



TITAN
BULGARIA

REPORT

**INTEGRATED
ANNUAL
REPORT 2020**



ABOUT THE REPORT

This is TITAN Bulgaria's seventh Integrated Annual Report (IAR 2020), referred 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 2020. The reporting period is January 1st to December 31st, 2020.

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). Throughout the Report, TITAN Bulgaria is used wherever we refer to consolidated disclosures, except for specific cases when the exact name of the subsidiary is explicitly mentioned for pertinent figures, and other disclosures. The main content of the Report includes an overall presentation of TITAN Bulgaria activities, goals, and achievements, quantitative data, and financial information for 2020.

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).

We also make reference to the implementation of the 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 in its approach the Guidance of the United Nations Conference on Trade and Development (UNCTAD) for connecting its reporting for sustainability with Targets for the SDGs, following the TITAN Group approach.

For more information about the TITAN Group global sector approach and standards, please visit 2020 TITAN Group Integrated Annual Report <https://www.titan-cement.com/newsroom/annualreports/>.

TITAN Group has updated the internal ESG glossaries and guidelines for social performance and environmental performance in order to align with the development of the new internal Group wide reporting systems, in specific, the TITAN Group Human Resources Management System (GHRMS), and align with the GCCA Sustainability Charter, and Framework Guidelines. TITAN Bulgaria has built its reporting system on disclosures based on the above. More information about GHRMS and GCCA is presented in the "Social Performance" section and "Environmental" sections of this Report, and in the TITAN Group IAR 2020, under "Non-financial Statements". The TITAN Group IAR 2020 is hosted on the TITAN Bulgaria's website www.titan.bg.

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 independent Business Assurance Company at Advanced Level of Communication on Progress according to the United Nations Global Compact criteria.

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 SUPPORT



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

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MESSAGE FROM THE GENERAL MANAGER



Dear stakeholders,

For TITAN Bulgaria, 2020 was another year of stable financial performance and progress on environmental, social and governance issues important to us and our partners. At both local and global levels, we are collaborating towards the achievement of the Sustainable Development Goals 2030, following our commitment under the UN Global Compact. We have continued to foster the efforts of TITAN Group in the areas of Environment, Human Rights, Labor Rights, and Anti-corruption. Although the COVID-19 pandemic set us against new human, economic and social challenges, we continued to focus on the development of our people, maintain the continuity of our business, and ensure a sustainable growth path for TITAN.

Despite the impact of the COVID-19 crisis, our EBITDA reached €8.7 million in 2020. Due to the annual profit and the optimization of working capital, our net debt decreased by €2.5 million, and we closed the year at cash surplus position.

In 2020, cement consumption in Bulgaria decreased by approximately 2.5%, compared to 2019, thus putting an end to an increase that the market had experienced for three years in a row. The market looked promising at the end of 2019, even though the residential sector had started to show signs of saturation as a significant number of state and EU-funded infrastructure projects were expected to begin at the end of the year. Due to the COVID-19 uncertainty, the sector came to standstill for the better part of the second quarter of the year. Specific segments like the tourist and commercial building were explicitly hit, and did not recover until the end of the year. Larger infrastructure projects kicked off quite late in the year, with the results of the primary consumption expected to be seen in 2021.

Climate change mitigation continued to be at the top of our agenda. In 2020, we progressed in CO₂ reduction, attaining a decrease in specific net CO₂ emissions by 4% yoy. We reached the highest ever Alternative Fuels (AF) substitution rate – 33% alternative fuels in our fuel mix with 31% carbon-neutral biomass. About 100 h tons of waste have been utilized in our cement plant, and replaced similar quantity of natural fuels and raw materials. The positive trend of decreasing the clinker content in cement by keeping the same quality characteristics continued throughout 2020. We were on track on all environmental targets, including those related to energy efficiency, dust emissions, and water consumption. Fifty percent of our water demand, for instance, has been covered by recycled water. We also launched a Net Impact Assessment of our quarries operation on biodiversity.

TITAN Bulgaria, through its subsidiary GAEA, has played an active role in the local circular economy as it produced Process Engineered Fuel (PEF) for the plant. The plant co-processed 20.3 th. tons of PEF and 4.6 th. tons of end-of-life tires, substituting 32.9% of its thermal needs only with locally-generated waste, fully complying with its environmental targets.

In 2020, we developed further our digital capabilities. Our plant in Zlatna Panega had been chosen by the TITAN Group for a pilot project for predictive maintenance. In 2020, significant cost avoidance was achieved thanks to a more targeted predictive maintenance and equipment damage elimination. Following the successful implementation of a Machine Learning program in the Zlatna Panega cement plant, TITAN Group rolled out similar projects in five more plants (in the US, Northern Macedonia, and Egypt). In 2021, the Group is planning to implement the system in three more plants.

TITAN Bulgaria continued to implement the highest possible standards in the Health and Safety area throughout 2020. Zlatna Panega Cement won 1st place in the medium-size enterprise category in the competition "Annual National Awards for Health and Safety" for 2020 (organized by the Centre for Safety and Health at Work Foundation, under the auspices and with the assistance of the Executive Agency General Labor Inspectorate at the Ministry of Labor and Social Welfare). Regardless of the COVID-19 challenges, we have not interrupted our business operations for a single day; the prevention and protection of both our direct, contractors' employees, and third parties continued to be our priority. In 2020, Zlatna Panega Cement, GAEA, and Double W Co achieved zero accidents for direct employees, contractors, and third parties. There was one minor Lost time injury in the Concrete operations but the injured person has fully recovered. There were no fatal or serious accidents for our employees, contractors, or third parties in TITAN Bulgaria. Innovative and alternative methods, implemented by us in Bulgaria, have led to one of the highest man-hours of Health and Safety training in TITAN Group. All departmental heads of operations were personally involved in those training sessions.

Regardless of the COVID-19 challenges, the cement plant, GAEA, and the Concrete operations were certified for full compliance with the ISO 45001:2018 Occupational Health and Safety. For a third consecutive year, our Cement Plant attained "green assessment" level for its Health and Safety performance on the 360° Audit of the TITAN Group.

The attainment of all those results is unimaginable without the collective effort of our people. We are extremely grateful for their hard work, commitment, and dedication in those trying times. Since the onset of the pandemic, TITAN Bulgaria has implemented a number of COVID-related projects and measures to protect employees, and their families. We have organized a PCR screening of employees and contractors, designed and implemented systems of color-coded teams, home office and remote working, contact-follow-up etc. to assure early prevention of COVID-spread among employees and next of kin.

TITAN Group's policies and Code of Conduct continued to be of high priority for us. A series of interactive eLearning courses on company policies was launched for our employees. The approach towards our contractors was similar – the *Human Rights Policy* and the *Anti-Bribery and Corruption Policy* were distributed. Each contractor's employee had to familiarize themselves with those policies, and confirm that through an acknowledgement form. The project fosters ethical behavior and represents "Our Culture in Practice".

Development of personnel continued to be one of our HR priorities. In the face of the uncertainty caused by COVID-19, we adopted the online training format as a suitable channel for covering employees' learning and development needs in key areas. As part of the TITAN Group's engagement initiatives, we have prepared the launch of the Employee Assistance Program in 2021.

2021 will demand from us to find the balance between managing the COVID-related uncertainty and building our future. We will seek innovative ways to create value for our people and partners, and serve our customers even better to build an environmentally friendly, digitalized, and sustainable future for us all.

Sustainability of communities in proximity to our operations continued to be the focus of our community engagement plans in our key operations. To support the local community's educational, health and social improvement as well as the infrastructure in the region, TITAN Bulgaria invested in different projects and initiatives by donating in cash and in kind, by hiring interns from the local community, and by providing scholarships for students from the region. More than 65% of our investment was directed to Education and Schools in the area of our operations. Living up to our social responsibility, we provided scholarships to students from the region, donated in cash to support schools and educational programs in the region, medical equipment etc. Our donations *in kind* supported the infrastructural needs of the region – construction and reconstruction of streets, cultural monuments, and buildings. We are proud that we have helped our partners and contractors to sustain their business in those difficult times. The attainment of all those results is unimaginable without the collective effort of our people. We are extremely grateful for their hard work, commitment, and dedication in those trying times.

Adamantios Frantzis
General Manager
TITAN Bulgaria

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FINANCIAL HIGHLIGHTS

<div>€47.042m</div> <div>Revenue</div>	<div>€78.406m</div> <div>Total assets</div>
<div>€8.673m</div> <div>EBITDA</div>	<div>€2.9m</div> <div>Capital investment</div>
<div>€1.652m</div> <div>Net profit after tax</div>	

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

SUSTAINABILITY (PEOPLE AND ENVIRONMENT) RELATED HIGHLIGHTS

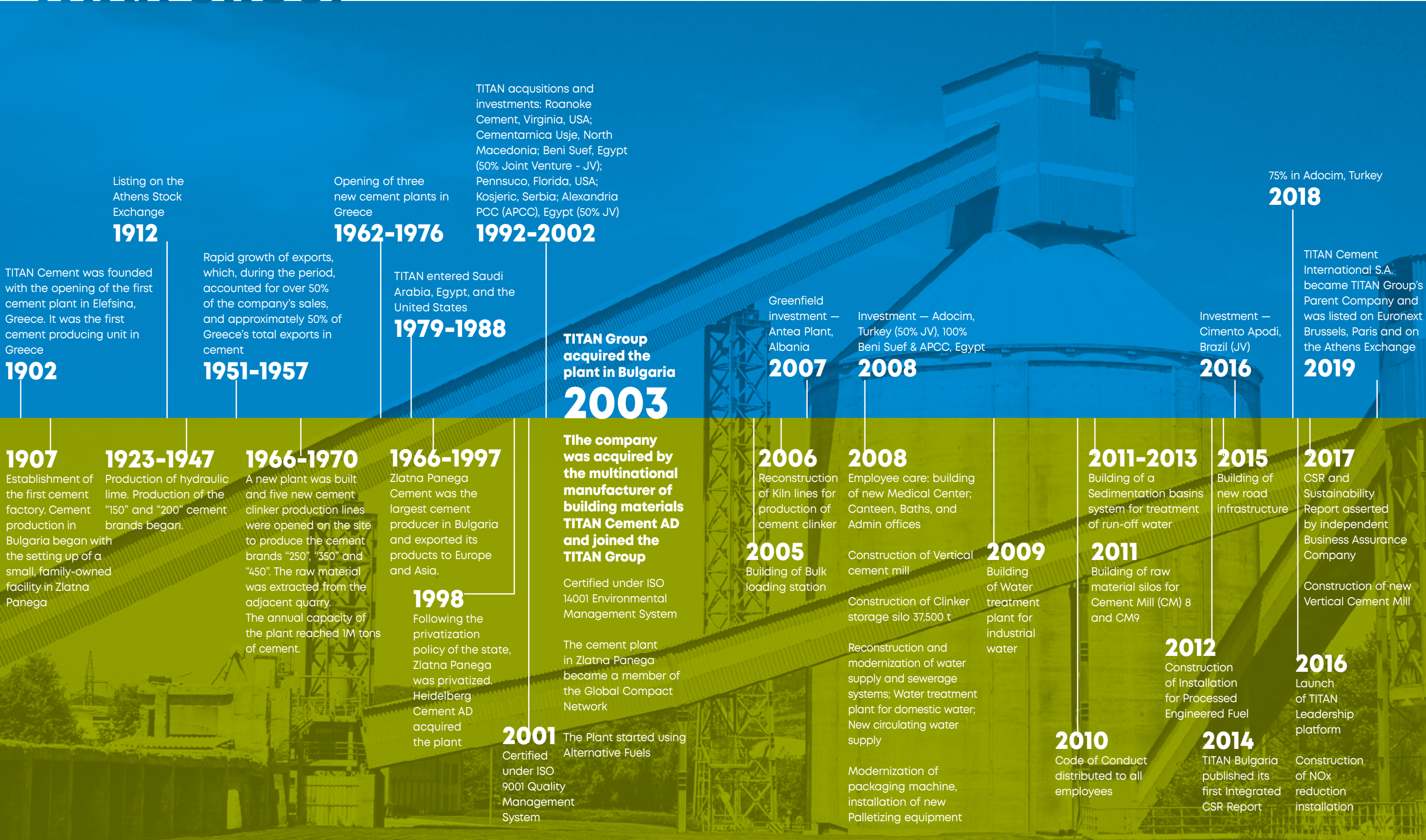
<div>260 employees</div> <div>88.46% employees from local communities</div> <div>€28,817 invested in training and development</div> <div>Zero fatalities and zero serious accidents for direct and contractors' employees in TITAN Bulgaria operations</div>	<div>Decrease in specific net CO₂ emissions by 4% yoy</div> <div>Reached 33% Alternative Fuels in the fuel mix, including 31% carbon-neutral biomass</div> <div>101k tons of waste have been utilized in the cement plant, thus replacing similar quantity of natural fuels and raw materials</div>	<div>Continued to improve the clinker to cement ratio by keeping the same quality characteristics</div> <div>50% of our water demand has been covered by recycled water</div> <div>Launched Net Impact Assessment of our quarries operation on biodiversity</div> <div>Sustained the good performance regarding the local impact on air and water emissions.</div>
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TITAN GROUP IS PRESENT GLOBALLY

TITAN Group is a multinational cement and building materials producer with 118 years of industry background. With an annual capacity of 27 million metric tons of cement and space materials, the Group serves customers on over 25 markets. It has built a network of 14 cement, 72 quarries, and 128 concrete centers in 10 countries on 4 geographic regions, and employs 5,400 people by 31 December 2020. The business activities of TITAN Group include production, transportation, and distribution of cement, concrete, aggregates, fly ash, and other building materials.

The Group's Parent Company is TITAN Cement International (TCI), a Belgian company listed on Euronext Brussels, Euronext Paris, and Athens Exchange. TITAN Cement International became TITAN Group's Parent Company following the successful completion of a Voluntary Share Exchange Offer submitted to the shareholders of TITAN Cement Company S.A., the Group's former Parent Company, which is based in Greece. The statutory seat of TCI is in Brussels, while its seat of management is in Cyprus.

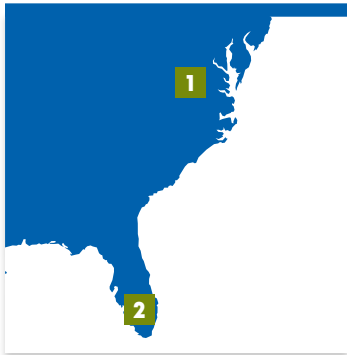
TITAN GROUP



ZLATNA PANEGA CEMENT

TITAN GROUP GLOBAL PRESENCE

WE DISCLOSE GROUP
PERFORMANCE AND
ACTIVITIES 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	5 Fly ash processing plants
Principal products/activities	
  	
 	
REVENUE	
€937.7m	
EBITDA	
€176m	
ASSETS	
€1,095m	

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.	

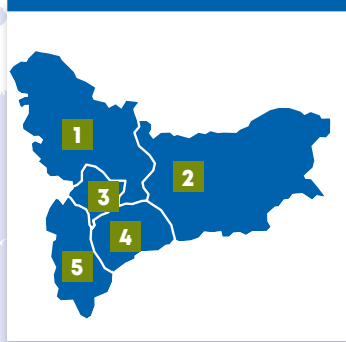
Greece & Western Europe	
3 Integrated cement plants	28 Ready-mix plants
3 Import terminals	1 Cement grinding plant
25 Quarries	1 Dry mortar plant
2 Processed Engineered Fuel facilities	
Principal products/activities	
   	
REVENUE	
€246.6m	
EBITDA	
€17.2m	
ASSETS	
€563.3m	




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



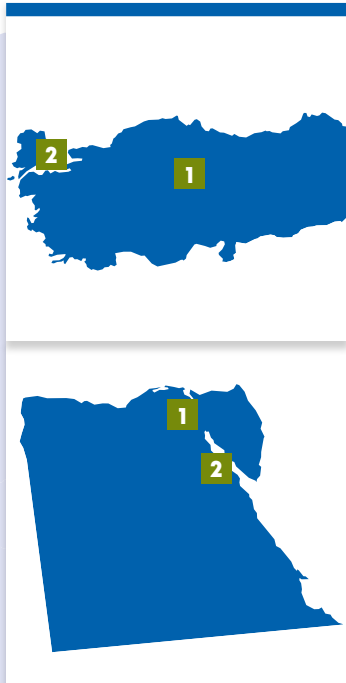
Southeastern Europe	
5 Integrated cement plants	6 Ready-mix plants
20 Quarries	1 Processed Engineered Fuel facility
Principal products/activities	
  	
REVENUE	
€271m	
EBITDA	
€96.2m	
ASSETS	
€456.9m	







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



Eastern Mediterranean	
3 Integrated cement plants	7 Ready-mix plants
1 Cement grinding plant	2 Processed Engineered Fuel facilities
14 Quarries	
Principal products/activities	
  	
REVENUE	
€151.7m	
EBITDA	
€-3.3m	
ASSETS	
€484.8m	

Eastern Mediterranean
Cement plant
1. Tokat
Grinding plant
2. Marmara
Cement plants
1. Alexandria
2. Beni Suef



- Principal products/activities key:**
-  Cement
 -  Ready-mix concrete
 -  Aggregates
 -  Dry mortars
 -  Fly ash
 -  Waste management and Alternative Fuels

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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 in the country. It participates through joint venture activities in 12 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 milled and mixed with 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) operates 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. GSPB alone holds concessions for the extraction of aggregates in the region of Kremikovtsi in the Sofia Municipality, and the Municipality of Slivnitsa. The company has a permit to extract gravel and sand from the Danube River in the Pirgovo Municipality. 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 20.3 ktons of PEF and 4.6 ktons of end-of-life tires, substituting 32.9% of its 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 CO₂ emissions and achieve our demanding Alternative Fuels targets.

OUR VISION, MISSION, AND VALUES

OUR VISION

To be one of the most economically, environmentally and socially responsible manufacturers of building materials for sustainable cities and resilient infrastructure.

OUR MISSION

To meet the needs of society of housing and infrastructure by turning raw materials into products, and by providing related services. To secure healthy, safe, and life-long learning and stimulating working environment for our employees. To utilize Alternative Fuels, and assist in the reducing of environmental footprint through emissions reduction plan, process improvements, and investment. To bring positive impact to our local and regional communities.

OUR VALUES

As part of the Group's identity, and embedded in our culture and our people's practices, our values guide the way we conduct our business – with respect, accountability, and responsibility. We look for and reward integrity, commitment to results, expertise, strive for lifelong learning, and continuous improvement. We deliver value to all our stakeholders.

INTEGRITY Ethical business practices Transparency Open communication Good governance	KNOW-HOW Enhancement of knowledge base Proficiency in every function Excellence in core competencies
VALUE TO THE CUSTOMER Anticipation of customer needs Innovative solutions High quality of products and services	DELIVERING RESULTS Shareholder value Clear objectives High standards
CONTINUOUS IMPROVEMENT Learning organization Willingness to change Rise to challenges	CORPORATE SOCIAL RESPONSIBILITY Safety first Sustainable development Stakeholder engagement

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OUR GUIDING PRINCIPLE

STRATEGIC PRIORITIES

To achieve our governing objective, we focus on the four strategic priorities of the Group.

Geographical diversification

We expand our business through acquisitions and greenfield developments into attractive new markets to diversify our earnings base, and mitigate the effect of the volatility inherent in our industry.

Continuous competitive improvement

We deliver new efficiencies throughout our business to reduce costs and compete more effectively, implementing digital solutions across our value chain.

Vertical integration

We extend our business into other product areas in the cement value chain, serving our customers better, and accessing new profit opportunities.

Sustainability with focus on the environment and the society

We reduce our environmental footprint by focusing on de-carbonization and biodiversity. We care for and develop our employees, and foster constructive collaborations with our neighboring communities, and other stakeholders.

Underpinning these priorities is our approach to sharing best practice and leveraging expertise. Adopting this approach from TITAN Group helps the development of our capabilities, and the efficient delivery of our governing objective.

WHAT WE DO. OUR PRODUCTS

Our products serve people's and organizations' needs for safe, durable, and reliable housing and infrastructure. They are used in benchmark infrastructure (constructing roads, highways, bridges etc.) and urban development projects (residential and commercial buildings). They help us build sustainable cities, raise the standard of living, and improve the business environment.

The products of TITAN Bulgaria provide the materials for the construction of infrastructure and buildings necessary to achieve favorable conditions for business development and higher the standard of living. We encourage the creation of manufacturing innovations and new products that improve the quality and stability of construction materials, facilitate construction, and reduce the negative impact on the environment. Our Sales Department is focused on increasing the share of the low carbon footprint cement sales in the total sales volume.

OVERVIEW OF OUR CEMENT PRODUCTS 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 42.5 R-SR

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-L 42.5 R

Limestone Portland cement is used in the production of small-size 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.

OVERVIEW OF OUR CONCRETE 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

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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.

