initiatives reached 350 in total, of which approximately 100 are TITAN employees.

As we are writing these paragraphs, the war in Ukraine has erupted, bringing its suffering to our vicinity. It leads to further increases in energy prices and high inflation that are seriously affecting everyone, especially the life of the most vulnerable. Input costs are further escalating, leading to a spiral of product price increases that could drive the economy into recession. The headwinds do not leave our company nor our employees unaffected. However, this do not change our determination to proceed with our ESG targets and operation effectiveness improvements as fast and as efficient as we can, true to our values, enduring the difficulties and creating value for our shareholders, employees, and our business partners.

Adamantios Frantzis
General Manager
TITAN Bulgaria

Overview

Our business approach in a changing global landscape

Drawing on 119 years of industry experience and dedication to sustainable growth, TITAN has developed into a global manufacturer of cement and construction materials, serving clients in more than 25 countries through a network of 14 integrated cement plants and three cement grinding units. In addition, TITAN operates quarries, ready-mix facilities, terminals, and other production and distribution facilities.

Climate change and the road towards a carbon-neutral future

Our planet and society are at long-term risk due to climate change. Organizations from a variety of industries, including the cement sector, must be mobilized. The Global Cement and Concrete Association (GCCA) released its Roadmap for Net-Zero Concrete in 2021. This document lays out a plan for reducing global warming to 1.5 °C and achieving net-zero concrete in society by 2050. To fulfill this goal, our industry is working across the built environment value chain and is urging its stakeholders to get involved as well.

Our approach

We are putting our aspirations into practice by cooperating with our clients, supply chain partners, competitors, and other stakeholders globally to help keep global warming to 1.5°C and establish a net-zero economy by 2050.

We are reducing our carbon footprint continually by substituting fossil fuels by alternative fuels, enhancing energy efficiency, producing low-carbon products, and implementing cutting-edge technology and solutions. We are committed to achieving ambitious, science-based targets.

Digital transformation as a foundation for future growth

Major aspects of the industry's value chain are expected to change as a result of the Fourth Industrial Revolution, which is being fueled by the emergence of the Internet of Things, big data, artificial intelligence, and advanced analytics.

New digital technologies that increase operational efficiency and customer interaction in addition to traditional value generation drivers and differentiators unlock value. Businesses that adopt Industry 4.0 early can benefit greatly.

Our approach

We are among the pioneers and leaders in embracing digital innovation and maximizing its potential in the cement sector.

Our innovative, entrepreneurial attitude, openness to experiment, and desire to learn have been the driving forces behind our digital journey thus far. We are modernizing our operations for maximum efficiency and the delivery of high-quality goods with Artificial Intelligence solutions adapted to the needs of the cement industry, keeping an eye on the present and future needs of our clients. In support of our net-zero objective, we simultaneously work to reduce CO_2 emissions and energy usage.

We provide the infrastructure and housing that society needs to be secure, robust, and cost-effective. By converting raw materials such as cement, concrete, aggregates, fly ash, dry mortars, blocks, and other building materials into finished goods, we create value. We provide our clients with transportation and distribution services in addition to a variety of other services, such as waste management and beneficiation technologies.

We effectively handle pressing issues and contribute to jointly constructing a better, more sustainable future with our stakeholders despite increasing shifts and disruptive events like the COVID-19 epidemic.

Increasing demand for sustainable products and services

Demand for sustainable infrastructure and green building products and solutions is expected to increase as the world's population grows.

Concrete is a fundamental component of buildings and has formed our world. It is also crucial for meeting societal demands for a sustainable built environment in the future. Through the provision of vital infrastructure, houses, clean energy, and a more resilient environment, will play a crucial part in establishing sustainable and thriving communities.

Customers are looking for environmentally friendly solutions that will accommodate their changing needs.

Our approach

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Comprehensive sustainability plans to create value for all stakeholders

Comprehensive planning and cooperation with other enterprises, governments, academic institutions, and the general public are necessary to create a sustainable future.

Companies need to define objectives, create plans for achieving these objectives, monitor their performance, and transparently update their stakeholders on their progress.

Our approach

As seen in our routine company operations and employee behavior, sustainability is at the core of our approach.

We are concentrating our efforts on the areas where our actions and sustainable solutions can have the biggest positive impact, directly and indirectly, in accordance with the UN Sustainable Development Goals (SDGs) because we have established as a Group clear, measurable ESG targets towards 2025 and beyond and practical plans across our regions. With the help of regional and international stakeholders, we have collaborated to address sustainability concerns.

A long history of sustainable growth

Driven by our entrepreneurial spirit and our commitment to sustainable growth, we have expanded beyond our Greek roots with operations in four continents.

TITAN Group growth journey since 1902

TITAN Bulgaria	Year	TITAN Group
	1902	TITAN Cement is founded with the opening of the first cement plant in Elefsina, Greece. It is the first cement producing unit in Greece.
Establishment of the first cement factory. Cement production in Bulgaria began with the setting up of a small, family-owned facility in Zlatna Panega.	1907	
	1912	Listing on the Athens Stock Exchange.
Production of hydraulic lime. Production of the "150" and "200" cement brands began.	1923–1947	
	1951–1957	Rapid growth of exports, which during the period account for over 50% of thecompany's sales and approximately.50% of Greece's total cement exports
	1962–1976	Opening of three new cement plants in Greece
	1962	Second cement plant in Thessaloniki
	1968	Third cement plant in Drepano, Patras
	1976	Fourth cement plant in Kamari,near Athens
A new plant was built, and five new cement clinker production lines were opened on the site to produce the cement brands "250", "350" and "450". The raw material was extracted from the adjacent quarry. The annual capacity of the plant reached 1M tons of cement.	1966–1970	
Zlatna Panega Cement was the largest cement producer in Bulgaria. It exported its products to Europe and Asia.	1966–1997	

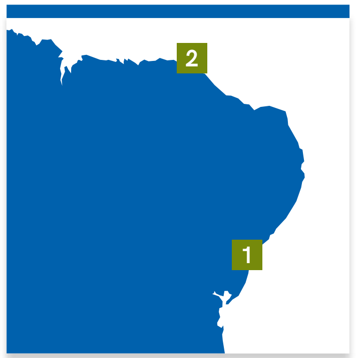
Following the privatization policy of the state, Zlatna Panega was privatized. Heidelberg Cement AD acquired the plant.	1998	Cementarnica Usje, North Macedonia
	1999–2002	Beni Suef Egypt (50% joint venture) 100% of Roanoke, Virginia, Kosjeric, Serbia Alexandria PCC (APCC), Egypt (50% joint venture) and Pennsuco, Florida, USA
Certified under ISO 9001 Quality Management System.	2001	
The company was acquired by the multinational manufacturer of building materials TITAN Cement AD, and joined the TITAN Group. Certified under ISO 14001 Environmental Management System Zlatna Panega Cement was accepted as a member of the Global compact network. In 2003 Zlatna Panega Cement won the Best Practice Award that was given out to Bulgarian companies joining and promoting the Global Compact Initiative. Zlatna Panega Cement best practice was published in GC website in 2004. The Plant started using Alternative Fuels.	2003	TITAN Group acquired the plant in Bulgaria.
Building of Bulk loading station	2005	
Reconstruction of Kiln lines for production of cement clinker	2006	
	2007	Greenfield investment, Antea plant, Albania
Employee care: building of new Medical Center; Canteen, Baths and Admin offices Construction of Vertical cement mill Construction of Clinker storage silo 37,500 t Reconstruction and modernization of water supply and sewerage systems; Water treatment plant for domestic water; New circulating water supply Modernization of packaging machine, installation of new Palletizing equipment	2008	Investment in Adocim, Turkey (50% JV), 100% Beni Suef and APCC, Egypt

Building of Water treatment plant for industrial water	2009	
Code of Conduct distributed to all employees	2010	Sharr plant, Kosovo
Building of raw material silos for Cement Mills (CM) 8 and 9	2011	
Building of a Sedimentation basins system for treatment of run-off water	2011–2013	
Construction of Installation for Processed Engineered Fuel	2012	
TITAN Bulgaria published its first integrated CSR Report	2014	
Building of new road infrastructure	2015	
Launch of TITAN Leadership platform Construction of NOx reduction installation	2016	50% in Cimento Apodi, Brazil (JV)
CSR and Sustainability Report asserted by an independent verifer Construction of new Vertical Cement Mill	2017	
	2018	75% in Adocim, Turkey .
	2019	Titan Cement International S.A. becomes TITAN Group's parent company and is listed on Euronext Brussels, Euronext Paris, and the Athens Exchange.
Optimization of raw meal transport and new homogenization Control Flow silo	2019 - 2021	
Implementation of Predictive Maintenance Project - Precognize	2019 - 2022	
Kiln process optimization with state-of-the-art image	2020 - 2022	
UTIS project combustion efficiency improvements with hydrogen (H2) addition	2021 - 2022	
Alternative Fuel line modernization - 2022 - 2023	2021 -	

Our global presence

We share group activities and performances as organized in four regions

USA
Cement plants
1. Roanoke - Virginia
2. Pennsuco - Florida



Brazil (Joint venture)
Cement plant
1. Quixere
Grinding plant
2. Pecem

USA

2 Integrated cement plants
82 Ready-mix plants
3 Import terminals
7 Concrete block plants
8 Quarries
4 Fly ash processing plants

Principal products/activities

REVENUE
€983.6m

EBITDA
€158.0m

ASSETS
€1,133.3m

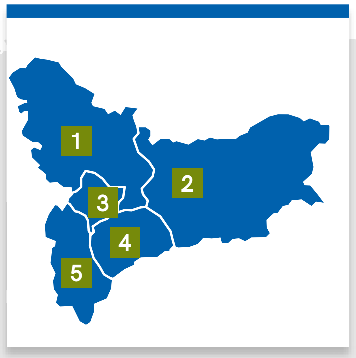
Brazil (Joint venture)*

1 Integrated cement plant
4 Ready-mix plants
3 Quarries
1 Cement grinding plant

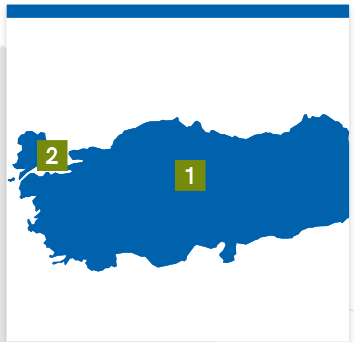
Principal products/activities

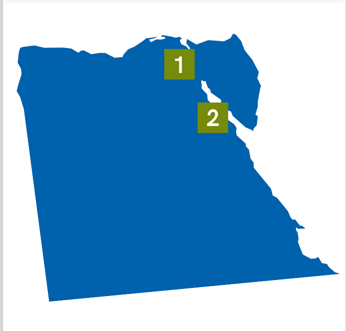
* The joint venture in Brazil is incorporated in the financial statements using the equity method of consolidation.
In the non-financial performance overview and statements, the joint venture in Brazil is not included.

Greece & Western Europe
Cement plants
1. Thessaloniki
2. Kamari
3. Patras
Grinding plant
4. Elefsina



Southeastern Europe
Cement plants
1. Kosjeric - Serbia
2. Zlatna Panega - Bulgaria
3. Sharr - Kosovo
4. Usje - North Macedonia
5. Antea - Albania





Eastern Mediterranean
Cement plant
1. Tokat
Grinding plant
2. Marmara

Cement plants
1. Alexandria
2. Beni Suef

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Greece & Western Europe

3 Integrated cement plants
28 Ready-mix plants
3 Import terminals
1 Cement grinding plant
25 Quarries
1 Dry mortar plant
2 Processed Engeneered Fuel facilities

Principal products/activities

REVENUE
€267.6m

EBITDA
€17.2m

ASSETS
€549.4m

Southeastern Europe

5 Integrated cement plants
6 Ready-mix plants
20 Quarries
1 Processed Engeneered Fuel facility

Principal products/activities

REVENUE
€290.6m

EBITDA
€81.9m

ASSETS
€467.1m

Eastern Mediterranean

3 Integrated cement plants
7 Ready-mix plants
1 Cement grinding plant
2 Processed Engeneered Fuel facilities
14 Quarries

Principal products/activities

REVENUE
€172.8m

EBITDA
€11.8m

ASSETS
€447.2m

Principal products/ activities key:

- Cement
- Ready-mix concrete
- Aggregates
- Dry mortars
- Fly ash
- Waste management and Alternative Fuels

Moving ahead with ambitious ESG targets for 2025 and beyond

Building on our strong sustainability performance over the years, in 2021, TITAN Group launched our Environmental, Social and Governance (ESG) targets for 2025 and beyond, focusing on four areas. TITAN Bulgaria is contributing continuously to the achievement of the outlined Group ESG targets.

Decarbonization and digitalization

Ambition

We will TRANSFORM our business, focusing on resilience, innovation and building solutions to serve our customers more efficiently as we move towards a carbon-neutral, digital world

Targets

We will reduce our CO_2 emission[1] by 2030, and will have our targets validated by the Science Based Targets Initiative (SBTi) as follows:

Scope 1 (net): -35% vs. 1990 level

Scope 2: -45% vs. 2020 level

We commit to drive down the CO_2 footprint of our operations and products aspiring to deliver society with carbon-neutral concrete by 2050

We will monitor and independently verify our supply chain (Scope 3) emissions

We will increase our annual investment in Research and Innovation to €20m

Material issues addressed

Future ready business model in a carbon-neutral world

Innovation with emphasis on digitalization and decarbonization

Growth-enabling work environment

Ambition

We will CULTIVATE an inclusive culture with equal opportunities for all our people to grow professionally within a safe and healthy work environment

Targets

We strive for zero fatalities and for an employee LTIFR performance which consistently places us among the three best in our peer group[2]

We will implement initiatives addressing the physical, mental, social and financial dimensions of wellbeing for our employees, in all countries

We commit that 1/3 of our BoD members will be women

We will promote equal opportunities and inclusion and will grow by 20% the participation of women in senior roles, talent pools and new hires

We will offer upskilling and reskilling opportunities to 100% of our employees, especially in areas vital for sustainable growth, such as health and safety, digitalization, and decarbonization

Material issues addressed

Safe and healthy working environment

Diverse and inclusive workplace

[1] Scope 1: direct CO_2 emissions; Scope 2: indirect CO_2 emissions from electricity; Scope 3: indirect CO_2 emissions of the supply chain

[2] Peer group definition: Cemex, Holcim, Argos, HeidelbergCement, CRH, Cementir, Vicat, Buzzi

Positive local impact

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

Targets

We will sustain and further improve our strong performance in cement production-related specific dust, NOx and SOx emissions

We will have quarry rehabilitation plans at 100% of our sites3 and will rehabilitate 25% of the affected areas

We will have quarry biodiversity management plans at 100% of our sites[3] in high biodiversity value areas

We will have community engagement plans that are aligned with material issues for stakeholders and UN SDGs 2030 at 100% of our key operations

We will ensure that 2/3 of our total spend is directed to local suppliers and communities

Material issues addressed

Positive local social, economic, and environmental impact

Responsible sourcing

Ambition

We will EMPOWER our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviors, while using natural resources responsibly

Targets

We commit to water consumption of 280 l/t cementitious products and to covering 70% of our water demand with recycled water

We will have 85% of our production[4] covered by ISO 50001 or energy audits

We will have 50% of our production covered by "Zero Waste to Landfill" certification

We will ensure that 70% of our key suppliers[5] meet TITAN ESG supplier standards

Material issues addressed

Resource efficiency, recycling and recovery, contributing to the circular economy

Reliable and sustainable supply chain

[3] Active wholly-owned sites

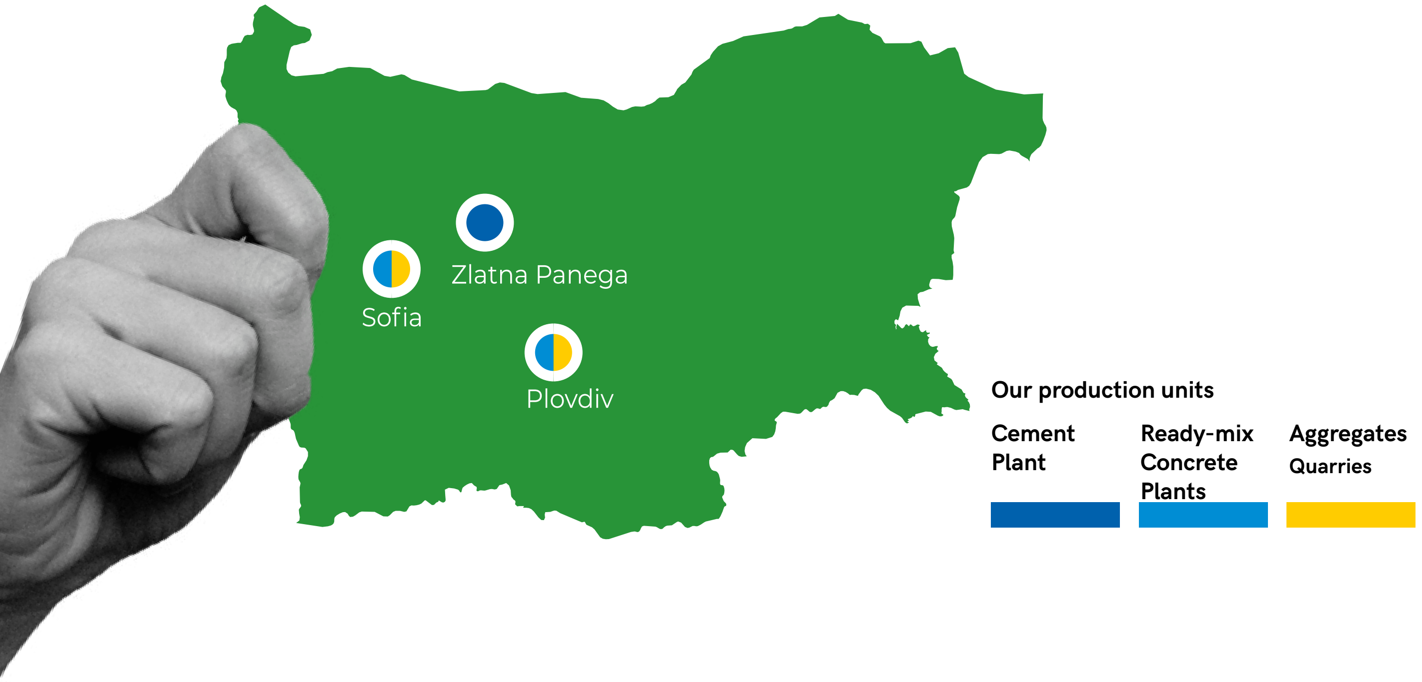
[4] Production of our integrated cement plants

[5] Key suppliers: critical suppliers according to the GCCA Guidance for Sustainable Supply Chain management with a meaningful level of spend for TITAN

Zlatna Panega Cement AD is part of Titan Group

Zlatna Panega Cement AD (TITAN Bulgaria), part of the TITAN Group, is one of the leading manufacturers of high-quality cement and construction materials in Bulgaria. The company is vertically integrated by operating Ready-mix Concrete plants in 2 big towns of the country. It participates through joint venture activities in several gravel and sand pits and crushed stone quarries. Our success is ensured by our efforts to optimize our production process and know-how as much as possible.

TITAN Bulgaria is a vertically integrated company



TITAN Bulgaria builds on more than 113 years of cement production and experience
Zlatna Panega Cement AD is the legal entity for our cement operations. In the cement plant in the village of Zlatna Panega, we crush, grind, and feed the raw material to two clinker kilns to produce cement clinker, which is then grinded and mixed with gypsum and other constituents and additives to make cement. On the premises of our plant, the subsidiary company Green Alternative Energy Assets (GAEA) EAD operates an installation for production of Processed Engineered Fuel that we utilize as Alternative Fuel in our kilns.

TITAN Bulgaria operates five Ready-mix Concrete Plants
The Concrete Operations Department of TITAN Bulgaria (previously, Zlatna Panega Beton EOOD) in 2021 operated five Ready-Mix Concrete production units in Sofia and Plovdiv as well as one project-based Ready-Mix Concrete (RMC) unit.

Twelve aggregate quarries
Gravel and Sand Pits Bulgaria (GSPB) EAD, a 100% subsidiary of TITAN Bulgaria, holds shares in joint ventures, which operate 12 quarries for sand, gravel and crushed stone. Double W Co, a 100% subsidiary of GSPB, owns and operates a port in Ruse.

Green Alternative Energy Assets (GAEA)

TITAN Bulgaria, through its subsidiary GAEA, supports the development of the circular economy as it produced process engineered fuel (PEF) for the plant. The plant co-processed in 2021 27 ktons of PEF and 3 ktons of end-of-life tires, substituting 44% of Zlatna Panega Cement's thermal needs only with locally generated waste and in full compliance with its environmental targets. GAEA is TITAN Bulgaria's specialist company for waste management and Alternative Fuel production. It operates a processing unit for Processed Engineered Fuel (PEF) and supplies TITAN Bulgaria with the necessary Alternative Fuel, and provides tailor-made solutions to waste generators and suppliers. GAEA helps us reduce CO_2 emissions and achieve our demanding Alternative Fuel targets.

One set of strong values

Our principles are at the core of who we are. They guide our strategy and provide the foundation for all our operations. They were a direct result of our founders' ideals, beliefs, and vision back in 1902. They have contributed to forging a strong relationship among our people and supporting the growth that has sustained us for more than a century. They still provide the firm foundation of our culture and sense of community.

Our vision
To provide building materials that are among the most ethical, socially conscious, and cost-effective for resilient infrastructure and sustainable cities.

Our mission
To transform raw materials into finished goods and to fulfill society's infrastructure and housing needs. To provide a creative, healthy, and safe working environment for our employees. To invest in, improve, and use alternative fuels while helping to reduce the environmental impact through an emissions reduction plan. To improve the quality of life in our local and regional communities.

Our values
Our values, which include respect, accountability, and responsibility, influence the way we conduct business because they are an integral element of the Group's identity and are ingrained in our culture and people's habits. Integrity, a dedication to getting things done, expertise, a desire for continuous learning, and continuous growth are qualities we value and reward. We bring value to each of our stakeholders.

Our group strategy: transforming for growth

TITAN's growth-oriented Group strategy aims to harness the opportunities presented by Decarbonization and Digitalization, and to provide the building materials and solutions that will bring additional benefits to our customers, employees, suppliers and communities.

TITAN Group has created long-term value for its stakeholders for almost 120 years, by constantly evolving and renewing a strategy of geographic diversification, selective vertical integration, continuous operational improvement, and a focus on human capital and sustainability.

Building on this solid foundation, the Group has reviewed its strategic direction and priorities, to focus its growth-oriented strategy on harnessing the new opportunities presented by decarbonization and Industry 4.0", which are transforming the industry's customer engagement and value creation models, while continuing to leverage TITAN's proven abilities to deliver on improving performance and develop distinctive competences.

Our three-year strategic plan incorporates the perspectives and priorities of our businesses around the world, coupled with the key directions and commitments provided by the Group's Executive Committee and BoD.

Our strategy is founded on the following three pillars:

Deliver

Our operations around the world are well placed to deliver robust results for the foreseeable future, based on strong market momentum for growth in housing and infrastructure spending (often supported by government incentives in the post-pandemic environment), positive macroeconomic trends and local markets recovering from cyclical lows.

Building on this solid outlook, TITAN will leverage its continuous performance improvement record to deliver operational excellence in manufacturing, supply chain and customer experience. The Group will thus continue focus on cost to produce and cost-to-serve, as well as on providing solutions and a superior customer experience across all its businesses.

This operational excellence extends to TITAN's ESG performance, where the Group has achieved strong environmental, safety and social engagement performance in the last 20 years. TITAN's ESG targets for 2025 and beyond provide a rich and ambitious set of measurable goals in all ESG focus areas, comprising the dimensions of decarbonization and digitalization, a growth-enabling work environment, positive local impact and responsible sourcing, all underpinned by good governance, transparency, and business ethics.

Decarbonize

TITAN's vision is to grow by transforming our business, focusing on resilience and innovation to serve our customers more efficiently as we move towards a carbon-neutral world. To that end, the Group has set a 2030 target to reduce its direct net specific CO_2 emissions (Scope 1) to 500 kg CO_2/t of cementitious material, in line with the targets of the most ambitious players in the industry and validated by SBTi (Science Based Targets initiative). Furthermore, TITAN is committed to playing its part to limit global warming to 1.5°C and to reaching net-zero emissions by 2050.

TITAN's decarbonization strategy includes a comprehensive set of levers to reduce emissions of cement production, by accelerating the use of alternative fuels, substituting clinker by cementitious materials with lower carbon intensity, increasing energy efficiency and optimizing its raw materials mix. New innovative products will be offered to TITAN's customers that will meet their needs for durable and sustainable building materials, leveraging the Group's unique assets and competencies, including its proprietary fly ash beneficiation technology. In the long-term, the Group will continue its tradition of innovation by piloting new emerging technologies for the future net-zero construction value chain.

Digitize

TITAN has been among the pioneers in its sector in implementing innovative Artificial Intelligence (AI) digital solutions in its operations. Significant innovations have already been implemented, with measurable impact in operational efficiency, such as AI-based real-time optimizers and predictive maintenance in manufacturing, use of advanced analytics for its supply chain network and spare parts inventories, use of Building Information Modelling for its new infrastructure projects, and digital applications for its customer-facing operations.

Leveraging this momentum, TITAN aims to continue improving its operating performance and customer experience, by leveraging big data and AI to develop a digitally empowered and efficient operating model and to provide cutting-edge digital solutions for its customers. TITAN's cement plants of the future" will fully harness the power of digital technologies and advanced analytics to achieve higher

asset productivity and reliability, reduce production inputs and energy consumption, and decrease CO_2 emissions. The Group is also deploying innovative digital solutions for the next generation of supply chain management, with optimized distribution networks, predictive planning and dynamic logistics operations. Finally, a digitally enabled customer experience will drive value generation for our cement and concrete business through excellence in customer service.