BENCHMARK PROJECTS IN 2020

1. Nova TV – “Nova broadcasting group” new administrative building

In 2020, TITAN Bulgaria supplied the new “Nova TV” office building, 41 000 sq. m, situated next to the Sofia Airport. The foundations required 2 big castings, lasting more than 24 hours each.

2. B.A. Glass factory

A Portuguese investor has made large extension of the glass factory in “Voenna Rampa” industrial zone. TITAN Bulgaria Concrete Operations has modified a special recipe for C 30/37 S4 XC3 with metal and polypropylene fibers, needed for the industrial floorings.

3. Industrial floorings Sky Fort

TITAN Bulgaria Concrete Operations has modified special recipe for C30/37 S4 XC4, needed for the floorings of the Sky Fort skyscraper, according to the special requirements of the building company. The concrete has been poured by stationary pump on the underground parking levels.

OUR STAKEHOLDERS

TITAN Bulgaria’s stakeholders include:

Employees
Customers
Contractors
Local communities and local authorities
Regulators, authorities
Suppliers
Shareholders
Business partners’ associations
Youth
Civil society
Academia and research
Investors and analysts
Media

We communicate and engage with stakeholders, enabling collaboration to pursue our business objectives while safeguarding our values and ambition for sustainable and inclusive growth with them on a regular basis. This collaboration is crucial for our business, relating to the values and sustainable growth priorities we stand for.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT. ISSUES IMPORTANT TO OUR STAKEHOLDERS

In 2020, we performed a new Materiality Assessment cycle following the TITAN Group process, and utilizing new global standards, such as the SASB Sector Materiality Map, to verify the outcomes of this process:

Definition:

Identification of internal and external stakeholders in collaboration with Group ESG Performance Department and independent experts. The list consisted of the Regional Director, Management Committee members, Production and Maintenance Managers, heads of departments, legal advisor, and TITAN Group representatives. They were all invited following a preliminarily prepared participants’ materiality matrix where each one of the participants was linked to the respective stakeholders.

Preparation and execution:

All internal stakeholders were requested to provide structured feedback on a Materiality Assessment Questionnaire, developed by TITAN Group. Desk research was conducted simultaneously by a third party to identify material issues from local stakeholders and peers.

Assessment:

Feedback received from both internal and external stakeholders was analyzed and discussed during the Materiality workshop focusing on prioritization of key stakeholders, and most relevant material issues for business and stakeholders.

Completion:

The top management reviewed the assessment outcomes, and agreed on the Materiality Matrix and key priorities to set targets for 2025 in alignment with the SDGs 2030 and the TITAN Group strategy.

Engaging with internal and external stakeholders is a core element of the way we do business, directly 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

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Key stakeholders	Engagement process	Key issues per stakeholder group
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

TITAN GROUP SUSTAINABILITY RELATED TARGETS

TITAN Group approach, published in March 2021, focuses on the following sustainability related targets and their connection to TITAN Bulgaria material issues:



Underpinned by Good governance, transparency and business ethics.

TITAN's ESG targets are aligned with the vision of the European Green Deal to achieve climate neutrality by 2050, and with the UN SDGs 2030. The performance against them will be verified by independent auditors, while the Scope 1 and 2¹ emissions targets will be validated by the Science Based Targets Initiative (SBTi). Progress will be reported annually through the Integrated Report to ensure transparency of communication with the Group's stakeholders.

We draw on, transform and add to our capital resources to provide our products and service, create value to all of our stakeholders, and contribute to the attainment of the global Sustainable Development Goals.

The present Report uses the "Capitals Approach" in a summarized and concise manner to provide more insight into the strategy of TITAN Bulgaria, and its ability to create value in the short, medium and long-term, by using the "Capitals", and also the effect that the organization of TITAN Bulgaria has on the "Capitals".

We consider this practice as a positive element, specifically for providing "strategic focus and future orientation" for this Report, under our efforts to align with the "Guiding Principles" of the IIRC for the structure and content of the Integrated Report.

¹ Scope 1: direct CO₂ emissions (net); Scope 2: indirect CO₂ emissions from electricity; Scope 3: indirect CO₂ emissions of the supply chain

BUSINESS MODEL

DELIVERING VALUE FOR ALL

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

How we do the "transformation"?

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

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

We create Value and share it with stakeholders connected to SDGs (pp. 24–25)

FINANCIAL CAPITAL

We use our economic resources efficiently to support our business growth and safeguard our competitiveness.

MANUFACTURED CAPITAL

We manufacture our products using best available techniques in our 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 our knowledge of the building materials industry to enhance our offerings and further 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, by working together on projects to make a positive impact on the society and the 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".

TO PROVIDE OUR PRODUCTS, SERVICES AND SOLUTIONS

Further information about our products: pp16-18

PRODUCTS

Cement

Ready-mix Concrete (RMC)

Aggregates

Mortars

SERVICES

Production, transportation, distribution of building materials

SOLUTIONS

Solutions for the circular economy: Alternative Fuel and Waste management solutions

Biodiversity and Water management

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

We monitor our performance through the use of Social and Environmental KPIs for measuring our impacts over time, and connect our results with specific Targets for the SDGs (see Appendix 3 and 4).

We are driven by our Governing Objective (see p. 16)

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VALUE CREATION IN 2020

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

Through the collaboration with customers, business partners, local communities, and academia, we increase the shared value created at global, regional and local levels.

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), a core member of CSR Europe, and the Global Cement and Concrete Association (GCCA).

In 2020, we contributed to the attainment of the SDGs 2030 that we had 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:

Related to spending to domestic suppliers, donations in the community, and investment into the environment:

- **Local Spend:** Defined according to TITAN Group standards for reporting, see KPIs Index for Social Performance, KPI SP45L. 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 KPIs Index for Social Performance, KPI SP41L-SP43L.
- **Green Investment or equivalent:** „Investments for the Environment“: Defined according to TITAN Group standards for reporting; see KPIs Index for Environmental Performance, KPI EP39L.

Summary of Social Performance metrics:

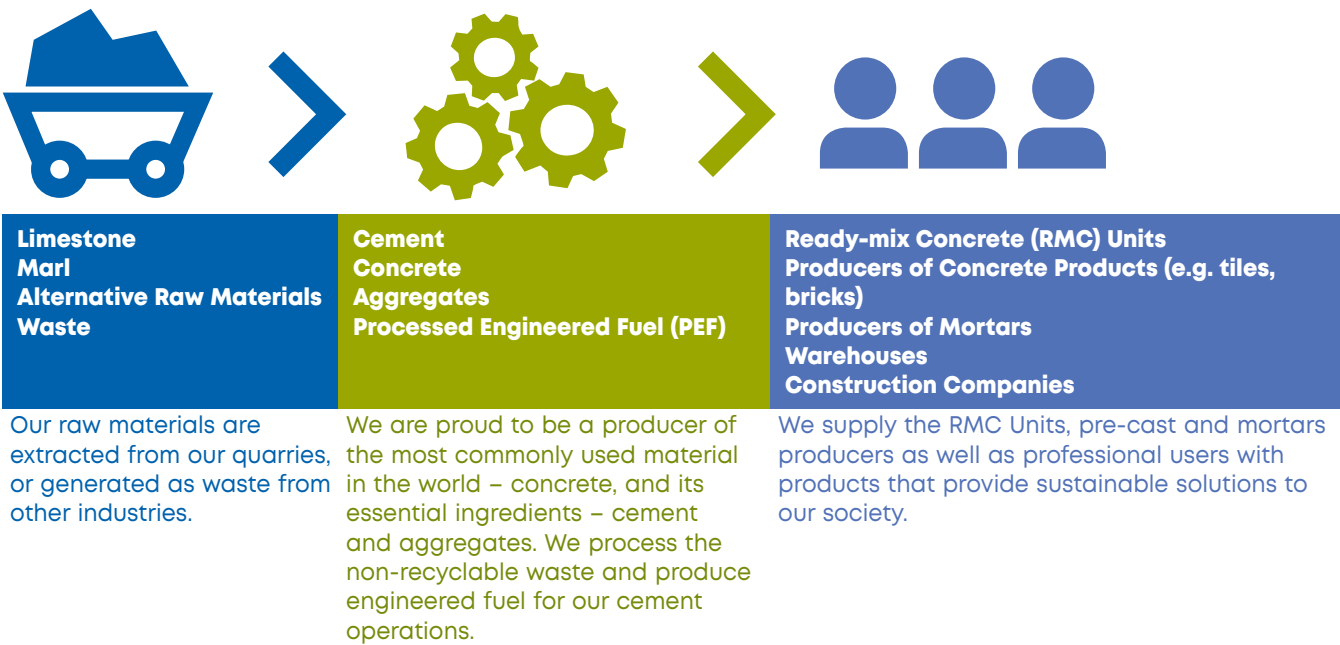
- **Health and Safety** (SP01L-SP14L), see Appendix 3. We also connect our performance with our commitment to the UNGC Ten Principles and the SDG8/Target 8.8, according to the UNCTAD Guidance (ed. 2019).
- **Employment** (SP15L-SP30L), see Appendix 3. We also connect our performance with our commitment to the UNGC Ten Principles and the UN SDG5/Target 5.5, according to the UNCTAD Guidance (ed. 2019).
- **People Development** (SP31L-SP40L), see Appendix 3. 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** (SP41L-SP46L), see Appendix 3. 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** (SP43L-SP44L), see Appendix 3. We also connect our performance with our commitment to the UNGC Ten Principles.

Summary of Environmental Performance metrics:

- Overall for our **Environmental Performance**, see Appendix 4, KPIs Index (EP01L-EP39L). We also connect our performance with our commitment to the **UNGC Ten Principles** and the **UNCTAD** Guidance (ed. 2019).
- **Energy and Climate Change:** See Appendix 4, KPIs Index (EP14L-EP24L and EP33L-EP36L), 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 Appendix 4, KPIs Index (EP19L, EP23L, and EP35L), connected with the GCCA Charter, Guidelines, and Sector KPIs, and the SDG7/Targets 7.2, 7.3, and 7a, and SDG12/Target 12.2.
 - **CO₂ Emissions:** See Appendix 4, KPIs Index (EP16L-EP18L), connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG9/Target 9.4.
 - **Air Emissions:** See Appendix 4, KPIs Index (EP29L-EP32L), connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG3/Target 3.9, and SDG9/Target 9.4.
 - **Natural Resources** (Preservation): See Appendix 4, KPIs Index (EP01L-EP04L, and EP26L), connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG12/ Target 12.2.
 - **Water:** See Appendix 4, KPIs Index (EP05L-EP07L, EP27L and EP28L), connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG6/Targets 6.3, 6.4, and 6.5.
 - **Waste Management:** See Appendix 4, KPIs Index (EP37L, and EP38L), connected with the GCCA Charter, Guidelines and Sector KPIs, and the SDG12/Targets 12.4, and 12.5.
 - **Biodiversity Preservation:** See Appendix 4, KPIs Index (EP8L-EP13L), connected with the GCCA Charter, Guidelines and Sector KPIs and the SDG15/Targets 15.3, 15.4, 15.5, 15.9, and 15.a.

MAPPING OF OUR VALUE CHAIN: RELIABLE 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.



The key indicators, the amounts that we dedicated in 2020 to the creation of value for our stakeholders, and the contribution to the UN SDGs 2030 are summarized in the table on the next page.

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Value added	€8.4m	Employees, customers, suppliers, and shareholders
Net value added	€1.7m	Employees, customers, suppliers, and shareholders
Total spend on suppliers, national and international, for goods and services	€34.8m	Suppliers and contractors
Taxes to national and local authorities	€5m	Regulators and authorities (central and local)
Payments in cash, as dividends and other type, to shareholders and minorities	€5.1m	Shareholders
Total spend on donations and social engagement initiatives	€0.07m	Communities (local and national)
Green Investment	€1.998m	Communities (local and national)
Alternative Fuels	24,846 tons	Communities (local and national)
Salaries (contributions to), pensions and social benefits, including additional benefits beyond those provided by law	€5.3m	Employees and their families, local communities
Investments in training of direct employees, as total expenditures	€0.03m	Employees and their families
Internships	7 interns	Employees and their families, local communities
R&D and Innovation Collaborative efforts	€0,212m	Employees, customers
Investments for the future growth	€2.9m	Employees, customers

CONNECTING OUR PERFORMANCE REVIEW WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS 2030)

We selected those UN SDG sub-goals which we could help achieve via various projects, activities, and initiatives.

Prior to selecting which particular UN SDG to support, TITAN Bulgaria identified the issues material for the stakeholders. We identify stakeholders according to the international AA1000 Stakeholder Engagement Standard (SES) to guide the process at Group and local levels, Bulgaria included. We have adopted from TITAN Group the Materiality² assessment as an ongoing process in implementing the Group sustainability strategy. Although it was an autonomous process for each Business Unit, the Group ESG Performance Department coordinated the collection and analysis of stakeholders’ feedback and its role in the Materiality assessment at local and Group levels. The process of identifying material issues was implemented in three-year cycles. Each one of them was represented by 5 steps (given in the graph below), which combined communication with internal stakeholders, feedback from external stakeholders, and strived to align TITAN Bulgaria business priorities with stakeholders’ needs to keep the Group’s sustainability strategy consistent in the long-term.



² A matter is material if it is of such relevance and importance 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.




























Materiality assessment at Business Unit level was used as an input for Materiality assessment at Group level, and vice versa. The collected outcomes formed the basis for communicating with stakeholders in a way of mutual understanding, trust, and collaboration.

The results of our latest Materiality assessment review in 2020 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.

The results of our latest Materiality assessment review (update of relevant material issues, stakeholders and SDGs), as well as the results that we achieved in 2019 are presented in the table below.

TITAN Group FOCUS AREA	MATERIAL ISSUES	STAKEHOLDERS	CORRESPONDING SDGs	Connection with the SDGs and TARGETS	Connection with the UNCTAD Guidance, Edition 2019	Connection with the relative KPIs in the Sustainability Performance KPIs INDEX SYSTEM ⁶	KEY PERFORMANCE INDICATORS
DECARBONIZATION AND DIGITALIZATION	Customer relations Quality and sustainability of products	Customers/ Regulators, authorities/ Shareholders/ Business partners associations/ Civil society/ Investors and analysts	    	SDG 8.5 SDG 8.6 SDG 9.1 SDG 9.4 SDG 11.4 SDG 12.2 SDG 12.4 SDG 12.5 SDG 17.17	UNCTAD 7.b.1 UNCTAD 8.2.1. UNCTAD 8.5.1. UNCTAD 9.3.1. UNCTAD 9.4.1. UNCTAD 17.1.2 UNCTAD 17.17.1		<ul style="list-style-type: none"> ■ See Financial Statements in this Report, acc. to the International Financial Reporting Standard (Gross Revenue etc.), and ■ Value Creation Core Indicators: <ul style="list-style-type: none"> ▶ Value added³ ▶ Net value added⁴ ▶ Salaries, pensions, and social benefits ▶ Investments in training of direct employees ▶ Total spend on suppliers for goods and services ▶ Donations and social engagement initiatives ▶ Green investment ▶ Alternative Fuels ▶ R&D and Innovation Collaborative efforts ▶ Investments in the Group's future growth ▶ Internships ▶ Taxes to national and local authorities ■ Definitions for Value Creation Core Indicators are according to TITAN Group Glossary
GROWTH-ENABLING WORK ENVIRONMENT	Safe and healthy working environment	Employees/ Suppliers/ Local communities and local authorities	   	SDG 3.4 SDG 3.6 SDG 3.9 SDG 4.3 SDG 17.17	UNCTAD 4.3.1. UNCTAD 8.8.1. UNCTAD 17.17.1.	Social Performance Index – SP01L–SP14L	<ul style="list-style-type: none"> ■ Number of LTIs ■ Number of safety audits ■ Emissions to air ■ People covered by specific regular extra check-up <ul style="list-style-type: none"> ▶ Average hours of training per year per employee
	Employee development and well-being	Employees/ Suppliers/ Local communities and local authorities/ Civil society/ Youth	   	SDG 4.3 SDG 4.4 SDG 4.5 SDG 5.1 SDG 5.4 SDG 5.5 SDG 8.5 SDG 8.6 SDG 10.2 SDG 10.3 SDG 17.17	UNCTAD 4.3.1. UNCTAD 17.17.1. UNCTAD 5.5.2. UNCTAD 8.5.1. UNCTAD 8.8.2.	Social Performance Index – SP31L–SP40L Social Performance Index – SP15L–SP30L Social Performance Index – SP44L–SP45L	<ul style="list-style-type: none"> ■ Continuous improvement <ul style="list-style-type: none"> ▶ Average hours of training per year per employee ▶ Expenditure on employee training per year per employee ■ Employment diversity <ul style="list-style-type: none"> ▶ Employment per type ▶ Proportion of women in managerial positions ■ Protected labor rights <ul style="list-style-type: none"> ▶ Percentage of employees covered by collective agreements ■ Effective partnerships <ul style="list-style-type: none"> ▶ Community investment (internships) ■ Average number of hours of training on anti-corruption issues
	Sustainability of communities	Employees/ Contractors/ Local communities and local authorities/ Civil society	    	SDG 4.3 SDG 4.4 SDG 8.5 SDG 8.6 SDG 9.1 SDG 9.5	UNCTAD 17.17.1.	Social Performance Index – SP41L – SP46L	<ul style="list-style-type: none"> ■ Community investment ■ Percentage of local procurement
RESPONSIBLE SOURCING	Climate change mitigation and adaptation Efficient use of energy and natural resources (water, raw materials, and fuels) Biodiversity conservation	Investors and analysts/ Regulators, authorities/ Suppliers/ Civil society	    	SDG 6.3 SDG 6.4 SDG 6.5 SDG 6.6 SDG 6b SDG 7.2 SDG 7.3 SDG 7a, SDG 9.4 SDG 12.2 SDG 13.1 SDG 13.3 SDG 15.1 SDG 15.3 SDG 15.4	UNCTAD 6.3.1. UNCTAD 6.4.2. UNCTAD 9.4.1. UNCTAD 7.2.1.	Environmental Performance Index EP16L–EP24L; EP01L–EP05L; EP14L–EP15L; EP08L–EP13L;	<ul style="list-style-type: none"> ■ Specific net CO2 emissions; ■ Alternative Fuels substitution rate; ■ Specific electrical energy consumption; <ul style="list-style-type: none"> ▶ Water withdrawn ▶ Alternative raw materials consumption ▶ Development and implementation of Biodiversity management plans
POSITIVE LOCAL IMPACT	Good Governance, transparency and business ethics Responsible and reliable supply chain	Shareholders/ Investors and analysts/ Regulators, authorities/ Local communities and local authorities/ Business partners' associations/ Suppliers/ Customers/ Contractors/ Employees	   	SDG 16.5 SDG 16.10 SDG 17.14 SDG 17.17	UNCTAD 16.5.2 UNCTAD 17.17.1.	SP39L SP40L–SP42L	<ul style="list-style-type: none"> ■ Training on “Compliance” <ul style="list-style-type: none"> ▶ Average number of hours of training on Group policies compliance, per year ■ 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

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³ Revenue minus costs of bought-in materials, goods and services, and minus depreciation on tangible assets (Net Value Added, NVA, according to the UNCTAD)

⁴ Revenue minus costs of bought-in materials, goods and services (Gross Value Added, GVA, according to the UNCTAD)



GLOBAL NETWORK OF COOPERATION AND SUPPORT

We respond to the growing sustainability challenges. Sustainability is an integral part of our business, and we achieve it with the help of our stakeholders. 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 the 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, and expertise and enviable achievements in sustainable development.

The list of those partners includes:

The cement company in Zlatna Panega has been among the first companies in Bulgaria to have joined the UN Global Compact (back in 2003) and implemented the 10 universal principles in the areas of human rights, labor, environment, and anti-corruption.

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 in its own guidelines and policies the sectoral guidelines created by 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 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 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 Group level, and through the network of local representatives at country level, as is the case of TITAN Bulgaria https://sdgs.un.org/#goal_section

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To assess our business performance and progress against our strategic priorities, we use a range of financial and ESG indicators. In 2020, we created value for our stakeholders in profitability and free cash flow.

Despite the difficult conditions brought during the COVID pandemic, we had solid performance in 2020 – €47 million revenues (3% below 2019) and €8.7 million EBITDA (€1.5 million below 2019). We decreased our net debt by €2.5 million, and closed the year at cash surplus position.

Index	Calculations (formula)	2017	2018	2019	2020
Return on invested capital	Profit after tax / average invested capital	-4.0%	1.8%	5.2%	2.4%
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%
Net Debt / EBITDA Ratio	Net Debt / EBITDA	3.6	0.9	-0.1	-0.4
Earnings per share	Net earnings per share in EUR	-0.11	0.04	0.12	0.05

In 2020, GDP dropped by 4.6% driven by the pandemic; rebound is expected in 2021, and steady growth in 2022-2024.

There was a rise in the unemployment rate to 7.4%.
The annual inflation was low – 1.7%.

OVERVIEW OF THE BULGARIAN CEMENT MARKET IN 2020

The cement demand in 2020 dropped by 2% versus 2019, mainly affected by lower investments in construction of office space and touristic installations as a result of the pandemic. We expect this trend of lower office space construction to continue in 2021, partially offset by the growth in the residential building investment. Nevertheless, we still have a strong market with demand being 14% higher than the 2017-2018 levels.

The response of the economy to the COVID pandemic remains to be seen. We see encouraging signs from the EU response, and more specifically, the €11 billion recovery fund allocated to Bulgaria for 2021-2027.

PERFORMANCE HIGHLIGHTS. ANALYSIS OF MAIN INDICATORS.

SALES VOLUME

In 2020, TITAN Bulgaria decreased its sales volume in Bulgaria and abroad by about 4.4%.

SALES REVENUE

In 2020, TITAN Bulgaria reported a 3.2% decrease in sales revenue compared to 2019.

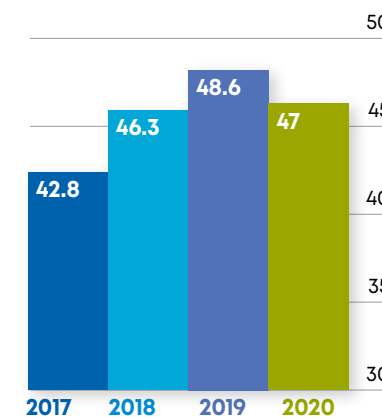
EBITDA

In 2020, TITAN Bulgaria marked a decrease in profits compared to 2019. As a result of the decrease in sales in 2020, the company reported profit before interest, tax and amortization (EBITDA) of €8,673 thousand, compared to €10,199 thousand in 2019.

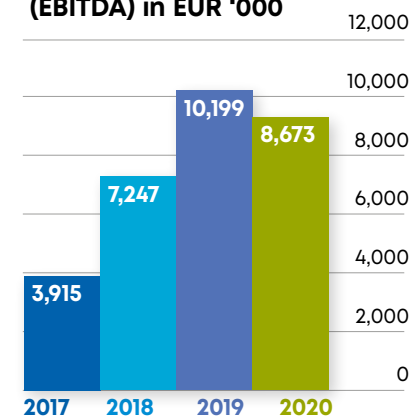
NET DEBT DECREASED

Due to the annual profit and the optimization of working capital in 2020, the net debt of TITAN Bulgaria decreased by €2,499 thousand, and we closed the year at a cash surplus position of €3,142 thousand.

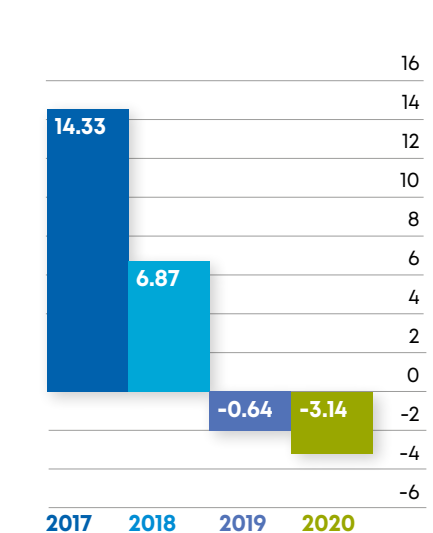
Sales Revenue in EUR '000 000



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



Net debt in EUR '000 000



POST BALANCE SHEET EVENTS

TITAN Bulgaria did not have any interruptions in its production, sales, and logistic processes during all waves of the COVID pandemic, including the third one in Q1, 2021. As of June 2021, the number of infected people has steadily decreased. Vaccination, however, is still at a very low level in the country (around 10%). The financial situation of TITAN Bulgaria is stable; the company is at a cash surplus position and has adequate liquid resources from banking loans. We have implemented a plan to manage the impact of the crisis, and have undertaken measures for securing the business operations, ensuring the health of personnel, making their workplace safe, and preserving the financial resources.

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2020 ENVIRONMENTAL HIGHLIGHTS

- Decrease in specific net CO₂ emissions by more than 4% (EP17L)
- Reached 33% Alternative Fuels in our fuel mix, 31% of which was carbon-neutral biomass (EP19L)
- 101k tons of waste were utilized in the cement plant, thus replacing a similar quantity of natural fuels and raw materials (EP25L)
- Continued the positive trend in decreasing the clinker content in cement by keeping the same quality characteristics (EP21L)
- 50% of our water demand was covered by recycled water (EP28L)
- Launched Net Impact Assessment of our quarries operation on biodiversity
- Kept the good performance regarding the local impact on air and water emissions (EP30L, EP31L, EP32L).

No one seems to know the origin of this saying. And yet, it contains the whole philosophy of sustainable development nowadays.

As part of the contemporary world, our TITAN Bulgaria team strives to operate successfully in a sustainable environment.

CLIMATE AND ENERGY

MITIGATING THE CLIMATE CHANGE

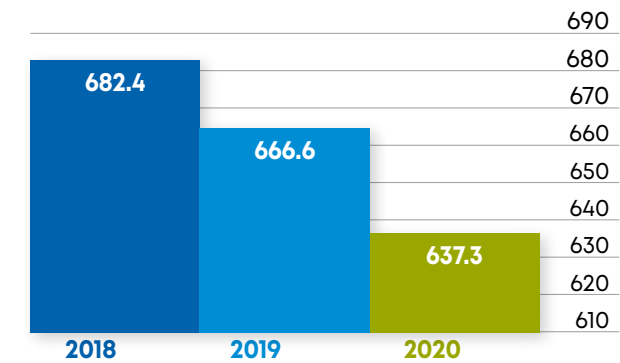
Climate change mitigation is amongst our top priorities. In 2020, the company completed several projects that would help us advance in our energy efficiency efforts and decrease direct CO₂ emissions. These projects include both technological and technical measures: optimization of the raw mix, and upgrading of the existing equipment.

Over 4 percent decrease in net CO₂ emissions

The increase of the share of Alternative Fuels and our ability to switch between gaseous and solid fuels have led to the decrease of net CO₂ emissions by more than 4%, reaching 637 kg per ton cementitious products in 2020, down from 667 kg per ton in 2019 (EP17L). Only using waste as a substitute for conventional fossil fuels leads to CO₂ savings in the range of about 23 kilotons CO₂.

The greatest threat to our planet is the belief that someone else will save it (Robert Swan)

Specific net direct CO₂ emissions (kg/t Cementitious Product)



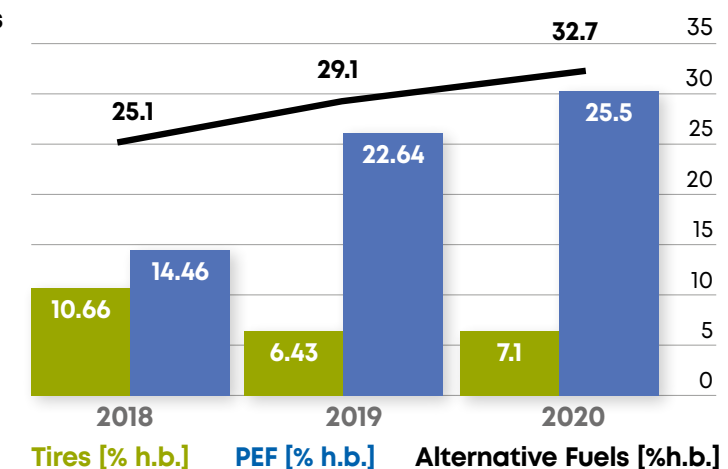
TITAN Bulgaria's team puts continuous efforts into reducing our environmental footprint by increasing Alternative Fuels usage in clinker production, thus decreasing net CO₂ emissions.

Twelve percent increase of Alternative Fuels utilization

The use of natural resources is a crucial issue in the last decades. Uncontrolled usage followed by the generation of huge quantities of unusable waste changed the thinking of many people worldwide, driving them to move away from the traditional model "produce-consume-dispose." In 2020, the heat, generated by the use of Alternative Fuels, reached about 33% of the total heat share, thus marking a 12% increase compared to 2019 (EP19L). The carbon-neutral biomass presents 31% of the waste-based fuel. We utilized about 25,500 tons, making possible utilization of as much non-recyclable waste as 15% of local Lukovit landfill capacity. In 2020, our subsidiary Green Alternative Energy Assets – Bulgaria (GAEA) succeeded in producing high-quality Processed Engineered Fuel (PEF) and covering the increasing kiln fuel needs despite the technical limitation of the shredding installation. At the end of the year, investment was made in a new secondary shredder, which helped increase production capacity and co-process higher waste volume in the following years.

We prioritized collecting all the waste utilized in the kilns from the generators on the local market, preserving the nature in Bulgaria, and our partnership with the local suppliers.

Alternative Fuels utilization



Old automobile tire usage stayed constant comparing to 2019, ensuring utilization of heat energy, and some elements, like iron and silicon, which are essential for cement clinker production.

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DID YOU KNOW?

According to the United Nations data, only 9% of all plastic waste ever produced is recycled. About 12% has been incinerated, while the rest 79% has accumulated in landfills, dumps, or the environment.

DID YOU KNOW?

According to the United Nations data, each year, an estimated 11.2 billion tons of solid waste is collected worldwide, and the decay of the organic proportion of solid waste contributes about 5% of global greenhouse gas emissions.

GAEA Bulgaria has gained significant knowledge in the waste collection, separation, blending, and shredding of different types of solid waste. In addition, its experienced team has supported numerous Alternative Fuels projects in other countries of TITAN Group.

In 2020, we continued our efforts to produce and offer to our customers products that would lower the carbon footprint. Despite the market, ruled by the cement types with high clinker content, we kept the positive trend of decreasing the clinker content in cement by keeping the same quality characteristics (EP21L). With a slight delay due to the global COVID-19 situation, in 2020, we continued to invest in **the project to reconstruct the raw meal homogenization and storage complex**, which is expected to be concluded in 2021. We envisage a 77% decrease in the electricity consumed at the homogenization, storing, and transporting of the raw meal due to that project. This will help us reduce our indirect CO₂ emissions and meet 2025 ZLP Scope 2 target.

Dust, NOx, SO₂ emissions significantly lower than the plant's limits

We control dust and other air emissions with the best possible means, investing heavily over the past fifteen years. In 2020, we were under the targets that we had set, and much lower than the legal limit (**EP30L, EP31L and EP32L**). Close to 40% of the environmental management expenses in 2020 were related to maintaining the dedusting equipment and purchasing high-quality filter bags (EP39L).

NATURAL RESOURCES / WATER

Water is the driving force of all nature
(Leonardo da Vinci)

SURROUNDED BY WATER

Our cement production facility is situated in the Panega karst region in the Central Fore-Balkan. It neighbors one of the biggest karst springs in the Balkans and a potable water source. Moreover, it is located very close to the Natura 2000 protection area Karlukovo Karst. We do acknowledge that water is indeed a priority issue. We continue to protect the water resources in the region, both groundwater and surface water bodies.

We carry out regular monitoring of the quality of the discharged wastewater. We ensure quality by a three-stage domestic-sewage treatment plant, a flotator for industrial cooling water, and a system of oil-and-mud collectors for rainwater from the production site. In 2020, all monitored parameters complied with individual emission limits set in the company permit.

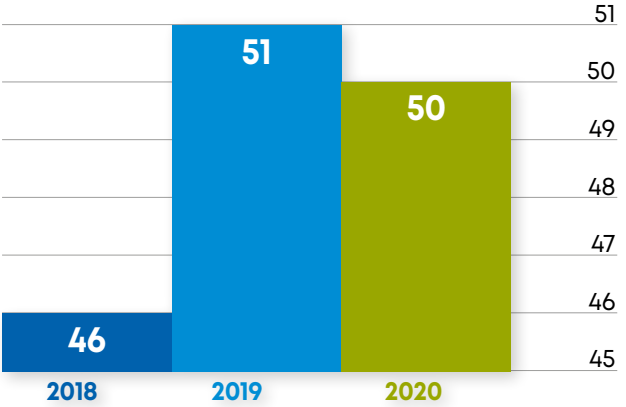
Maintaining a recirculation water system helps us reduce water consumption from the lake significantly and covers 50% of our water demand with recycled water (**EP28L**). More than half of the fresh water consumption has been used to irrigate the green areas in the cement plant (EP06L, EP27L).

In 2020, we continued to monitor groundwater quality through the three wells built at the Zlatna Panega quarry and Glava Panega spring. In terms of chemical composition and properties, the groundwater complies with the legal requirements, and the water from the Glava Panega is suitable for drinking purposes.

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 on the Baseline Water Stress, which is the criterion required 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.

Recirculation water by total water use %



NATURAL RESOURCES / RAW MATERIALS

Nature provides a free lunch, but only if we could control our appetites (William Ruckelshaus)

RAW MATERIALS BY NATURE

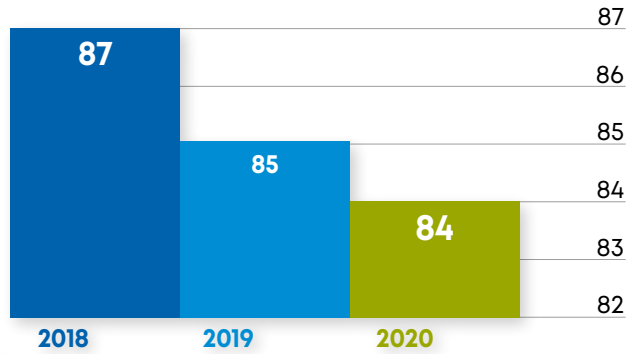
The use of natural resources is a crucial issue in the last decades. Uncontrolled usage followed by the generation of huge quantities of unusable waste changed the thinking of many people worldwide, driving them to move away from the traditional model “produce-consume-dispose.”

Cement production involves the consumption of large quantities of natural resources. Here, again, TITAN Bulgaria adheres to the principles of sustainable development and the “circular economy.”

Substituting part of the natural resources with waste from other industries is the norm in the cement industry. Although the demand for higher-priced brands of cement, with a high proportion of clinker in it, has been on the increase on the Bulgarian market over the last two to three years, we continued to substitute natural additives with waste materials and decrease the clinker content in cement by keeping the same quality characteristics (**EP21L, EP25L**).

Over the last years, we have used reject from the cement mills activities and small quantities of construction waste intended to be deposited at the local landfill. In 2020, we utilized 4,643 tons of this material as an additive to the raw meal.

Clinker content in cement



Clinker content in cement %

In 2020, about 76,000 tons of waste from other industries were recycled in the form of additives for the production of clinker and cement (EP27L).

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DID YOU KNOW?
In 2020, we kept the tendency for only 15% of the water used for mechanical cooling to be fresh, comparing to 85% recirculation water used for the same purpose.

BIODIVERSITY

Our cement production facility is in a beautiful karst region, just a throwaway from one of the largest karst springs in the Balkans; it is adjacent to Natura 2000 protected habitat. Our production is based in a unique yet extremely sensitive environment. The vicinity of the cement plant and the quarry is identified as a site with a high biodiversity value. However, we manage to combine our day-to-day industrial activities with the principles of sustainable development. At TITAN Group level, there are standard practices for quarries rehabilitation and biodiversity management at sites of high biodiversity value such as ours.

For the plant area and the two 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 a 10-km radius from the Zlatna Panega site, there are two NATURA 2000 sites, two natural monuments, and one protected site. The company is aware of the specifics of these designated areas and evaluates their potential impact in every investment initiative.

TITAN Bulgaria successfully combines production activities with the protection and restoration of biodiversity around the plant site. All the initiatives and measures undertaken by TITAN Bulgaria are aligned with the Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management of the Global Cement and Concrete Association (GCCA).

TITAN BULGARIA'S BIODIVERSITY MANAGEMENT PLAN

Nature is not a place to visit. It is home.
(Gary Snyder)

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.

It aims to identify, measure, value, compare, and set targets concerning the quarry operation's impact, and the outcome of rehabilitation activities and biodiversity management. Indirectly, NIA gives indications for the social and economic impact of the quarry operation on the local community. For us, the NIA is necessary to assess the previous (baseline), current, and future situation in the operating quarry, evaluate the already applied rehabilitation measures, and amend, improve, or add respective actions to reach positive impact on biodiversity in the area after works finalization. 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. TESSA will help 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, which the rehabilitated site can provide to society. The provisioning services that this area can offer, and that will be evaluated, are the cultivation of goods (crops, livestock, timber) and harvesting of wild goods (medical plants, mushrooms, wild berries etc.). The regulating services to be assessed include climate regulation (carbon storage, greenhouse gas fluxes, local climate regulation), water-related services (flood protection, water provision, water quality improvement), erosion

regulation, and soil formation and pollination. All these issues have been identified as material for our company and our stakeholders.

The NIA and TESSA studies results will help us align our plans with the exploitation and rehabilitation of the quarries with our stakeholders' expectations. Additionally, they will give us a science-based and objective direction for restoring the ecosystems to ensure maximum value for biodiversity and society.

2020 BIODIVERSITY SUCCESS STORIES

SEEDS COLLECTION TOGETHER WITH PUPILS FROM LOCAL SCHOOLS

In 2020, despite the severe COVID-19 situation, and following all the necessary measures, employees and pupils from the local schools collected seeds from local tree species (manna ash, pedunculate oak, turkey oak), which were sowed in Zlatna Panega local nursery. In two years, when the seedlings are big enough, we shall partially rehabilitate a quarry area that is already depleted.

WILD BIRD-WATCHING IN THE ZLATNA PANEGA AND KORITNA REGIONS: THE DIVERSITY AND THE HABITAT OF THE INDIGENOUS SPECIES ARE WELL-PRESERVED

In 2020, with the help of an expert ornithologist, we continued the regular inspections of the birds in the area of our quarries and the cement plant. The expert identified the rare and protected species, monitors the changes in the indigenous species, their nesting and breeding, the raising of young birds etc. In 2020, a new nesting couple of kestrels had been identified in the Zlatna Panega quarry. The expert analysis showed that the company's activities by no means endanger the diversity and the habitat of the local species on the territory of the plant, the adjacent quarries (Zlatna Panega and Koritna), and the nearby-protected zone of Natura 2000 environmental network – the Karlukovsky karst. Over the last several years, a total of twenty species, detected in the Zlatna Panega sites, have been listed in the Bulgarian Red Book; twenty-two species are subject of protection in the Karlukovski karst, protected by NATURA 2000, and eighty-one – protected as provided for in the Bulgarian Law on Biodiversity.

Creation of a Thousand Forests is in One Acorn.
(Ralph Waldo Emerson)





SOCIAL PERFORMANCE



OCCUPATIONAL HEALTH AND SAFETY

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

We also encourage our contractors and other business partners to adopt similar policies.

Through the extraordinary year of 2020, passing under the influence of COVID-19 world pandemic, we proved again that we were the best in class. Since the start of the pandemic through the country, a complex of measures, initiatives and projects has been implemented in our daily and business lives.

We follow strictly the occupational vision and policies of the TITAN Group, which envisages a Healthy and Safe working environment, awareness among employees, contractors, and cooperating third parties, and culture of incident prevention and health promotion.

2020 HEALTH AND SAFETY ACHIEVEMENTS

- First place in the medium-size 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);
- The business operations in TITAN Bulgaria and its permanent contractors were successfully maintained through the whole 2020, and were not interrupted under the influence of COVID-19;
- Successfully certified Health and Safety Management Systems in compliance with new and more stringent standard – ISO 45001:2018 Occupational Health and Safety;
- **The cement plant, GAEA and Double W Co did not have a single accident with employees, or contractors through the whole year;** in TITAN Bulgaria, there were no severe or serious accidents; just one minor Lost time injury in the Concrete operations, but the injured person has fully recovered;
- Three consecutive years the cement plant has received "green assessment" on the Health and Safety performance on the 360°Audit;
- The quality of the safety activities for root-cause investigation was increased significantly;
- The quality of the audit and emergency training programs was reviewed and enhanced;
- The training process for Health and Safety was adapted on time to meet the challenges of the COVID-19 pandemic;
- Measures for preventing COVID-19 were shared with the EU's cement industry through the European Cement Association based in Brussels (CEMBUREAU); The action plan and first measures were implemented before the first COVID-19 case

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in Bulgaria; Risk assessment and contingency plans were designed and enforced, hygiene measures were increased, medical and psychological support was provided by experts.

SAFE WORKING ENVIRONMENT

ZLATNA PANEGA RESPONSE TO COVID-19 PREVENTION. PREVENTIVE MEASURES TO SUPPORT THE SUSTAINABILITY OF COMMUNITIES

All measures that we undertook in 2020 for COVID-19 prevention were in three major pillars: New system in place, Innovative work organization, and Business continuity with Health and safety.

NEW SYSTEMS IN PLACE ENCOMPASSED:

- Spray mist with OX-VIRIN in the buses and on the premises. The fog from the generator had a virocidal effect, against COVID-19.
- All meetings were held online, and when possible - the training sessions.
- A system for continuous testing with PCR tests of employees and contractors has been introduced.
- In cooperation with, and following the specific request of the HR Department, the IT specialist prepared and put in operation an electronic application for tracing the contacts of each person driving to the Plant and back by an organized transport.
- A disinfection liquid was prepared by our Chemical Laboratory's team in a time of shortage of supply following the best practice of World Health Organization (WHO).
- In case of infection, all people who were in contact with each other could be immediately reached out and quarantined to stop the virus spread.
- Head of departments personally started to perform safety training depending on the need of employees.