Building capabilities and developing talent

The foundation of our growth-oriented strategic plan is TITAN's long tradition of building capabilities and developing talent, with an entrepreneurial mindset and a values-driven culture. The strategic plan encompasses, and is powered by, an accelerated drive to transform by further building our talent, both in our core competencies, as well as in new skill sets. In parallel, growth will be underpinned by an agile and learning-oriented organization, based on our performance-oriented culture and our focus on long-term sustainability, with digitally enabled structures and processes, and a safe, healthy, inclusive, and diverse work environment for our people.

Developing our growth platform

Leveraging operational excellence, a distinctive ESG performance and superior customer engagement, the decarbonization of its operations and the digitally enabled operational model, TITAN will develop its growth platform capitalizing on opportunities to strengthen and extend its current core business, as well as pursuing opportunities in new sources of value in the building materials value chain. To that end, important investments are already implemented or planned to enhance the operating leverage and sustainability of existing assets, increase the Group's logistics capabilities, pursue further targeted vertical integration, and accelerate the development of new products and customer solutions.

Creating and sharing value

We, at TITAN Bulgaria, use our capital resources efficiently to drive sustainable, long-term shared value creation, through our products and services. We help address social and environmental challenges, and contribute to the attainment of the UN SDGs 2030.

Delivering Value for All

(Business model)

We 'draw' on our resources from the Six Capitals (following the approach of the IIRC)

Financial capital	We use our economic resources efficiently to support our business growth and safeguard our competitiveness.
Manufactured capital	We manufacture our products using the best available techniques in a cement plant as well as quarries, ready-mix, and other production facilities and we distribute them reliably to our customers through dedicated terminals.
Intellectual capital	We use our core competence and knowledge of the building materials industry to enhance our offerings and improve our performance.
Human capital	We value our people's contribution to our achievements, continuously supporting their professional development in inclusive and collaborative working environment.
Social relationship capital	We engage with our stakeholders by building long-term relationships and working together on projects to positively impact society and local communities.
Natural capital	We source materials responsibly and we preserve natural resources and biodiversity in the areas where we operate. We contribute to the circular economy by applying the principles of "reduce, reuse, recycle, and recover".

How we do the 'transformation'?

We are driven by our Governing Objective (see page 20)

By responsible sourcing of all materials, including water, fuels, and other sources of energy.

We are producing all manufactured products by following best available techniques in a safe and healthy working environment, while respecting and preserving the public health and natural environment.

to provide our products and services **About our Products see more on page 54**	Products	Cement Ready-mix concrete (RMC) Aggregates Mortars
	Services and solutions	Production, transportation, distribution of building materials
		Solutions for the circular economy Alternative fuel and waste management solutions Biodiversity and Water management

We monitor our performance by the use of Social and Environmental KPIs for measuring our impacts over time, and we connect our results with specific Targets for the SDGs. (See ESG Performance Statements).

We create Value and share with Stakeholders connected to SDGs (pages 28-29)

Economic

Company's growth
Tax contributions
Return to shareholders
Value chain

Environmental

Avoided emissions/ avoided resource consumption
Contribution to the circular economy

Social

Jobs, professional skills and productivity
Contribution to communities

Servicing our customers and partners. Sharing expertise to enhance the value we create.

Our approach to stakeholders

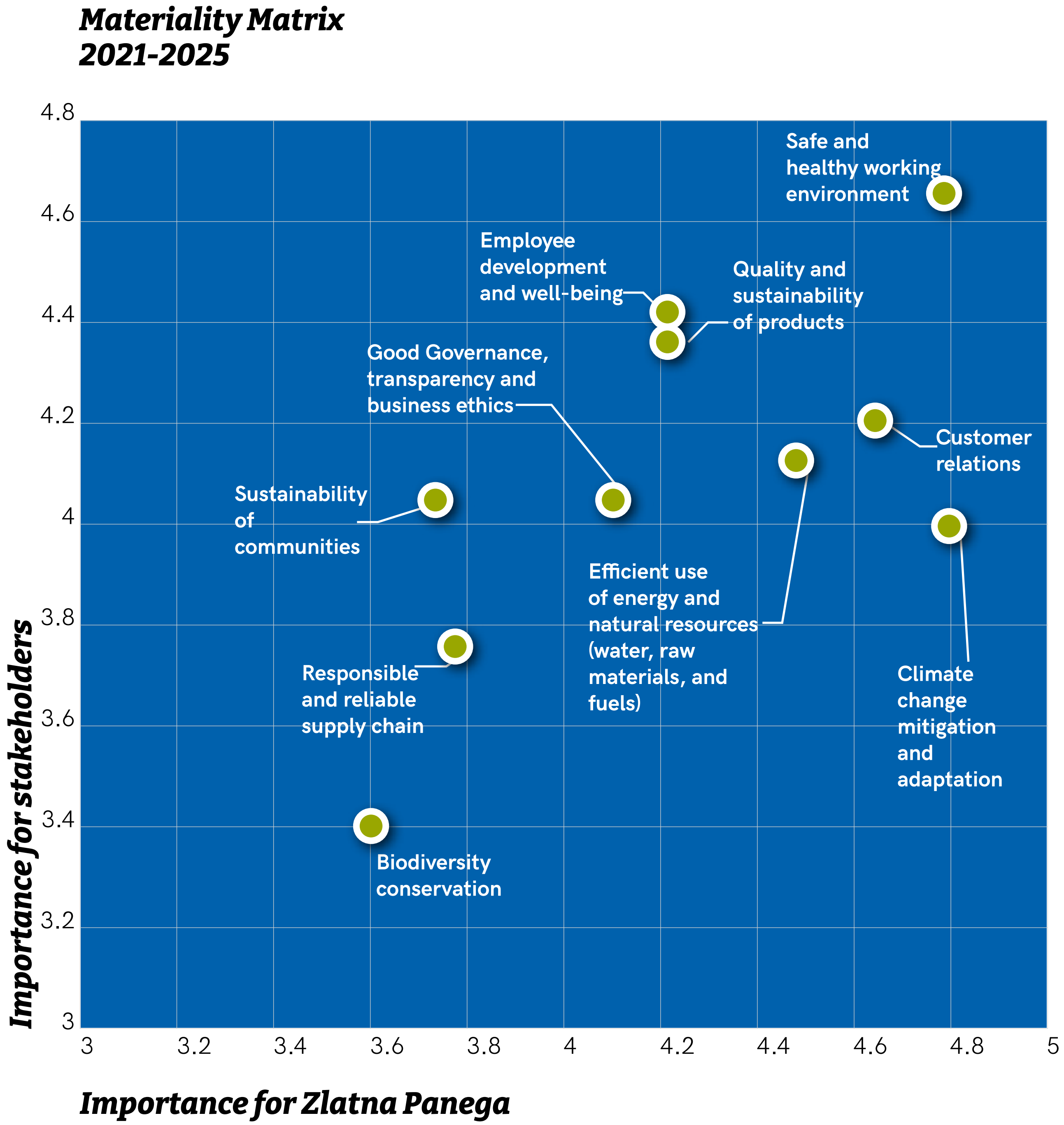
Engaging with internal and external stakeholders is a core element of the way we do business, linked to our values and key priorities for sustainable growth. We identify stakeholders according to the international AA1000 Stakeholder Engagement Standard (SES), and use its four main principles of inclusivity, materiality, responsiveness, and impact, to guide the process at Group and local levels, Bulgaria included.

We report sustainability performance following feedback from our key stakeholders. The dialogue with our stakeholders allows us to gain an in-depth understanding of their needs and perspectives. The outcome of that dialogue in 2020 is summarized in the table below:

Key stakeholders	Engagement process	Key issues per stakeholder group
Employees	Communication sessions; Collective agreements (CBA) and meetings with Trade Unions; Website and Intranet	Safe and healthy working environment; Employee development and well-being; Good governance, transparency, and business ethics
Customers	Bilateral meetings; Networking events	Customer relations; Quality and sustainability of products; Good governance, transparency, and business ethics; Responsible and reliable supply chain
Contractors	Bilateral meetings; Interviews	Safe and healthy working environment; Good governance, transparency, and business ethics; Sustainability of communities; Responsible and reliable supply chain
Local communities and local authorities	Bilateral meetings; Interviews; Participation in social events	Climate change mitigation and adaptation; Efficient use of energy and natural resources (water, raw materials, and fuels)
Regulators, authorities	Bilateral meetings; Information letters	Good governance, transparency, and business ethics; Sustainability of communities; Responsible and reliable supply chain; Biodiversity conservation
Suppliers	Bilateral meetings; Interviews; Information letters	Responsible and reliable supply chain; Transparency; Sustainability of communities
Shareholders	Information documents; Corporate reports; Performance results	Good governance, transparency, and business ethics; Safe and healthy working environment; Quality and sustainability of products; Efficient use of energy and natural resources; Sustainability of communities; Responsible and reliable supply chain; Biodiversity conservation
Business partners' associations	Bilateral meetings; Interviews; Information letters;	Customer relations; Climate change mitigation and adaptation; Quality and sustainability of products; Good governance, transparency, and business ethics; Responsible and reliable supply chain
Youth	Participation in youth events; Internships; Scholarships	Safe and healthy working environment; Employee development and well-being; Quality and sustainability of products; Good governance, transparency, and business ethics
Civil society	Interviews; Website	Safe and healthy working environment; Climate change mitigation and adaptation; Good governance, transparency, and ethics; Sustainability of communities; Biodiversity conservation
Academia and research	Youth events; Communication sessions	Safe and healthy working environment; Employee development and well-being; Quality and sustainability of products; Good governance, transparency, and business ethics; Biodiversity conservation
Investors and analysts	Information documents; Corporate reports	Good governance, transparency, and business ethics; Quality and sustainability of products; Responsible and reliable supply chain
Media	Website	Good Governance, transparency, and business ethics

Focusing on Material issues

The results of our latest Materiality Assessment Review in 2021 are presented in the table below.



Among the seventeen Sustainable Development Goals (SDGs) of the United Nations till 2030, **we have identified the following twelve** and have integrated them into our business model in Bulgaria. These SDGs are linked to our material issues and ESG targets. Below we provide you with the logos relevant for TITAN Bulgaria. Further detail is presented in the tables to follow in the Strategy Chapter of the Report as well as in the Appendices.

TITAN Group FOCUS AREA	MATERIAL ISSUES	STAKEHOLDERS	CORRESPONDING UN SDGS 2030	Connection with the relative KPIs in the Sustainability Performance KPIs INDEX SYSTEM	KEY PERFORMANCE INDICATOR
DECARBONIZATION AND DIGITALIZATION	Climate change mitigation and adaptation Quality and sustainability of products	Shareholders/ Investors and analysts/ Regulators, authorities/ Employees/ Civil society	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	ESG Performance Statement, table 2.1 p1-p3, Focus area: De-carbonization and Digitalization.	▪ Scope 1 gross and net CO_2 emissions; ▪ Scope 2 - indirect CO_2 emissions from electricity; ▪ Scope 3 - indirect CO_2 emissions of the supply chain; ▪ Lower carbon products as part of the cement production ▪ Clinker content in cement
	Efficient use of energy and natural resources (fuels)	Investors and analysts/ Regulators, authorities/ Local communities and local authorities/ Contractors/ Employees/ Civil society		ESG Performance Statement, table 2.1 p2-p3, Focus area: De-carbonization and Digitalization. ESG Performance Statement, table 2.4 p2, Focus area: Responsible sourcing	▪ Alternative Fuels substitution rate; ▪ Biomass in fuel mix ▪ Energy consumption
GROWTH ENABLING WORK ENVIRONMENT	Safe and healthy working environment	Employees/ Suppliers/ Local communities and local authorities	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS		▪ Number of LTIs ▪ Number of safety audits ▪ Emissions to air ▪ People covered by specific regular extra check-up ▪ Average hours of training per year per employee
	Employee development and well-being	Employees/ Suppliers/ Local communities and local authorities/ Civil society/ Youth	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	ESG Performance Statement, table 2.2 p2-p5 Focus area: Growth-enabling work environment.	▪ Continuous improvement ▪ Average hours of training per year per employee ▪ Expenditure on employee training per year per employee ▪ Employment diversity ▪ Employment per type ▪ Proportion of women in managerial positions
RESPONSIBLE SOURCING	Responsible and reliable supply chain	Suppliers/ Customers/ Contractors	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 2 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	ESG Performance Statement, table 2.4 p4 Focus area: Responsible sourcing.	▪ Key suppliers meeting TITAN ESG standards[1]
	Customer relations	Customers/ Regulators, authorities/ Shareholders/ Business partners associations/ Civil society/ Investors and analysts	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION 2 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS		
	Efficient use of energy and natural resources (water, raw materials, efficient management of energy, management of waste and contribution to circular economy)	Investors and analysts/ Regulators, authorities/ Local communities and local authorities/ Contractors/ Employees/ Civil society	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	ESG Performance Statement, table 2.4 p1-p4, Focus area: Responsible sourcing	▪ Specific electrical energy consumption; ▪ Energy management systems ▪ Water withdrawn ▪ Waste management ▪ Alternative raw materials consumption
POSITIVE LOCAL IMPACT	Sustainability of communities	Local communities and local authorities/ Contractors/ Employees/ Civil society	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS	ESG Performance Statement, table 2.3 p2-p3 Focus area: Positive local impact.	▪ Community engagement plan ▪ Community investments
	Biodiversity conservation	Regulators, authorities/ Local communities and local authorities/ Civil society	3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS	ESG Performance Statement, table 2.3 p3 Focus area: Positive local impact.	▪ Development and implementation of Biodiversity management plans
GOOD GOVERNANCE, TRANSPARENCY AND BUSINESS ETHICS	Anti-bribery and corruption Compliance Program and Group Policies Human rights	Regulators, authorities/ Local communities and local authorities/ Civil society/ Employees/ Contractors		ESG Performance Statement, Governance Core Indicators table 2.5.1, 2.5.2, 2.5.4, 2.5.5	▪ Train on "Compliance" ▪ Promote equal opportunities and inclusive environment ▪ Provide public access to information and protected fundamental freedom in accordance with national legislation and international agreements (report) ▪ Report responsibly and transparently the Business Unit's Donations to Local Community in kind and in cash ▪ Report responsibly and transparently any amounts of fines paid or payable due to convictions ▪ Protected labor rights ▪ Percentage of employees covered by collective agreements ▪ Average number of hours of training on anti-corruption issues

1. 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.

Value creation in 2021

We are engaging with our stakeholders to obtain a deeper understanding of their expectations and needs. Mapping what is most material to them and to the business through a double materiality process helps us develop sustainable business strategy and create value that lasts.

Together with our stakeholders, we effectively address critical challenges and play our part in building a better and more sustainable future together.

We actively collaborate with international organizations to address global sustainability challenges within the framework of the UN Sustainable Development Goals for 2030. TITAN Group is a Participant of the UN Global Compact (UNGC) and a core member of CSR Europe and the Global Cement and Concrete Association (GCCA).

In 2021, we contributed to the attainment of the SDG 2030 that we recognized as relevant to our business and material issues for our stakeholders.

Terms related to the Value Creation Indicators are adopted from the Glossary for Value Creation Core Indicators (Appendix 1) reporting on the contribution towards the attainment of the Sustainable Development Goals (in short, UNCTAD Guidance, ed.2019), and incorporated under TITAN standards. Detailed figures for those are given in the Social Performance KPIs, and Environmental Performance KPIs, provided as Annexes to this Report.

We created value for our stakeholders in the following ways:

- **Local Spend:** Defined according to TITAN Group standards for reporting, see ESG Performance Statement, table 2.3 p3, Focus area: Positive local impact. This new KPI, related to Value Creation, is connected with the UNGC Ten Principles, and the SDG9/Target 9.3, following the UNCTAD Approach (ed. 2019).

- **Donations:** Defined according to TITAN Group standards for reporting; see ESG Performance Statement, table 2.3 p3, Focus area: Positive local impact.

- **Green Investment or equivalent:** "Investments for the Environment": Defined according to TITAN Group standards for reporting; see ESG Performance Statement, table 2.3 p2, Focus area: Positive local impact.

Summary of Social Performance metrics:

- **Health and Safety** see ESG Performance Statement, table 2.2 p1, Focus area: Growth-enabling work environment. We also connect our performance with our commitment to the UNGC Ten Principles and the SDG8/Target 8.8, according to the UNCTAD Guidance (ed. 2019).

- **Employment,** see ESG Performance Statement, table 2.2 p3-p5, Focus area: Growth-enabling work environment. We also connect our performance with our commitment to the UNGC Ten Principles and the UN SDG5/Target 5.5, according to the UNCTAD Guidance (ed. 2019).

- **People Development,** see ESG Performance Statement, table 2.2 p4, Focus area: Growth-enabling work environment. We also connect our performance with our commitment to the UNGC Ten Principles and the SDG4/Target 4.3, according to the UNCTAD Guidance (ed. 2019).

- **Stakeholder Engagement,** see ESG Performance Statement, table 2.3 p3, Focus area: Positive local impact.. We also connect our performance with the UNGC Ten Principles and the SDG9/Target 9.3 and SDG17/17.17, according to the UNCTAD Guidance (ed. 2019).

- **Internships as part of our Stakeholder Engagement,** see ESG Performance Statement, table 2.3 p3, Focus area: Positive local impact.. We also connect our performance with our commitment to the UNGC Ten Principles.

- **Air Emissions:** See ESG Performance Statement, table 2.3 p1, Focus area: Positive local impact, connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG3/ Target 3.9, and SDG9/Target 9.4.

- **Natural Resources** (Preservation): See ESG Performance Statement, table 2.4 p3, Focus area: Responsible sourcing), connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG12/ Target 12.2.

- **Energy and Climate Change:** See ESG Performance Statement, table 2.1 p1, table 2.1 p2, table 2,1 p3, Focus area: De-carbonization and Digitalization, connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG7/Targets 7.2, 7.3, and 7a, SDG9/Target 9.4, and SDG12/Target 12.2.

- **Use of Alternative Fuels:** See ESG Performance Statement, table 2.1 p2 and table 2,1 p3, Focus area: De-carbonization and Digitalization, connected with the GCCA Charter, Guidelines, and Sector KPIs, and the SDG7/Targets 7.2, 7.3, and 7a, and SDG12/ Target 12.2.

- CO_2 **Emissions:** See ESG Performance Statement, table 2.1 p1 and table 2.1 p2, Focus area: De-carbonization and Digitalization, connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG9/Target 9.4.

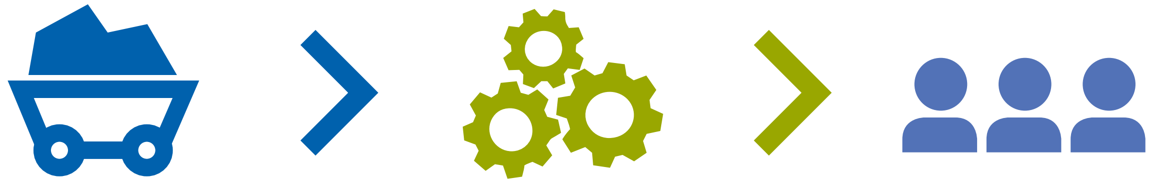
- **Water:** See ESG Performance Statement, table 2.4 p1, Focus area: Responsible sourcing, connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG6/Targets 6.3, 6.4, and 6.5.

- **Waste Management:** See ESG Performance Statement, table 2.4 p3 and table 2.4 p4, Focus area: Responsible sourcing, connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG12/Targets 12.4, and 12.5.

- **Biodiversity Preservation:** See ESG Performance Statement, table 2.3 p2, Focus area: Positive local impact. connected with the GCCA Charter,

Mapping of our value chain: sustainable product and delivery to customers

We ensure quality and durable products, maintain high standards in management, promote ethical business practices, and invest in the future growth of our operations. The infographics below outline the way we produce reliable products and deliver those to our customers and suppliers.



Limestone Marl Alternative Raw Materials Waste	Cement Concrete Aggregates Processed Engineered Fuel (PEF)	Ready-mix Concrete (RMC) Units Producers of Concrete Products (e.g. tiles, bricks) Producers of Mortars Warehouses Construction Companies
Our raw materials are extracted from our quarries, or generated as waste from other industries.	We are proud to be a producer of the most commonly used material in the world – concrete, and its essential ingredients – cement and aggregates. We process the non-recyclable waste and produce engineered fuel for our cement operations.	We supply the RMC Units, pre-cast and mortars producers as well as professional users with products that provide sustainable solutions to our society.

Working together for sustainable development

TITAN Group is an active participant in global collaborative initiatives and international organizations, aiming to contribute to the shaping of the sustainable world of tomorrow.

Sustainability is an integral part of our business, and we achieve it with the help of our stakeholders. Reflecting that philosophy, we at Titan Bulgaria respond to the growing sustainability challenges. By participating in global partnerships and organizations, TITAN Group aims to address the challenges of the UN Sustainable Development Goals for 2030. TITAN Group is part of the UN Global Compact, a member of CSR Europe, and the Global Cement and Concrete Association (GCCA).
Our dedication to socially-responsible policies allows us to improve our corporate strategy and monitor good examples of sustainable development as we wish to take part in the creation of well-being for all our stakeholders.

Along this road, we are encouraged by our most important partners who have demonstrated international relationships, expertise, and enviable achievements in sustainable development.
The list of those partners includes:
In 2003 the cement company in Zlatna Panega was accepted as a member of the Global Compact network. In 2003 the cement company in Zlatna Panega won the Best Practice Award that was given out to Bulgarian companies joining and promoting the Global Compact Initiative. Zlatna Panega Cement best practice was published in Global Compact website in 2004.

The TITAN Group supports and coordinates initiatives and actions in the context of UN initiatives on human rights and anti-corruption. https://www.unglobalcompact.org/

Since 2003, TITAN has integrated into its guidelines and policies the sectoral guidelines created by the WBCSD Cement Sustainability Initiative (CSI), a Sector Project of the World Business Council for Sustainable Development (WBCSD). The work and activities carried out by the CSI were transferred from WBCSD to the Global Cement and Concrete Association GCCA on 1st January 2019, following a strategic partnership between the two parties (GCCA and WBCSD). The partnership aimed to facilitate sustainable development of the cement and concrete sectors and their value chains. The new partnership also created synergies between their sector-focused work programs to benefit both the GCCA and WBCSD members. TITAN has become a full member of the GCCA in 2018 and has endorsed its Charter and Framework Guidelines that identify five key pillars, which encompass the sustainability spectrum of the cement and concrete sectors. As per the requirements of the full members in the GCCA Charter, TITAN is committed to setting targets for performance improvement and implementing sustainability initiatives across all five pillars. Using international standards and methodologies, as in the case of the "Guidance on core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" published by UNCTAD, we also relate material issues of TITAN Bulgaria and sustainability targets with Key Performance Indicators and SDGs 2030. https://gccassociation.org/

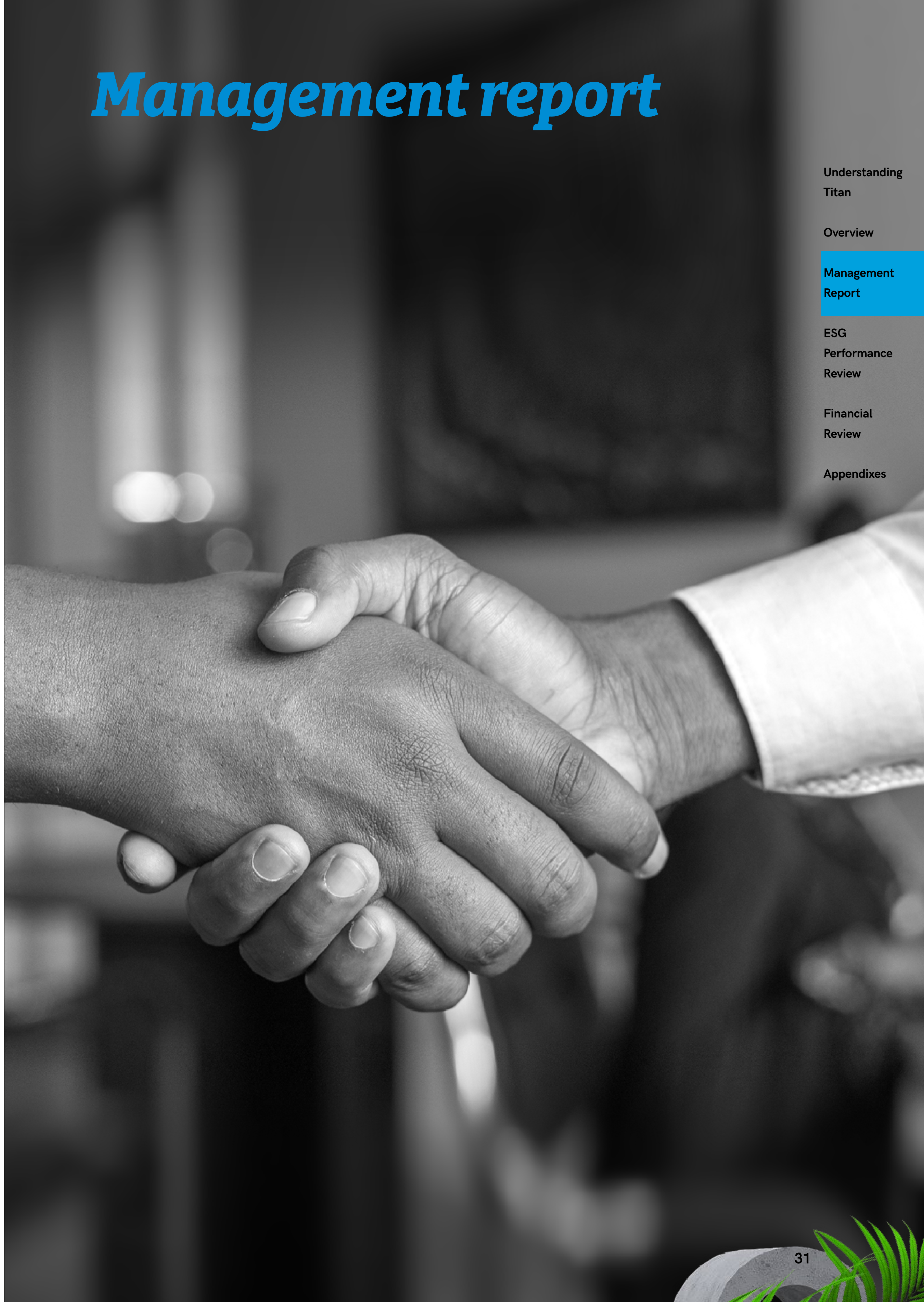
In 2015, TITAN decided to support the achievement of the most important UN Sustainable Development Goals 2030 for our business, at the Group level, and through the network of local representatives at the country level, as is the case of TITAN Bulgaria https://sdgs.un.org/#goal_section