INNOVATIVE WORK ORGANIZATION MEASURES ENCOMPASS:

- Remote work was arranged.
- Rotation mode, combining home and office working of the staff, was introduced;
- Separation of employees in different groups and teams was introduced to help limit the unnecessary crossing points in our daily operations.
- Special measures for keeping the canteen functioning were applied. One-way entrance and exit were designated in the canteen. Personal Protective Equipment (PPE) for all personnel was provided. One person per table, facing in opposite direction the next table. The distance between tables was fixed. Visual red/green tag identified which table needed disinfection after a person had used it. Strict feeding hours, and a regime were introduced.
- Jobs were preserved and due payment – made on time. No contractor's job was discontinued. With the help of TITAN BULGARIA, employees were redirected from one company to another.

BUSINESS CONTINUITY WITH HEALTH AND SAFETY MEASURES ENCOMPASS:

- A Crisis Committee, headed by the General Manager, was set up; regular meetings of the Committee were convened.
- All measures, approved as part of our strategy, were tailored to each job.
- Constant update of the measures was carried out by the Crisis Team, the HR and the Health and Safety Departments.

- Regular disinfection and increased frequency of cleaning were arranged. Cleaning and disinfection were performed simultaneously thanks to the choice of cleaning agents with disinfectant function.
- We disinfected the work equipment and tools before the start of each shift. Disinfectant dispensers were installed in over 40 different 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.
- One-third of the operators were brought in to the central command hall (in reserve). Conference rooms were equipped with air purifier; there was a limit for the number of people who may stay in one room simultaneously.
- The company covered the salary costs of all the quarantined people until their test results were out.
- Personal Protection Equipment was provided to all employees and contractors on TITAN Bulgaria's premises.
- Access for external visitors was forbidden and later on – limited only to a special area.
- Access to critical places was allowed only for authorized personnel.
- Employees were allowed to use their own vehicles aiming to decrease the number of passengers in the transport provided by the company. The expenses were reimbursed so that they can commute to work.
- Transportation of employees was one of the most intense contact points, with a high potential of coronavirus infection. Disinfectants and dispenser kits were provided to each bus. Disinfection of all buses before and after each trip was arranged.
- Our IT Department provided 24/7 support in the transition period of working from the office to working from home.
- A special regime for visiting a medical center and safe conduct of annual medical examinations was introduced; A large number of employers in the country did not succeed in performing 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 also observed when hiring new contractors.
- A person from the Purchase Department was nominated to dedicate 20% of their working time to monitoring the correct application of measures.
- Safety awards for the people who have made an outstanding contribution to the fight against COVID-19 were introduced in 2020. Five people were awarded prizes for ideas, implementation of measures and active support against the spread of the pandemic. One of them was nominated and won the annual safety award of the company – TITAN IN SAFETY.
- Anesthesiology equipment, which may also be used for patients with respiratory problems or pulmonary diseases, was donated to the University Hospital in Pleven. That was announced by the National TV with a country-wide coverage, and recognized by the Hospital's Executive Director as “needed at the right moment”.

COSTS RELATED WITH COVID-19 ACHIEVEMENTS IN NUMBERS

- In 2020, we spent an average of BGN 1,556 per employee for preventive activities
- In 2020, BGN 389,000 was spent in the fight against the pandemic:
 - BGN 72,000 for tests
 - BGN 64,000 for covering the fuel costs of personal cars
 - BGN 75,000 for providing PPE masks, gloves, and protective suits

- ▶ BGN 68,200 for disinfectant, hygienic materials, cleaning materials and disinfection machines, and air purifiers
- ▶ BGN 110,000 for cleaning and disinfection (as service costs).
- In 2020, we performed over 1,800 PCR tests.
- An average of eighteen training hours on safety – per employee, and 9.6 hours on average per contractor.

ACHIEVEMENTS UNDER THE PRESSURE OF COVID-19

- No occupational accidents on the territory of the cement plant despite the crisis with COVID-19 and the severe stress experienced by people.
- Business operations were not interrupted by the COVID-19;
- Our measures and protocols were recognized as an example of best practice by:
 - ▶ The Labor Inspectorate
 - ▶ Our internal audits
 - ▶ Online based audits with cameras and surveillance teams in a 360° Audit
 - ▶ The external Independent audit by TÜV Rheiland
 - ▶ The independent audit of the Occupational Medicine Service
 - ▶ The Regional Health Inspectorate – Lovech
- No TITAN Bulgaria site has ever been a hot spot for the disease; our sites were the safest place, no matter of the combination of the following factors:
 - ▶ contact point of many contractors (permanent or temporary)
 - ▶ contact point for drivers in and outside the country
 - ▶ crossing point for employees and contractors.

OUR COMMITMENT TO SAFETY 2020 SAFETY GOALS FOR TITAN BULGARIA

Seventy percent of safety goals, or five out of seven, were achieved in 2020. The level of those goals that were not attained was increased and extended by the end of 2021.



GOAL	RESULTS
To provide safe work environment for employees, contractors, and visitors in TITAN Bulgaria sites through the COVID-19 Pandemic (NOT PLANNED)	Achieved. First place for COVID-19 prevention measures at a non-government organization contest, supported by the Labor Safety government official and worker independent organization.
Zero Serious Injuries and Fatalities (SIF)	Achieved. No serious injury or fatality with employee, contractors, or third parties.
Update of Health and Safety systems to the requirements of standard ISO 45001 Standard for Occupational Health and Safety	Achieved. All business functions (the cement plant, the concrete operations, and GAEA) achieved certificate in full compliance with the ISO 45001 Standard for Occupational Health and Safety.
Improve the quality of all the safety audits and inspections	Achieved. The system for audits was updated in 2020. Eleven sets with several comprehensive checklists covering Health and Safety topics were prepared and implemented in the audit process. Eight audit teams (16 people) were trained on checklists, along with practical application on site, and supported by the Health and Safety Department in their first audits. Based on the new system, 30 audits were performed. Assessment on the annual 360° Group Audit was satisfactory, without any remarks, or issues on the new system.
Improve the quality of Root-cause Analysis, incident investigation, preparation and follow-up of action plans by re-training the technical teams	Achieved. All Potential for Severe Injury or Fatality (PSIF) near-misses and events (with Potential for serious injury or fatality) were investigated properly, and aligned with the TITAN methodology. Significant improvement in Incident Investigation and Root-cause Analysis was given as assessment on the 360° Group Audit.
Update and simplify the Permit-to-Work (PTW) system to save time, and provide clarity without jeopardizing safety	Extended. The implementation of the draft procedure was postponed due to the COVID-19 pandemic. Notwithstanding, two pieces of instructions for the Crusher were prepared for regular activity of cleaning conveyor belts and one for GAEA (they had been chosen for a pilot test). People in GAEA and Crusher were trained to apply that; positive feedback was received.

GOAL	RESULTS
Improve the emergency preparedness of the plant	<p>Achieved.</p> <p>The existing emergency plan was reviewed and approved of by the municipality and the fire authorities. The government institution has found no issues with it.</p> <p>Six scenarios were prepared, and emergency teams were trained in those. Six drills were performed based on the scenarios.</p> <p>In 2020, there were three real-life cases when the preparedness was tested, and the result was adequate reaction of firefighting team, no property damages, or injured persons.</p> <p>During the drills, the organization identified the need for an independent and new full-fire study for the cement plant; the study will be conducted by external fire experts in 2021 – as a new Safety goal.</p>
Research of possibility for digitalization of Health and Safety activities (Hazards report management and Permit-to-Work application)	<p>The goal was extended till the end of 2021.</p> <p>A draft for hazard management was prepared. Group decision for regional level application of hazard management was undertaken.</p>

We understand that COVID will be a challenge in our business for a long time, and our performance was adapted in 2020 to the new challenge. Still, we also know that safety shall be constantly improved and supported with exercising constant efforts to keep the high standards. To keep the good performance, we set new goals for 2021 and aligned those also with the regional safety targets.

The main targets in 2021 will be related to the:

- Implementation of the NEXT program aiming to unify the procedures associated with the essential rules of TITAN Group in all Business Units;
- Improving of the reporting of Near-misses and the quality of Root-cause Analyses;
- Supporting the European Agency for Safety and Health at Work (EU-OSHA) in the campaign “2020 - 2022: Healthy Workplaces Lighten the Load”;
- Review and improve the process of contractor management;
- Improving emergency preparedness;
- Improving driving safety;
- Review the safety interlocks for the solid fuels process.

To measure the efficiency of our safety system, each year, we review and set specific KPIs. They may change from one year to the next as the leading indicators are based on the safety priorities of the company for the following year. In 2020, the overall result was one point higher than that in 2019 (26.62 vs. 25.52). Taking into account the COVID-19 world crisis, that is indeed an achievement to celebrate!

LEADING INDICATORS FOR HEALTH AND SAFETY MANAGEMENT SYSTEM	ANNUAL OVERALL RESULT
Zero serious injuries or fatalities	No serious injury or fatality
Number of documented safety audits, based on new set of checklists	30 audits
Ratio of closed findings vs. all reported findings	76
Ratio of closed findings on time vs. all reported findings	71
Number of reported findings (near-misses, unsafe actions or conditions)	517
Ratio of training hours vs. number of own employees	18.79 hours, average, per person
Ratio of training hours vs. number of contractors' employees	9.69 hours per person
OVERALL ASSESSMENT REFLECTED WEIGHT FACTORS	26.62

HEALTH AND SAFETY TRAININGS

To ensure our commitment to workplace safety, we implemented effective programs covering various issues and encompassing all aspects of working conditions. We manage all Safety activities by a systematic approach.

In 2020, we adhered to the approach to training on Health and Safety of the year before. We continued to work out and follow an annual program about the risks for our personnel and contractors. Each training was preceded by the selection of a qualified and competent trainer.

We succeeded in keeping the business operation uninterrupted and, at the same time, increased the awareness of our internal stakeholders. That resulted in the highest ever training hours per contractor and employees. The training process was updated. Managers and supervisors conducted training on the approved Health and Safety guidelines about preventive measures, like keeping a distance or using PPE. The training sessions were conducted in small groups (or, when possible, on the field, or in open-type of spaces). That situation helped us find synergy: keep up with the training program while enhancing leadership and team spirit.

In 2020, the Safety Training Program's hours amounted to over 4,900 – for our employees, and over 1,400 hours – for contractors' employees.

Training sessions under a different topic, related to the COVID-19 preventive measures, legal requirements, and risks at workplaces were organized with the support of the HR Department of TITAN Bulgaria and each Head of Department.

LOST TIME INJURIES (ACCIDENTS):

In 2020, no accidents were registered in the cement plant, GAEA, or Double W Co in relation to our employees, or contractors' employees.

One work-related accident was registered in 2020 for Zlatna Panega Concrete Operations but that did not lead to a lasting loss of working ability; the employee was back to work by the year-end.

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2020 (including previous period since last accident in 2019)	Hours without accident for our employees	Maximum days without accidents for our employees	Hours without accidents for contractors	Maximum days without accidents for contractors
Bulgaria	276,912	251	687,165	624
Zlatna Panega Cement Plant	460,028	474	660,890	624
Zlatna Panega Concrete operations	49,771	251	16,453	730
GAEA	49,914	730	13,129	730
Double W Co	3,616	730	n.a	n.a

In 2020, both Zlatna Panega Cement and GAEA achieved 365 days with no work accidents for their contractors' employees as well as for their own employees. Double W Co had 365 days with no work accidents for their personnel.

SAFETY FINDINGS REPORTED BY EMPLOYEES

Our employees reported 517 findings connected with the improvement of Occupational Health and Safety. We took measures to eliminate all of those and improve working conditions. In 2021, we will implement the concept of qualifying safety findings under two major groups: with or without a Potential for Serious Injuries and Fatalities (PSIF).

No near-misses, related to the application of the COVID-19 prevention measures, were reported.

INTERNAL MONITORING OF HEALTH AND SAFETY MANAGEMENT SYSTEM AND CONDITIONS

In 2020, a new system of comprehensive audits was introduced. Based on the Group's guidelines, thirteen sets with various checklists for specific areas of the plant and the RMC units were prepared. Around 30 internal professionals were chosen, and dedicated training on theory with practical applications was conducted by the Health and Safety Department. Despite the COVID-19 pandemic, around 30 audits were performed following all COVID-19 preventive measures. Over 390 findings during the audit were reported, and action plans for the audits were worked out. Representatives of the management team were included in the Safety Audit System.

EXTERNAL ASSESSMENT OF THE HEALTH AND SAFETY MANAGEMENT SYSTEM

For three consecutive years, the cement plant has received a "green" assessment of its Health and Safety performance – in the TITAN Group Health and Safety 360° Audit. Two Safety Audits were conducted in TITAN Group to double-check the efficiency and efficacy of the Health and Safety Management System (HSMS). The 2020 Safety Audits were assessed positively. In 2020, Zlatna Panega cement plant, Zlatna Panega Concrete Operations, and GAEA certified to be in compliance with the new, more demanding to the Health and Safety standard of ISO 45001. The reports from external certification companies did not contain any findings of Health and Safety activities.

PREPARING FOR EMERGENCIES

In 2020, we practiced real drills using pre-designed scenarios for the different production zones and carried out a follow-up analysis. We conducted six practical training drills in the area, based on the following scenarios: Packing (Fire in the storage place of empty bags

and an injured operator; Fire in the waste material storage area on old rail-station; Fire in the compartment of coal mill and an injured person (3 times); Heat exchanger (cyclone) clogging and release of hot material; Burning on kiln worker; Reaction in case of COVID-19 disease at work.

PROMOTING HEALTH AND SAFETY TO STAKEHOLDERS ENLISTING EXTERNAL ORGANIZATIONS

■ In 2020, we continued to share our best practices in Occupational Health and Safety with external stakeholders reaffirming our position as a trusted and preferred partner to engage for solutions to certain priorities:

■ The company participated in the activities of the Health and Safety Association via online meetings;

■ The meetings of CEMBURAU on Health and Safety were regularly attended by the General Manager. The company actively supported the Health and Safety meetings by preparing data reports for the Bulgarian Association of Cement Industry (BACI).

■ A representative of the Health and Safety Department is a member of the Bulgarian Mining and Geology Chamber working on regulations in safety in the mining industry.

■ A representative of the Faculty of Occupational Safety of the University of Mining and Geology continues to conduct training sessions for our personnel on the topics of "Workplace noise and its prevention", and "Workplace dust and measures for presentation". The training was conducted via online platforms; recording of it was made and shared.



PEOPLE MANAGEMENT AND DEVELOPMENT



We strive to provide a collaborative and inclusive environment for our employees while supporting their professional and personal development. It is the long-term relationship that we establish with them which gives us the confidence that their commitment, knowledge, skills, and competence are contributing to every success we achieve as a company.

Employee development and well-being have been recognized as material issues for TITAN Bulgaria. The Company is committed to working for sustaining and improving the achievements we have and to support diversity 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 – Human Rights Policy, for instance. This engagement follows the commitment of TITAN Group to UN Global Compact principles.

We strictly adhere to the commitment of our Parent Company in the area of Human Rights, and follow the TITAN Group Code of Conduct, TITAN Group Human Rights Policy, and the recently developed Whistleblowing Policy (2019), which are aligned with the UN Guidelines for Business and Human Rights, and which cover, among else, labor rights and working conditions, equal opportunities and non-discrimination as well as provisions for reporting potential incidents of violation.

To support a common approach followed by all employees, the Group has provided a series of dedicated Group-wide policies that cover the strategic areas and material issues to the Group, and apply to all TITAN operations. For TITAN Bulgaria, this translates to adhering to the following: Human Rights, Labor Rights and working conditions.

<https://www.titan-cement.com/about-us/corporate-governance/group-policies/>.

All employees at TITAN Bulgaria have been trained on the policies, and have permanent access to them: on the company's website, on the intranet portal, named "Connections", as well as at the Human Resources department of TITAN Bulgaria. Each new employee receives a copy of the Group's policies upon signing of their contract, and is being asked to acknowledge that they have read them. In 2020, TITAN Group launched in the Human Resources Management System (GHRMS) a series of interactive eLearning courses. Those are part of a Group initiative and are of highpriority and significance. Their aim is to raise awareness and understanding acrossall Business Units around the Code of Conduct and Group Policies. The toolfosters ethical behavior and represents "Our Culture in Practice".

The Code of Conduct provides the framework for the TITAN Group core operating principles, and establishes guidelines for our daily business conduct and behavior. Our Group Policies convey these principles. They also provide guidelines to TITAN Group and external business associates to ensure compliance with the applicable internal and statutory rules. There is a curriculum (accessible to every key employee) launched, which includes all policies, designed as online training. It is essential that all TITAN employees, regardless of level, position, skills, and knowledge of the English language, are adequately informed about the Group policies. This is why, in 2020, all policies were made available in the Bulgarian language too, to enable the employees to read, understand, and make sure that their actions follow those policies.

Additionally, the **eLearnings** for all Group Policies have been uploaded on the **uniTe people Learning Management System (LMS)**. To the general audience were assigned: Code of Conduct, Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Information Security Policy, and Summary of Data Protection Policy. The retraining period is two years, except for the Code of Conduct, which is subject to retraining on an annual basis. Competition Law Compliance Policy and Sanctions Policy were assigned to targeted audience, represented by specific employee groups in relation with their functional responsibilities, and the retraining period for them is one year.

Our contractors' employees also have access to human rights-related TITAN policies through information boards on the company's premises. There is an

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explicit requirement in the contractors' agreements that obliges them to provide labor contracts to the employees they hire. In addition, an awareness campaign was executed in 2020, where all contractors' employees were again provided with the Human Rights and Anti-Bribery and Corruption Policies as a refresher on the respective international days (December 9th and 10th – International Anti-Corruption Day and International Day of Human Rights). Acknowledgement protocols were signed by the contractors, and collected in HR Department.





TITAN Bulgaria measures, monitors, and reports in a very systematic manner a variety of human rights-related issues, such as gender and age equality, and participation in Trade Unions. The relevant KPIs are presented in this part of the Report, and listed in detail under ESG Performance Statements (Social Performance KPIs Index SP20L – SP22L, SP25L – SP28L, SP30L) in Appendix 3. In terms of Diversity and Inclusion, TITAN Bulgaria has one of the highest performance levels in the Group.

We are committed to differentiating remuneration and awards according to performance. In all our business operations, we protect the rights of every human being (lack of discrimination under any criteria), and we follow the labor legislation strictly (Labor Code, Social Insurance Code).

Freedom of membership to different associations is also respected by the company as an employee's right. At TITAN Bulgaria, we periodically organize collaborative meetings with representatives of trade union organizations to discuss topics related to staff and working conditions. At those meetings, the company shares actions and initiatives planned for the employees. In our Report, we specifically communicate the percentage of unionized employees with KPI SP29L (Social Performance KPIs Index).

More detailed information on Human Rights is presented in the Governance chapter of this Report.

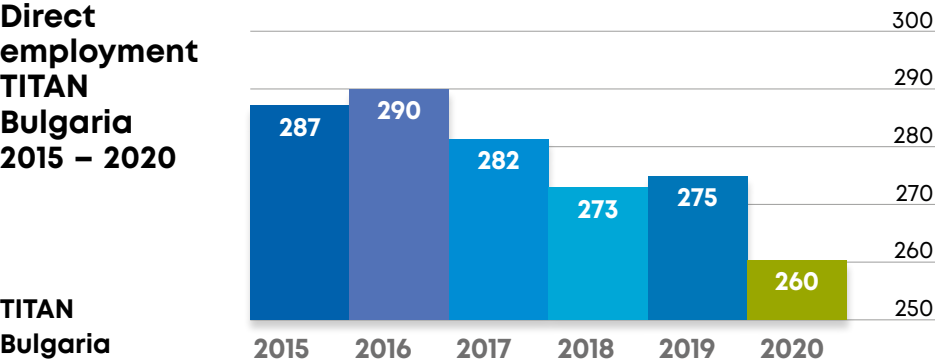
PRIORITIES AND HIGHLIGHTS

 COVID-19 RESPONSE	COVID-related projects and actions – rotation of teams, transportation, PCR testing, reducing contact points.
 COMPANY POLICIES	Policies – a series of interactive eLearning courses on company policies was launched in the Group Human Resources Management System (GHRMS). This was a Group initiative of high priority and significance, which aimed to raise awareness and understanding across all our Business Units, around our Code of Conduct and Group Policies; the project fosters ethical behavior and represents “Our Culture in Practice”.
 CONTINUOUS IMPROVEMENT	Continuous improvement – in spite of the COVID situation, we continued our training and development activities, and adopted online training as a suitable channel that covers most of our learning needs.
 HEALTH & WELLBEING at TITAN	Preparation of Employee Assistance Program to be launched in 2021.

EMPLOYMENT, COMMITMENT, AND CHALLENGES

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 2020, 252 people were employed by TITAN Bulgaria with full and long-term contracts, 8 were employed with temporary or part-time contracts. In 2020, seven internship programs took place.

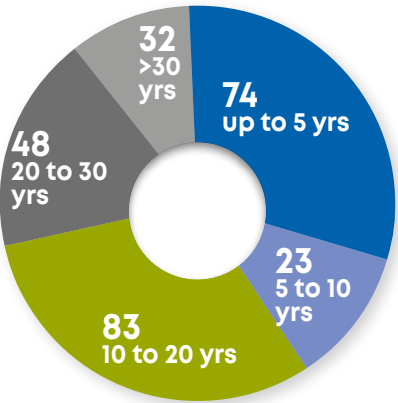
**See TITAN Group Quality Internship Guiding Principles*



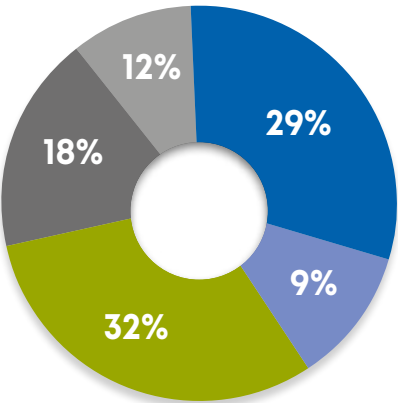
The relationship with our people is a long-term engagement, as 62.69% (+ 4.14% compared to 2019) of them have been with the Company for more than 10 years. This shows the commitment of TITAN to foster sustainable and long-term employment, and to improve the skills and the competences of all employees to ensure professional development and personal progress.

For many of our employees, TITAN Bulgaria is their first and only employer. The majority of our employees are citizens of the communities in the sphere of the influence of our key operations (50 km away from our operations is where our employees permanently reside). This trend is relevant to our sector, and it has persisted over time, particularly in areas less developed, as in the case of the region around the Zlatna Panega cement plant.

Working experience in TITAN Bulgaria 2020
(number of employees)



Working experience in TITAN Bulgaria 2020
(% of employees)



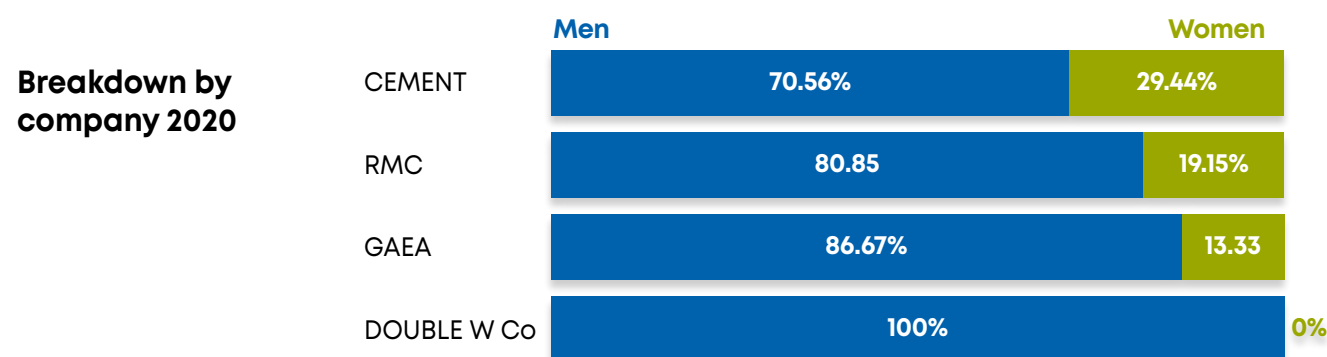
The turnover in the Company, including voluntary, involuntary leavers, and retired employees, is 12.31%. The resignation rate is only - 8.08%, and the reason most often is either emigration, or relocation to a bigger city.

Recruitment in the region of Zlatna Panega is already a challenge, and becomes even more difficult every year. The root for it in most of the cases is in the depopulation of the region, the increasing rate of emigration, and the growing number of people without qualifications or education.

Despite the obstacles we met, we succeeded in strengthening our team expertise with 10 new hires in the Engineering division, 2 new hires in Finance & Accounting division, and 3 in Administration.

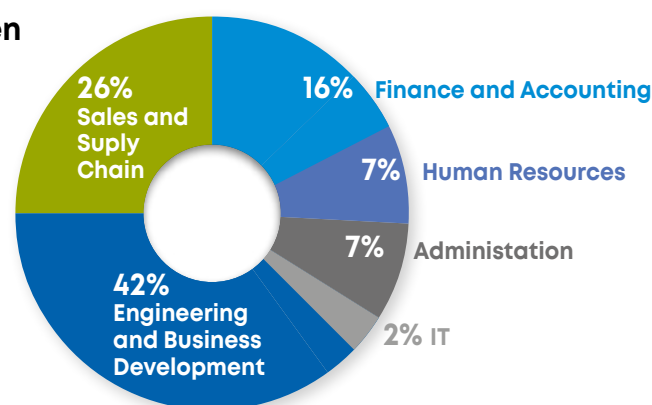
It is our strong engagement to provide equal opportunities for the inclusion of different groups of people in our day-to-day and strategic activities. What is considered is the expertise, the motivation, and the contribution of our colleagues. We hire, develop, and retain people of different ages, regardless of their gender, or social and demographic parameters.

TITAN Bulgaria is in the heavy industry, which is implying to be populated with men predominantly. However, we are proud to report that 26.54% of our employees are women.



The ladies in our company take part in each functional area, having the most significant number in the Engineering division (42% of all women in TITAN Bulgaria are in technical departments) and Commercial (Sales and Supply Chain – 26% of all women).

Percentage of women by Department in TITAN Bulgaria 2020

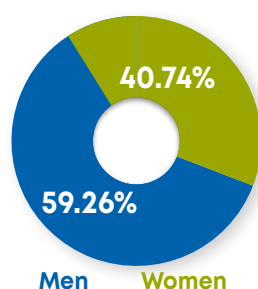


Gender diversity is also well-established in the leadership team, where 40.74% of the managers are women. Compared to 2019, this number shows a 9.71% increase in the share of women in management.

Detailed information is included in ESG Statements, KPI Social Performance Index.

In addition to the 260 direct employees, TITAN Bulgaria is collaborating with approximately 150 of permanent contractors' employees, with the majority of contractors coming from the local community. This relationship between the Company and the people living in the region is really significant since the region is marked by a relatively high level of poverty and unemployment. In the municipality of Yablanitsa, the unemployment rate was 26.36% in 2020 (compared to 25.65% in 2019).

Gender distribution of employees at managerial positions at TITAN Bulgaria, 2019



In the neighbouring municipalities, the 2020 unemployment rate was also very high – 28.70% for Ugarchin municipality, 20.70% for Lukovit municipality, and 15.64% for Teteven municipality.

To local communities, we pay special attention by participating and supporting projects related to relevant and material issues, such as ecology and education. Our goal is to contribute to their development and promote the Company as a preferred employer within the region.

■ By the end of 2020, 88.46% of our employees were from the local community.

- 152 full-time contractors' employees – average for 2020
- 3,994 man-hours average per month by contractors on permanent and temporary projects, and supporting activities
- Services performed by contractors:
 - **Employee-related services:**
 - Canteen
 - Transportation of employees
 - Medical service
 - **Maintenance-related services**
 - Equipment repairs
 - **Production-related services**
 - Mining
 - Stocking of raw materials.

TRAINING AND DEVELOPMENT

We believe that investing in education makes sense as a long-term investment with a profound impact. This is why, even in the challenging pandemic times of 2020, we kept our focus on the core needs, such as Health and Safety. We also widened the scope of educational channels by organizing most of the training online, and incorporating access to new knowledge through digital sources like LinkedIn Learning into our daily routine.

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.

- 275 employees participated in training sessions
- 9,739 man-hours invested in training
- Average 37 man-hours training per employee was the ratio for male employees
- Average 31 man-hours training per employee was the ratio for female employees
- Average €175 was the investment in training per employee.

Figure 1 Total number of man-hours of trainings for direct employees in TITAN Bulgaria in 2020

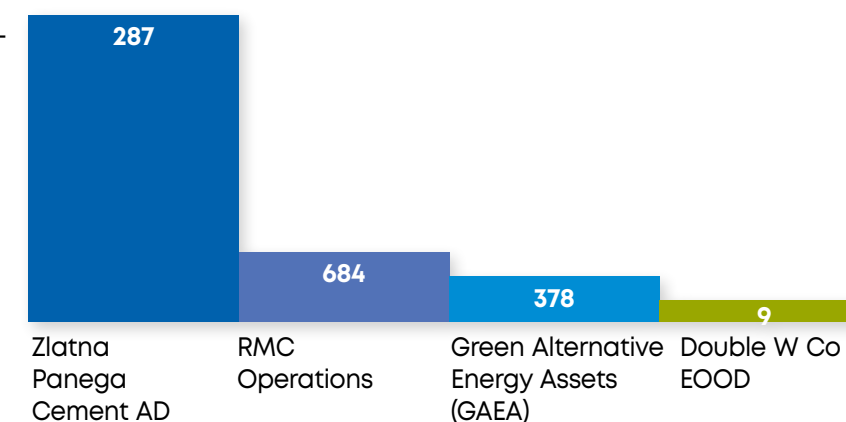
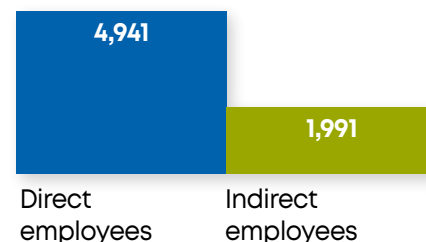


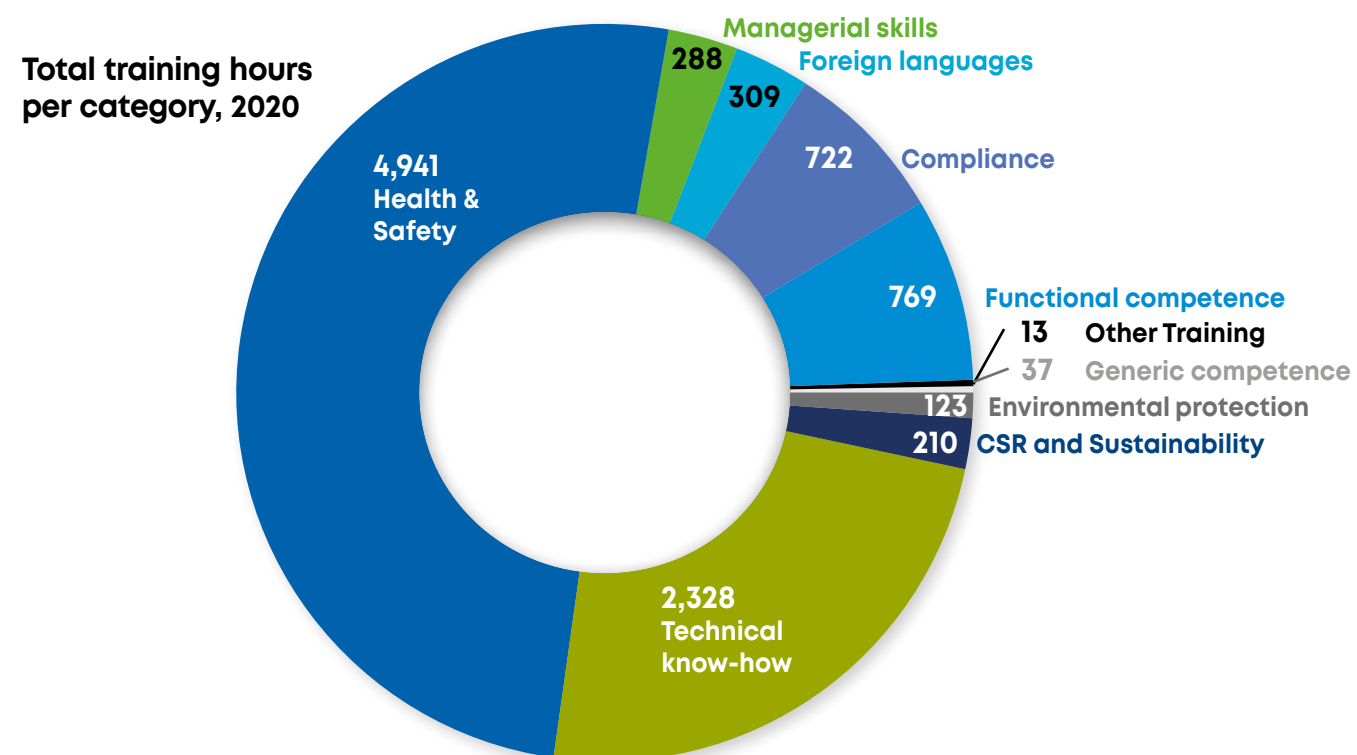
Figure 2 Total hours of Health and Safety training in TITAN Bulgaria in 2020



Our company acknowledged the need to support the training and development of our contractors' employees a long time ago. In 2020, we invested 2,023 man-hours of training for our contractors' employees where the focal subjects were again Health and Safety (1991 man-hours), and Environmental protection (32 man-hours).

After the topic of Health and Safety, the other one, which is crucial for TITAN Bulgaria as a production company in the heavy industry, is the technical training. The latter is a category, which is vital for the engineering and technical part of the team. Therefore, it took 24% (2,328 man-hours) of the total training in 2020.

Further to the above, aiming to strengthen our technical team expertise, we supported some of our colleagues to gain their university degrees in a job-relevant specialty. Those were Bachelor's degrees in Electrical Engineering, Mechanical Engineering, Automation, and Business Administration, and Master's degrees in Currency, Customs & Tax Control, Human Resources Management, and Power Supply & Electrical Equipment in Industry.



For continuous improvement and life-long learning we are committed to invest efforts not only in the areas directly related to our business, but also to other categories such as sales techniques, finance and HR topics, and general competencies as communication and presentation skills. We strive to widen the possibility of gaining knowledge from different sources. Particularly in the challenging 2020, we encouraged our colleagues to participate in online training sessions on various topics depending on their needs. Indeed, we evaluated the COVID risk not only as a health risk but also as a situation that required special attention. Therefore, in the beginning of the pandemic, we organized few sessions to

support our people not only professionally but also personally. Those were "Mental health and how the pandemic situation further influences us", and "Emotional intelligence", and were conducted in an online environment. The education through LinkedIn Learning was also stimulated as an excellent learning opportunity, which provided access for our key employees to more than 7,500 online courses. Though slightly, there was progress in using this tool.

A lot of compliance courses were also launched, and completed online by our employees. Different topics were covered, most of them related to policies and procedures developed by TITAN Group, including Code of Conduct and Whistleblowing Policy, Personal Data Protection, Anti-Bribery and Corruption, Competition Law Compliance, Conflict of Interests, Sanctions, Information Security etc.

In the Functional training category, there were 17 participants during the year who participated in 19 different training courses in the areas of finance and accounting, logistics, human resources, and electricity trading.

288 man-hours were devoted to developing further the leadership potential in TITAN Bulgaria. The Leadership Program, which started in 2018, had its third wave (after 2018 and 2019) followed by individual coaching sessions for each of the 28 participants. Different modules' focus was to support the leadership team in mastering various techniques for effective communication, building relationships and collaborative spirit as well as sharing team goals. Shortly after the pandemic and an emergency was announced, a designated training was organized for our managers, "Leading dispersed teams", where 19 managers participated.

A new training topic – Communicating to media – was introduced in 2020. Two senior managers, 3 managers, and the legal advisor of the BU participated in it. The purpose of the training was to enhance verbal and non-verbal communication skills for talking to the media, delivering an interview, and communicating to the external public as part of presenting the Company.

We provided more information about training indicators in our ESG statements – KPIs Social Performance Index. More information is provided in the Social Performance Index for TITAN Bulgaria (see Appendix 3), specifically SP KPIs SP31L-SP40L.

INTERNSHIP PROGRAM

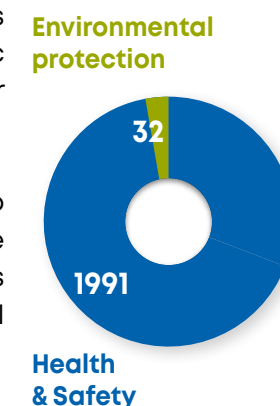
Although the year was challenging, we considered giving opportunities to young people as a must. This is so because we would like to support them in their professional development, and also, we would like to contribute to the local community where most of our interns come from.

We invest efforts and time in sustaining quality relationships with educational institutions, and youth organizations.

For another year in a row, we have demonstrated our commitment towards various initiatives for welcoming interns, mentoring them, and helping them enter the labor market. This is very valuable for the business by giving the opportunity to hire in the future qualified people who will be aware of the real working environment.

Our internship programme is targeting to prepare young people in their third or fourth year at the university, studying silicate technologies, electrical engineering, machine building and technologies, civil engineering, finance etc. To stimulate

Figure 3 Total number of man-hours of training in contractors' employees 2020



interest in our internship programme, we offer a labor contract to the interns and a prolonged internship period. The experience they gain at large industrial company like TITAN would be an advantage in their future career endeavors. Furthermore, they are preferably employed by the company in case of vacancies, should they meet requirements.

TITAN BULGARIA INTERNS BY DEPARTMENTS, 2020:

- Intern positions in maintenance, logistics, HR, and finance departments
- Induction and customized projects for young people to participate in
- Constant communication with a mentor to support the progress and to share knowledge and skills;
- Seven interns from leading universities:
- The Technical University of Sofia;
- “Vasil Levski” National Military University;
- “Dimitar A. Tsenov” Academy of Economics;
- The University of National and World Economy
- South-West University
- Two interns were hired on entry-level positions.

TITAN BULGARIA THROUGH THE EYES OF ITS INTERNS:

In 2020, I spent 3 months of internship in TITAN Bulgaria. My internship was for the position of junior accountant in the Accounting Department in the Finance Division. That has been my first job in the field of finance. It was really important to find a place where I could learn from professionals, and at the same time to be useful for the team.

I have learned many things that will give me a better start in my professional career for these three months. I improved and developed my accounting skills, communication skills, and superb analytical skills. A big "Thank you!" to my colleagues for the level of trust they gave me to work independently and get that real-world experience. I learned how to book invoices, prioritize important tasks, and ensure they get done first, and work well with all levels of the organization.

I would like to continue working and improve in TITAN Bulgaria. I am ready for new challenges, and to give my best to the company.

K.Z., 23 years old, former intern, currently working as an Accountant Specialist in Finance Department of TITAN Bulgaria.

TITAN is an international company that has proven itself on the market, with exceptional professionals enabling young people’s ambitions. I am glad to have the opportunity to be part of TITAN Bulgaria. Through my experience as an intern in the Human Resources Department, I’ve learned a lot about the field from my colleagues in this Department. I highly enjoy the team tasks, and how all the team members strive to achieve the company targets. So far, I have gained a lot of knowledge, which I’m already applying to the work process. The colleagues from all departments are also highly motivated, friendly, and responsive towards the common goals. TITAN Bulgaria takes care of the development and security of its employees. The internship at TITAN Bulgaria is a great start for any young person who has the desire and ambition to develop further in the field.

H.B., 25 years old, former intern, currently working as a Junior Learning and Development Specialist

LEADERS SUMMER ACADEMY

TITAN Bulgaria participated in the second season of the Summer Academy for Leaders in 2020, in the town of Gabrovo. As a partner, the company supported the participation of young people from the local community. This way, it allowed them to gain a lot of new knowledge, valuable friendships, and contacts.



The veterans of Season 1 also participated in a task. Together with TITAN Bulgaria’s team, they managed to cast concrete foundations of the structure and assemble metal elements. On the third day, they completed an art installation, which symbolizes the distance between people after COVID-19 and the need for communication. The monument is still preserved in the center of Gabrovo.



Milen Stanoev – Plant Manager in „Zlatna Panega Cement“, participated as a **speaker** at the event. He delivered a presentation on TITAN Group and its areas of activity worldwide. Our colleagues also suggested valuable pieces of advice, shared experience, inspiration, and participated as mentors in the training format of the event.



SUSTAINABILITY OF COMMUNITIES



We are focused on improving the standard of living of our employees and contractors, mitigating all identified risks, and impacting positively the neighbouring areas. Our employees and our contractors' employees are commuting to the plant from more than 30 villages and towns. In 2020, it was vital to have our social engagement on protecting the health of employees and their families. Another priority focal areas of ours were the education programs with local school and the support of infrastructural and social projects.

STRONG FOCUS ON COVID PREVENTION

DONATION FOR UNIVERSITY HOSPITAL “DR. GEORGI STRANSKI” IN PLEVEN

The pandemic we faced in 2020 has created difficulties in the business environment, in the daily life of each of us, and mostly in the healthcare system. TITAN Bulgaria contributed to reducing the hardship by starting with a donation initiative for the Pleven hospital, Dr. Georgi Stranski. We donated modern anesthesiology equipment that can also be used as a respirator for COVID patients' treatment. The hospital's Executive Director recognized the donation as “needed” and “in the right moment”.