The key indicators and the amounts that we dedicated in 2021 to the creation of value for our stakeholders and the contribution to the UN SDGs 2030 are summarized in the table below:

Key Indicators	Amounts in Million EUR	Stakeholders
Value added[1]	€4.2m	Employees, customers, suppliers, shareholders and investors
Total spend on suppliers, local national and international for goods and services	€41.2m	Suppliers and contractors
Taxes to national and local authorities	€3.6m	Governments and authorities (central and local)
Payments in cash, as dividends and other type, to shareholders and minorities	€4.6m	Shareholders
Total spend on donations and social engagement initiatives	€0.1m	Communities, academia and educational organizations, civil society and society at large
Green Investment	€4.0m	Communities, youth, society at large
Alternative fuels	30.769	tons
Salaries, (contributions to) pensions, and social benefits, including additional benefits beyond those provided by law	€5.9m	Employees and their families, local communities
Investments on training of direct employees, as total expenditures at Group level	€0.05m	Employees and their families
Internships	18	Employees and their families, local communities, youth
R&D and Innovation Collaborative efforts	€0.07m	Employees, customers
Investments for the Group's future growth	€2.7m	Employees, customers

[1] Revenue minus costs of bought-in materials, goods and services, and minus depreciation on tangible assets (Net Value Added, NVA, according to the UNCTAD)

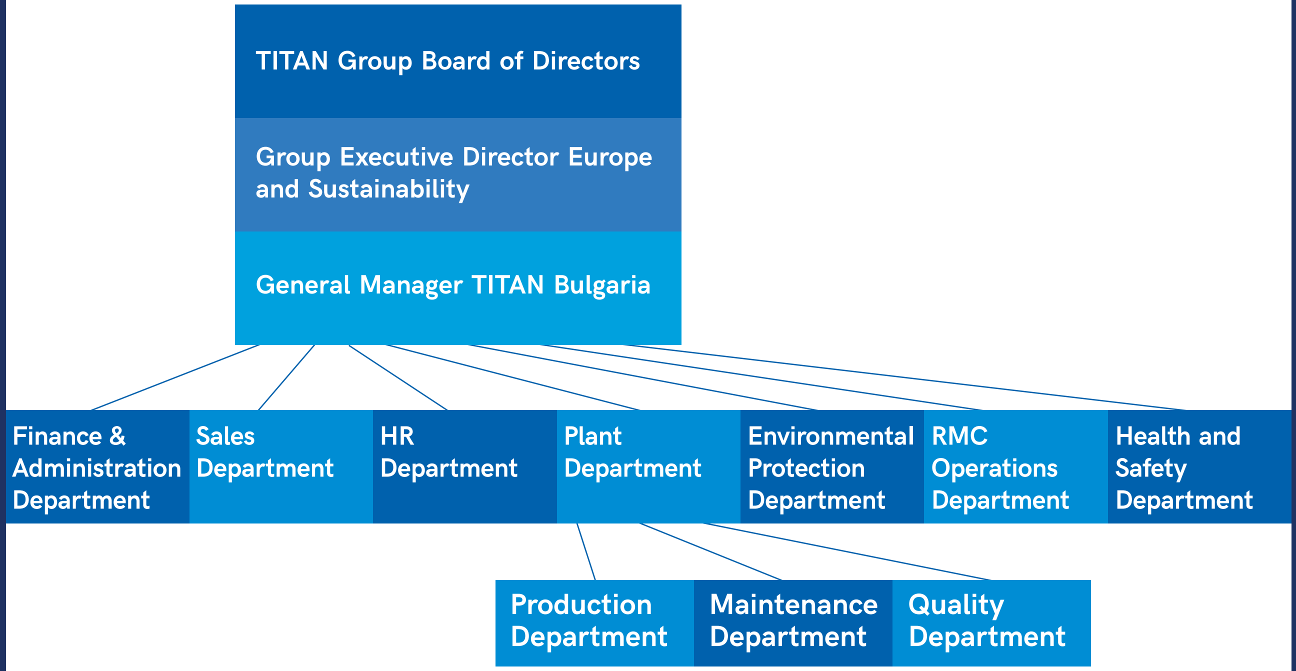
Management report



Corporate governance and risk management

Organizational structure, boards and committees

The management of the company is defined by the Executive Committee of the TITAN Group and guides, monitors and supports the implementation of business strategy and policies:



Board of Directors (BoD)

TITAN Bulgaria is a joint-stock company, registered under the Bulgarian law. It is with a one-tier corporate governance system and a five-member Board of Directors (BoD). Four of the members are non-executive and one, the General Manager, is an executive member.

The Board of Directors of TITAN Bulgaria oversees the implementation of the business plan of the company, determines the strategy, and ensures its implementation, taking into consideration the stakeholders materiality assessment. It measures the company's performance versus targets and takes the necessary actions to achieve the goals, except for those which are in the competence of the General Meeting of Shareholders, as provided for under the Law.

In 2021, TITAN Bulgaria's BoD consisted of the following members:

Paniaras Yanni	Group Executive Director Europe and Sustainability
Panagopoulos Christos	Regional Director Eastern Mediterranean Region
Frantzis Adamantios	General Manager TITAN Bulgaria
Chakmakov Alexander	Non-Executive Chairman of the BoD
Dikeos Gregory	Chief Financial Officer TCI
Petkidis Loukas	Deputy Group CFO / Regional Finance Director SEE & EM

MANAGEMENT COMMITTEES

We have set up four committees operating in different areas to strengthen and improve the sustainability management of TITAN Bulgaria. The committees receive strategy and policy guidance from the Group Executive Director Europe and Sustainability, who is a member of the Group Executive Committee.

Risk management

- Risk management process
- Risk management governance and controls
- TITAN's principal risks

Financial and sustainability related risks

TITAN Bulgaria operates in an environment where different types of risk exist; those must be identified, prevented, or reduced. Effective risk management is essential for the achievement of the company's strategic goals and long-term sustainable development. The company has developed agile systems for monitoring, eliminating, or minimizing various potential and significant risks.

Type of risk	Importance of risk	Mitigating activities
MARKET CONDITIONS AND CARBON LEAKAGE RISK	The company operates in a very competitive environment, with several domestic and foreign competitors. The market is susceptible to carbon leakage from imports, while local demand depends significantly on the general economic conditions in the country.	TITAN Bulgaria improves operational effectiveness, implements techniques, and invests in technologies aimed at reducing dependence on fossil fuels and decreasing its carbon footprint, thus reducing costs. The company optimizes its recipes and develops new products in line with the Group decarbonization strategy keeping same products characteristics and meeting the expectations of the customers.
CLIMATE CHANGE MITIGATION AND ADAPTATION RISK	The transition to a low-carbon economy in the EU, streamlined by the relevant policy and regulatory changes and followed by the introduction of new technologies, is the main climate-related risk for TITAN Bulgaria. It may result in a significant increase in capital expenditures and operating costs and lower the competitiveness to imported or other construction products, which do not bear the burden of the Greenhouse Gas (GHG) cost. The carbon footprint of the products in the portfolio of TITAN Bulgaria is comparable to the average in EU; thus, the company's exposure to a transition risk towards a low carbon economy is high.	TITAN Group closely monitors relevant regulatory developments and takes proactive measures to mitigate potential negative consequences. A scenario-modelling approach has been adopted for the examination of possible outcomes (transitional risks) and the identification of appropriate roadmaps of mitigating actions for the safeguarding of the Group's business resilience (see TITAN Group IAR 2021) TITAN Bulgaria has developed a robust decarbonization roadmap with clear milestones and objectives. The company mitigates the climate-related transition risk by directing the investments to projects that will decrease the carbon footprint of its our operations, continuously assess the energy efficiency of the production process and strives for improvements, designs a product mix with a view of constantly decreasing carbon footprint. Furthermore, the company has introduced an internal carbon pricing for the long-term and short-term strategy. We follow the TITAN Group Environmental Policy and Climate Change Mitigation Strategy, targeting for specific net CO_2 emissions. EU Emissions Trading System (ETS) related issues are in the scope of the BU Management Committee.

LIQUIDITY RISK	The company is not exposed to any significant liquidity risks.	The company has adequate revolving lines to cover cash needs. As of June 30, 2022 the company has revolving loans of €9.7 million, of which €4.7 million are not utilized. An additional credit line of €3.1 million will be secured to cover seasonal fluctuations.
CREDIT RISK	The company is not exposed to any significant credit risks. Receivables from customers come from a wide customer base.	The company closely monitors its customers' financial status, and on this basis, it sets a credit limit for each customer. Additional collateral from customers is required to secure payments. Impairment of receivables is applied in the case of inability of the customers to settle the amounts owed to the company.
FOREIGN CURRENCY EXCHANGE RISK	The company faces a currency risk with payments to foreign suppliers or in the case of using foreign currency credits.	All credit lines of the company are in local currency, and most of the operating costs, except for solid fuels, are in local currency. Thus, the receivables from customers are hedged naturally as they are almost entirely in local currency.
PRODUCTION COSTS VARIATION RISK	Fuel, electricity, and raw material costs form the largest segment of the company's production costs. Price changes in conventional fossil fuels pose the risk of considerable variation in production costs among domestic and foreign suppliers (who operate in a market where electricity prices are significantly lower), and increase carbon leakage pressures.	To mitigate this risk, the company will continue investing in equipment, aiming to reduce electricity consumption, decrease conventional fuel utilization and increase the Alternative Fuels substitution rate.
HEALTH AND SAFETY RISK	Cement companies represent heavy industrial environments, which have occupational health risks. The COVID-19 pandemic has introduced additional health risks to our operations. We were able to manage this risk at the operational level. Industrial risks from the activity itself include mechanical, electrical, dust, noise, moving parts – among others.	The company recognizes Health and Safety as its priority and its main goal is zero occupational accidents. The company implements ISO 45001 Health and safety management standard which provides a structured framework for ensuring a safe and healthy workplace. All risks related to the company's activities are systematically assessed and the applied measures for mitigation are constantly monitored, assessed, and updated on a timely basis. The company employs experienced Health and Safety professionals and provides regularly training programs to all employees. Although the risk of dissemination of COVID-19 has been decreased as a percentage of the employees have been vaccinated or already deceased, the company continued screening tests for people returning from their vacation and provided rapid and PCR tests to employees that did not feel well or wanted to test themselves.

LABOUR MARKET RISK	The high unemployment rate in the region, where the company operates, leads to its depopulation. As a result, it becomes more difficult to hire employees for operational positions. The company recognizes the importance of trade unions and workers' associations in improving working conditions and protecting labor rights.	The near future response is to develop links with professional schools in the region and explore new locations in the region for potential employees. The company collaborates efficiently with both trade unions – the Confederation of Independent Trade Unions in Bulgaria, and Podkrepa. Union's representatives are involved in the committees, dealing with working conditions in the company, and have the opportunity to express their views and proposals.
ENVIRONMENTAL RISK	TITAN Bulgaria's operations are subject to extensive national and EU environmental laws and regulations. These may impose increasingly stringent obligations and restrictions regarding, among other things, land use, remediation, air emissions, waste treatment, water use, use and production of chemicals. The costs of complying with these laws and regulations are likely to increase over time. The company is operating on the territory of a karst area supplying the neighboring villages with water. Part of the main quarry for the cement production is located within NATURA 2000 protected habitat. The company utilizes variety of wastes as substitutes to the natural raw materials and fossil fuels.	TITAN Bulgaria is in compliance with all environmental regulations and conditions. With a view to continuously managing the environmental impact of its operations, the company applies an environmental management system to monitor and report its environmental impact. The company is making exceptional efforts to reduce the risk of impact to the water bodies in the area of the cement plant. It has built facilities for purification and filtration of wastewater and carries out regular monitoring of quality of surface and ground waters and the water consumption. The operations of the cement plant are covered by a Water management plan. TITAN Bulgaria has a biodiversity management plan at the Zlatna Panega Quarry, developed in alignment with the GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management and has a program for biodiversity protection and enhancement. All activities, including the use of wastes as alternative fuels and raw materials are subject to strict procedures of monitoring, evaluation and control, being part of the integrated management system of the company.
GAS STOPPAGE RISK	At the time of writing the report, the possibility of gas supply stoppage to the country, has become possible due to Ukrainian war. The plant depends on gas to operate the cement mills and for preheating the kilns for a restart. A stoppage of gas therefore threatens continuity of operations.	The company upgraded the heating installation both for the kilns and the cement mills, in order to be capable to use other fuels such as diesel or propane.

ESG performance review

ESG Performance statements

Focus area: decarbonization and digitalization

Material issues:

Climate change, mitigation and adaptation
Efficient use of energy and natural resources (in specific for fuels)

Almost 90% of the world believes climate change is real, says Forbes Magazine, based on the global survey on the thoughts and feelings of humans concerning climate change and its effects.

There are not many people left on the planet that think we have nothing in common with climate change and there is nothing to do to change the negative tendency. And it is especially relevant to the businesses, having a significant share in the global warming processes but trying to produce in a much "greener" way, making the necessary steps in an everyday manner.

TITAN Group joined a number of leading companies seeking to keep warming to 1.5°C and reach net-zero emissions by 2050 and signed "Business Ambition for 1.5°C" commitment letter ahead of COP 26. In 2021 the company set ambitious targets to reduce its direct net specific CO_2 emissions (Scope 1) to 500 kg CO_2/t of cementitious by 2030 and the indirect CO_2 emissions from electricity by 45% compared to 2020 levels. Those targets have been validated by the Science Based Targets initiative (SBTi), putting us among the first cement companies worldwide with validated decarbonization targets.

Following the initiative of the Group, in 2021 Zlatna Panega Cement developed a decarbonization plan with clear milestones and targets. It includes actions in every aspect of the company's operations - commercial, production, maintenance, investment, finance, and communication. We believe that the final goal will be achieved only if we use the knowledge and the experience of all our experts and gain the support of all employees.

As one of our top priorities, mitigation of CO_2 footprint follows the tendencies from the last years. Several projects are in different stages of their preparation and promise significant achievements in our goals. Currently we are working on upgrading of the installation for preparation and feeding of alternative fuels, installing of photovoltaic power plant and alternative heat sources for cement mills.

In 2021 the heat generated by using alternative fuels reached about 44%, which makes a 33% increase compared to 2020. We utilized 30 200 tons of non-recyclable waste in cement kilns. This is equal to more than 10% of the waste quantities floating on the world's ocean surface (about 269 000 tons, Source: www.nationalgeographic.org).

We kept collecting the waste utilized in the cement kilns from the local generators, thus supporting the reduction of the non-recyclable waste landfilled in Bulgaria and strengthening company collaboration with our stable partners.

Old tire usage stays constant, providing fuel for the clinker burning and also additional materials as additives to the raw mix.

The increase in the share of the alternative fuels in the fuel mix led to the expected reduction of net CO_2 emissions by 5%, reaching 606 kg per ton of cementitious in 2021, down from 637 kg per ton in 2020.

Specific gross CO_2 emissions per ton cementitious also showed a slight reduction. At the same time the quantity of the biomass in the fuel mix increased significantly by 22% compared to 2020 due to the strict delivery control, but also of few pure biomass processing and feeding tests made during the year. 2021 was the starting year of promising tests for the introduction of alternative raw materials in the raw mix.

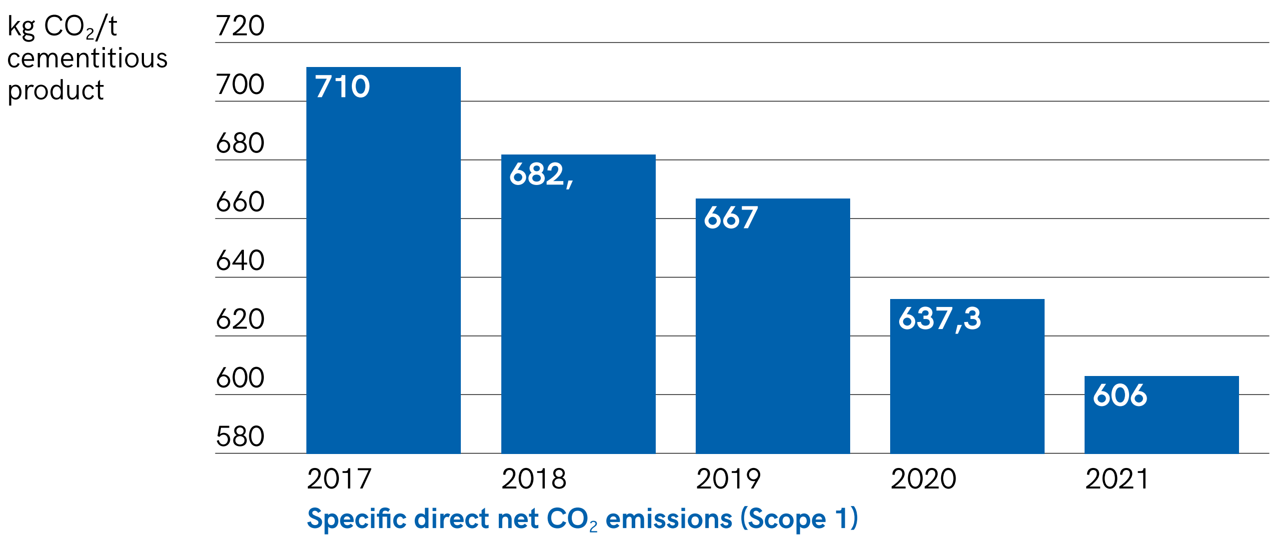
Scope 2 CO_2 emissions mark reduction compering 2020 thanks to the 20% reduction of electrical energy consumption in the raw meal complex after the start of the upgraded raw mill storage silo. TITAN Group has committed to reduce Scope 2 CO_2 emissions by 45% vs. 2020 level by 2030. This target has been validated by the Science Based Targets Initiative (SBTi).

Scope 3 CO_2 emissions from the Downstream transportation and distribution were verified for the first time in 2020 but in 2021 all relevant categories for Scope 3 were verified as part of verification process for TITAN Group Scope 3 emissions. Reducing of Scope 3 emissions in our value chain is one of TITAN's key priorities.

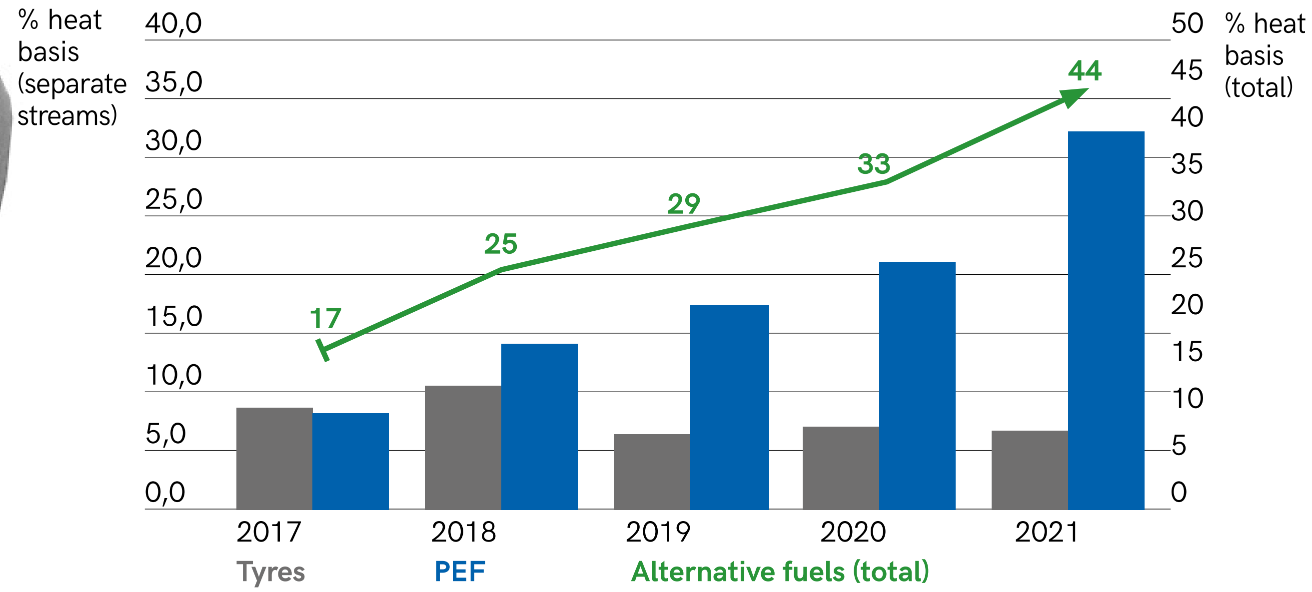
We continued our efforts to produce and offer our customers products that will lower their carbon footprint. Despite the market ruled by the cement types with high clinker content, the clinker to cement ratio stayed almost the same compared to 2020.

Material issue: Innovation with emphasis on decarbonization

Specific direct net CO_2 emissions (Scope 1)



Alternative fuels substitution rate



Focus area: growth-enabling work environment

Material issue: Safe and healthy working environment

TITAN Bulgaria is committed to maintaining the best working environment, fostering the development of a quality workforce, enhancing health and safety, efficiency and productivity, and ensuring physical and mental well-being.

In 2021, the health prevention of our employees and the achievement of a safe working environment continued being the main focus of the activities of TITAN Bulgaria. In all our locations we have maintained the application of the best practices and complied far stricter than the locally introduced measures to prevent the Covid 19 global pandemic. The applied practices were in three major pillars: A new prevention and disinfection protocol were introduced, an innovative work organization was launched, and business continuity measures with health and safety were implemented. No business processes were interrupted for a single day*.

Having more than 200 employees commuting from more than 30 locations in the region, TITAN Bulgaria acknowledged the risk, evaluated it and identified the potential points of contact for the appropriate measures to be applied timely.

Among the most impactful measures that we undertook were:

- A Crisis Committee, headed by the Executive Director of the company, was set up; regular meetings of the Committee were convened;
- Regular disinfection and increased frequency of cleaning was arranged. Disinfectants and dispensers were provided for each bus. Disinfection of all buses before and after each trip was arranged;
- The company also took care of disinfecting the work equipment and tools prior to the start of each shift. Special detergent for all surfaces was used;
- Disinfectant dispensers were installed in all common grounds, halls, bathrooms, printers, locker rooms, workshops, and over 40 other places throughout the company;
- Special containers were placed for used and potentially contaminated protective equipment. Their subsequent incineration at over 1,400 degrees prevented the creation of waste.

Organization of the working process

- Remote work was arranged;
- All meetings and training were held online;
- Conference rooms were equipped with air purifier; there was a limit for the number of people that may stay in a room simultaneously.

Quarantine and preservation of jobs

- Jobs were preserved and due payment - made on time. No contractor's job was discontinued. With the help of Zlatna Panega, employees were redirected from one company to another;
- Personal protection equipment was provided to all employees and contractors on TITAN Bulgaria's premises;
- Access to critical places was allowed only for authorized personnel;
- Employees were allowed to use their own vehicles. The expenses were reimbursed so that they can commute to work;
- A system for continuous testing with PCR tests of employees and contractors has been used
- A special measure for keeping the canteen functioning was applied;
- Special regime for visiting a medical center and safe conduct of annual medical examinations was implemented. A large number of employers in the country did not succeed to perform the periodical medical exam of their own personnel in the COVID-19 pandemic.

Special requirements and agreements for contractors and suppliers for COVID-19 prevention were put in place. Those were observed also when hiring new contractors.

■

For a fourth consecutive year, our Cement Plant attained a "green assessment" level for its Health and Safety performance on the 360° Audit of the TITAN Group.

In 2021, all companies from TITAN Bulgaria, for the second consecutive year, successfully passed an external independent evaluation and confirmed full compliance with the requirements of the international standard ISO 45001: 2018 Occupational Health and Safety.

Improving the working environment and working conditions was a constant commitment throughout the year. Despite the impact of the COVID-19, we managed to implement key safety projects:

- We analyzed and updated all safety locks in the process of preparation and use of the primary fuel;
- We updated and gradually continued the implementation of the measures of the ATEX study for the coal line;
- We organized a complete fire safety inspection at the Cement Plant (an ongoing project that will be completed in 2022);
- We have prepared the technical requirements for the digitalization of safety activities (an ongoing project that will be completed in 2022);
- We assessed the knowledge gaps of key employees and compensated them through the appropriate training (an ongoing project that will be completed in 2022);
- We introduced the program "Next step in safety" to improve the implementation and audit of the riskiest activities,

In 2021, key performance indicators on health and safety were defined at the regional level. All companies in the region are being assessed according to those KPIs. TITAN Bulgaria significantly exceeded the set goals in half of the indicators.