PROTECTION OF THE COMMUNITY THROUGH PREVENTION

We are a company that gathers people from more than 30 locations in the region of our operations. This is an opportunity for decent jobs for many people, but also, in the context of the pandemic, it is a focal point of a lot of contacts and possibilities for the virus to be easily spread in the area.

A COVID committee was established after assessing that risk. It had clear targets: to safeguard employees and their families, and to ensure business continuity so that we protect the investment of the shareholders and give economic stability to our employees in times of crisis.

The measure with the most significant impact on our neighborhood is the design and implementation of an innovative system to follow and identify all contacts daily. More than 200 employees use the company transportation. That hides a significant health risk. Our employees are not only travelling together with each other but are also in contact with their colleagues at the workplace, when getting back to the bus at the end of their shifts and going home – they may bring the potential risk of COVID to their families and communities.

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Realizing this, we performed a careful analysis of the situation and took the needed steps to track these contacts to collect the information quickly in case of coronavirus infection. It took our joint efforts to design a system for automated reporting developed together with our IT Department. In the meantime, the company installed tracking devices in the buses for passengers to check-in when they get on the bus. Information for passengers enabled further decisions for protecting employees, contractors, and their families by tracking and reducing the contacts, and minimizing the risk of infection. In case of infection, all contact people were immediately reached and quarantined to help stop the virus spread.

BUILDING THE FUTURE OF LOCAL YOUTH

The cement plant is located in a depopulated area with a significant unemployment rate (26.36% in Yablanitsa municipality and 15.64 % in Teteven municipality, according to official statistics). 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, and therefore, they determine the future of our society. We strongly believe that the access of young people to quality education will help them gain knowledge and skills, which will create opportunities to access good jobs and have decent living standards. 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 8 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. In 2020, due to the difficulties caused by the pandemic, this goal was one of the main focal areas in our community engagement. For this reason, we directed 54% of our annual donations to the cause of “Teach for Bulgaria”.

Together with “Teach for Bulgaria”, we reached a number of teachers and principals, and more than 500 students in the regions of Lovech and Pleven. They participated in educational initiatives, such as “Model Schools”, the preparation of “From vision to results”, and projects for improving literacy among primary school children (*Gramotko*), engaging, and supporting parents in preventing early dropout (*Leadership school for parents and students*), developing leadership among students as local role-models (*School Miracles*), *Cinema education*, *Career Starter*. Since 2020, a new tool for measuring students’ motivation has been implemented in a school in the region (Dermantsi village). It resulted in a 4% increase in the motivation of 101 students from that school.

Following the two years of training for the teachers of “Teach for Bulgaria”, we helped the children in the area receive a quality education, attention, and care to break the model of early school leaving. It is vital for them to gain knowledge and skills for an easy access to the labor market. Some of the great examples of teachers who committed their time and efforts to the local children are Dragomir Harizanov and Denitsa Kamenova.

Dragomir Harizanov is a teacher of Mathematics and Physics. He succeeded in arousing interest in math and also taught local children how to play baseball. His dream is to create a baseball team and participate in matches against other schools.

Denitsa Kamenova is an English teacher. She uses an English language training system where each section ends with the presentation of a project. The children



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worked on that with great enthusiasm and even took part in a project under the topic "I am a citizen of Bulgaria and the European Union".

The “Annual awards for responsible business” – a national competition for CSR and sustainable development, organized by Bulgarian Business Leaders Forum, awarded TITAN Bulgaria the prize "Investor in human capital and working conditions" in 2020 for the project with “Teach for Bulgaria“ for ensuring access to quality education for students in Lovech region.

Further to that, we organize internships and scholarships 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.

SUPPORTING THE CULTURAL AND INFRASTRUCTURAL IMPROVEMENT OF THE REGION

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.

Our donations in 2020 were as follows:

Structure of investment in local community	
Education and schools	65.59%
Local community infrastructural development	14.64%
Health institutions	19.39%
Culture	0.38%

LOCAL SPEND

With the aim to highlight the company's impact on domestic economy, a new indicator has been introduced – „Local Spend“. In accordance with it, the share of domestic suppliers in total procurement amounted to 83.42% in 2020.

83.46% of the total spend was to local suppliers

16.29% of total spend was international

0.25% of supply contracts were Alternative Fuels sourced by GAEA

Period 01.01.2020 - 31.12.2020		
Business Unit Entities in Bulgaria		
EUR	Zlatna Panega Cement	GAEA
Local Spend	25 481 098	76 759
Total Spend	30 546 183	76 759
% local	83.42%	100.00%
% international	16.58%	0.00%
Total Country		83.46%

It is among our values to be a socially responsible company. Therefore, we provided scholarships to students from the region, donated *in cash* to support schools and educational programs in the region, medical equipment etc. Our *in kind* donations supported the infrastructural needs of the region – construction and reconstruction of streets, cultural monuments, and buildings. TITAN Bulgaria has been known as a stable and trustworthy company, and its contribution has been recognized by the partnering organizations:



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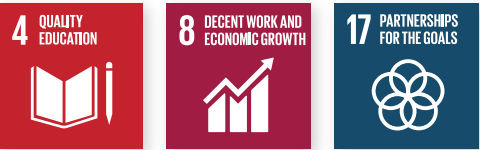
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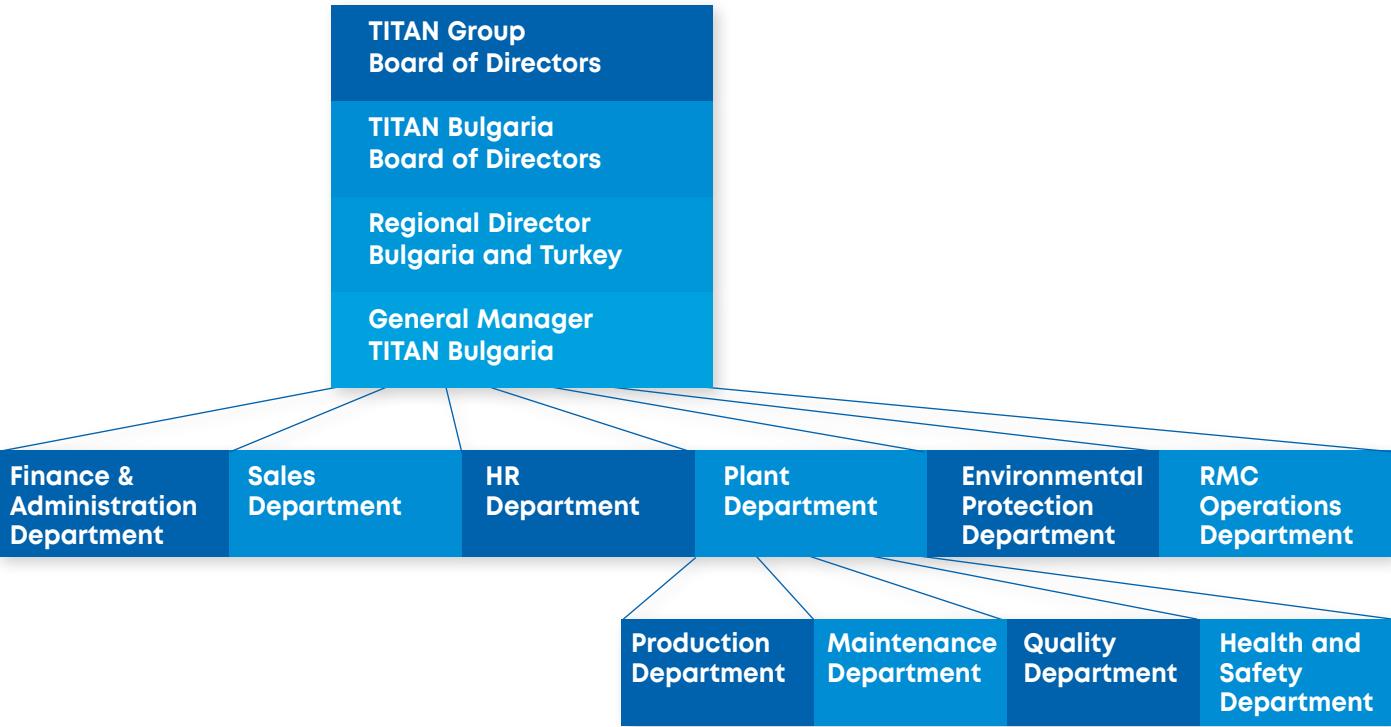


GOVERNANCE, TRANSPARENCY AND ETHICS

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.

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 also 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 2020, TITAN Bulgaria's BoD consisted of the following members:

Alexander Chakmakov	Chairman of the Board of Directors
Adamantios Frantzis	General Manager
Yannis Paniaras	Group Executive Director Europe and Sustainability
Loukas Petkidis	Regional Chief Financial Officer, Southeastern Europe and Eastern Mediterranean
Konstantinos Derdemezis	Regional Director for Southeastern Europe and Eastern Mediterranean

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.

TITAN Bulgaria Committees

Management Committee

The Management Committee monitors and manages the performance of the company in all aspects – economic, environmental, social, and governance. The General Manager of TITAN Bulgaria chairs the Committee. Its members are: Plant Manager, Commercial Director, Finance and Administrative Manager, HR and CSR Manager, and RMC Operations Manager. At its monthly meetings, the Committee discusses and decides on issues related to strategy and risk management. It is responsible for the direct dissemination of information to employees.

Corporate Social Responsibility (CSR) and Corporate Communications Committee

It was established in 2012; it is chaired by the General Manager of the Company. The Committee members are selected as per their function in the Company: General Manager, Plant Manager, HR and CSR Manager, Head of Environmental Department, Health and Safety Manager. The CSR and Corporate Communications Committee is responsible for integrating, implementing and coordinating Group policies related to sustainable performance and development as well as for local coordination of the activities linked to corporate social responsibility in Health and Safety, social responsibility, environmental protection, and the "circular economy". In its quarterly and ad-hoc (as per business needs) meetings, the CSR Committee revises and reports on performance, and initiates improvement as well as development actions.

Credit Control Committee

The Committee is responsible for the Credit monitoring and control and the definitions of the parameters linked to credit risks, receivables and debts, evaluation and approval of credit, customers' appraisal forms, debt guarantees etc. The Credit Committee meets once per month. Its members are: General Manager, Finance and Administrative Manager, Commercial Director, RMC Operations Manager, RMC Sales Manager, Credit Control Officer, and the Legal Adviser.

Central Safety Committee (CSC)

It is created to ensure Health and Safety as fundamental human rights at the workplace, both for our direct employees and the employees of TITAN Bulgaria's contractors. The Committee aims to establish effective business processes and ensure the implementation of TITAN Group's Occupational Health and Safety policies. The Chairman is the General Director of TITAN Bulgaria. The meetings are attended by the Management Committee (MC) members, Health and Safety Manager, Production Manager, Maintenance Manager, and the Heads of Production and Maintenance Departments, plus additional representatives from the Purchasing and Logistics Departments. During the monthly meetings, key performance indicators and possible improvements are discussed. Among the commitments of the Central Safety Committee are the decisions for nomination, selection and awarding of the "Health and Safety Officer of the Month" prize – a project that aims to stimulate the improvement of Health and Safety at work.

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IMPLEMENTATION OF THE 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 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 2020, 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 levels. They are committed to processing all signals based on the principles of impartiality, fairness, and confidentiality. The goal is to manage the business according to the highest standards of transparency and integrity. That is why we treat responsibly any behavior that does not comply with the principles of TITAN's management, regardless of whether it is related to human rights, labor, environment, corruption etc. The policy uses a multi-channel reporting method and encourages all business partners who have a long-term relationship with the TITAN Group to report misconduct, if any.

DIVERSITY AND INCLUSION

TITAN Group monitors the full implementation of the Human Rights Policy and is committed to providing equal opportunities, and promoting diversity and inclusion of employees at all levels. Diversity includes different aspects, such as: gender, age, nationality, and people with special needs, different ethnic backgrounds, sexual orientation, culture, education, and professional experience. Our priority is to create a work environment that maximizes the potential of all employees. TITAN Bulgaria measures, monitors, and systematically reports through its Report the key indicators related to diversity and inclusion of employees (Index of KPIs for social performance SP20L–SP22L, SP26L–SP28L). The results of TITAN Bulgaria are one of the highest levels among the other countries of TITAN Group.

We strive for equality in the employment process and we differentiate between remuneration and benefits according to expertise, results, and performance. In all our activities, we protect the rights of every human being (non-discrimination on all criteria) and strictly follow the labor legislation (Labor Code, Social Security Code, and all regulations applicable on the territory of our activity).



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HUMAN RIGHTS

TITAN Group’s Human Rights policy applies to all employees of the company and establishes a framework for protecting and advancing human rights, both in our work and in our sphere of influence. It is guided by the principles of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. Among the core values of TITAN, included in the Group’s Code of Ethics, is that in any activity, we carry out or plan to carry out a respect for human rights. The aim is to raise the awareness of our employees, partners and local communities about human rights issues, and develop the commitment of all TITAN employees throughout the Group to the protection of human rights. At TITAN Bulgaria, we take the responsibility to respect and protect all human rights: the right of life, of freedom and of security; the right not to allow any form of discrimination; the right to a balance between one’s work and personal life; the securing of freedom of membership to associations or organizations etc. In case of breach, both employees and managers can be subject to disciplinary procedure. In 2020, we had zero cases of reported violation of human rights. However, there is a mechanism for direct reporting in case of violation (EthicsPoint). In case of a registered human rights violation, an internal procedure is initiated at BU level and applied by the company’s management. This procedure regulates the way of decision making for the particular case and oversees the provision of an adequate response (please, see Governance, p. 72-84 and p. 81 Internal Audit and p. 82 External Audit from the current section of the Report). To provide another channel for signaling in case of irregularities, we placed signal boxes in different areas of the company’s premises.

On local level, in Bulgaria, the General Manager is responsible as an employer according to the Labor Code; the HR and CSR Manager is responsible for administration and communication of the procedures. As part of the review of material for the company issues, the Management Committee (please, see Governance, p. 73, Internal Audit, p. 81, and External Audit, p. 82, from the current section of the Report) is also engaged in the process of protecting human rights. The Management Committee oversees whether the allocated responsibilities are being performed throughout the company. This assures that, should any violation occur, different levels of management would address it and undertake respective action in the company.

TITAN Group encourages its suppliers to ensure proper labor principles and adhere to human rights through mutual contractual understanding. All suppliers, executing long-term or regular activities for TITAN Bulgaria entities, undertake to provide Labor Accident insurance for their employees, and strictly observe all applicable tax and social security obligations during the term of their professional relationship with TITAN.

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 2020, 57 man-hours were dedicated to policy training for newcomers. In December 2020, 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”. Our goal was to increase the competence in the respective areas. The overall training hours on those important policies in 2020 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 the TITAN Group, TITAN Bulgaria applies the Group’s policies in all its business operations.

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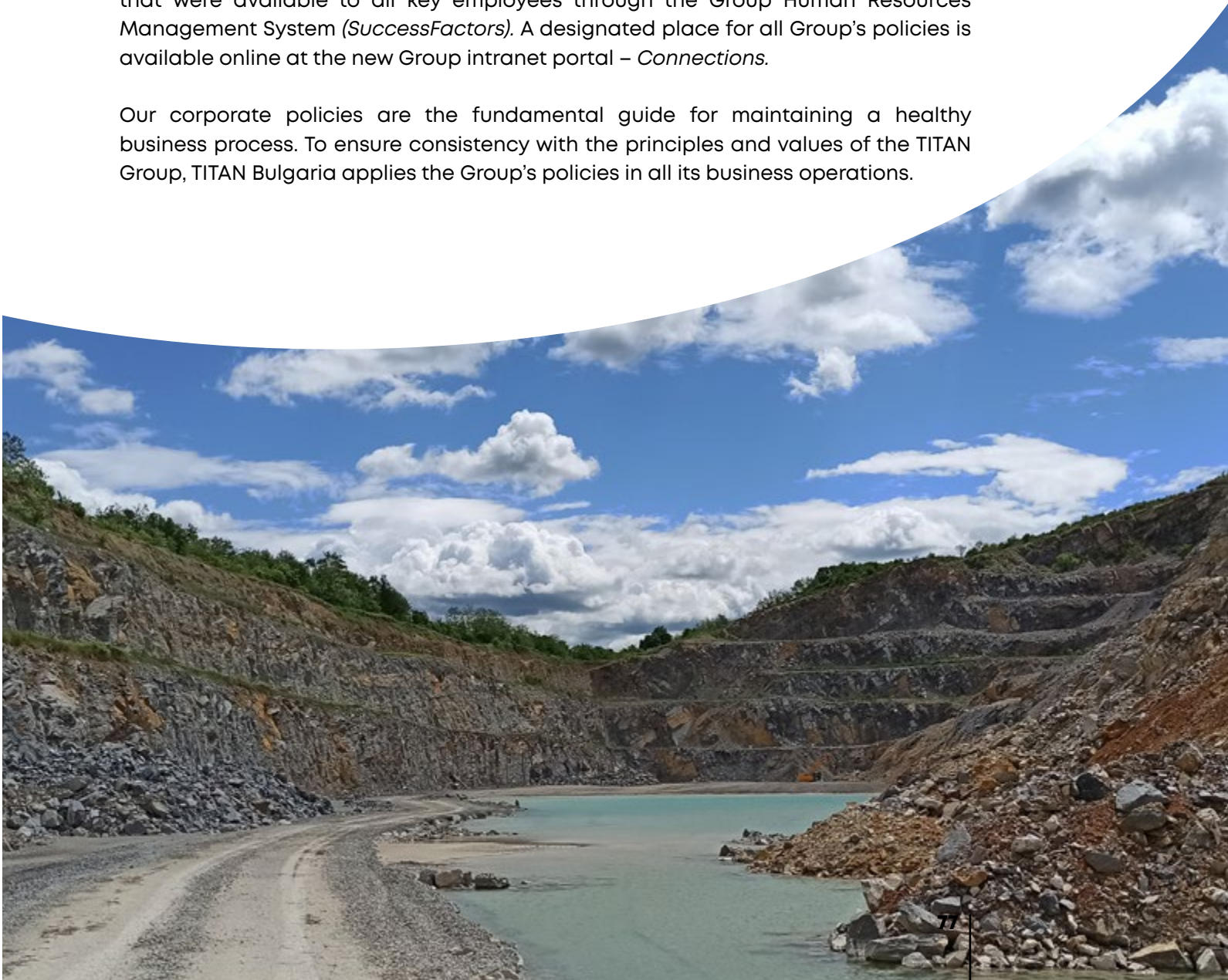
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The table below shows the level of implementation of each TITAN Group policy in TITAN Bulgaria in 2020.

Group Policy/ Level of Implementation by TITAN Bulgaria	Launched by TITAN Bulgaria	Implemented by TITAN Bulgaria	Assessed by TITAN Bulgaria
Group People Management Framework	✓		
Group Occupational Health and Safety Policy	✓		
Group Corporate Social Responsibility Policy	✓		
Group Human Rights Policy	✓	✓	
Group Environmental Policy and Climate Mitigation Strategy	✓		
Group Anti-Bribery and Corruption Policy	✓	✓	
Group Code of Conduct	✓	✓	
Whistleblowing Policy	✓	✓	
Information Security Policy	✓	✓	
Sanctions Policy	✓	✓	
Conflict of Interests Policy	✓	✓	
Personal Data Protection Policy	✓	✓	
Competition Compliance Policy	✓	✓	

***Launched by TITAN Bulgaria:** The policy has been translated into the Bulgarian language and communicated through corporate communication channels.

****Implemented by TITAN Bulgaria:** The policy implementation is supported by courses and formal training sessions directed to managers and employees.

*****Assessed by TITAN Bulgaria:** The policy is incorporated into regular audit activities either conducted by third parties or by corporate experts, and the results are used to improve performance, and share best practices throughout the region, or in the Group.

OUR INTEGRATED MANAGEMENT AND REPORTING SYSTEM (IMS)

In the years following its privatization, the company has gradually introduced management systems that meet international standards:

- ISO 9001 Quality Management System (certified in 2001)
- ISO 14001 Environmental Management System (certified in 2003)
- BSOHSAS 18001 Health and Safety System (certified in 2009).

In 2009, we united the management systems in a single integrated system that supported the application of good practices in the company’s activities.

REPORTING AND ENGAGING OUR STAKEHOLDERS

TITAN Bulgaria has invested long-term efforts in building on integrity, authenticity, and trustworthy relationship with your stakeholders. That is the reason why TITAN Bulgaria, although not obliged by the Bulgarian law to disclose its performance with annual reports to stakeholders that meet the EU NFRD criteria and requirements, is leading this process through voluntary commitment at national level. TITAN Bulgaria is recognized by independent assessment (University of Sofia) as an example of best practice for the country. Moreover, the Report is independently verified for meeting the global and sector-specific standards, as indicated by the new EC proposal for Corporate Sustainability Reporting Directive that strengthens the criteria and the scope of enforcement of ESG corporate reporting standards as of 2023.