	Key performance indicators for safety (for all employees)	Region Target	**Result**
1	**Number of occupational accidents**	0	**2**
2	**Lost time frequency rate (LTFR)**	less than 1.25	**4.4**
3	**Number of reported near-misses**	35	**26**
4	**Number of reported findings**	500	**933**
5	**Number of safety walks and safety audits**	150	**247**
6	**Average hours of training per employee and contractor**	15	**18.84**

In 2021, TITAN made efforts and registered a significant increase in health and safety training - over 6,700 training hours for our direct employees (compared to 4,900 in 2020) and over 1,900 training hours for external contractors (compared to 1,400 in 2020).

We have successfully launched the "Next step in safety" program related to updating basic procedures for managing the riskiest activities in the cement industry. We have updated and systematically evaluated "Work in a confined space" and "Hot Work".

After a survey among our employees in 2020, we reviewed, updated, and tested the rules of the procedure for securing LOTOTO facilities. The new procedure will be fully implemented by mid-2022.

In 2022, our efforts will continue with the introduction of the other procedures of the "Next step in safety" program of the TITAN Group.

Despite our constant efforts, two accidents with employees of TITAN Bulgaria and one with an employee of a contractor had been registered. All employees have fully recovered, with no lasting consequences for their health.

In 2020, the European Agency for Safety and Health at Work (EU-OSHA) launched a "2020 - 2022: Healthy Workplaces Lighten the Load" campaign. In 2021, TITAN Bulgaria actively joined and supported the campaign by conducting a broad information campaign with communication materials among its employees and contractors. In addition, online training on good practices and techniques for relieving workload was conducted with the help of an ergonomics specialist. The support for the campaign continues.

*First place in the medium-sized enterprise category in the competition "Annual National Awards for Health and Safety" for 2020 for Zlatna Panega Cement (the cement plant and the concrete operations).

Material issue: Employee development and well-being

Diverse and inclusive workplace

The Company is committed to support diversity, equity and inclusion at all levels of employment. Diversity includes more than gender, age, nationality, disability, ethnic origin, sexual orientation, culture, education, and professional background. It is encouraged by the Company along with inclusion, aiming to create a working environment that maximizes the potential of all employees.

Respect for human rights, including diversity and inclusion, is fundamental for TITAN Bulgaria as stated in our Code of Conduct and related policies like Human Rights Policy. This engagement follows the commitment of TITAN Group to UN Global Compact principles.

TITAN Bulgaria is part of the heavy industry in the country, which is implying to be populated by men. However, we are proud to report that 27.84% of our employees are women. Gender diversity is also well established in the leadership team, where 47.83% of the managers are women.

Upskilling and reskilling opportunities?

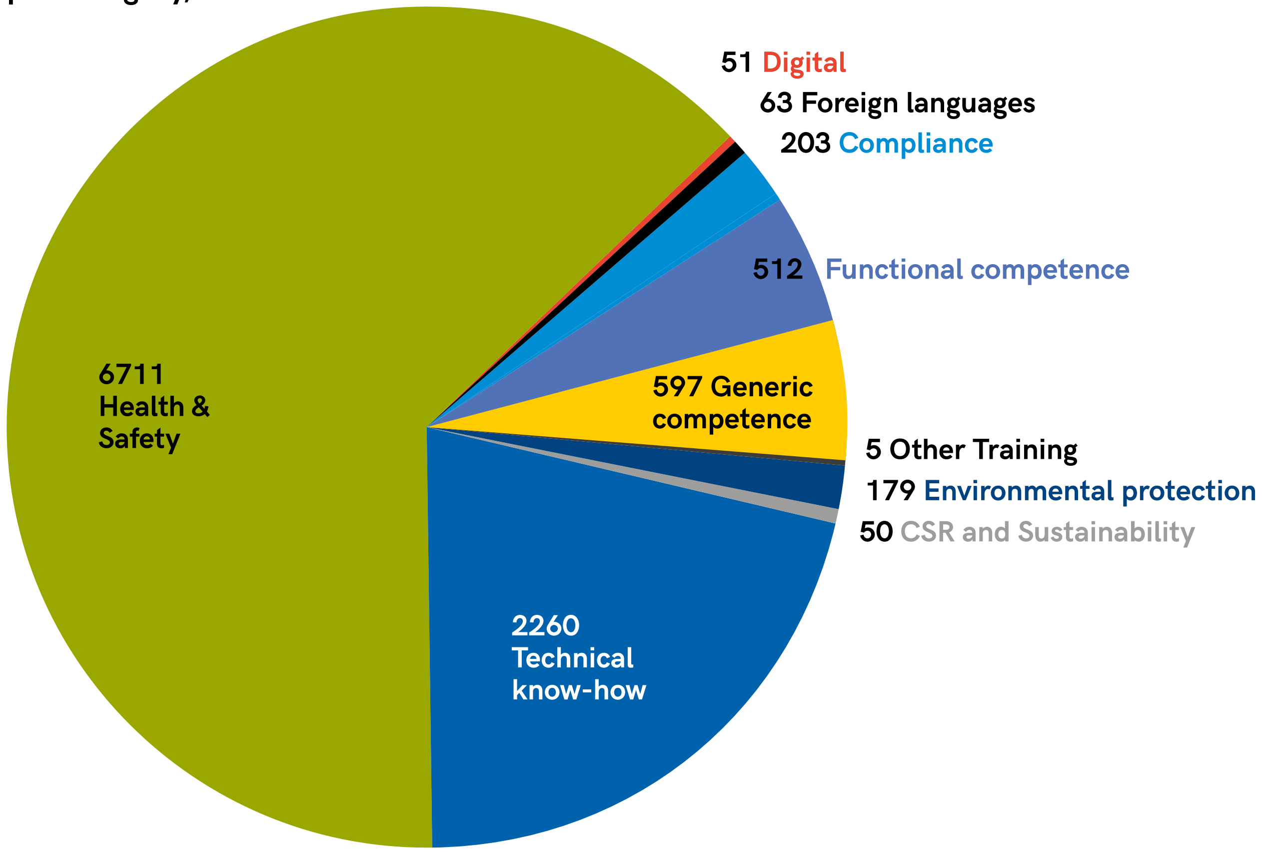
We believe that investing in development and upskilling of our people is a long-term investment with a valuable impact. Even in the challenging pandemic times of 2021, we kept our focus on developmental initiatives.

Besides being a strategic priority, it is among our company values to continuously develop our employees' expertise and sustain an excellent level of know-how. We know that this is a prerequisite for stable and sustainable business results.

- 251 employees participated in training events;
- 10,631 man-hours were invested in training;
- Average 28 man-hours training per employee was the ratio for male employees;
- Average 46 man-hours training per employee was the ratio for female employees;
- Average €151 was the investment in training per employee.

Health and Safety was again the main priority in the training initiatives. The other area crucial for TITAN Bulgaria as a production company in the heavy industry, is the technical training. Therefore, it took 63.13% (6,711 man-hours) of the total training in 2021.

Total training hours per category, 2021



The new initiative in 2021 was our EmPower Academy - modular training program with strong focus on development of soft skills among key employees and newcomers. The feedback was positive, and participants reported better understanding of the different company functions and the contribution of different departments at company goals.

Additionally, the eLearnings for all Group Policies have been provided for our key employees in unITe people as: Code of Conduct, Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Information Security Policy, and Summary of Data Protection Policy. Competition Law Compliance Policy and Sanctions Policy were assigned to targeted audience, represented by specific employee groups in relation with their functional responsibilities.

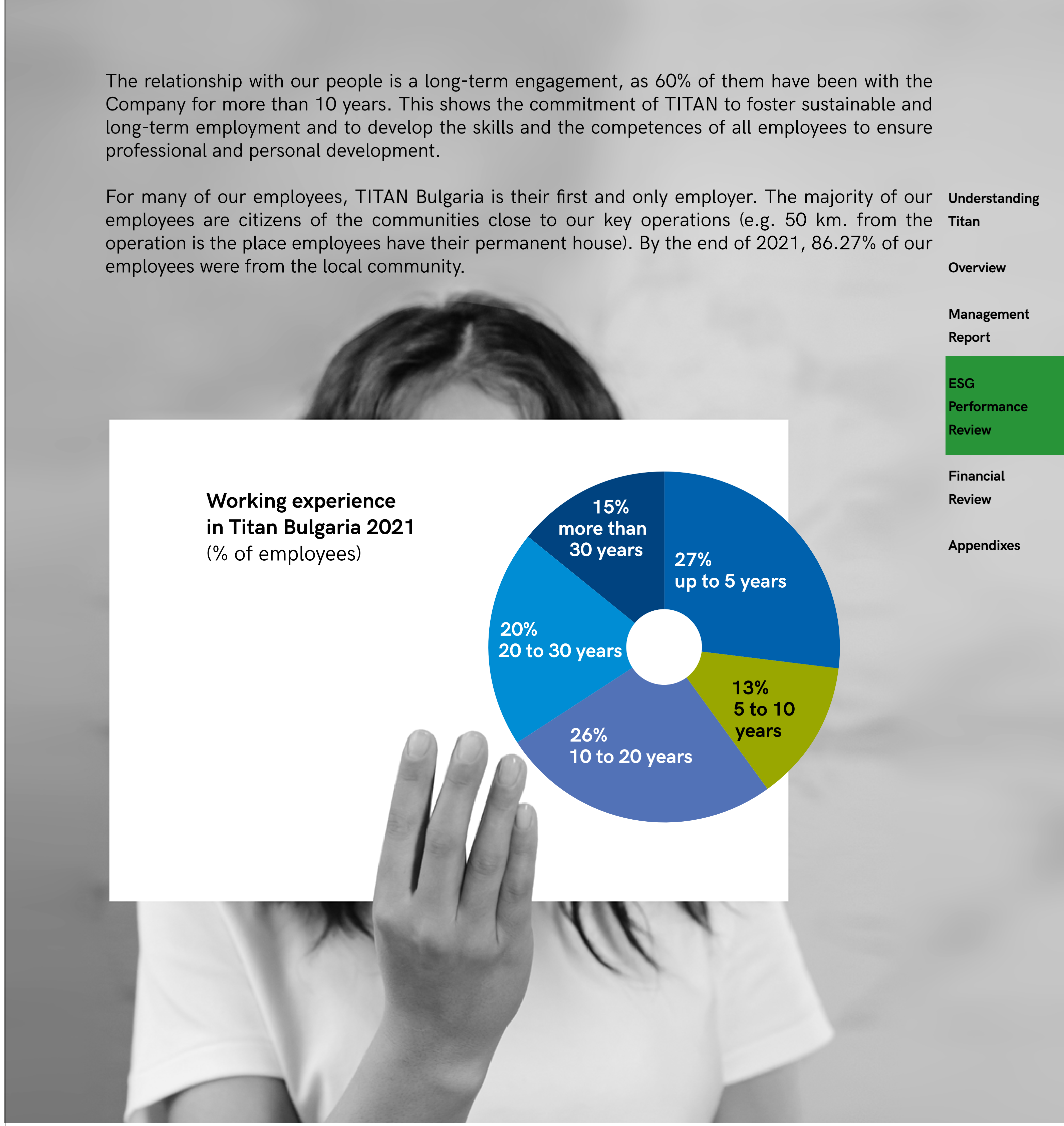
Employee engagement and human resources management system

TITAN Bulgaria provides stable employment in compliance with all required local and EU legislation as well as with United Nations Global Compact policies.

At the end of 2021, 255 people were employed by TITAN Bulgaria with full- and long-term contracts, 8 were employed with temporary or part time contracts.

The relationship with our people is a long-term engagement, as 60% of them have been with the Company for more than 10 years. This shows the commitment of TITAN to foster sustainable and long-term employment and to develop the skills and the competences of all employees to ensure professional and personal development.

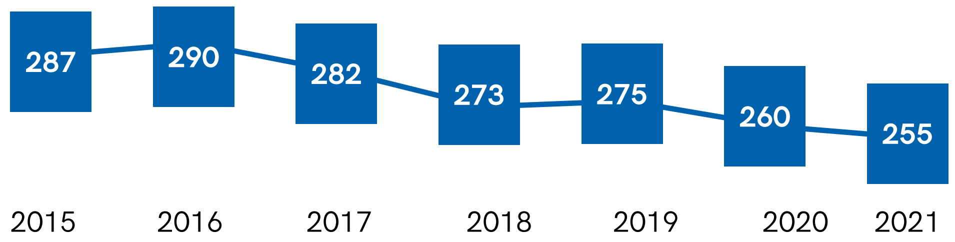
For many of our employees, TITAN Bulgaria is their first and only employer. The majority of our employees are citizens of the communities close to our key operations (e.g. 50 km. from the operation is the place employees have their permanent house). By the end of 2021, 86.27% of our employees were from the local community.



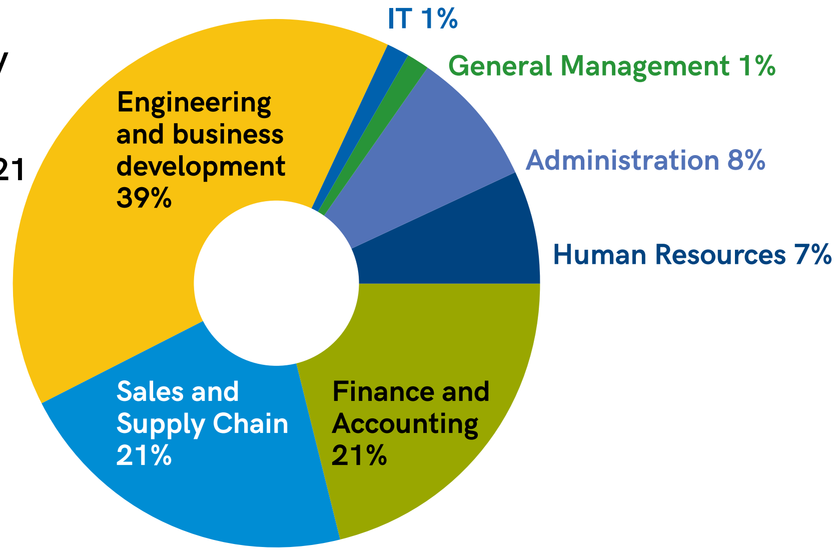
Wellbeing initiatives

TITAN Group is committed to implement initiatives for the physical, mental, social and financial wellbeing of our people. In October 2021, on World Mental Health Day, the company launched a Mental Health campaign, aiming to raise awareness and promote good mental health across the Group. Such an initiative is "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 of an ongoing pandemic.

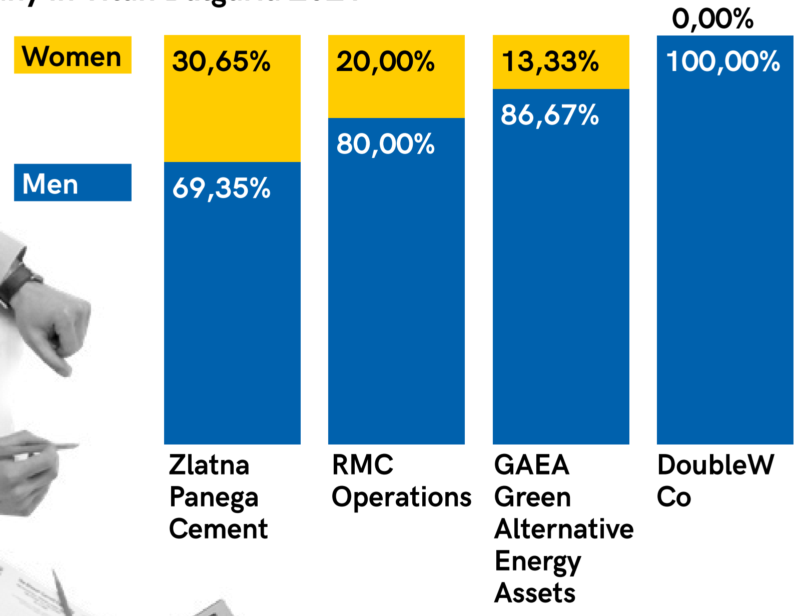
Direct employment Titan Bulgaria 2015 - 2021



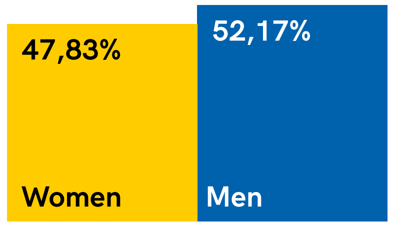
Percentage of women by department in Titan Bulgaria 2021



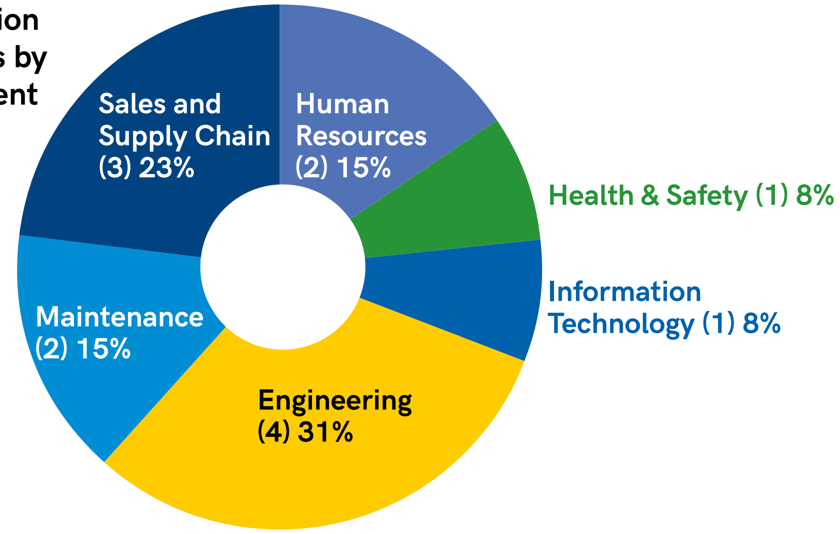
Gender distribution of employees per company in Titan Bulgaria 2021



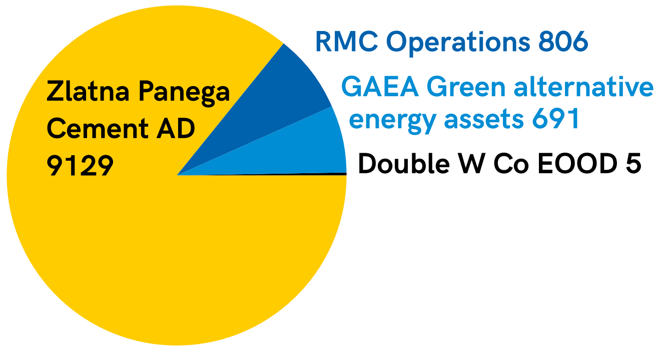
Gender distribution of employees on managerial positions in Titan Bulgaria 2021



Distribution of interns by department in 2021



Total number of man-hours of trainings for direct employees in TITAN Bulgaria in 2021



Focus area: positive local impact

Material issues:

Biodiversity conservation (covers Quarries Biodiversity and Rehabilitation)

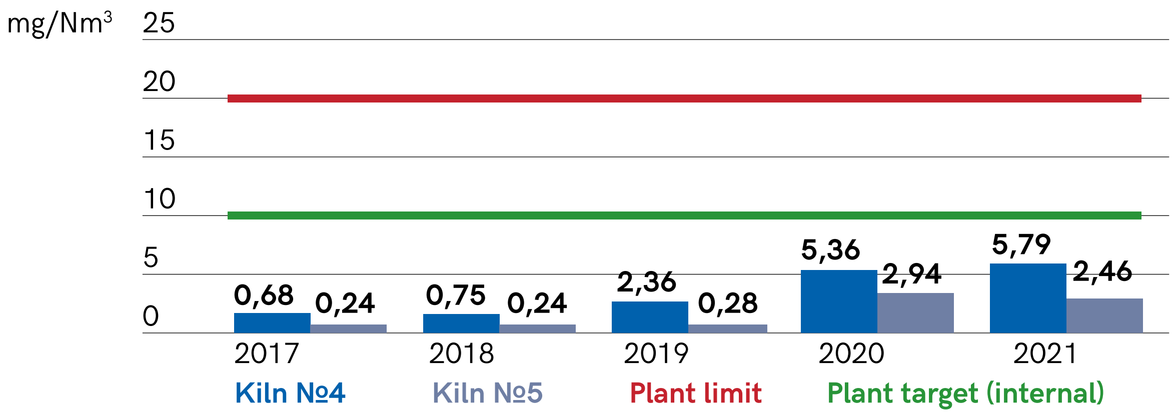
Air emissions

Globally, 93 percent of all children breathe air that contains higher concentrations of pollutants than the World Health Organization (WHO) considers safe for human health, says UNEP on its website www.unep.org

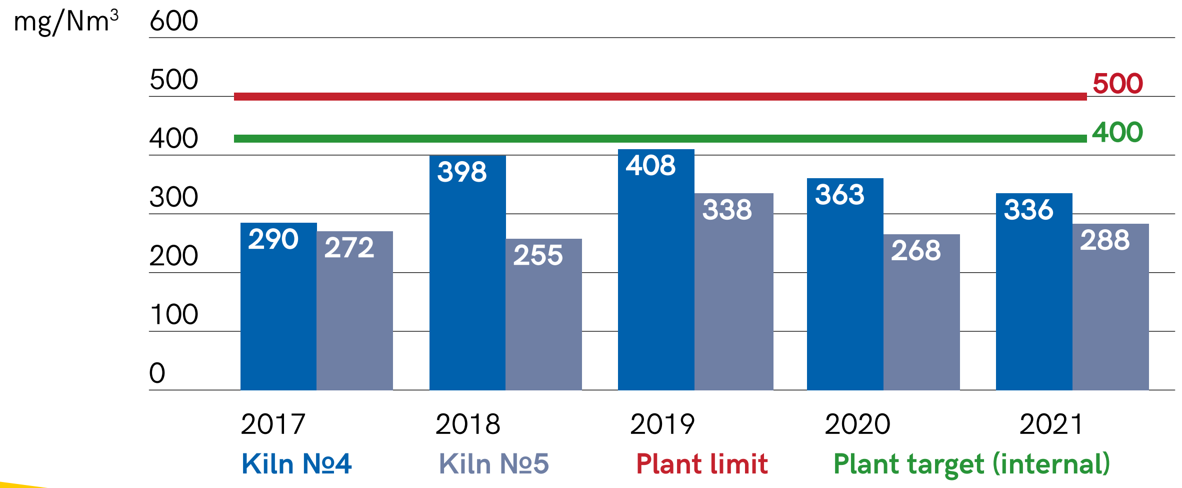
We continue the positive tendency of sustaining and further improvement of our strong performance in cement production-related specific dust, NOx and SOx emissions.

Vital preventive maintenance and continuous monitoring support our efforts to sit much lower than the legal limits.

Dust emissions



NOx emissions



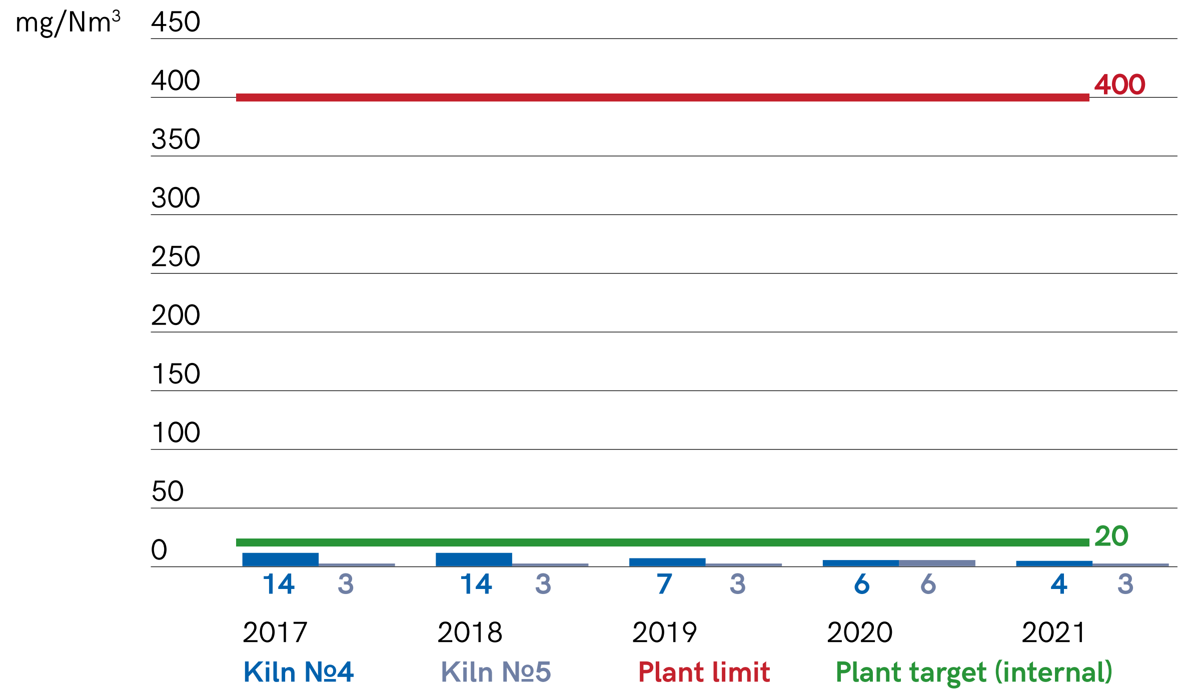
Did you know that?

Acid rain may also contribute to global warming since it can hurt forests, which are natural carbon dioxide storage. If these forests die off due to acid rain, they can not longer able to store carbon dioxide, and large amounts of greenhouse gases will enter the atmosphere, which in turn increases the speed of global warming.