TITAN Bulgaria Integrated Annual Report follows the framework set by TITAN Group in terms of Contents (connected with the Material Issues of the BU) and the TITAN Group Reporting Standards. These include the Global Sectoral Approach for Reporting of TITAN. This Approach is in compliance with the Ten Principles of the UNGC, the Criteria of the UNGC for the Communication on Progress (COP), and the Sectoral commitments of TITAN according to the GCCA Sustainability Charter and the Framework Guidelines.

According to the “International Framework”, developed by the International Integrated Reporting Council (IIRC):

An integrated report aims to provide insight about the resources and relationships used and effected by an organization – these are collectively referred to as “the capitals” in this Framework. It also seeks to explain how the organization interacts with the external environment, and the capitals to create value over the short, medium, and long-term.

“The capitals” are stocks of value that are increased, decreased, or transformed through the activities and outputs of the organization. They are categorized in this Framework as financial, manufactured, intellectual, human, social and relationship, and natural capital, although organizations preparing an integrated report are not required to adopt this categorization or structure the report along the lines of the capitals.

The ability of an organization to create value for itself enables financial returns to the providers of financial capital. This is interrelated with the value the organization creates for stakeholders and society at large through a wide range of activities, interactions, and relationships. When these are material to the organization’s ability to create value for itself, they are included in the integrated report.

REQUIREMENTS TOWARDS REPORT PREPARATION PROCESS:

All functions in TITAN Bulgaria are engaged to participate in the preparation of the Report. They provide data on relevant sustainability topics. We develop the collected data in the specific sections of the Report. Upon having the first draft, each chapter is circulated again to the responsible managers on the BU level (TITAN Bulgaria). They verify it, or make the necessary corrections so that all sustainability indicators are duly and exhaustively described. Furthermore, the relevant group-level functions validate and verify all data through the TITAN Group’s Integrated Reporting Systems, which apply throughout the Group. A Third-party Auditor confirms the sustainability-related disclosures inside the TITAN Group Integrated Annual Report.

The General Manager of TITAN Bulgaria receives the edited “pre-final Draft Report” for review and, if necessary, he makes adjustments and additions. The content and review of implementation are linked to the Sustainability KPIs Index (part of the Report), and upon his approval, it is transferred to the design phase. This “pre-final draft” is also shared with the Group ESG Performance Department (TITAN Group Corporate Center). The ESG Performance Department of the Group is responsible for developing and standardizing the corporate measurement and reporting systems, and for providing guidance to local CSR Committee and the BU to ensure consistency, accuracy, and quality of information and data, disclosed at both Group and local levels. TITAN Bulgaria reporting team, in cooperation with the

management team of TITAN Bulgaria and the Group ESG Performance Department, perform the final quality control to meet requirements set for independent third-party assessment, and compliance with TITAN Group reporting standards.

TITAN Bulgaria launched its first Integrated Annual Report in 2015 in accordance with the principles of materiality, inclusiveness, and relevance to the Group to increase transparency, open communication, and accountability. Since 2017, an independent third party has been accounted, to assess and verify the contents and the information shared through the report with our stakeholders. This is the fifth consecutive year (2016, 2017, 2018, 2019 and 2020), in which we provide the Report in electronic and printed versions to make it easily accessible by all our stakeholders. The report is complemented with a feedback questionnaire that allows a review of stakeholder views regarding proposals for further improvement.

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 2020, two Health and Safety audits were conducted. The overall results from the internal 360° audit, and from the regional Health and Safety audit, performed by the TITAN Group, were “satisfactory”. The result may be either “satisfactory” or “non-satisfactory”.

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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 the 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.

FINANCE 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.	The company improves operational effectiveness, implements techniques, and invests in technologies aimed at reducing dependence on fossil fuels and decreasing its carbon footprint, thus reducing costs.
CLIMATE CHANGE, GREENHOUSE GAS EMISSIONS AND EMISSIONS TRADING 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. TITAN Bulgaria currently does not produce net-zero carbon products; thus, the company's exposure to a transition risk towards a low-carbon economy is high. The physical risk from climate change to the company's operations is assessed as low.	TITAN Bulgaria is mitigating the climate-related transition risk by directing the investments to projects that will decrease the carbon footprint of our operations. Furthermore, it uses an internal carbon pricing for the long-term and short-term strategy where the product mix, equipment modification and supply logistics are assessed in relation to CO ₂ consumption. 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 Management Committee, consisting of the Regional Executive Director, the Country's General Manager, Financial Director, Commercial Director, and the Plant Manager.
LIQUIDITY RISK	The company is not exposed to any significant liquidity risks.	The company has very low indebtedness with adequate revolving lines to cover seasonal cash fluctuations. As of December 31, 2020, the company has revolving loans of €8.7m, which are not utilized.
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.	To mitigate this risk, the company will continue investing in equipment, aiming to reduce conventional fuel utilization, and increase the Alternative Fuels substitution rate.

TYPE OF RISK	IMPORTANCE OF RISK	MITIGATING ACTIVITIES
HEALTH AND SAFETY RISK	<p>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.</p> <p>Industrial risks from the activity itself include mechanical, electrical, dust, noise, and moving parts – among others.</p>	<p>The company recognizes Health and Safety as its priority. To ensure safe working conditions, the company employs Health and Safety professionals who possess the necessary experience. The company also provides training programs for employees and has implemented systems and procedures to apply safe working conditions.</p> <p>The main goal of the company is to achieve a level of performance with zero occupational accidents.</p> <p>The risk of dissemination of COVID-19 was assessed, and the appropriate protection measures were applied in a timely manner. We reduced that risk by limiting and tracking employee contacts, and implemented a comprehensive program with systematic measures to mitigate the risks.</p> <p>The company's success was proven by outside non-government and government organizations, and was awarded a prize for the best in its class (first place in National Safety Award) on the national level.</p> <p>All the risks related to the company's activities were systematically assessed, and measures for mitigation were permanently monitored, assessed, and updated on a timely basis.</p>
LABOR MARKET RISK	<p>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.</p>	<p>The near future response is to develop links with professional schools in the region and explore new locations in the region for potential employees.</p> <p>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.</p>
WATER CONSERVATION RISK	<p>The company is operating on the territory of a karst area supplying the neighboring villages with water.</p>	<p>The company is making exceptional efforts to reduce the risk of water contamination, and has built facilities for purification and filtration of wastewater.</p>

OUR CUSTOMERS

In 2020, cement consumption in the country decreased by approximately 2.5%, compared to 2019. The COVID-19 crisis mainly influenced this result as the sector came to stand still for the better part of the second quarter. The market started strong after that; nevertheless, certain segments were hit hard and did not recover until the end of the year. Larger infrastructure projects began very late in the year, with the main consumption expected in 2021.

Our main priority during the year was to preserve our personnel and our customers' health, thus reducing the visits to the absolute minimum for the better part of the year. Their smooth supply and support remained our priority, and despite the distance kept, we managed to achieve both to a full extent.

With our packaged products, we continued following our strategy for selling different products to satisfy the needs and requirements of customers from different groups. A full market study was conducted by our sales team, and the analysis showed in greater detail the needs and the requirements of our clients that led to an optimization of our strategy for the respective products, and a more considerable satisfaction to the customer.

Our e-commerce application was introduced to a large number of clients while training sessions were conducted. The feedback of the test group was used to improve the application, to be more user-friendly and to become the standard of ordering and account information.

OUR SUPPLIERS

WE NURTURE THE PROCUREMENT CHAIN

We create value at the local level, as a relatively big company, and we bear the responsibility to support local business and local communities. This is why we strive to 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. We endeavor to ensure that these activities are timely and fairly paid. When selecting the most acceptable offer, we treat local suppliers with priority if their offers are approximate to the price offered by a supplier not operating in the region of the Zlatna Panega plant. In addition, through annual evaluation of their performance and the given feedback, we discuss further improvement in our cooperation.

TITAN Bulgaria maintains a well-organized supply chain. The selection, control, and evaluation methods of suppliers are governed by the Code of Conduct for Procurement of the TITAN Group. According to it, the categories of Quality, Reliability, Adaptability, and Business Location are the key assessment criteria. 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 he values and standards of TITAN.

COOPERATION WITH LOCAL SUPPLIERS

For years on end, the company has introduced the practice to sign agreements for ensuring 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 2020, TITAN Bulgaria experts performed fifteen 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.

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

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ESG PERFORMANCE STATEMENTS

TITAN Group discloses information related to ESG Performance in alignment with voluntary commitments to the IIRC principles, UNGC, and GCCA based on a long-term practice of integration, which is referred to as Global Sectoral Approach in this report. Since 2018, in order to further align its disclosures with the SDGs 2030, TITAN incorporated the “Guidance on Core Indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals” of the United Nations Conference on Trade and Development (UNCTAD, 2019 edition), and promoted the connection of selected indicators with Targets for the SDGs based on the Guidance. See also the table “Economic value distributed” and the table “Value Creation Core Indicators Index”.

In the 2020 Management Report, the term “non-financial” has been replaced by “ESG” as it is **of broader understanding** and use by stakeholders and users of the annual report.

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

The ESG performance review and statements focus on material issues for TITAN operations and key stakeholders. TITAN’s Global Sectoral Approach encompasses the disclosure of Core Indicators for Value Creation and Governance, Social, and Environmental Performance. Indicators (KPIs) are structured under four separate tables in the “ESG performance statements”.

TITAN Group ESG Performance Statements are structured according to TITAN’s reporting standards that are aligned to global (UNG, SDGs 2030, UNCTAD, and SASB) as well as sector-specific (GCCA) reporting standards and frameworks.

VALUE CREATION CORE INDICATORS INDEX

Detailed figures are provided in the Report under "Economic value distributed"
Notes for the standards, guidance, and terms used

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.

Detailed figures for the "Investments for Training of direct employees, as total expenditures", "Green investment", "Local Spend", "Support to community projects, as Donations", are provided inside the Index for the Social Performance KPIs, and Environmental Performance KPIs).

Salaries, pensions, and social benefits, incl. additional benefits

According to TITAN Standards and the application of the IFRS or/and Local Accounting Standards.

Investments for Training of direct employees, as total expenditures

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 inside the Index for Social Performance KPIs.

Green investment

Total amount of expenditures (capital and also 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 inside the Index for Environmental Performance KPIs.

Total spend to Suppliers, local and international, for goods and services

According to TITAN Standards and the application of the IFRS or/and Local Accounting Standards.

Local Spend

Percentage of local procurement is the proportion of spending of a reporting entity at local suppliers. 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. TITAN discloses the respective figure in detail inside the Index for Social Performance KPIs.

Taxes to national and local authorities

According to TITAN Standards and the application of the IFRS or/and Local Accounting Standards.

Other payments to governments

The amount of other payments (other than income taxes), and related to levies and fees. TITAN follows a comprehensive approach of engaging the local BUs, for tracking and recording the respective data. TITAN discloses the respective figure in detail for the extractive operations across the Group BUs.

Support to community projects, as Donations

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 inside the Index for Social Performance KPIs based on the verified and disclosed Financial Statements for the same reporting period.

Payments in cash, to shareholders and minorities

According to TITAN Standards and the application of the IFRS or/and Local Accounting Standards.

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Bulgaria Key Performance Indicators		Notes	Units	2020	2019	2018	SDGs	SDGs & Targets	GCCA	UNGC	UNCTAD	Codes	Comments
1. All Activities - Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)													
Local Impacts Impact on natural raw materials recourses	Natural raw materials extracted (total, wet)		million t	0,9	0,9	1,0		SDG 12 Target 12.2	■			EP01L	
	Raw materials extracted for clinker and cement production		million t	0,8	0,9	1,0			■			EP02L	
	Raw materials extracted for aggregates		million t	0,1	0,0	0,0			■			EP03L	
	Externally recycled waste materials (total, wet)		t	271	725	879		SDG 12 Targets 12.4 and 12.5	■		■	EP04L	UNCTAD 12.5.1
	Reused		t	0	0	0							
	Recycled		t	271	725	879							
	Recovered		t	0	0	0							
Impact on water recourses	Water consumption (total)		million m3	0,27	0,26	0,25		SDG 6 Targets 6.3, 6.4 and 6.5	■	■		EP05L	
	Water withdrawal (total, by source)		million m3	0,34	0,35	0,33			■	■	■	EP06L	
	Ground water		million m3	0,06	0,07	0,09							
	Municipal water		million m3	0,03	0,04	0,04							
	Rain water		million m3	0,00	0,00	0,00							
	Surface water		million m3	0,26	0,25	0,20							
	Quarry water used (from quarry dewatering)		million m3	0,00	0,00	0,00							
	Ocean or sea water		million m3	0,00	0,00	0,00							
	Waste water		million m3	0,00	0,00	0,00							
	Water discharge (total, by destination)		million m3	0,08	0,09	0,08			■	■	■	EP07L	
	Surface (river, lake)		million m3	0,08	0,09	0,08							
	Ocean or sea		million m3	0,00	0,00	0,00							
	Off-site treatment		million m3	0,00	0,00	0,00							UNCTAD 12.5.1
Impact on biodiversity and land stewardship	Active quarry sites with biodiversity issues	1,3		1	1	1		SDG 15 Targets 15.3, 15.4, 15.5, 15.9 and 15.a	■	■		EP08L	
	Active quarry sites with biodiversity management plans	2,3		1	1	1			■	■		EP09L	
	Active quarry sites with biodiversity management plans		%	100,0	100,0	100,0			■	■		EP10L	
	Sites with quarry rehabilitation plans	3	%	100,0	100,0	100,0			■	■		EP11L	
	Quarry land areas rehabilitated from total impacted (cumulative)	3,4	%	1,7	-	-				■		EP12L	
	Active quarry sites (wholly owned) with Environmental Management System (ISO14001 or similar)		%	100,0	100,0	100,0				■		EP13L	
Fuels and Energy Impact on energy recourses	Thermal energy consumption (total)		TJ	1 927	2 283	2 145		SDG 7 Target 7.2	■	■	■	EP14L	UNCTAD 7.3.1
	Electrical energy consumption (total)		TJ	274	317	295			■	■	■	EP15L	UNCTAD 7.3.2
2. Cement Activities - Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)													
Climate change	Specific gross direct CO ₂ emissions (Scope 1)		kg/tCementitious Product	700,8	722,2	725,0		SDG 9 Target 9.4	■	■		EP16L	
Impact on Green House Gas Emissions	Specific net direct CO ₂ emissions (Scope 1)		kg/tCementitious Product	637,3	666,6	682,4			■	■		EP17L	
	Indirect CO ₂ emissions (Scope 2, total)	5	million t	0,04	0,05	0,05			■	■	■	EP18L	UNCTAD 9.4.1
Alternative fuels and materials	Alternative fuel substitution rate		%Heat Basis	32,7	29,1	25,1		SDG 7 Target 7.2, 7.3 and 7.a	■	■	■	EP19L	UNCTAD 7.2.1
	Biomass in fuel mix	6	%Heat Basis	10,2	9,5	9,9			■	■	■	EP20L	UNCTAD 7.2.1
	Clinker to cement ratio		%	84,16	85,40	86,86		SDG 12 Target 12.2	■	■		EP21L	
Impact on energy recourses	Thermal energy consumption												
	Cement and grinding plants and attached quarries		TJ	1 927	2 282	2 144			■	■	■	EP22L	
	Alternative fuels consumption (total)		t	25 509	26 811	20 004			■	■	■	EP23L	
	Electrical energy consumption (total)												
	Cement plants and attached quarries		GWh	72,2	84,4	78,3			■	■	■	EP24L	
Local Impacts	Materials consumption (total, dry)		million t	0,8	1,0	0,9		SDG 12 Target 12.2		■		EP25L	
Impact on natural raw materials recourses	Extracted (natural) raw materials consumption (dry)		million t	0,8	0,9	0,9							
	Alternative raw materials consumption (dry)		million t	0,1	0,1	0,1							
	Alternative raw materials use (of total raw materials consumed)		%Dry	8,6	10,7	5,7			■		■		
	Alternative raw materials rate (based on clinker-to-cement (equivalent) factor)		%Dry	11,0	13,0	6,9			■	■	■	EP26L	
Impact on water recourses	Water consumption (total)		million m3	0,22	0,22	0,21		SDG 6 Target 6.4 and 6.5	■	■		EP27L	
	Water recycled (total)	4	million m3	0,30	0,33	0,24			■	■	■	EP28L	
Other air emissions	Coverage rate continuous measurement		%	100,0	100,0	100,0		SDG 3 Target 3.9	■	■		EP29L	
	Specific dust emissions		g/tClinker	9,3	2,8	1,6			■	■		EP30L	
	Specific NOx emissions		g/tClinker	719,0	998,0	1 043,3		SDG 9 Target 9.4	■	■		EP31L	
	Specific SOx emissions		g/tClinker	13,8	12,9	27,0			■	■		EP32L	

Bulgaria Key Performance Indicators			Notes	Units	2020	2019	2018	SDGs	SDGs & Targets	GCCA	UNGC	UNCTAD	Codes	Comments
3. All Activities - Disclosures concerning materials, fuels and wastes														
Impact on fuels and energy resources	Fuel mix, energy consumption for clinker and cement production			%Heat Basis	100,0	100,0	100,0		SDG 7		■		EP33L	
	Conventional fossil fuels			%Heat Basis	67,3	70,9	74,9		Target 7.2		■		EP34L	
	Coal, anthracite, and waste coal			%Heat Basis	52,1	66,7	71,3		SDG 12					
	Petrol coke			%Heat Basis	0,8	0,0	0,0		Target 12.2					
	Lignite			%Heat Basis	0,0	0,2	0,0							
	Other solid fossil fuel			%Heat Basis	0,0	0,0	0,0							
	Natural gas			%Heat Basis	14,3	3,9	3,5							
	Heavy fuel (ultra)			%Heat Basis	0,0	0,0	0,0							
	Diesel oil			%Heat Basis	0,1	0,1	0,1							
	Gasoline, LPG (Liquified petroleum gas or liquid propane gas)			%Heat Basis	0,0	0,0	0,0							
	Alternative fossil and mixed fuels			%Heat Basis	32,7	29,1	25,1			■	■	■	EP35L	
	Tyres			%Heat Basis	7,1	6,4	10,7							
	RDF including plastics			%Heat Basis	25,5	22,6	14,5							
	Impregnated saw dust			%Heat Basis	0,0	0,0	0,0							
	Mixed industrial waste			%Heat Basis	0,0	0,0	0,0							
	Other fossil based and mixed wastes (solid)			%Heat Basis	0,0	0,0	0,0							
	Biomass fuels			%Heat Basis	0,0	0,0	0,0			■	■	■	EP36L	
	Dried sewage sludge			%Heat Basis	0,0	0,0	0,0							
	Wood, non-impregnated saw dust			%Heat Basis	0,0	0,0	0,0							
	Agricultural, organic, diaper waste, charcoal			%Heat Basis	0,0	0,0	0,0							
	Other			%Heat Basis	0,0	0,0	0,0							
Management of waste	Waste disposal (total, wet)			t	3 074	5 639	911		SDG 12		■	■	EP37L	UNCTAD 12.4.2 and 12.5
	Non-hazardous waste			t	3 055	5 605	868		Targets 12.4 and 12.5					
	Hazardous waste			t	19	34	42							
	Waste disposal, break down by destination-usage (wet)			%By mass	100,0	100,0	100,0				■	■	EP38L	UNCTAD 12.5.1
	Reuse			%By mass	0,0	0,0	0,0							
	Recycled			%By mass	8,8	12,9	96,5							
	Recovered (including energy recovery)			%By mass	0,0	0,0	0,0							
	Incineration			%By mass	0,0	0,0	0,0							
	Landfilled			%By mass	91,0	86,9	1,5							
	Other (incl. storage)			%By mass	0,2	0,3	1,9							
4. All Activities - Investments for the Environment														
	Environmental expenditures across all activities	7		million €	2,00	2,11	3,03		SDG 7		■	■	EP39L	UNCTAD 7.b.1
	Environmental management			million €	0,54	0,49	0,41		Target 7.b					
	Reforestation			million €	0,08	0,09	0,09		SDG 9					
	Rehabilitation			million €	0,00	0,00	0,00		Target 9.4					
	Environmental training and awareness building			million €	0,01	0,01	0,02							
	Application of environmental friendly technologies			million €	1,34	1,45	2,45							
	Waste management			million €	0,04	0,07	0,07							

NOTES

Notes on external verification, standards, and guidance

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

Notes for specific Environmental Performance indicators

- Active quarries within, containing or adjacent to areas designated for their high biodiversity value. See also Table zzz.
- Sites with high biodiversity value where biodiversity management plans are actively implemented. See also Table zzz.
- Coverage includes both quarries attached to cement plants and quarries for aggregates production.