Did you know that?

Human activities have significantly altered three-quarters of land-based ecosystems.

SO2 emissions



Biodiversity Management

Only with healthy ecosystems can we enhance people's livelihoods, counteract climate change, and stop the collapse of biodiversity - UN Decade on Ecosystem Restoration (https://www.decadeonrestoration.org/about-un-decade)

Did you know that?

More than 75% of global food crop types rely on animal pollination
(Source: IPBES (2019), Summary for policymakers)

At the end of 2020, two biodiversity management projects started in Zlatna Panega Quarry in cooperation with reputable Bulgarian specialists: (a) Net Impact Assessment (NIA) of biodiversity and (b) Ecosystem Services Assessment. NIA is based on the Methodology for the Net Impact Assessment of Biodiversity in the Cement Sector, developed by the Cement Sustainability Initiative in 2018. Ecosystem Services Assessment follows the Toolkit for Ecosystem Service Site-based Assessment (TESSA), developed by Birdlife International in partnership with the University of Cambridge, Anglia Ruskin University, and others.

The process of the NIA was important to assess the previous (baseline), current, and future situation in the operating quarry, to evaluate the already applied rehabilitation measures and to amend, improve or add respective actions to reach a positive impact on biodiversity in the area after works finalization.

TESSA helped us better evaluate the possible future uses of the area that will be rehabilitated. We decided to focus on assessing the provisioning and regulating services that the rehabilitated area can provide to society, like for example the water supply, control of erosion and of flooding, store of carbon, pollination etc.

In the process of NIA and TESSA, we enriched our knowledge about the surrounding area's biodiversity and discussed local economic and social issues with various stakeholders. Two meetings with the residents of the neighboring villages have been organized under the TESSA project, where they presented their ideas and expectations from the area of the quarry after its rehabilitation.

The conclusions from both NIA and TESSA projects showed a strong preference for the forest habitats, but also agreement that the local grass communities should be kept and supported with new plantations.

For the cement plant area and both quarries (Zlatna Panega and Koritna) we made biodiversity screening with IBAT Tool for Key Biodiversity Areas and Protected Areas, as included in the World Database on Protected Areas (WDPA). The screening showed that within 10km radius from the Zlatna Panega site there are two NATURA 2000 sites, two natural monuments and one protected site. The company is aware of specifics of these designated areas and evaluates the potential impact on them in every investment initiative.

Our biodiversity related ESG targets are 100% of quarries covered by rehabilitation and biodiversity management plans and percentage of affected are that is rehabilitated reaching 3.8% by 2025.
The relative TITAN Group target is that the share of rehabilitated area must reach 30% of the affected area by 2030.
Zlatna Panega Cement 2021 performance shows 2.6% rehabilitated areas and 100% of quarries covered by rehabilitation and biodiversity management plans.

Following some of the recommendations of the biodiversity projects conclusions, we have already started a test for the creation of grasslands with local plant species. We aim to restore parts of the depleted quarry to an important orchid site, which is a priority habitat under the Habitats Directive. We plan to monitor the test fields over the next 3-5 years with the help of a botanist, who will guide us through the rehabilitation process and will evaluate the results.

Focus area: positive local impact

Material issue: Sustainability of communities

26 ESG initiatives & actions for the closing of 2021 were assessed in coordination between TITAN Bulgaria and Group ESG Performance. (Note: 90% of all initiatives were implemented for Community Engagement)

Initiatives assessed for connection with Material Issues under the SASB Capitals:

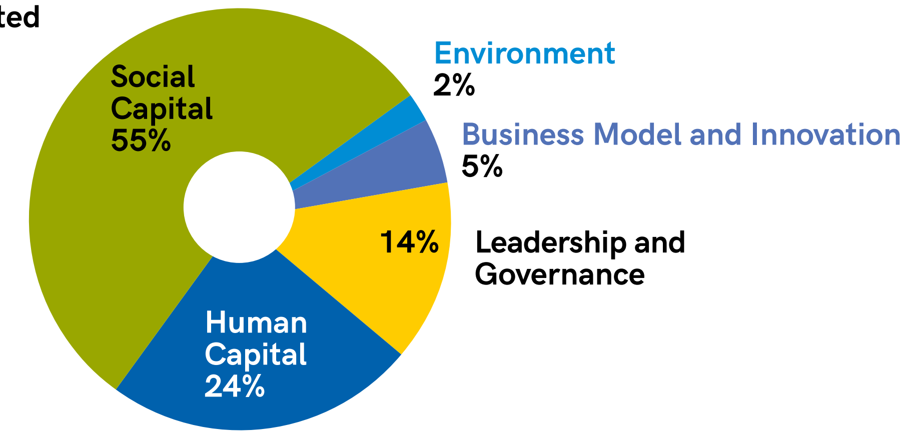
- Social Capital (55% of cases connected)
- Human Capital (24%)
- Leadership and Governance (14%)
- Business Model and Innovation (5%), and
- Environment (2%)

Community Engagement Initiatives mostly related to 5 key priorities of communities:

- Cultural heritage and recreational activities, with 12 initiatives,
- Education of people in the communities (schools), 10 initiatives
- Skills for new jobs (training, internships, etc.), 8 initiatives. Followed by:
- 'Other' (support to communities under conditions of distress), and Voluntarism, with 4 initiatives and 3 initiatives each, respectively).

Level of community engagement: 'Involve' level reached 42%, and 'Collaborate' reached 31% share of all initiatives. The participants reached 350 in total, of which at least 100 are TITAN employees as volunteers. The beneficiaries reached approx. 72,000 in total. The total cost was approx. €204.000.

ESG Initiatives connected with Material Issues according to SASB



Sustainability of communities

We strive to raise the standard of living for our fellow residents by actively promoting local development. We are committed to raising the standard of living of our employees and contractors, reducing any risks, and having a beneficial influence on the surrounding communities. Our employees and our contractors' employees are commuting to the plant from more than 30 villages and towns. We needed to focus our social engagement in 2021 on protecting employees and their families. Our support of social and infrastructure projects as well as education activities with the local schools were other main focus areas.

For the future of youth

The Cement plant is located in a depopulated area with a significant unemployment rate. Big groups of people in the local communities live on government aid on the brink of poverty.

In TITAN Bulgaria, we know that the youth are the backbone of a community, they determine the future of our society. Therefore, our key social engagements with the local community are the projects related to education and skills development.

TITAN Bulgaria is proud to partner for 9 consecutive years with "Teach for Bulgaria". The common goal, Quality Education (SDG 4 of UN), unites us to achieve equal access to education to build a stable future for the local children. TITAN Bulgaria and "Teach for Bulgaria" share values and join forces to ensure prosperity and new opportunities for local communities in the region. The almost ten years of partnership have been marked by numerous pieces of training, programs, active work with more than 500 students in the region, and teachers' accomplishments.

Titan Bulgaria is devoted to providing young people with opportunities was essential. For another consecutive year, we have demonstrated our commitment to various initiatives by welcoming more than 15 interns, mentoring them, and helping them enter the labour market. We supported local students with excellent academic results by providing scholarships for them throughout most of the academic year. Because we would like to support them in their professional development, we would like to contribute to the local community where most of our interns come from.

For the responsible corporate citizenship

In 2021, TITAN Bulgaria joined the program for environmental collaboration 'Together for the sustainable environment' for biomonitoring of Zlatna Panega river and the area around it (Adopt a river), which was featured in an analytical report.

TITAN Bulgaria launched a new whistleblowing policy. All employees have access to an ethical platform that provides information on the policy developed by TITAN Group and implemented locally, as well as on the tool which was made available to every employee to address any behavior that does not comply with the governance principles of the Group. It is incorporated in the "Partnership for development" section.

In 2021, the Bulgarian Business Leaders Forum awarded TITAN Zlatna Panega the prize Investor in Human Capital and Working Conditions 2020 in the 18th edition of its Annual Responsible Business Awards. TITAN Bulgaria's joint project with "Teach for Bulgaria" ensures access to quality education for students in the Lovech region. TITAN Bulgaria continues to be one of the largest investors in the area where the Zlatna Panega Cement plant is located, to take care of local communities and to encourage the ambitions of young people.

Further to that, we organize internships and scholarship programs every year. They give our local children opportunities to see "live" the work process in our plant, have real job projects, and mentoring from our key experts.

For the improvement of the regional culture and infrastructure

TITAN Bulgaria participates in several infrastructure projects in the region. Some of them are related to the construction and reconstruction of roads and venues of significance for the community in Teteven and Yablanitsa municipalities, while others support local cultural centers, social institutions, and the Mitropolia in the town of Lovech. Another aspect of our donation campaign is the help for local sports with a focus on children, which we hope will help keep young people in the region. In 2020, TITAN Bulgaria started a project supporting the volleyball clubs of Teteven, Lukovit, and Yablanitsa. This will enable the clubs to continue their activities in times of difficulty and uncertainty caused by the pandemic.

LOCAL SPEND

In 2021, through a careful tendering process and continuous joint work with local suppliers we succeed to keep our local spend to be 77.89% of total spend, and for the third year to stay above the Group target, two third of the total spend to be assigned to local vendors.

Period 01.01.2021 – 31.12.2021	ZPC	GAEA
Local Spend	23 778 087	94 939
Total Spend	30 554 943	94 939
% local	77.82%	100.00%
% international	22.18%	0.00%
Total Country		**77.89%**

Focus area: responsible sourcing

Material issues for the BU include:

- **Efficient use of energy and natural resources (in specific for the management of water, efficient management of energy, management of waste, and contribution to Circular economy)**
- **Responsible and reliable supply chain**
- **Quality and sustainability of products**
- **Customer relations**

Material issue: Efficient use of energy and natural resources

771 million people don't have clean water close to home, says WHO/UNICEF Join Monitoring Program 2021

We will continue to claim that our plant is situated in one of the most beautiful areas with presenting the rich local biodiversity, karst spring and river-specific features. Water resources are the treasures of Zlatna Panega, and we have built our operation in such a way that we can ensure their protection.

We ensure water quality by a three-stage-sewage treatment plant, a flotator for industrial cooling water, and a system of oil-and-mud collectors for rainwater from the production site. We carry out regular monitoring of the quality of the discharged wastewater. In 2021, all monitored parameters complied with individual emission limits set in the company permit.

Maintaining a recirculation water system significantly helps us reduce fresh water consumption. In 2021 we managed to increase the ratio of recycled water over the water demand by 2% as compared to 2020 (from 50% to 52%), and we used more than 300 000 m3 recirculation water for mechanical cooling. It is estimated that such quantity of fresh water would feed a city as big as Pleven for one month, respectively. We reduced freshwater consumption by 10.5% compare to 2020 and we are on track of reaching our target - water consumption of 360 lt/t cementitious and water demand covered by 60% of recycled water by 2025. The majority of fresh water is used to irrigate the vast green areas in the cement plant, which constitute 45% of the plant's territory.

Did you know that?

In 2020, 74% of the global population (5.8 billion people) used a safely managed drinking-water service –one located on premises, available when needed, and free from contamination (WHO; www.who.int).

In 2020 Water Risk Assessment of Zlatna Panega site with the use of the Aqueduct Tool by the World Resources Institute (WRI) was completed. We focused mostly on the Baseline Water Stress, which is the criterion asked by different disclosure platforms. This indicator measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. We'll use the conclusions of the Water Risk Assessment in the Water Management Plan.

Waste management

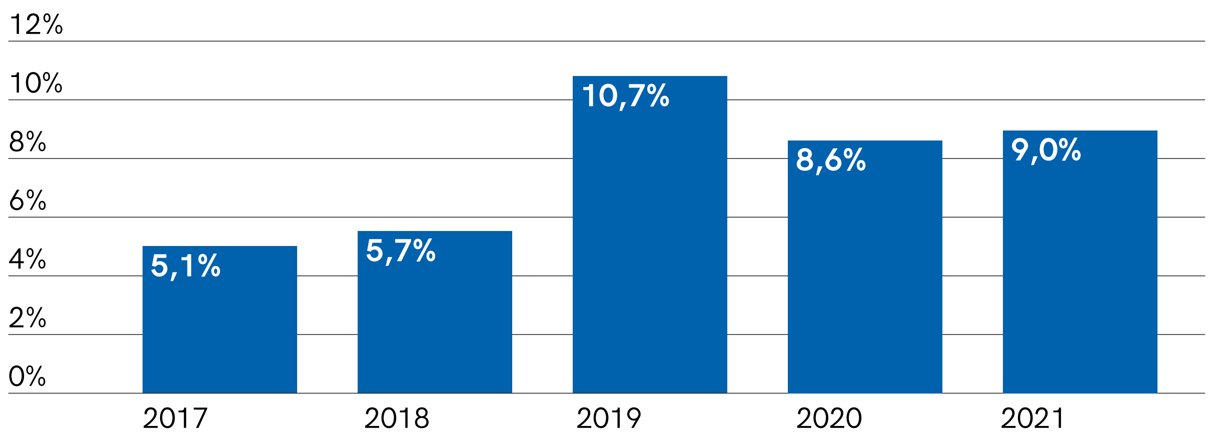
Zlatna Panega Cement increased significantly the cost for waste management in 2021. The total expenses amount to €131k. The company has used 698 tons of waste, generated internally, as substitute to the natural raw material and fuels. Additionally, the company has transferred 96 tons of waste from the cement plant to external recycling companies. TITAN Cement aims at having 50% of its production covered by "Zero Waste to Landfill" certification by 2025.

In 2021 we significantly reduced the electrical energy consumption for clinker production with the start of the reconstructed raw meal storage silo #3. The testing operation of the silo started at the end of 2021 but its operation in combination with other energy efficiency measures resulted in a decrease in specific el. energy consumption in the raw meal preparation by 20%.

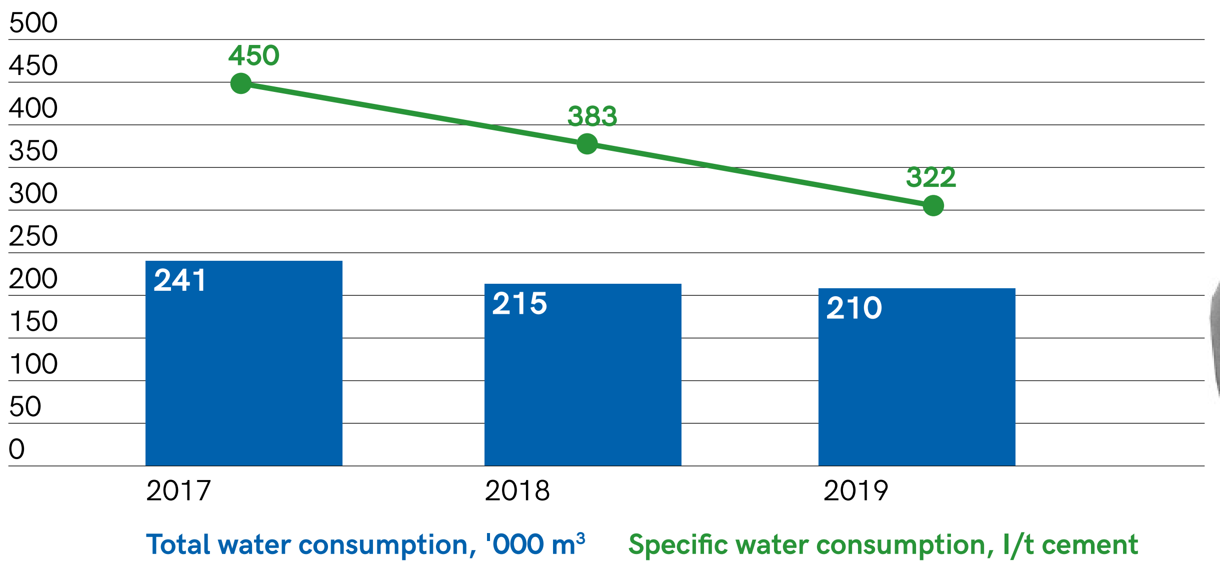
Renewable energy as part of total electrical energy consumption increased by 28%, from 24.5% in 2020 to 31.4% in 2021.

In 2021, more than 81 000 tons of waste from other industries were recycled in the form of raw materials for the production of clinker, cement and concrete. The percentage of alternative raw materials as a share of total raw materials used in clinker and cement slightly went up from 8.6% in 2020 to 9% in 2021.

Alternative raw materials use
(In clinker and cement on dry bases)



Water consumption



Material issue: Responsible and reliable supply chain

OUR SUPPLIERS

We care the procurement chain

Engaging meaningfully the local suppliers and local communities become an important achievement for TITAN Bulgaria especially in the volatile business environment during 2021.

This is why we strive to rethink relationship with suppliers incl. long-term strategic agreements and invite all local vendors that can bid on the required product or service for tender procedures.

Those are mainly activities related to maintenance, repairs, cleaning, and catering services.

Follow a structured risk management process we endeavor to ensure that these activities are timely evaluated and fairly paid reflecting real market conditions.

To secure the supply chain is our key priority. TITAN Bulgaria maintains a well-organized selection, control, and evaluation methods of suppliers that are governed by the Code of Conduct for Procurement of TITAN Group.

TITAN Bulgaria also works with international suppliers of goods such as fuels, specialized spare parts, and cement paper bags.

We require that our supply chain partners comply with our policies for health and safety, labor and human rights, environmental standards, and legal regulations. This is our way to ensure that we select and work with suppliers who abide by the values and standards of TITAN.

Cooperation with local suppliers

For years, the company has signed agreements to ensure environmental protection with all contractors performing activities on the cement plant sites or its quarries.

These agreements include terms related to waste management, protection of air, water, and soil and management of chemical substances, actions in case of environmental accidents, and training of contractor's employees.

TITAN Bulgaria carries out regular audits to monitor and improve the environmental performance of companies in the supply chain. In 2021 TITAN Bulgaria, experts performed thirty-one detailed environmental audits for contractors' companies that deliver services to the cement plant. The contractors were given recommendations on waste management and chemical substances management.

Material issues:

Quality and sustainability of products
Customer relations

OVERVIEW OF OUR CEMENT PRODUCTS

WHAT WE DO. OUR PRODUCTS

The Concrete Operations of TITAN Bulgaria offer a wide range of products and services. They are tailored to our customer needs - high performance, shotcrete, watertight, corrosive resistant, frost resistant, and floor screed concrete.

We provide a variety of concrete products, such as floor screed mortars, cement bound granular mixture, low-thermal heat concrete, high-strength concrete, and gunite. They are used in Bulgaria in benchmark buildings and infrastructure projects, which improve the social environment and people's standard of living. We specialize in high construction, taking into account the present-day requirements for lasting buildings with ultra-high-strength and less carbon footprint. We also custom-design products for a variety of infrastructure and underground sites.

Our state-of-the-art R&D laboratory has an excellent capacity for testing and analyzing various types of cement and concrete, and for developing custom-made new products. Our R&D laboratory provides us with a strong competitive advantage and makes us attractive in projects with specific requirements. Very few of the industry players have such an in-house capacity for market analysis and customized products that meet any customer's need. Over 1,000 new concrete mix designs for different concrete products have been developed in our R&D laboratory.

GREY CEMENT

All types of cement produced by TITAN Bulgaria fully comply with the requirements of BDS EN 197-1.

Normal Early Strength Portland Cement – CEM I 52.5 N
This product is used in the production of high-strength and pre-stressed concrete, of concrete products and precast elements exposed to periodic freezing/thawing, and of reinforced concrete elements with or without thermal treatment.
- Available in bulk

High Early Strength Portland Cement – CEM I 52.5 R
This product is used in the production of high-strength and pre-stressed concretes, concrete products and precast elements exposed to periodic freezing/thawing, and of reinforced concrete elements with or without thermal treatment.
- Available in bulk

Sulfate-Resistant High Early Strength Portland Cement – CEM I 42.5R-SR5
Due to its specific purpose of use in aggressive sulphate-containing waters, the Sulphate-resistant Portland cement is recommended for the production of concrete and reinforced concrete structures in hydro-technical installations, operating under the influence of sulphate aggression, with systematically repeated freezing and thawing, or wetting and drying, sulfur-containing gases and seawater. It is also suitable for use in concrete intended for pressure and non-pressure installations in soils, with varying degrees of filtration and sulfate aggression.
- Available in bulk and packed in 25 kg and 50 kg bags

High Early Strength Limestone Portland Cement – CEM II/A-LL 42.5 R
Limestone Portland cement is used in the production of small-sized concrete products and elements exposed to periodic freezing/thawing. It is also used in the construction of reinforced and unreinforced concrete and industrial constructions.
- Available in bulk, packed in 25 kg and 50 kg bags for the domestic market, and in 40 kg bags for export

High Early Strength Limestone Portland Cement – CEM II/B-L 32.5 R
This type of Limestone Portland cement contains a higher level of limestone (up to 35%) and is especially suitable for various activities in the construction industry - plastering, masonry, flooring etc.
- Available in bulk and packed in 25 kg and 50 kg bags

Normal Early Strength Pozzolanic Cement – CEM IV/A (V) 42.5 N
This type of pozzolanic cement has a lower content of Portland cement clinker (65 to 89%) and a higher content of pozzolans and fly ash (11 to 35%). It is also widely used in components, which are exposed to or are under water constantly.
- Packed in 25 kg and 50 kg bags.

OUR CUSTOMERS

In 2021, cement consumption in the country increased by approximately 1%, compared to 2020. The COVID-19 crisis left no real scars on the sector and the demand for housing became even stronger. Only the office market slowed down because of the home office choice of work environment preferred by many companies. Infrastructure and public projects were hit very heavily to the political instability and after two elections that failed to elect a government. The government that came to power in December could not reverse in any way the situation as well as to provide a quick solution to compensate for the ever-increasing input costs of the construction companies under contracts for various public projects.

Our performance, despite the increased pressure created by the ever-growing imports, is deemed satisfactory under the circumstances.

In line with the Group's decarbonization plans, we created a 10 year schedule for the reduction of our carbon footprint in the country and the introduction of new, more environmentally friendly cements. Already the campaign for the design of the new products commenced and the whole team is committed to achieving this extremely important target.

BENCHMARK PROJECTS IN 2021

Projects

- Successful completion of the skyscraper Sky Fort with a modified recipe for concrete C50/60 casted with a stationary pump up to 186 m.
- Execution of big residential building for Tobo Group with concrete C40/50.
- Reconstruction of B.A Glass Factory - external and internal industrial flooring with tailor made recipe for the client for concrete C30/37 XC3 and C30/37 XF4 using metal and polypropylene fibers.
- Delivery of concrete for precast elements C35/45 and internal flooring C30/37 XC4 for the building of NOVA TV.

Focus area: good governance, transparency, and business ethics

For TITAN Bulgaria, good corporate governance is equivalent to transparency, ethical business practices, open communication, accountability and sustainable development. We comply with the Group Code of Conduct and policies to assure those principles in our corporate governance. The policies define the way of work and cover topics such as transparency and ethics, protection of human rights, fight against bribery and corruption, international sanctions, competition law compliance, conflict of interests etc.

IMPLEMENTATION OF TITAN GROUP POLICIES IN TITAN BULGARIA

Titan code of conduct

The principles of the Code of Conduct of TITAN Group are a starting point in achieving our business objectives. The Code sets out the requirements and expectations from the management and all the employees regarding ethical behavior and responsibility. It ensures that our employees are familiar with the highest standards applied by the Company - strict compliance with laws, human rights and international anti-corruption conventions, protection of confidential information, promotion of sustainable development, and building the healthy relationships with our key stakeholders. Any misconduct may be treated with disciplinary procedures according to the violation and may lead to termination of the labor contract.

In 2021, TITAN Bulgaria has no registered violations of the Code of Conduct. Since the beginning of 2020, a centralized Whistleblowing Policy has been used for violations of the Code of Conduct, corporate values or any of the Group's policies. It is managed by an independent external platform (EthicsPoint), which receives all signals in the local language online or by telephone. Reported issues are managed only internally and are translated into English. Notifications are sent simultaneously to the regional and corporate Surveillance Committee for incident investigation and follow-up. Both committees consist of representatives from Human Resources Department, Legal Department and Internal Audit Department at the regional and group level. The goal is to manage the business according to the highest standards of transparency and integrity. The policy uses a multi-channel reporting method and encourages all business partners who have a long-term relationship with TITAN Group to report misconduct, if any.

Internal audit and risk management in the scope of the financial reporting process

Compliance and due diligence

Sustainability is a top priority for TITAN Bulgaria. We seek to engage our partners, especially customers and suppliers, in the implementation of our policies and best practices related to environmental, social and governance matters.

According to the TITAN Group's Anti-Bribery and Corruption policy, we have introduced a principle for working with suppliers, contractors, or other related parties. They should comply with all applicable laws and willingly make a contractual commitment, where it is feasible, to represent that they abide by the relevant anti-bribery and anti-corruption rules. In contractual relations, where a decision for high risk of corruption or bribery is taken (for instance, international import), TITAN Bulgaria incorporates relevant clauses in the contracts. They guarantee that the counterparty is committed to complying with all the laws and to ensure that there are no manifestations of bribery or corrupt practices in the scope of contractual relations.

At the same time, TITAN Group applies and observes the principles of good governance and group policies at the local level, and ensures compliance with the company's audit mechanisms. Additionally, the competent national authorities (i.e. the Labor Inspectorate) regularly inspect TITAN Bulgaria.

Internal audits

The Internal Audit Department of TITAN Group controls all compliance processes. This is an independent department that reports directly to the Audit and Risk Committee. TITAN Group Internal Audit Department monitors the implementation and compliance of the Code of Conduct, the internal regulations, and the applicable laws at a Business Unit level. It consults Business Units on new procedures and the post-implementation process, and also works on special assignments, e.g. fraud investigations.

TITAN Bulgaria is audited by the Group Internal Audit Department on a regular basis. Internal audits in the areas of Environment and Health and Safety (incl. Human Rights aspects such as safe and secure working conditions) are carried out by the Group Engineering and Technology Department. In 2021, two Health and Safety audits were conducted. For both audits, an action plan was prepared and implemented. In 2022 implementation of the action plan was proved by GET, and the rating was satisfactory for both business lines.

An additional element of the integrated approach of the TITAN Group, and the established practices in TITAN Bulgaria, is the continuous effort to record, assess, and report to the larger audience the incidents and related penalties, and fines in the areas of:

- Laws and Regulation related to human rights (incl. breaching of regulations of Health and Safety, and other for Human Rights, Anti-Bribery and Corruption);
- Laws and Regulation related to environment;
- Law and Regulations related to provisions of products and services.

In the beginning of each year, our legal department, after consultation with all relevant departments in the company, presents to the Group information on the implementation of our Corporate Social Responsibility for all TITAN companies in Bulgaria. A Governance Core Indicators Index is completed, where monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations are reported. In 2020, those indicators were zero (0).

No incidents, no fines, or other penalties related to human rights and corruption, or legal action for anti-competitive behavior, breaching of anti-trust or anti-monopoly practices were recorded in 2020. Exposure to the risk of corruption is also systematically monitored in TITAN Bulgaria, following the Policies and practices of the Group.

The Group regularly reviews relevant reports (e.g. Transparency International), which are provided by independent organizations. Following the publication of 2020 Transparency International Corruption Perception Index, the perception of corruption in Bulgaria follows a positive trend.

External audits

TITAN Group strengthens compliance assurance through external audits. The competent authorities carry out regular audits at national level. In terms of environmental performance, 7 audits were performed by national authorities on waste management, and 2 on the compliance with requirements in the environmental part. For ISO 45001 certification, 3 external audits were held regarding Health and Safety, all of them successful.

Our anti-bribery and corruption policies

TITAN Group's Anti-Bribery and Corruption policy aims to ensure compliance with the rules prohibiting bribery and corruption. The policy applies to all TITAN Group employees, representatives and agents. They are expected to follow the highest standards of professional and personal conduct at all times. Our policy complies with all applicable laws and contains TITAN Group's global standards, including the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act (UKBA), and the local legislation in every country.

Within TITAN Bulgaria, both employees and managers should under no circumstances offer, promise, give or accept any bribe or any other form of payment, including one for "cooperation". Within the scope of TITAN Group's policies, employees and managers are informed that in cases of breach, apart from criminal prosecution or civil lawsuit under the Bulgarian law, they might also be subject to disciplinary measures by the company.

TITAN Group has also implemented a policy to observe and comply with competition legislation wherever it operates. At TITAN Bulgaria, we do not participate in any form of contracts, agreements or practices that limit free market competition. All our employees and managers bear the responsibility to apply those principles in their everyday activities.

Embedding good governance, transparency and integrity

All newcomers at TITAN Bulgaria undergo training programs on those issues as part of their induction program. In 20201, 57 man-hours were dedicated to policy training for newcomers. In December 2021, we conducted training for 18 managers and key employees on topics such as "Protection of Competition", "Fight against bribery and corruption", "Sanctions" and "Conflict of interest". The overall training hours on those important policies in 2021 amounted to 126. Additionally, we developed online training modules that were available to all key employees through the Group Human Resources Management System (SuccessFactors). A designated place for all Group's policies is available online at the new Group intranet portal - Connections.

Our corporate policies are the fundamental guide for maintaining a healthy business process. To ensure consistency with the principles and values of TITAN Group, TITAN Bulgaria applies the Group's policies in all its business operations.

Financial review

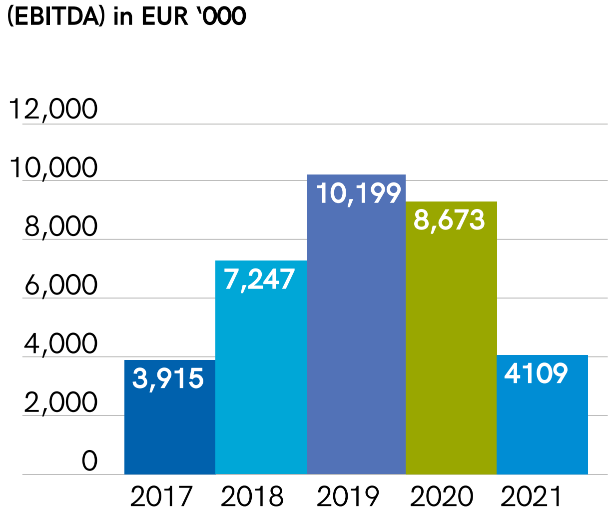
In 2021 the COVID pandemic persisted, and the economic recovery was not as expected. Our sales volume dropped by 2.5%. In the 2nd half of the year the energy prices started rising rapidly, thus reducing our EBITDA from €8.7 million in 2020 to €4.1 million in 2021. A price increase was implemented in December 2021 to offset the rising costs. Its effect was marginal in 2021, was rather visible in 2022.

Financial performance

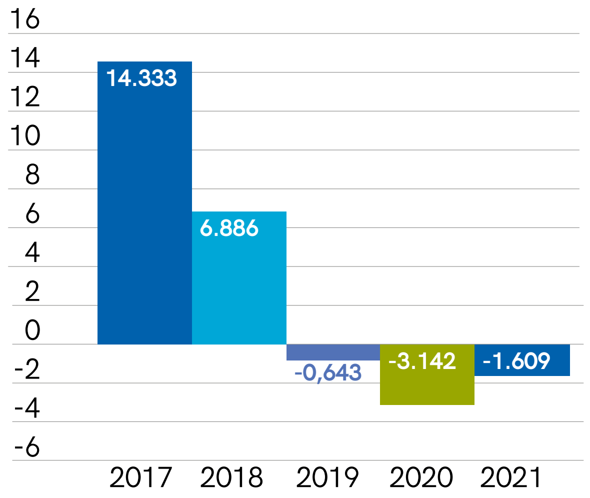
Index	Calculations (formula)	2017	2018	2019	2020	2021	
Return on invested capital	Profit after tax / average invested capital	-4,0%	1,8%	5,2%	2,4%	-3,5%	*NOPAT / Average invested capital
Return on capital	Profit before interest and tax / Weighted average cost of capital (Capital = Equity + Net Debt)	-3,2%	1,4%	4,9%	2,7%	-3,5%	*Operating profit * (1-0.1) / (Equity + Debt)
Net Debt / EBITDA Ratio	Net Debt / EBITDA	3,6	0,9	-0,1	-0,4	-0,4	
Earnings per share	Net earnings per share in EUR	-0,11	0,04	0,12	0,05	-0,07	

	2016	2017	2018	2019	2020	2021
NOPAT	402	-3549	1408	3773	1652	-2205
Equity	79772	67217	68353	72126	68686	61892
Debt (excluding leasing)		14254	6857	-939	-3373	-1776
Market value (V) = Equity (E) + Debt (D)		81471	75210	71187	65313	60116
Invested capital	95095	81471	75210	71187	65313	60116
Average invested capital (curent year + last year)/2		88283	78341	73199	68250	62715
NOPAT / Average invested capital		-4,02%	1,80%	5,15%	2,42%	-3,52%
EBIT		-2873	1190	3858	1939	-2325
Equity + Net debt		81471	75210	71187	65313	60116
Net Debt / EBITDA Ratio		**3,64**	**0,95**	**-0,09**	**-0,39**	**-0,43**
Earnings per share		**-0,11**	**0,04**	**0,12**	**0,05**	**-0,07**

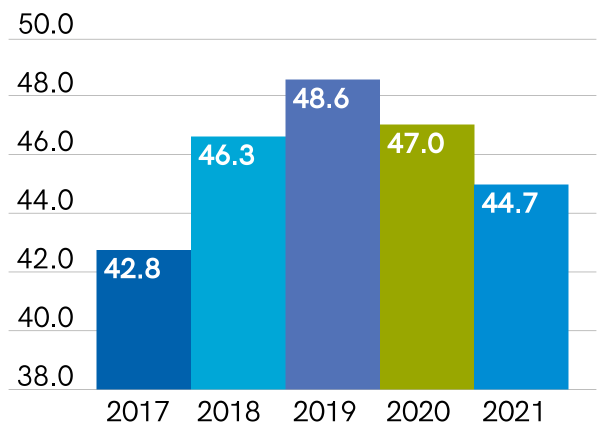
Earnings before Interest, Tax, and Amortization (EBITDA) in EUR '000



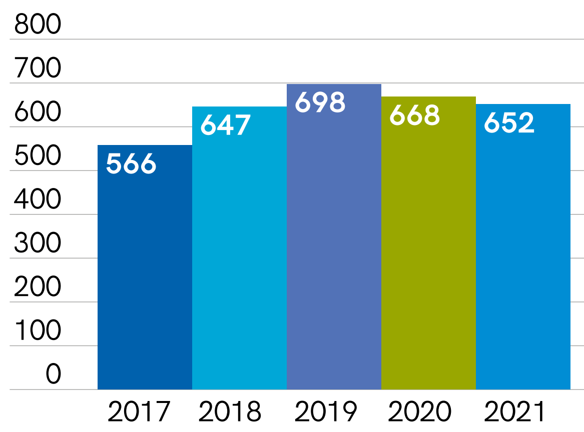
Net debt in EUR '000 000



Sales Revenue in EUR '000 000



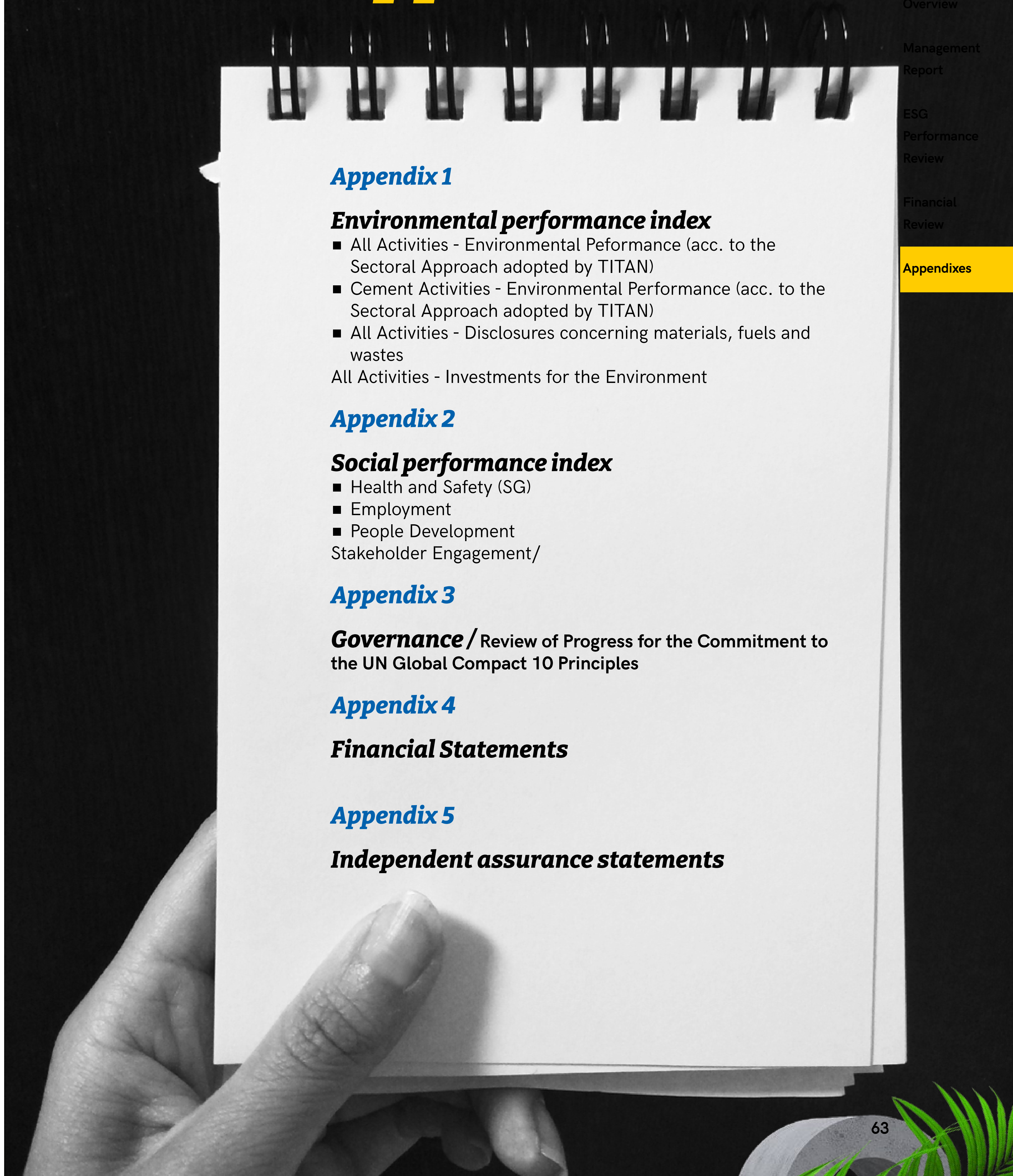
Cement sales in EUR '000 t



Zlatna Panega Cement AD

Financial	2018	2019	2020	2021	
000 EUR					
Total assets	**83951**	**81219**	**78406**	**73427**	
Invested capital	**75210**	**71187**	**65313**	**60115**	equity+debt(long+short)-cash
Shareholders' equity	**68353**	**72126**	**68686**	**61892**	
Turnover	**46289**	**48620**	**47042**	**44711**	
EBITDA	7247	10199	8673	4109	
Earnings before tax	1549	4058	1923	-2364	
Earnings after tax	1395	3848	1818	-2167	
Basic earnings per share	0,04	0,12	0,06	-0,07	
Net dividend					
Dividend per share					
Number of shares as of 31 December	**32173027**	**32173027**	**32173027**	**32173027**	
Interest coverage ratio	3,88	29,59	67,50	-183,10	EBIT/Interest exp
Net debt to EBITDA ratio	**0,95**	**-0,09**	**-0,39**	**-0,43**	debt(long+short)-cash/EBITDA
Return on invested capital	**1,42%**	**4,74%**	**2,56%**	**-3,34%**	Net Profit/AvInvCap
Net debt (excluding leases)	6861	-939	-3373	-1776	
Average Invested capital	78409	73199	68250	62714	
	1395	**3848**	**1818**	**-2167**	

Appendixes



Appendix 1

Environmental performance index

- All Activities - Environmental Peformance (acc. to the Sectoral Approach adopted by TITAN)
- Cement Activities - Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)
- All Activities - Disclosures concerning materials, fuels and wastes

All Activities - Investments for the Environment

Appendix 2

Social performance index

- Health and Safety (SG)
- Employment
- People Development

Stakeholder Engagement/

Appendix 3

Governance / Review of Progress for the Commitment to the UN Global Compact 10 Principles

Appendix 4

Financial Statements

Appendix 5

Independent assurance statements

ESG performance statements

TITAN's approach for ESG Performance reporting, and adopted by TITAN Bulgaria in this Report

In 2021 the approach of TITAN Group for integrated ESG Performance reporting on the basis of voluntary commitments to IIRC principles, UNGC Communication on Progress according to Criteria Advanced Level, 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.

In more specific about the EU Taxonomy: TITAN encompassed in the TITAN Integrated Annual Report 2021 (in brief: TITAN IAR 2021) the requirements of the EU Taxonomy (Regulation (EU) 2020/852), as supplemented with the respective Commission Delegated Regulation EU 2021/2178 of 6 July 2021 in specific for climate change mitigation and adaptation. The Regulation specifies the content and presentation of information to be disclosed by undertakings concerning environmentally sustainable economic activities, and the methodology to comply with that disclosure obligation. TITAN complies in the TITAN IAR 2021 with the requirements on disclosures pursuant to Article 8 of the Regulation, for its EU Taxonomy-eligible economic activities in their total turnover, capital, and operational expenditures, these being the key performance indicators (KPIs) set by the Regulation and provides qualitative information (description) for its Taxonomy-eligible activities and investments. TITAN acknowledges that the requirements for the EU Taxonomy reporting is linked to the EU Non-Financial Reporting Directive (NFRD), which allows subsidiaries to meet their reporting obligations if the reporting is addressed by the 'mother' company. In this case, no separate report from the TITAN Bulgaria as TITAN's subsidiary is required for the requirements of the EU Taxonomy.

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 Group level, with using the ""compass"" of TITAN's Focus Areas. 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 to the external as well as internal stakeholders an efficient flow of metrics around disclosures of performance focused on TITAN's materiality framework and connected with TITAN's targets 2025 and beyond. See Tables 2.1, 2.2, 2.3, 2.4, and the group of Tables 2.5.1-2.5.8, aligned with the Focus Areas of TITAN's materiality: 1. De-carbonization 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 the Focus Area Decarbonization and Digitalization, Table 2.1: Scope 1 gross and net direct CO_2 emissions, also with regional performance data and % clinker production emissions coverage rate, Scope 2 CO_2 emissions, and Scope 3 emissions, also with regional performance data, % clinker production emissions coverage rate, and specific CO_2 emissions per t cementitious product. Also, we report on Sustainable products as part of our cement production, disclosed as %cement production, and annual investment in Research and Innovation.

New disclosures under the Focus Area Growth-enabling work environment, Table 2.2: We added the KPIs for Wellbeing initiatives for employees, % Turnover breakdown by gender and age structure, %share of employees with performance evaluation and % Share female employees with performance evaluation.

Under the Focus Area Positive local impact, Table 2.3, we added the KPIs: % employees from local communities, % Share of Internships from local community, total number of Initiatives under community engagement plans, total number of participants to community engagement plans, TITAN employees as volunteers to community engagement plans, total amount of ""social investment"" for the implementation of these community engagement plans, and blood donations (TITAN employees, business partners and communities)."

"Baseline years: For committing on targets 2025 and reporting on progress for all other environmental parameters except CO_2, the base line year is 2020. Also 2020 is used as base line for SBTi Targets on CO_2 emissions. For CO_2 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 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 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.

Under the Focus Area Responsible sourcing, Table 2.4, we added KPIs for: water withdrawal and discharge, % water demand covered with recycled water, also regional performance in water consumption, regional performance in specific thermal energy consumption, Group performance and regional performance in specific electrical energy consumption, % renewable energy as part of total electrical energy consumption, number of integrated cement plants with "Zero Waste to Landfill" certification, and Key suppliers meeting TITAN ESG standards.

Last, under the Focus Area Good governance, transparency, and business ethics, we added the information under the Table 2.5.1 for: KPI for Grievance mechanism (EthicsPoint) coverage, % Unionized employees, and % Employees covered by Collective Bargain Agreements.

New and revised Tables under the ESG Statements as new KPIs and supplementary information supporting our disclosures for Governance: ESG Polices, Political contributions & Fines and other non-monetary sanctions, Environmental Audits, Management Systems, Report on Payments to Governments for extractive operations, and Notes for Value Creation Indicators.

See Notes below for facilitating the ESG performance statements review (in connection with KPIs under Tables 2.1, 2.2, 2.3, 2.4, and the Tables of the group 2.5.1-2.5.8).

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 concerning to a Communication on Progress (COP) Advanced Level.

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

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

	TITAN Group	Bulgaria
1	Future-ready business model for a carbon neutral world	Safe and healthy working environment
2	Safe and healthy working environment	Customer relations
3	Good Governance, transparency and business ethics	Employee development and wellbeing
4	Diverse and inclusive workplace	Climate change mitigation and adaptation
5	Positive local social, economic and environmental impact	Quality and sustainability of products
6	Innovation with emphasis on digital and de-carbonization	Efficient use of energy and natural resources (water, raw materials, and fuels)
7	Continuous develpmet of our people	Good Governance, transparency and business ethics
8	Reliable and sustainable supply chain	Sustainability of communities
9	Resource efficiency, recycling and recovery, contibutin to circular economy	Responsible and reliable supply chain
10		Biodiversity conservation
11		
	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 and TITAN Bulgaria, according to the outcomes of the materiality assessment of the last cycle in 2020 and 2021.

About 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)

2.1 Focus area: De-carbonization and Digitalization

code	ESG Performance Indicators	Unit	2021	2020	2019	GCCA	UNGC	UNCTAD	SASB	SDGs and Targets"
2.1.1 Material Issue: Future-ready business model in a carbon neutral world										
Cement and cementitious production activities										
1.1	Scope 1 gross CO_2 emissions[2]	million t	0,4	0,4	0,5	■	■	■	EM-CM-110a.1	SDG 9.4
1.2	Scope 1 gross CO_2 emissions covered under limiting regulations	%	100,0	100,0	100,0		■	■	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	0,3	0,4	0,5	■	■	■		
1.5	Scope 1 net CO2 emissions coverage rate[1]	% Clinker production	100,0	100,0	100,0					
1.6	Scope 1 specific gross CO_2 emissions	kg/t Cementitious Product	690,63	700,84	722,23	■	■			
1.7	Scope 1 specific net CO_2 emissions	kg/t Cementitious Product	605,57	637,27	666,61	■	■			
1.8	Scope 2 CO_2 emissions3	million t	0,0	0,0	0,1	■	■	■		
1.9	Scope 2 CO_2 emissions coverage rate[1]	% Clinker production	100,0	100,0	100,0					SDG 9.4
1.10	Scope 2 specific CO_2 emissions[1]	kg/t Cementitious Product	47,43	68,03	76,52					
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		n/a	n/a	■	■	■		
1.16	Category 7 - Employee commuting[1,5]	million t	0,0	n/a	n/a	■	■	■		
1.17	Category 9 - Downstreamtransportation 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 Cementitious Product	157,04	145,41	n/a					
1.20	Conventional fossil fuels substitution rate	% Heat	56,3	67,3	70,9					
1.21	Alternative fuel substitution rate	% Heat	43,7	32,7	29,1					
1.22	Biomass in fuel mix6	% Heat	12,4	10,2	9,5					
1.23	Fuel mix, energy consumption for clinker and cement production	% Heat	100,0	100,0	100,0					SDG 7.2
1.24	**Conventional fossil fuels**	**% Heat**	**56,3**	**67,3**	**70,9**					SDG12.2
1.25	Coal, anthracite, and waste coal	% Heat	50,7	52,1	66,7					SDG 13.1
1.26	Petroleum coke	% Heat	0,0	0,8	0,0					
1.27	Lignite	% Heat	0,0	0,0	0,2					
1.28	Other solid fossil fuel	% Heat	0,0	0,0	0,0					
1.29	Natural gas	% Heat	5,5	14,3	3,9					
1.30	Heavy fuel (ultra)	% Heat	0,0	0,0	0,0					
1.31	Diesel oil	% Heat	0,1	0,1	0,1					
1.32	Gasoline, LPG (Liquified petroleum gas or liquid propane gas)	% Heat	0,0	0,0	0,0					
1.33	**Alternative fossil and mixed fuels**	**% Heat**	**43,7**	**32,7**	**29,1**					
1.34	Tyres	% Heat	7,0	7,1	6,4					
1.35	RDF	% Heat	36,7	25,5	22,6					
1.36	Impregnated saw dust	% Heat	0,0	0,0	0,0	■	■	■		
1.37	Mixed industrial waste	% Heat	0,0	0,0	0,0	■	■	■	EM-CM-130a.1	
1.38	Other fossil based and mixed wastes (solid)	% Heat	0,0	0,0	0,0	■	■	■	EM-CM-130a.1	
1.39	**Biomass fuels**	**% Heat**	**0,0**	**0,0**	**0,0**		•			
1.40	Dried sewage sludge	% Heat	0,0	0,0	0,0		■			
1.41	Wood, non-impregnated saw dust	% Heat	0,0	0,0	0,0		■			
1.42	Agricultural, organic, diaper waste, charcoal	% Heat	0,0	0,0	0,0		■			
1.43	Other	% Heat	0,0	0,0	0,0		■			
1.44	Alternative fuels consumption (total)	t	30200	25509	26811		■			
1.45	Clinker to cement ratio	%	84,66	84,16	85,40		■			
1.46	Lower carbon products as part of our cement production[1,5,7]	% Cement production	37,9	38,2	n/a		■			

2.2. Focus area: Growth-enabling work environment

code	ESG Performance Indicators	Unit	2021	2020	2019	GCCA	UNGC	UNCTAD	SASB	SDGs and Targets"
2.2.1 Material issue: Safe and healthy working environment										
All activities										SDG 3.6
2.1	Employee fatalities	#								SDG 3.8
2.2	Employee fatality rate	#/104 persons								SDG 4.3
2.3	Contractors fatalities	#								SDG 8.8
2.4	Third-party fatalities	#								
2.5	Employee Lost Time Injuries (LTIs)	#								
2.6	Employee Lost Time Injuries Frequency Rate (LTIFR)	#/106 h								
2.7	Employee lost working days1	d								
2.8	Employee Lost Time Injuries Severity Rate[1]	d/106 h	351,5	72,6	257,8					
2.9	Contractors Lost Time Injuries (LTIs)	#	1	0	1					
2.10	Contractors Lost Time Injuries Frequency Rate (LTIFR)	#/106 h	2,54	0,00	2,37				EM-CM-320a.1	
All activities										
2.11	Near misses	#	26	11	46				EM-CM-320a.1	SDG 3.6
2.12	Training man-hours on health and safety per employee[2]	h/person								SDG 3.8
2.13	Training man-hours on health and safety per contractor[2]	h/person	10,06	9,69	8,89					SDG 4.3
2.14	Expenditures for Health and Safety, BU Total[3,6]	€	1644194	2969565	n/a					SDG 8.8
Cement production activities										
2.15	Employee fatalities	#	0	0	0	■	■	■		SDG 3.6
2.16	Employee fatality rate	#/104 persons	0,00	0,00	0,00	■	■	■		SDG 3.8
2.17	Contractors fatalities	#	0	0	0	■	■	■		SDG 4.3
2.18	Third-party fatalities	#	0	0	0	■	■	■		SDG 8.8
2.19	Employee Lost Time Injuries (LTIs)	#	1	0	3	■	■	■		
2.20	Employee Lost Time Injuries Frequency Rate (LTIFR)	#/106 h	2,80	0,00	8,09	■	■	■	EM-CM-320a.1	
2.21	Employee lost working days	d	21	0	126	■	■			
2.22	Employee Lost Time Injuries Severity Rate	d/106 h	235,4	0,0	339,9	■	■	■		
2.23	Contractors Lost Time Injuries (LTIs)	#	1	0	1	■	■	■		
2.24	Wellbeing initiatives for employees, BU total for all activities[3,6]	#			**n/a**					

Notes 2.1

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 for 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 CO_2 emissions from cement manufacturing, and coprocessing 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 Table 2.5.7 "Sector Standards for the Non-financial disclosures in 2021".