- "New indicators
 - Quarry land areas rehabilitated from total impacted (cumulative)
Coverage includes all quarries under TITAN management control. This KPI is calculated as the percentage of the impacted/disturbed quarry areas that has been rehabilitated (total and cumulative), aggregated at BU level. Under TITAN approach, this KPI is complementary to the KPIs under the topic of Impact on biodiversity and land stewardship in this Table, namely: "Sites with quarry rehabilitation plans" and "Active quarry sites with biodiversity management plans". Data disclosing started in 2020.
 - Water recycled (total)
This KPI is calculated in line with GCAA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing. "
- Indirect CO₂ emissions are related to emissions released for the production of the electrical energy consumed at TITAN's facilities. For their calculation, we use emission factors provided by the supplier of the electrical energy or other publicly available data sources.
- Biomass rate corresponds to the percentage of total thermal energy consumption that comes from renewable energy sources.
- The definition of Environmental expenditures across all activities is equivalent to the definition of Green Investment. See 'Glossary'.

SOCIAL PERFORMANCE INDEX

Any BU Key Performance Indicators	Notes	2020	2019	2018	SDGs & Targets	TITAN Reporting Standards	Codes	Comments
						Codes	UNGC	UNCTAD

Health and Safety (SG)

All activities performance acc. to the TITAN Global Sectoral Approach										
Employee fatalities	0	0	0	SDG 3; Targets 3.6 and 3.8	■	■	■	SP01L	UNCTAD 8.8.1	
Employee fatality rate	0,00	0,00	0,00		■	■	■	SP02L	UNCTAD 8.8.1	
Contractors fatalities	0	0	0		■	■	■	SP03L	UNCTAD 8.8.1	
Third-party fatalities	0	0	0		■	■	■	SP04L	UNCTAD 8.8.1	
Employee Lost Time Injuries (LTIs)	1	3	1		■	■	■	SP05L	UNCTAD 8.8.1	
Employee Lost Time Injuries Frequency Rate (LTIFR)	2,20	6,14	2,03	SDG 4; Target 4.3	■	■	■	SP06L	UNCTAD 8.8.1	
Employee lost working days	33	126	14		■	■		SP07L		
Employee Lost Time Injuries Severity Rate	72,60	257,84	28,37		■	■	■	SP08L	UNCTAD 8.8.1	
Contractors Lost Time Injuries (LTIs)	0	1	0		■	■	■	SP09L	UNCTAD 8.8.1	
Contractors Lost Time Injuries Frequency Rate (LTIFR)	0,00	2,37	0,00		■	■	■	SP10L	UNCTAD 8.8.1	
All activities performance leading indicators										
Near misses	1	11	46	26	SDG 8; Target 8.8		■		SP11L	
Training man-hours on health and safety per employee	2	18,79	20,12	27,25			■	■	SP12L	
Training man-hours on health and safety per contractor	2	9,69	8,89	8,71			■	■	SP13L	
Expenditures for employee health and safety (Euros)	3,6	2 969 565	n/a	n/a			■	■	SP14L	UNCTAD 3.8, and 8.8

Employment

Number of employees as of 31 December		260	275	273																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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■	■	■		SP04L	UNCTAD 8.8.1
■	■	■		SP05L	UNCTAD 8.8.1
■	■	■		SP06L	UNCTAD 8.8.1
■	■			SP07L	
■	■	■		SP08L	UNCTAD 8.8.1
■	■	■		SP09L	UNCTAD 8.8.1
■	■	■		SP10L	UNCTAD 8.8.1
	■			SP11L	
	■	■		SP12L	
	■	■		SP13L	
	■	■		SP14L	UNCTAD 3.8, and 8.8
	■			SP15L	
	■			SP16L	
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	■			SP18L	
	■			SP19L	
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	■			SP23L	
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	■			SP25L	
	■			SP26L	
	■	■		SP27L	UNCTAD 5.5.2
	■	■		SP28L	UNCTAD 5.5.2
	■			SP29L	
	■			SP30L	

Any BU Key Performance Indicators	Notes	2020	2019	2018	SDGs & Targets	TITAN Reporting Standards	Codes	Comments
						Codes	UNGC	UNCTAD

People Development

Training investment per (trained) employee (Euros)	4,5,6	105	217	325	
Training investment per gender (Euros)	4,5,6	28 817	59 362	94 664	
Females		10 848	23 122	35 161	
Males		17 969	36 240	59 503	
Trained employees	4	275	273	291	SDG 4; Targets: 4.3, 4.4, and 4.5
Share of trained employees (% in total workforce)	4	100%	99%	100%	
Share of trained female employees (% in total female employees)	4,5	100%	100%	100%	
Trained employees per category	4				
Managers		25	27	33	
Senior managers		3	2	6	SDG 5; Targets: 5.1, and 5.5
Administration/technical		96	107	95	
Semi skilled/unskilled		151	137	157	
Trained employees per age group					
Under 30		20	26	37	
Between 30-50		178	176	190	SDG 8; Target 8.5
Over 50		77	71	64	
Training hours	4	9 739	13 252	14 166	
Average training hours per employee (over the total number of direct employees), and breakdown per gender	4	37	48	51	
average female		31	43	49	
average male		40	50	52	SDG 10; Target: 10.2, and 10.3
Training hours per subject	4,5				
Company on-boarding		0	51	n/a	
Compliance (previously: TITAN Group Code of Conduct)		722	274	0	
CSR and Sustainability (previously: Human Rights)		210	11	0	
Digital		0	1 041	0	SDG 16; Target 16.5
Environment (previously: Environment: care and management systems)		123	496	320	
Foreign languages		309	676	1 772	
Functional competence (previously: Non-technical skills and specialization)		761	770	1 282	
Generic competence (previously: Non-technical skills and specialization)		36	345	n/a	
Health and safety		4 941	5 584	7 587	SDG 2; Targets 2.1, and 2.3
Managerial skills (previously: Management and managerial skills)		287	710	1 119	
Other		23	22	12	
Security		0	0	0	
Technical know-how (previously: Technical know-how and core competence)		2 328	3 272	2 074	
Stakeholder Engagement					SDG 4; Targets: 4.3, and 4.4
Donations (Euros)	6	74 000	81 802		
Donations in cash (Euros)		52 000	68 000		
Donations in kind (Euros)		22 000	13 802		
Internships		7	8	12	
New entry level jobs from internships/traineeships		2	2	0	SDG 8; Targets: 8.5, and 8.6
Local Spend (%)	3,6	83,46%	77,14%	n/a	
					SDG 9; Targets: 9.1, and 9.5
					SDG 11; Target 11.4
					SDG 16; Target 16.5
					SDG 17; Target 17.17
					SDG 9; Target 9.3

NOTES

Notes for the external verification, standards and guidance

- Standards: The reporting standards under TITAN's Global Sectoral Approach, namely GCCA, UNGC, and UNCTAD.
- Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing (last edition in February 2020). This document has been agreed within the GCCA to have extended application to concrete and other related activities. For the Sector standards, see details in Table: [Sector Standards for the Non-financial disclosures in 2020](#)

Notes for specific Social Performance indicators

1. The reported figures of 'Near misses' are the total figures for both direct employee and contractors. This is should be clear to All involved in the Social Performance, and in conjunction with the last revised and communicated Guidance by the Group Corporate Dept. for H&S.
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). This is consistent with all years prior to 2020.
3. Relevant information is not available for the specific years denoted as 'n/a'.
In specific for the new KPI "Expenditures for Health and Safety": TITAN launched a Group-level approach and methodology for the first time in 2020, following the UNCTAD "Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (2019), and building on bench strength and the technical capacity of internal systems. The efforts were coordinated by the Group Health & Safety Dpt., and the project was rolled-out in all BUs across the Group with consistent rules. Data collection covered 4 categories of expenditures: (1) Consumables (PPEs etc.), (2) Training on Occupational H&S, and awareness building, (3) Facilities (spend in infrastructure), and (4) H&S Management. The information was secured with the use of the Group internal data collection system. Comparable figures for this KPI are not available for years before 2020.
- 4 KPIs calculated on the basis of 'Average' number of Employees for year 2018. As of 2019, the specific KPIs are calculated on the basis of the Number of employees as of 31 December.
5. KPIs based on the new definition of TITAN Group (according to the Sustainability Glossary & Guidelines for Social Performance, ed. 2019). The figures for the KPI "Share of trained female employees" and KPI "Training hours per subject" were adjusted by re-calculation for years before 2019, in order to reflect the performance acc. to the new definition. Figures for the KPI "Share of trained female employees (in total female employees)" which were calculated above 100% (because of the Turnover for Females, or other reasons) needed to be reported as 100%.
6. For the definitions of: "Expenditures for employee health and safety", "Training Investment", "Donations", and "Local Spend" see 'Glossary' (required). Note in specific for the "Local Spend": TITAN launched an improved methodology in 2019, following the approach of the UNCTAD (see Glossary), and building on bench strength and the technical capacity of internal systems (coordinated by the Group Procurement). It is implied that comparable figures for the Local Spend were not available for years before 2019.

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

Notes

1. The GCCA has built its Sustainability Charter around five (5) Sustainability Pillars: [Pillar 1](#): Health and Safety, [Pillar 2](#): Climate Change and Energy, [Pillar 3](#): Social Responsibility, [Pillar 4](#): Environment, and Nature and [Pillar 5](#): Circular Economy
2. TITAN was actively participant in five (5) Working Groups under the framework of activities of the GCCA in 2020:
WG1. Health and safety in the cement and concrete industries,
WG2. Thought leadership and policy for cement and concrete,
WG4. 2050 concrete roadmap,
WG5. Innovation in cement and concrete,
and WG6. Good practices and benchmarking.

GOVERNANCE

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

UNGC Area	UNGC Related Principle(s)	Our Commitments	Reference in 2020 TITAN Bulgaria Integrated Report
HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within the scope of their influence	a. TITAN Corporate Values b. TITAN Group Code of Conduct c. TITAN Group CSR Policy d. TITAN Group Code of Conduct for Procurement e. TITAN People Management Framework f. TITAN Occupational Health and Safety Policy g. TITAN Group Human Rights Policy h. TITAN Group Anti-Bribery and Corrupton Policy i. TITAN Bulgaria Policies	Strategic Review: Corporate Values (p. 15), Delivering Value to All (p. 22), Global Collaborations (p. 31), Focusing on Material Issues for our Business and Key Stakeholders (p. 19-21; pp. 27-29), Aligning our Strategic Goals and Priorities with the UN SDGs (pp. 27-29); Sustainability of communities (p.65-69), TITAN Group Code of Conduct for Procurement (p. 85), TITAN Group CSR Policy (p. 78) and SP KPIs (SP41L-SP46L); Occupational Health and Safety: TITAN Occupational Health and Safety Policy (p. 58) and SP KPIs (SP01L-SP14L); People Management: TITAN People Management Framework (p. 78), TITAN Group Code of Conduct (pp.5; 11; 54-56; 61; 72-74; 78; 81; 85) and SP KPIs (SP29L-SP38L); Governance: TITAN Group Human Rights Policy, Governance, Transparency and Ethics (pp.15; 19-21; 27), Implementation of TITAN Group Policies in TITAN Bulgaria (p. 78), Our Integrated Management and Reporting System (p. 78); Appendices: Social Performance Index of KPIs (SP KPIs) incl. Health and Safety KPIs
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses		
LABOR STANDARDS	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	a. TITAN Corporate Values b. TITAN Group Code of Conduct c. TITAN Group CSR Policy d. TITAN Group Code of Conduct for Procurement e. TITAN People Management Framework f. TITAN Occupational Health and Safety Policy g. TITAN Group Human Rights Policy h. TITAN Group Anti-Bribery and Corrupton Policy i. TITAN Bulgaria Policies	Corporate Values (p. 15), Delivering Value to All (pp. 22-23), Global Collaborations (p. 31), Focusing on Material Issues for our Business and Key Stakeholders (pp. 219-21), Aligning our Strategic Goals and Priorities with the UN SDGs (p. 27-29); Sustainability of communities (p.66), TITAN Group Code of Conduct for Procurement (p. 85), TITAN Group CSR Policy (p. 78) and SP KPIs (SP41L-SP46L); Occupational Health and Safety: TITAN Occupational Health and Safety Policy (p. 78) and SP KPIs (SP01L-SP14L); People Management: TITAN People Management Framework (p. 78), TITAN Group Code of Conduct (p. 36; p. 50), Group Human Resources Management System - GHRMS (pp.2; 54; 56) and SP KPIs (SP29L-SP38L); Governance: TITAN Group Human Rights Policy, Governance, Transparency and Ethics (pp. 15; 19-21; 27), Implementation of TITAN Group Policies in TITAN Bulgaria (p. 36), Our Integrated Management and Reporting System (p. 78), Financial and Non-financial Risks (p. 82); Appendices: Social Performance Index of KPIs (SP KPIs) incl. Health and Safety KPIs
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor		
	Principle 5: Businesses should uphold the effective abolition of child labor		
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation		
ENVIRONMENT	Principle 7: Businesses should support a precautionary approach to environmental challenges	a. TITAN Corporate Values b. TITAN Group Code of Conduct c. TITAN Group CSR Policy d. TITAN Group Environmental Policy e. TITAN Group Climate Change Mitigation Strategy f. TITAN Bulgaria Policies	Corporate Values (p. 15), Delivering Value to All (pp. 22-23), Global Collaborations (p. 31), Focusing on Material Issues for our Business and Key Stakeholders (pp. 19-20), Aligning our Strategic Goals and Priorities with the UN SDGs (p. 27-29); Environmental Performance: TITAN Group Environmental Policy and TITAN Group Climate Change Mitigation Strategy (p. 83) and EP KPIs (EP01L - EP40L); Sustainability of Communities: TITAN Group CSR Policy, Ecology and Environmental Protection (pp. 78); Governance: Implementation of TITAN Group Policies in TITAN Bulgaria (p. 78), Our Integrated Management and Reporting System (p. 78); Appendices: Environmental Performance Index of KPIs (EP KPIs) and Social Performance Index of KPIs (SP KPIs) incl. Health and Safety KPIs
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility		
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies		
ANTI-CORRUPTION	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	a. TITAN Corporate Values b. TITAN Group Code of Conduct c. TITAN Group CSR Policy d. TITAN Group Code of Conduct for Procurement e. TITAN Group Anti-Bribery and Corruption Policy e. TITAN Bulgaria Policies	Strategic Review: Corporate Values (p. 15), Delivering Value to All (p. 22-23), Global Collaborations (p. 31), Focusing on Material Issues for our Business and Key Stakeholders (pp. 19-21), Aligning our Strategic Goals and Priorities with the UN SDGs (p. 27-29); Sustainability of communities: TITAN Group Code of Conduct for Procurement (p.85.); Governance: TITAN Group Anti-Bribery and Corruption Policy, Governance, Transparency and Ethics (pp. 15; 19-21; 27), Implementation of TITAN Group Policies in TITAN Bulgaria (p. 78), Our Integrated Management and Reporting System (p. 78).

FINANCIAL STATEMENTS

INCOME STATEMENT For the year ended 31 December 2020

All amounts are in EUR thousand

	Year ended 31 December 2020	Year ended 31 December 2019
Sales of cement	39 873	41 768
Sales of clinker	-	-
Sales of concrete	6 375	6 310
Sales of pumping services	510	471
Other Revenue	284	71
Revenue	47 042	48 620
Cost of sales	(38 989)	(40 036)
Gross profit	8 053	8 584
Other income	476	1 040
Selling costs	(527)	(453)
Administrative expenses	(4 505)	(4 713)
Net losses on financial assets	(509)	(323)
Other expenses	(1 049)	(277)
Operating profit	1 939	3 858
Finance revenue	77	768
Finance costs	(93)	(568)
Profit before tax	1 923	4 058
Income tax expense	(105)	(210)
Profit for the year	1 818	3 848

STATEMENT OF FINANCIAL POSITION As of 31 December 2020

All amounts are in EUR thousand

	Year ended 31 December 2020	Year ended 31 December 2019
ASSETS		
Non-current assets		
Property, plant and equipment	60 804	64 384
Right of use assets	228	475
Investment properties	615	660
Intangible assets	106	58
Investments in subsidiaries	69	69
Available-for-sale investments	24	24
Other financial assets	299	245
	62 145	65 915
Current assets		
Non - current assets held for sale		
Inventories	8 068	8 707
Trade receivables	3 689	4 594
Other receivables	235	539
Receivables from related parties	97	161
Loans to related parties	436	46
Prepayments	179	148
Income tax receivable	184	102
Cash and short-term deposits	3 373	947
	16 261	15 244
Assets held for sale	-	60
TOTAL ASSETS	78 406	81 219
EQUITY AND LIABILITIES		
Equity		
Issued capital	28 609	28 602
Legal reserve	1 645	1 645
Retained earnings	38 432	41 879
Total equity	68 686	72 126
Non-current liabilities		
Finance Lease Liabilities	140	141
Restoration provision	857	881
Employee benefit liability	951	724
Long-term fin liabilities		
Deferred tax liabilities	706	814
	2 654	2 560
Current liabilities		
Trade	4 735	4 256
Other payables	1 305	1 343
Interest-bearing loans and borrowings	-	8
Finance Lease Liabilities	91	163
Payables to related parties	727	726
Loans from related parties	13	37
Income tax payable	195	-
	7 066	6 533
Total liabilities	9 720	9 093
TOTAL EQUITY AND LIABILITIES	78 406	81 219

ABOUT THE
REPORT

MESSAGE FROM
THE GENERAL
MANAGER

STRATEGIC
REVIEW

FINANCIAL
PERFORMANCE

ESG
PERFORMANCE

GOVERNANCE

APPENDICES

INDEPENDENT ASSURANCE STATEMENTS



Grant Thornton OOD
A 26, Chern: Vrah Blvd., 1421 Sofia
A 4, Paraskova Nikolau Str., 9000 Varna
T (+3592) 987 26 79, (+35952) 69 55 44
F (+3592) 980 48 24, (+35952) 69 55 33
E office@bg.gt.com
W grantthornton.bg

Independent Limited Assurance Statement

To the Board of Directors of ZLATNA PANEGA CEMENT AD

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 2020 Integrated Annual Report for the fiscal year ended on December 31st, 2020 ("selected data"), in order to provide limited assurance in relation to the criteria as described below (Scope of work). For the purposes of this Statement, the selected data relate to the Company's activity in 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: Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000"), in order to provide limited level assurance opinion on:

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

Management Responsibility

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 2020 Integrated Annual Report. 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.

Grant Thornton Responsibility

We have performed a limited assurance engagement. Our responsibility is to express our conclusions based on the procedures carried out for the selected data, as described above in the "Scope of work" section.

Our work has been conducted in accordance with the standards of ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. 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.

Our responsibility is limited to the non-financial information related to the fiscal year that ended on December 31, 2020, as these were presented in the 2020 Integrated Annual Report.

To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this Statement towards anyone other than the Company and the Group, unless the terms have been agreed explicitly in writing, with our prior consent.

We conducted our work so as to collect all the data, relevant documentation, information and explanations we considered necessary as to the selected data described above, in the "Scope of work" section. The procedures followed with regard to the selected data included:

- Interviews with executives and key personnel responsible for the relevant information and assumptions;
- Review and assessment of the processes and controls used to collect, aggregate, validate and report the data;
- Sample tests on collected data, conversion factors and formulas, where required.
- Review the materiality process followed by the Company and in addition, review the Desk research/study provided by Group ESG Performance Department and the Benchmark external studies (GCCA), validating the material issues assessed during the internal materiality workshop.
- Participation in the Company's materiality workshop ensuring the implementation of the AA1000 AS requirements during the analysis and development of the Materiality Matrix 2021 finalisation.

Our Independence and Quality Control

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

Level of Assurance

The procedures we carried out were designed to provide limited assurance, as specified in ISAE 3000, based on which we shaped the conclusion to our engagement. These procedures are not as extensive as those required for providing reasonable assurance; consequently, a lower level of assurance is obtained.

Limitations

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

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

Conclusions

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

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

Marly Apostolov
Managing partner

Gergana Mihaylova
Registered auditor responsible for the engagement

Grant Thornton OOD
Audit firm



28 August 2021

¹ Global Cement and Concrete Association (GCCA)

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



Administrative office - Sofia

Zlatna Panega Cement AD
33E, Cherni Vrah blvd.
1421, Sofia
Tel.: 02 976 00 70
Tel.: 02 905 49 80

Cement plant Zlatna Panega

Zlatna Panega Cement AD
2, Shipka str.
5760, Zlatna Panega
Tel.: 02 882 01 01
Fax: 02 882 02 01

Sales Department

Tel.: 02 882 01 22

Purchasing Department

Tel.: 02 882 01 33

Logistics - Zlatna Panega

Tel.: 02 882 01 33; 02 882 04 15

Concrete operations Department - office:
6, Poruchik Nedelcho Bonchev str.
1528, Sofia
Tel.: 02 976 00 81

Concrete operations Department - Logistics:

Tel.: 02 976 00 80

GAEA - Green Alternative Energy Assets EAD

6, Poruchik Nedelcho Bonchev Str.
1528, Sofia
Tel.: 02 915 10 75