Notes on specific KPIs

1. New indicator.
2. Direct CO_2 emissions related to the operation of TITAN's cement production facilities.
3. Indirect CO_2 emissions related to emissions released for the production of the electrical energy consumed at TITAN's cement production facilities. For their calculation, we use emission factors provided by the supplier of the electrical energy or other publicly available data sources.
4. Indirect CO_2 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.
7. Lower 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.

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, and
- EM-CM-130a.1 under the area "Energy Management" for total energy consumed, percentage grid electricity, percentage alternative, and percentage renewable.

Notes 2.2

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 for 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 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

1. Figure for 2020 was adjusted to include previously unreported data,
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 Material Issue Diverse and Inclusive workplace.
- Also new KPIs were introduced for TITAN's discloser of performance related to the Material Issue Continuous development of our people, in specific: "Share of employees with performance evaluation", and "Share of female employees with performance evaluation". TITAN follows an inclusive approach for increasing the coverage of employees under the performance evaluation programs on each BU level and engages employees from all categories or employment (managers and senior managers, administration/technical, and employees in the category semi-skilled/unskilled).
- Last, for the definition of KPI "Training Investment" see the section 2.5.8 "Notes for Value Creation Indicators".

4. The calculation of the KPI "Average Employment" was made according to Belgian Law (sec. 165 XIVB of RD of 30 January 2001).
5. 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.
6. Relevant information is not available for the specific years 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 contract employees.

2. ESG Key Performance Indicators (KPIs)

2.2. Focus area: Growth-enabling work environment

code	ESG Performance Indicators	Unit	2021	2020	2019	GCCA	UNGC	UNCTAD	SASB	SDGs and Targets
2.2.2	**Material issue: Diverse and Inclusive workplace**									
2.25	Average employment, BU total[4]	#	259				■			SDG 5.4
2.26	Number of employees as of 31 December 2020, BU total	#	255	260	275		■			SDG 8.5
2.27	Employee turnover per gender, BU average[3]	%	4,71	12,31	10,55		■			SDG 8.6
2.28	Females	%	15,00							SDG 8.8
2.29	Males	%	85,00							SDG 10.3
	Employee turnover per age group[3,5,6]									
2.30	Under 30	%	0,00							
2.31	Between 30-50	%	75,00							
2.32	Over 50	%	25,00				■			
2.33	Employees left, BU total[5]	#	20							
	Employees left per age group[3]									
2.34	Under 30	#	0							
2.35	Between 30-50	#	15							
2.36	Over 50	#	5							
	Employees left per gender[3]									
2.37	Females	#	3							
2.38	Males	#	17							
2.39	Employee new hires, BU average[5]	%	5,00				■			
2.40	Employee new hires, BU total[5]	#	14	16	42		■			
	Employee new hires per gender[5]									
2.41	Females	#	3	9	19		■			
2.42	Males	#	11	7	23		■			
	New hires per age group[5]									
2.43	Under 30	#	7	1	9		■			
2.44	Between 30-50	#	6	12	19		■			
2.45	Over 50	#	1	3	14		■			
	Employment per type[5]									
2.46	Full time	#	247	252	267		■			
2.47	Part Time	#	0	0	0		■			
2.48	Temporary	#	8	8	8		■			
	Employment per category[5]									
2.49	Managers	#	23	23	26		■			
2.50	Senior managers	#	4	4	3		■			
2.51	Administration/technical	#	94	94	98		■			
2.52	Semi skilled/unskilled	#	134	139	148		■			
	Employment per gender[5]									
2.49	Females	#	71	69	71		■			
2.50	Males	#	184	191	204		■			
2.51	Share of women in employment, BU average[5]	%	27,84	26,54	25,82		■			
2.52	Share of women in management, BU average[5]	%	40,47	40,74	31,03		■	■		
2.53	Share of women in Senior Management, BU average[5]	%	0,00	0,00	0,00		■	■		
2.2.3	**Material issue: Continuous development of our people**									
2.54	Training investment per (trained) employee, BU average[3,5]	€	151	105	217			■		SDG 4.3
2.55	Training investment, BU total3	€	37810	28817	59362			■		SDG 4.4
	Training investment per gender, BU total[3,5]									SDG 5.1
2.56	Females	€	12537	10848	23122		■	■		SDG 5.5
2.57	Males	€	25273	17969	36240		■	■		SDG 8.5
2.58	Trained employees, BU total5	#	251	275	273		■			SDG 10.2
2.59	Share of trained employees (in total workforce), BU average[5]	%	98,00	100,00	99,00		■			SDG 10.3
2.60	Share of trained female employees (in total female employees), BU average[5]	%	80,00	100,00	100,00		■			SDG 16.5
	Trained employees per category, BU total[5]									
2.61	Managers	#	24	25	27					
2.62	Senior Managers	#	3	3	2					
2.63	Administration/technical	#	90	96	107					
2.64	Semi skilled/Unskilled	#	134	151	137					
2.65	Under 30	#	20	20	26		■			
2.66	Between 30-50	#	152	178	176		■			
2.67	Over 50	#	79	77	71		■			
2.68	Training hours, BU total	#					■	■		
2.69	Average training hours per employee (over the total number of direct employees), and breakdown per gender, BU total[5]	#	42,00	37,00	48,00		■	■		
2.70	Average female	#	28,00	31,00	43,00					
2.71	Average male	#	46,00	40,00	50,00					
	Training hours per subject, BU total									
2.72	Company on-boarding[3,6]	#	0	0	51		■			
2.73	Compliance	#	203	722	274			■		
2.74	CSR and Sustainability	#	50	210	11			■		
2.75	Digital[3,6]	#	51	0	1041					
2.76	Environment	#	179	123	496					
2.77	Foreign languages	#	63	309	676					
2.78	Functional competence	#	512	761	770					
2.79	Generic competence	#	597	36	345					
2.80	Health and safety	#	6711	4941	5584					
2.81	Managerial skills	#	0	287	710					
2.82	Other	#	5	23	22					
2.83	Security	#	0	0	0					
2.84	Technical know-how	#	2260	2328	3272					
2.85	Share of employees with performance evaluation, BU average[3]	%	25,88	n/a	n/a					
2.86	Share of female employees with performance evaluation, BU average[3]	%	39,00	n/a	n/a					

Notes 2.2

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

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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

1. Figure for 2020 was adjusted to include previously unreported data,
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 Material Issue Diverse and Inclusive workplace.
• Also new KPIs were introduced for TITAN's discloser of performance related to the Material Issue Continuous development of our people, in specific: "Share of employees with performance evaluation", and "Share of female employees with performance evaluation". TITAN follows an inclusive approach for increasing the coverage of employees under the performance evaluation programs on each BU level and engages employees from all categories or employment (managers and senior managers, administration/technical, and employees in the category semi-skilled/unskilled).
• Last, for the definition of KPI "Training Investment" see the section 2.5.8 "Notes for Value Creation Indicators".
4. The calculation of the KPI "Average Employment" was made according to Belgian Law (sec. 165 XIVB of RD of 30 January 2001).
5. 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.
6. Relevant information is not available for the specific years 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 contract employees.

Notes 2.3

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 for 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 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 the Non-financial disclosures in 2021".

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 for strengthening our disclosures on performance related to the Material Issue "Social positive impact".
In more specific:
• The number of "Internships from Local Community" is calculated as %share of Interns (students or other) who are residents from 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 ESG performance statements in the TITAN IAR 2020. In 2021 TITAN progressed with the implementation of a new framework guidance for Community Engagement Plans across all BUs and strengthened its approach. The discussion on performance in 2021 is provided in the Management report, section "ESG performance review", for Material issue: "Social positive impact". 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. See also Table "Quarry Sites with High Biodiversity Value".
5. Active quarries with high biodiversity value where biodiversity management plans are actively implemented. See also Table "Quarry Sites with High Biodiversity Value".
6. Performance figures of previous years have been re-calculated and adjusted to reflect the revised baseline (scope) (see Note 2).
7. 2020 is the initial year for disclosing data for this indicator.
8. The definition of "Environmental expenditures across all activities" is equivalent to the definition of "Investment in the Environment", see section 2.5.8 "Notes for Value Creation Indicators".
9. For definitions related to "Donations", and "Local Spend", see section 2.5.8 "Notes for Value Creation Indicators" (see the equivalent definitions, respectively: "Total spend on donations and social engagement initiatives", and "% local spend of TITAN").
10. Specific information is not available for the operations of TITAN in USA. The percentages for the Group Average are calculated excluding the employment of TITAN in USA. For specific method of calculation see respective Note under the Table 2.2 "Growth-enabling work environment", part of the ESG performance statements.

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 NOx, SOx, particulate matter (PM10), dioxins/furans, volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), and (7) heavy metals,
- 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 (see also Table "TITAN Group Quarry Sites with High Biodiversity Value" part of the ESG performance statements),

2. ESG Key Performance Indicators (KPIs)

2.3 Focus area: Positive local impact

code	ESG Performance Indicators	Unit	2021	2020	2019	GCCA	UNGC	UNCTAD	SASB	SDGs and Targets"
2.3.1	**Material issue: Environmental positive impact**									
	Air emissions									
	Cement production activities									
3.1	Coverage rate continuous measurement	%	100,0	100,0	100,0	■	■		EM-CM-120a.1	SDG 3.9
3.2	Specific dust emissions	g/t Clinker	8,2	9,3	2,8	■	■		EM-CM-120a.1	SDG 9.4
3.3	Specific NOx emissions	g/t Clinker	714,6	719,0	998,0	■	■		EM-CM-120a.1	
3.4	Specific SOx emissions	g/t Clinker	7,2	13,8	12,9	■	■		EM-CM-120a.1	
3.5	Integrated cement plants and cement grinding plants with certified Environmental Management System (ISO 14001 or similar)	% of plants	100,0	100,0	100,0		■			
	All activities									
3.6	Environmental complaints[1,2]	#	0	0	0		■	■		
	Rehabilitation									
	Cement production and aggregates activities									
3.7	Sites with rehabilitation plans[3,6]	%	100,0	100,0	100,0	■	■		EM-CM-120a.1	SDG 15.3; SDG 15.4
3.8	Sites rehabilitated areas over affected areas (cumulative)[3,6,7]	%	1,8	1,7	n/a	■	■		EM-CM-120a.1	SDG 15.9; SDG 15a
3.9	Sites with Environmental Management System (ISO14001 or similar)	%	100,0	100,0	100,0	■	■		EM-CM-120a.1	
	Biodiversity									
	Cement production and aggregates activities									
3.10	Sites in high biodiversity value areas[3,4]	#	1	1	1		■	■		SDG 15.3; SDG 15.4
3.11	Sites with biodiversity management plans[3,5]	#	1	1	1	■	■		EM-CM-120a.1	SDG 15.9; SDG 15a
3.12	Sites with biodiversity management plans	%	100,0	100,0	100,0	■	■		EM-CM-120a.1	
	Investments in environmental protection									
	All activities									
3.13	Environmental expenditures across all activities[8]	million €	2,0	2,0	2,1	■	■		EM-CM-120a.1	SDG 7b
3.14	Environmental management	million €	0,6	0,5	0,5	■	■		EM-CM-120a.1	SDG 9.4
3.15	Reforestation	million €	0,1	0,1	0,1	■	■		EM-CM-120a.1	
3.16	Rehabilitation	million €	0,0	0,0	0,0	■	■		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 €	1,2	1,3	1,5	■	■		EM-CM-120a.1	
3.19	Waste management	million €	0,1	0,0	0,1	■	■		EM-CM-120a.1	
2.3.2	**Material issue: Social positive impact**									
3.20	Donations, Group total[9]	€				■	■			SDG 2.1
3.21	Donations in cash, Group total[9]	€				■	■			SDG 2.3
3.22	Donations in kind, Group total[9]	€				■	■			SDG 4.3
3.23	Employees from local community, Group average[10]	%								SDG 4.4
3.24	Internships, Group total	#				■				SDG 9.3
3.25	New entry level jobs from internships/traineeships, Group total	#				■				
3.26	Internships from Local Community, Group total[2]	%								
3.27	Key operations with Community Engagement Plans related to material issues and Group policies[1]	#				■	■			
3.28	Total number of Initiatives under Community Engagement Plans, Group total[1]	#			n/a					
3.29	Total number of Participants to Community Engagement Plans, Group total[1]	#			n/a					
3.30	TITAN Employees, volunteers to Community Engagement Plans, Group total[1]	#		n/a	n/a					
3.31	Total amount of "social investment" for the implementation of the Community Engagement Plans, Group total[1]	million €			n/a					
3.32	Blood donations (TITAN employees, business partners and communities), Group total[1]	#		n/a	n/a					
2.3.3	**Material issue: Economic positive impact**									
3.33	Local Spend, Group average[9]	%				■	■			

2.4 Focus area: Responsible sourcing

code	ESG Performance Indicators	Unit	2021	2020	2019	GCCA	UNGC	UNCTAD	SASB	SDGs and Targets"
2.4.1	**Material issue: Resource efficiency, recycling and recovery, contributing to circular economy**									
	All Activities									
4.1	Water consumption (total)	million m3	0,2	0,3	0,3	■	■			SDG 6.3
4.2	Water withdrawal (total, by source)[2]	million m3	0,3	0,3	0,4	■	■	■		SDG 6.4
4.3	Ground water	million m3	0,1	0,1	0,1					SDG 6.5
4.4	Municipal water	million m3	0,0	0,0	0,0					
4.5	Rain water	million m3	0,0	0,0	0,0					
4.6	Surface water	million m3	0,2	0,3	0,2					
4.7	Quarry water used (from quarry dewatering)	million m3	0,0	0,0	0,0					
4.8	Ocean or sea water	million m3	0,0	0,0	0,0					
4.9	Waste water	million m3	0,0	0,0	0,0					
4.10	Water discharge (total, by destination)[3]	million m3	0,1	0,1	0,1	■	■	■		
4.11	Surface (river, lake)	million m3	0,1	0,1	0,1					
4.12	Sub-surface water (well)	million m3	0,0	0,0	0,0					
4.13	Ocean or sea	million m3	0,0	0,0	0,0					
4.14	Off-site treatment	million m3	0,0	0,0	0,0					
4.15	Other[4]	million m3	0,0	n/a	n/a					
	Cement and cementitious production activities									
4.16	Water consumption (total)	million m3	0,2	0,2	0,2	■	■			SDG 6.3
4.17	Water withdrawal (total)[2]	million m3	0,3	0,3	0,3				EM-CM-140a.1	SDG 6.4
4.18	Water discharge (total)[3]	million m3	0,1	0,1	0,1					SDG 6.5
4.19	Water recycled (total)	million m3	0,3	0,3	0,3	■	■	■	EM-CM-140a.1	
4.20	Specific water consumption	l/t Cementitious Product	380,87	385,95	323,80	■	■	■		
4.21	Specific water consumption	l/t Cement	356,74	389,39	317,58	■	■	■		
4.22	Water demand covered with recycled water	%	52,0	50,1	51,4					

Notes 2.3

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5. Active quarries with high biodiversity value where biodiversity management plans are actively implemented. See also Table "Quarry Sites with High Biodiversity Value".
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7. 2020 is the initial year for disclosing data for this indicator.
8. The definition of "Environmental expenditures across all activities" is equivalent to the definition of "Investment in the Environment", see section 2.5.8 "Notes for Value Creation Indicators".
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Notes
2.4

Notes on specific KPIs

1. New indicator.
2. Total withdrawal includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
3. Total discharge includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
4. Refers to the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
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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-130a.1 under the area "Energy Management" for total energy consumed, percentage grid electricity, percentage alternative, and percentage renewable,
- 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 (see also Table "TITAN Group Cement Plant Sites within water-stressed Areas" part of the ESG performance statements), and
- EM-CM-150a.1 under the area "Waste Management" for amount of waste generated, percentage hazardous, percentage recycled.

2. ESG Key Performance Indicators (KPIs)

2.4 Focus area: Responsible sourcing

code	ESG Performance Indicators	Unit	2021	2020	2019	GCCA	UNGC	UNCTAD	SASB	SDGs and Targets"
2.4.1 Material issue: Resource efficiency, recycling and recovery, contributing to circular economy										
All Activities										
4.23	Thermal energy consumption (total)	TJ	1740	1927	2283				EM-CM-140a.1	SDG 7
4.24	Electrical energy consumption (total)	TJ	251	274	317					SDG 12
Cement production activities										
4.25	Integrated cement plants with certified Energy Management System (ISO 50001 or similar)	% Clinker production	100,0	100,0	100,0	■	■	■	EM-CM-140a.1	SDG 7.2 SDG 7.3
4.26	Specific thermal energy consumption	kcal/kg Clinker	950,5	947,2	943,3	■	■	■		SDG 9.4
4.27	Specific electrical energy consumption[1]	kWh/t Cement	119,4	126,4	121,8		■			SDG 12.2
4.28	Renewable energy as part of total electrical energy consumption[1,5]	% Electrical energy consumed	31,4	24,5	n/a					
All Activities										
4.29	Natural raw materials extracted (total, wet)	million t	0,7	0,9	0,9	■	■	■	EM-CM-130a.1	SDG 12.2
4.30	Raw materials extracted for clinker and cement production	million t	0,0	0,8	0,9	■	■	■	EM-CM-130a.1	
4.31	Raw materials extracted for aggregates	million t		0,1	0,0		■			
Cement production activities										
4.32	Materials consumption (total, dry)	million t	0,8	0,8	1,0	■	■	■	EM-CM-130a.1	SDG 12.2
4.33	Extracted (natural) raw materials consumption (dry)	million t	0,7	0,8	0,9	■	■	■		SDG 12.4
4.34	Alternative raw materials consumption (dry)	million t	0,1	0,1	0,1					SDG 12.5
4.35	Alternative raw materials use (of total raw materials consumed)	% Dry	9,0	8,6	10,7					
4.36	Alternative raw materials rate (based on clinker-to-cement (equivalent) factor)	% Dry	11,0	11,0	13,0					
All Activities										
4.37	Externally recycled waste materials (total, wet)	t	96	271	725	■	■	■	EM-CM-130a.1	SDG 12.2
4.38	Reused	t	0	0	0				EM-CM-130a.1	SDG 12.4
4.39	Recycled	t	96	271	725					SDG 12.5
4.40	Recovered	t	0	0	0					
4.41	Waste disposal, break down by destination-usage (wet)	% By mass	100,0	100,0	100,0					
4.42	Reuse	% By mass	0,0	0,0	0,0					
4.43	Recycled	% By mass	7,2	8,8	12,9					
4.44	Recovered (including energy recovery)	% By mass	0,0	0,0	0,0					
4.45	Incineration	% By mass	0,0	0,0	0,0		■	■		
4.46	Landfilled	% By mass	92,5	91,0	86,9		■			
4.47	Other (incl. storage)	% By mass	0,3	0,2	0,3		■			
4.48	Waste disposal (total, wet)	t	1342	3074	5639		■			SDG 12.2
4.49	Non-hazardous waste	t	1310	3055	5605		■			SDG 12.5
4.50	Hazardous waste	t	32	19	34					
Cement production activities										
4.51	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: Reliable and Sustainable Supply Chain										
All Activities										
4.52	Key suppliers meeting TITAN ESG standards[5,6]	%	See Note below	n/a	n/a					SDG 6; SDG 7 SDG 12; SDG 13

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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 Table "Sector Standards for the Non-financial disclosures in 2021".

code	ESG Performance Indicators	Notes	Performance 2022	Reporting Standards
2.5.1 Good governance, transparency and business ethics				
	Governance Core Indicators			SDG 5.5 SDG 16.5 SDG 16.6 SDG 16.7 UNGC UNCTAD SASB[5]
5.1	Compliance and business ethics			
5.3	Grievance mechanism (Ethicspoint) coverage	1	100%	
5.4	Percentage of unionised employees (%)			
5.5	Percentage of employees covered by Collective Bargain Agreements (CBAs)	2		
5.5	Average number of hours of training on subjects related to Compliance, per employee	3		

Notes
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. TITAN Group : In 2021 this percentage reached 52.3%, slightly increased compared to 51.7% in 2020. TITAN keeps annual records of number and duration of strikes and lockouts inside internal data collection systems (zero cases recorded in 2021). These disclosures cover 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, Group total").

Notes
2.4
Notes on specific KPIs
1. New indicator.
2. Total withdrawal includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
3. Total discharge includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
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1. The EthicsPoint is accessible to all Employees of TITAN. For each of the substantiated cases an action plan for remediation was implemented.
2. TITAN Group : In 2021 this percentage reached 52.3%, slightly increased compared to 51.7% in 2020. TITAN keeps annual records of number and duration of strikes and lockouts inside internal data collection systems (zero cases recorded in 2021). These disclosures cover 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, Group total").

2.5.2 ESG Polices

Group Polices	New or Updated in 2021	TITAN Focus Areas mostly relevant				
		Decarbonization and Digitalization	Growth-enabling work environment	Positive local impact	Responsible sourcing	Good governance, transparency and business ethics
Environmental Policy		■		■	■	
Occupational Health and Safety (OH&S) Policy			■			
Code of Conduct Policy	√		■			■
Diversity and inclusion Policy	√		■			
CSR Policy				■		
Procurement Policy	√			■		
Whistleblowing Policy						
Human Rights Policy			■	■	■	■
Anti-Bribery and Corruption Policy						■
Competition Law Compliance Policy						■
Conflct of Interest Policy						■
Data Protection Policy			■			■
Information Security Policy		■				■
Sanctions Policy						■

2.5.3 Group Management Systems

Area	Bulgaria
H&S	ISO 45001 All operations
Environment	ISO 14001 All operations
Quality	ISO 9001 All operations (except 2 quarries)
Energy	ISO 50001 All RMC units Energy audits (1) integrated cement plant
Social	GHRMS/SF All operations

2.5.5 Environmental Audits

Area		Bulgaria
Environmental Management System	External	1
	Internal	
Energy Management System/ Energy audits	External	1
	Internal	
CO_2 emissions	External	1
	Internal	
Waste Management	External	1
	Internal	
Complaints	External	
	Internal	
Permitting	External	
	Internal	
Other	External	3
	Internal	
TOTAL	**External**	**7**
	Internal	**0**

2.5.4 Political contributions and Fines and other non-monetary sanctions

Country	Political contributions[1] (in Euros)	Significant fines[2,3] (in Euros)	Total number of non-monetary sanctions[2]
Bulgaria	**0**	**0**	**0**

Notes
1. Total value of political contributions by country, including the total monetary value of financial and in-kind contributions made directly and indirectly. In 2021, no cases of political contributions were recorded, neither financial nor in-kind, directly, or indirectly.
2. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations, including but not limited to environmental laws and regulations, laws and regulations concerning the provision and use of products and services, labor laws and regulations, and laws and regulations concerning anti-corruption, anti-competitive behavior and anti-trust or monopoly practices. Whereas: TITAN considers 'significant fine' any fine over 10,000 Euros.
3.No corruption-related fines were imposed by regulators and courts in the reporting period. The above disclosures cover the requirements for reporting according to the SASB Standards for 'Pricing Integrity and Transparency' and in more specific 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'.

2.5.2 ESG Polices

Group Companies	Country	Payment type	Amount
Zlatna Panega Cement AD	Bulgaria	Concession Fees	209000,00
		TOTAL	**209000,00**

TITAN Cement International S.A. hereby reports, in accordance with article 3:33 of the Belgian Companies and Associations Code, that TITAN Cement Group has paid to municipal authorities of EU Member States and third countries the total amount of €209.000 for extractive operations in 2021 as presented in the above table.
As specified in article 6:2 par. 2 of the Royal Decree dated 29 April 2019 on the execution of the Belgian Companies and Associations Code, the limit for disclosing the respective data is set at 100,000€ as a single payment or as a series of related payments.

2.5.7 Sector Standards for the Non-financial disclosures in 2021

Sector Association or Initiative	Guidelines and other documents of reference	Published
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. This document has been agreed within the GCCA to have extended application to concrete and other related activities **[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

Notes
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 in the GCCA website: https://gccassociation.org/sustainability-innovation/sustainability-charter-and-guidelines/
TITAN was actively participant in 2021 in various working groups of the GCCA, contributing with knowhow and expertise, in line with its practice in the previous years.

2.5.8 Notes for Value Creation Indicators

The following Notes are inclusive of definitions for terms used in specific for Value creation and distribution to stakeholders and serves as index of Notes for Table "Creating and sharing value"

Notes for the standards, guidance, and terms used
TITAN Group ; Most terms related to the Value Creation Core Indicators were adopted from the "Guidance on Core Indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (in short: UNCTAD Guidance, 2019), and incorporated under the TITAN standards. The related terms are outlined here and connected with the KPIs in the Index above. The figures for the Value Creation Core Indicators are provided in "Understanding TITAN, Creating and sharing value".

Detailed figures are provided in the Report under 'Creating and sharing value', see also: Tables 2.1, 2.2 and 2.3.
1. The economic value created and distributed to key stakeholders has been calculated using the United Nations - UNCTAD "Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (2019 edition).
2. Gross Value added. Revenue minus costs of bought-in materials, goods, and services (called also: Value Added, according to the UNCTAD Guidance, 2019). TITAN's approach is based on the verified and disclosed Financial Statements for the same reporting period, acc. to the IFRS.
3. Net value added. Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (UNCTAD Guidance, 2019). TITAN's approach is based on the verified and disclosed Financial Statements for the same reporting period, acc. to the IFRS.
4a. Total spend on Suppliers, local and international, for goods and services. According to TITAN Standards and the application of the IFRS, see Financial Statements.
4b.% local spend of TITAN. 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). TITAN uses a bottom-up approach of raising awareness, guiding, and supporting the local BUs, in the direction of gathering - from the respective data sources - all such information, and consolidating on Group level. 'Local' are those suppliers which provide goods or services to TITAN and have company tax registration inside the country of interest, same as the country of TITAN BUs' location and tax registration. For cases of countries with governmental structure characterized as 'Federation-of-states' - in specific applies today to USA where different states have 'local' governments and vast geographical extent - the term 'local' refers to those suppliers with company tax registration in the same state with the tax registration of the BU or location of operations. TITAN discloses the respective figure in Table 2.3 of the ESG Performance Statements.
5. Taxes to national and local authorities. According to TITAN Standards and the application of the IFRS, see Financial Statements.
6. Payments in cash, to shareholders and minorities. According to TITAN Standards and the application of the IFRS, see Financial Statements.
7. Total spend on donations and social engagement initiatives. Total amount of charitable/voluntary donations and investments of funds (both capital expenditures and operating ones) in the broader community where the target beneficiaries are external to the enterprise incurred in the reporting period, in absolute amount (UNCTAD Guidance, 2019). TITAN discloses this amount as "Donations", as equivalent to "charitable/voluntary donations and investments of funds", and in detail in Table 2.3 based on the verified and disclosed Financial Statements for the same reporting period.
8.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). TITAN discloses the respective figures in detail in Table 2.3 of the ESG Performance Statements (KPI "Environmental expenditures across all activities").
9. Salaries (contributions to) pensions, and social benefits, including additional benefits beyond those provided by law. According to TITAN Standards and the application of the IFRS, see Financial Statements.
10. Investments in training of direct employees. Total expenditures including the direct and indirect costs of training for direct 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). TITAN discloses the respective figures in detail in Table 2.2 of the ESG Performance Statements.
11. Investments for Research and Innovation. Total amount of expenditures on research and development (R&D) and Innovation by the reporting entity during the reporting period (UNCTAD Guidance, 2019). It includes all expenditures for the R&D and Innovation activities, and projects, and incl. salaries, participations, travelling and other expenses of our employees which are related directly and indirectly, and other expenditures for promoting innovative technologies and products. TITAN uses the verified and disclosed Financial Statements for the same reporting period. TITAN discloses the respective figure in detail in Table 2.1 of the ESG Performance Statements.
12. 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.

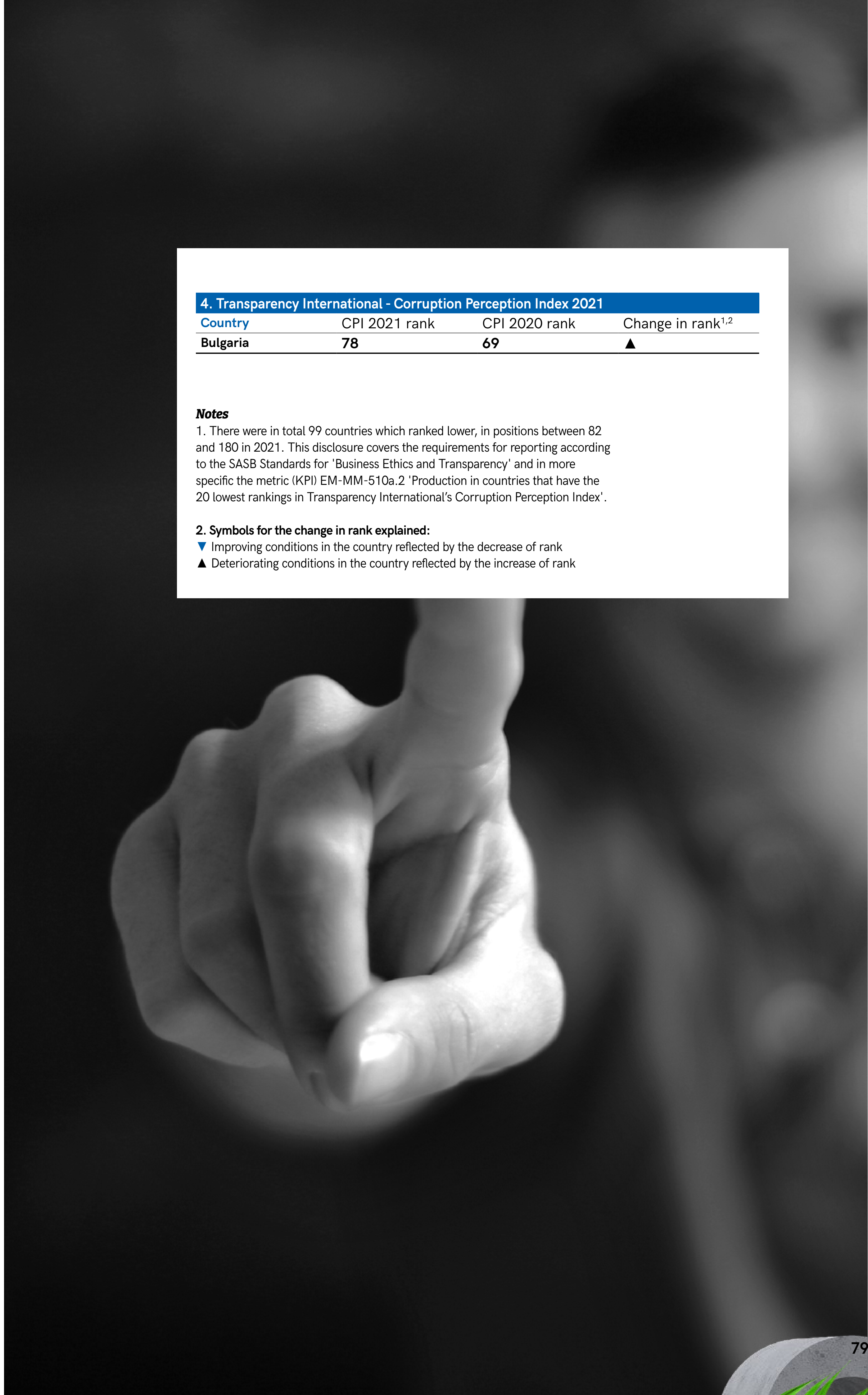
3. 2021 TITAN Group Global Compact Advanced Communication on Progress Review (CoP)

The contents of TITAN Group 2021 Integrated Annual Report also serve as a progress report on implementation of the ten principles of the UN Global Compact and the Sustainable Development Goals. Since 2015, TITAN communicates performance to stakeholders also aligned with SDGs 2030 and key performance indicators in the ESG Performance statements are accordingly to codified serve understanding of TITAN's contribution to sustainable development.

Scope	Principle	Criteria for GC Advanced Level	TITAN Approach	TITAN Reference
Implementing the Ten Principles into Strategies and Operations		**Criterion 1** The CoP describes mainstreaming into corporate functions and business units **Criterion 2** The CoP describes value chain implementation	TITAN's commitment to responsible business is embedded into governing objective and business practice, articulated in TITAN's Code of Conduct and Group Policies for Human Rights, Occupational Health and Safety, Environmental Policy and Climate Mitigation Strategy, Anti-Corruption and Bribery	IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Corporate governance and risk management, ESG performance review, and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, Table 2.5.4, Table 2.5.7, 2.5.10 Value Creation Core Indicator Index. TITAN Website: Sustainability, and Corporate Governance/ Group Policies
Human Rights Management Policies and Procedure	**Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights **Principle 2** Businesses should make sure they are not complicit in human rights abuse	**Criterion 3** The CoP describes robust commitments, strategies or policies in the area of human rights **Criterion 4** The CoP describes effective management systems to integrate the human rights principles **Criterion 5** The CoP describes effective monitoring and evaluation mechanisms of human rights integration	TITAN's Human Rights Policy (updated in 2020) is in line with the UN Guiding Principles on Business and Human Rights (2011). The policy explicitly addresses the provisions of the International Bill of Human Rights (consisting, in addition to the Universal Declaration of Human Rights), of the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. We set targets to improve continuously our performance particularly in the areas identified and prioritized as more material for our stakeholders.	IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Corporate governance and risk management, ESG performance review, and ESG performance statements: Table 1, ESG performance KPIs, Table 2.5.3, and Table 2.5.4. Additional Notes to the ESG performance statements: 1. TITAN received no fines for non-compliance with human rights-related laws and regulations in 2021. 2. Unions, where established, operate freely according to each country's laws and regulations. 3. Sustainability clauses referring to respect of human rights are included in all tenders for global suppliers and contracts for local suppliers. 4. Security is fundamental for a safe working environment, protection of assets and intellectual property. Third parties providing or interested to provide security services must ensure that their employees are trained appropriately and respect the international standards and principles. 5. A Group-level grievance mechanism is in place to facilitate reporting of potential violations of Group Code of Conduct and respective policies (EthicsPoint). 6. All operations certified according to ISO 14001 and ISO 9001 (see Table 2.5.4) apply mechanisms to record feedback and complaints by key external stakeholders. TITAN Website: Sustainability, and Corporate Governance/Group Policies
Rubust labor Management Policies and Procedures	**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining **Principle 4** The elimination of all forms of forced and compulsory labor **Principle 5** The effective abolition of child labor **Principle 6** The elimination of discrimination in respect of employment and occupation	**Criterion 6** The CoP describes robust commitments, strategies or policies in the area of labor **Criterion 7** The CoP describes effective management systems to integrate the labor principles **Criterion 8** The CoP describes effective monitoring and evaluation mechanisms of labor principles	TITAN's People Management Framework safeguards common standards throughout the Group operations and enables the implementation of the Group Human Rights Policy in accordance with international standards and the UN Guiding Principles for Business and Human Rights. The TITAN Group Occupational Health and Safety Policy provides the framework to implement TITAN's ambition and long-term targets for health and safety at work. Equal opportunities and work-life balance are ensured with the provision of job opportunities and career development, flexible working options for female employees and various additional benefits for employees' families.	IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN, (Our business approach in a changing global landscape, Materiality assessment and stakeholder engagement), Corporate governance and risk management (Corporate governance statement), ESG performance review, and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, Table 2.5.4, 2.5.10 Notes for Value Creation Indicators. Additional Notes to the ESG performance statements: 1. TITAN received no significant fines for non-compliance with labor laws in 2021. There was one case of fine related to non-compliance of TITAN's operations in Greece, but not considered significant. See details in the ESG Statements, Table 2.5.5 Political contributions and Fines and other non-monetary sanctions. 2. Regular meetings with union representatives are conducted with the management throughout the year. Main topics cover among else wages and additional benefits, proposals to improve health and safety conditions at work and other topics raised by employees. Health and Safety Councils or Committees comprising of management and employee representatives are formed at plant level to ensure employee engagement in efforts to improve health and safety performance. 3. A health surveillance program focused on potential impacts like noise, dust and crystalline silica is implemented according to TITAN Group Guidelines. 4. Collective bargaining agreements are applicable to TITAN employees in all countries that such agreements exist. The continuous increase of employment for TITAN operations in countries with limited union presence (compared to other countries with extensive union presence) has led to a trend of relevant decrease of the number of TITAN employees covered by collective bargaining agreements during the last 5 years. For details about 2021 data related to TITAN operations see the ESG Statements, Table 2.5.1 Good governance, transparency and business ethics. TITAN Website: Sustainability, and Corporate Governance/ Group Policies

Scope	Principle	Criteria for GC Advanced Level	TITAN Approach	TITAN Reference
Robust environmental management policies and procedures	**Principle 7** Business should support a precautionary approach to environmental challenges **Principle 8** Undertake initiatives to promote greater environmental responsibility and **Principle 9** Encourage the development and diffusion of environmentally friendly technologies	**Criterion 9** The CoP describes robust commitments, strategies or policies in the area of environmental stewardship **Criterion 10** The CoP describes effective management systems to integrate the environmental principles **Criterion 11** The CoP describes effective monitoring and evaluation mechanisms for environmental stewardship	TITAN early recognized that Climate Change is a major challenge with planetary impacts and also corporate risks, and committed to playing its part in developing practical solutions at national, regional and global level. The Environmental Policy and Climate Change Mitigation Strategy of TITAN (published in 2018) reflects our commitment to sustainable development and our approach towards addressing the challenges and opportunities of climate change. As a heavy industry also focus on assessing and reducing environmental impacts at each facility while increasing the positive impact through on-going collaborative efforts, extensive use of Best Available Techniques, innovation and adoption of best practice. Environmental due diligence is conducted by internal and external experts on operating facilities and new projects.	IIAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN, (Our business approach in a changing global landscape, Creating and Shaping Value, Focusing on Material Issues), Corporate governance and risk management, ESG performance review and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, Table 2.5.4, Table 2.5.8 and Table 2.5.9.. Additional Notes to the ESG performance statements: 1. In 2021 no cases of significant fines or penalties were recorded, related to noncompliance of TITAN's operations with environmental laws. TITAN Website: Sustainability, and Corporate Governance/Group Policies
Robust anti-corruption management policies and procedures	**Principle 10** Business should work against corruption in all its forms, including extortion and bribery	**Criterion 12** The CoP describes robust commitments, strategies, or policies in the area of anti-corruption **Criterion 13** The CoP describes effective management systems to integrate the anti-corruption principle **Criterion 14** The CoP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	TITAN acknowledges the risk of bribery and corruption and accordingly endorsed the Global Compact collaborative efforts for the 10th principle. The following TITAN Group policies provide relevant guidance to all employees, underline the principle of non-tolerance, and mandate the BUs to follow regular training to employees: Group Anti-Bribery and Corruption Policy, Conflict of Interest Policy, and Group Code of Conduct.	IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN, Corporate governance and risk management, ESG performance review, and ESG performance statements: Table 1, Table 2.5.1, Table 2.5.3, Table 2.5.4, Table 2.5.5, Table 4. Additional Notes to the ESG performance statements: 1. TITAN received no fines for non-compliance with anti-corruption laws and regulations, and no incidents of legal action for anti-competitive behavior, anti-trust or monopoly practices recorded during 2021. 2. TITAN continues to engage with governments and take public positions on different business issues through business associations and business driven initiatives such as the UN Global Compact and the Global Cement and Concrete Association (GCCA). 3. Since 2020 the Group has established a common platform of use by all countries, providing access to anonymous reporting of incidents to all TITAN employees, called TITAN EthicsPoint. In 2021, 11 cases in total were reported through the EthicsPoint platform, ten (10) of which were classified as allegations and one as an inquiry or complaint. For details about 2021 data related to TITAN's operations see the ESG Statements, Table 2.5.1 Governance Core Indicators. 4. Mechanisms for supporting our communities and local stakeholders to report incidents operate in all countries, while guidance and technical infrastructure is provided to BUs. In more specific TITAN follows the good practice of recording cases of incidents from local communities (as 'complaints' or 'grievance') through an internal data collection system. No important cases of incidents were recorded in 2021 in any of BUs of TITAN's operations. 5. TITAN's Code of Conduct ensures transparency regarding relations with political institutions. In 2021, TITAN America contributed with the total amount of 20,307 Euros various political organizations in support of local elections in Virginia and Florida. For details about 2021 data related to TITAN's operations see the ESG Statements, Table 2.5.5 Political contributions and Fines and other non-monetary sanctions. TITAN Website: Sustainability, and Corporate Governance/Group Policies

Scope	Principle	Criteria for GC Advanced Level	TITAN Approach	TITAN Reference
Taking action in support of broader UN goals and issues	The ten principles of the United Nations Global Compact	**Criterion 15** The CoP describes core business contributions to UN goals and issues **Criterion 16** The CoP describes strategic social investments and philanthropy **Criterion 17** The CoP describes advocacy and public policy engagement **Criterion 18** The CoP describes partnerships and collective action	TITAN was among the first 500 signatories of the UN Global Compact initiative and remains a participant at both global and local levels with active engagement in local UNGC Networks in Greece, Serbia and N. Macedonia. TITAN is also member of CSR Europe since 2004 and an elected Board member since 2019. At local member, TITAN is a founding and active member in CSR Hellas, CSR Albania and CSR Kosovo, as well as in the Hellenic Business Council for Sustainable Development where TITAN Greece holds the President's position. As of 2018, TITAN is a member of the Global Cement and Concrete Association (GCCA).	IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN (Our business approach in a changing global landscape, Creating and Sharing Value, Focusing on Material Issues), ESG performance Review and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, and Table 2.5.4 TITAN Website: Sustainability, and Corporate Governance/Group Policies
Corporate sustainability governance and leadership	The Ten principles of the United Nations Global Compact	**Criterion 19** The CoP describes CEO commitment and leadership **Criterion 20** The CoP describes Board adoption and oversight **Criterion 21** The CoP describes stakeholder engagement	Corporate social responsibility is one of TITAN's corporate values and underlines its enduring commitment to engage with stakeholders for sustainable development. TITAN CSR policy focus on understanding material issues for key stakeholders and delivering value for all, using available resources.	IAR 2021 Understanding TITAN and Management report. In specific: Understanding TITAN (Our business approach in a changing global landscape, Creating and Sharing Value, Focusing on Material Issues), ESG performance Review, and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.1, Table 2.5.3 and Table 2.5.4. Notes - See Criteria 1-18 - Independent Auditors' Assurance Statement Non-financial performance review according to the UNGC criteria (see criteria 2-14) TITAN Website: Sustainability, and Corporate Governance/Group Policies
Business and peace	The Ten principles of the United Nations Global Compact	**Criterion22** The CoP describes policies and practices related to the Company's core business operations in high-risk conflict-affected areas stewardship	TITAN Group has no core business operations in countries or areas identified as high-risk conflict- affected	IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN (Our business approach in a changing global landscape, Creating and Sharing Value, Focusing on Material Issues), Corporate governance and risk management, Performance highlights (Regional performance), ESG performance Review, and ESG performance statements: Table 1, Table 2.5.3 and Table 2.5.4 General Notes - See above, criteria 1-21 Additional Notes to the ESG performance statements: 1. TITAN does not operate in or near areas of conflict, according to data of the Uppsala Conflict Data Program UCDP - see the web site: Uppsala Conflict Data Program (uu.se). 2. TITAN has completed an analysis of Materiality Assessment in 2020 for all countries of operations, including a focus country research in each counrty by third party. The country-level research concluded that no such matters of conflicts had emerged. No new information on the subject matter was noted in the press/madia in any of the countries of our operations, in 2021. 3. TITAN followed a thorough process of addressing Material Issues in all countries of operations in 2020, under the Materiality Analysis and Assessment for all BUs. This process enabled the engagement of TITAN's management in each country, and the due diligence on BUs level with respect to human rights and indigenous peoples' rights. In 2021 TITAN prepared the 'blueprint' of a new campaign for receiving direct feedback from our key stakeholders in each country, in specific for the material issues prioritization for each BU. The survey is planned to be implemented in 2022 and the outcomes will be part of the TITAN IAR 2022. 4. TITAN operated in 2021 a dedicated Group e-platform to record our community initiatives and actions as well as to facilitate their self-assessment and align with our priorities. Community engagement plans are impemented in all countries where we operate, covering programs of initiatives for contributing to the engagement with local stakeholders, and with long-term positive impacts for our communities. See section Social Positive Impact in the Management Report for the assessment of TITAN's community engagehhment initiatives across all countries or operations. The above disclosures (Notes 1-4) cover the requirements for reporting according to the SASB Standards for 'Security, Human Rights and Rights of Indigenous Peoples' and in more specific the metrics (KPIs) EM-MM-210a.1, EM-MM-210a.2, and EM-MM-210a.3. 5. Concerning the SASB Standards under the area of 'Business Ethics and Transparency' and in specific the metric (KPI) 'EM-MM-510a.2' see Table 4. ""Transparency International - Corruption Perception Index 2021"". TITAN Website: Sustainability, and Corporate Governance/Group Policies



4. Transparency International - Corruption Perception Index 2021

Country	CPI 2021 rank	CPI 2020 rank	Change in rank[1,2]
Bulgaria	**78**	**69**	▲

Notes

1. There were in total 99 countries which ranked lower, in positions between 82 and 180 in 2021. This disclosure covers the requirements for reporting according to the SASB Standards for 'Business Ethics and Transparency' and in more specific the metric (KPI) EM-MM-510a.2 'Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index'.

2. Symbols for the change in rank explained:

▼ Improving conditions in the country reflected by the decrease of rank

▲ Deteriorating conditions in the country reflected by the increase of rank

Understanding Titan

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Financial Statements

Zlatna Panega Cement AD

12/31/2021

(all amounts in EUR thousands)

	Year ended 31 December 2021	Year ended 31 December 2020
Sales of cement	39241	39873
Sels of clinker	-	-
Sels of concrete	5010	6375
Sales of pumping services	460	510
Other Revenue	-	284
Revenue	**44711**	**47042**
Cost of sales	(41686)	(38989)
Gross profit	**3025**	**8053**
Other income	467	476
Selling costs	(558)	(527)
Administrative expenses	(4613)	(4505)
Net losses on financial assets	(310)	(509)
Other expenses	(336)	(1049)
Operating profit	**(2325)**	**1939**
Finance revenue	46	77
Finance costs	(85)	(93)
Profit before tax	**(2364)**	**1923**
Income tax expense	197	(105)
Profit for the year	**(2167)**	**1818**

Zlatna Panega Cement AD

12/31/2021

(all amounts in EUR thousands)

	Year ended 31 December 2021	Year ended 31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	56970	60804
Right of use assets	163	228
Investment properties	544	615
Intangible assets	88	106
Investments in subsidiaries	69	69
Available-for-sale investments	24	24
Other financial assets	348	299
	58206	**62145**
Current assets		
Non - current assets held for sale		
Inventories	8901	8068
Trade receivables	2995	3689
Other receivables	1315	235
Receivables from related parties	94	97
Loans to related parties	57	436
Prepayments	44	179
Income tax receivable	38	184
Cash and short-term deposits	1777	3373
	15221	16261
Assets held for sale	-	-
Total assets	**73427**	**78406**
EQUITY AND LIABILITIES		
Equity		
Issued capital	28626	28609
Legal reserve	1645	1645
Retained earnings	31621	38432
Total equity	**61892**	**68686**
Non-current liabilities		
Finance Lease Liabilities	100	140
Restoration provision	827	857
Employee benefit liability	1050	951
Long term fin liabilities		
Deferred tax liabilities	482	706
	2459	**2654**
Current liabilities		
Trade	4673	4735
Other payables	1305	1305
Interest-bearing loans and borrowings	1	-
Finance Lease Liabilities	67	91
Payables to related parties	2534	727
Loans from related parties	473	13
Income tax payable	23	195
	9076	**7066**
Total liabilities	**11535**	**9720**
Total equity and liabilities	**73427**	**78406**

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Independent Limited Assurance Report

Introduction

The Board of Directors of ZLATNA PANEGA CEMENT AD (the "Company") engaged GRANT THORNTON OOD ("Grant Thornton") to review the non-financial disclosures presented in the 2021 Sustainability 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 Report, the selected data relate to the Company's activity in Bulgaria 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, 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 Business Unit (further referred to as "BU"), within the audit scope. All disclosures for the reporting on Environment and Social performance on BU level are aligned with the Titan Group Standards, which are embedded into process in place. More specific the disclosure 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 Sustainable Development Goals.
- 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.

Management Responsibility

The Management of ZLATNA PANEGA CEMENT AD is responsible for the preparation, presentation, completeness and accuracy of the non-financial data provided to us, as incorporated in the 2021 Sustainability Report in accordance with the principles and standards listed in "Scope of work" paragraph above. This responsibility also includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for the individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the Company's Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process. In particular, the Company's Management is responsible for internal controls being designed and implemented to prevent the Report from being materially misstated.

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 Sustainability Report:

- Read the Sustainability Report (in its entirety) to ensure it is in accordance with the criteria detailed in the "Introduction and scope of work" section in this Independent limited assurance report;
- Interviews with key personnel responsible for the preparation of the Sustainability Report, providing the sustainability performance information to understand and evaluate the processes, internal controls and information systems relating to the preparation of the aforementioned information;
- Understanding the Company regarding to its sustainability organizational structure, stakeholder dialogue and development process of the sustainability program;
- Comparing text and data (on a sample basis) presented in the Sustainability Report to underlying sources. This included considering whether all material issues had been included and whether the reported text and data was accurately drawn from the underlying information.

Limitations

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

- Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Report and which arise from our mutually agreed methodology.
- No 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

The firm implement 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 have complied with the independence and other ethical requirements of the IFAC Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In this context, the assurance team is independent from the Company and has not participated in the preparation of the Company's Sustainability Report for the year 2021.

Limited assurance conclusion

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 Sustainability Report of ZLATNA PANEGA CEMENT AD 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 respects, in accordance with the criteria mentioned above, in the "Scope of work" section.

Mariy Apostolov
Managing partner

Grant Thornton OOD
Audit firm

Gergana Mihaylova
Registered auditor responsible for the engagement

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ГРАНТ ТОРНТОН ООД

8 March 2023

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