

INTEGRATED ANNUAL REPORT 2022



About the report

This is TITAN Bulgaria’s ninth Integrated Annual Report (IAR 2022), referred to as the ‘Report’ throughout this document (in printed or electronic format). The Report follows the principles of the International Integrated Reporting Council’s (IIRC) Framework to provide our stakeholders with comprehensive information by giving an overview of our business performance during 2022. The reporting period is January 1st to December 31st, 2022.

The Report presents the consolidated financial disclosures and respective disclosures about activities and performance in the areas of Environment, Social and Governance (ESG), goals and achievements, and quantitative data for 2022. These disclosures were consolidated for all operations of the parent company TITAN Cement International (in short ‘TITAN Group’ or ‘TITAN’) in Bulgaria, in short, ‘TITAN Bulgaria’ and including the legal entity of Zlatna Panega Cement AD (for TITAN Bulgaria’s cement and concrete operations) and other subsidiaries of TITAN in Bulgaria (GAEA EAD, GSPB EAD and Double W Co EOOD).

The Report is independently verified for ESG disclosures regarding the adherence and advancement of the United Nations Global

Compact (UNGC) Ten Principles and disclosures for indicators about Health and Safety and Environmental performance, according to reporting standards which were established in accordance with the respective sectoral guidelines and protocols of the Global Cement and Concrete Association (GCCA). In addition, this year the assurance scope¹ was extended to include the training plan of our employees and the outcomes of initiatives for local community engagement (community engagement plans), in relation also with the contribution of TITAN Bulgaria to the UN Sustainable Development Goals (SDGs) 2030.

TITAN Bulgaria also integrated into its approach the Guidance of the United Nations Conference on Trade and Development (UNCTAD) for connecting its sustainability reporting with Targets for the SDGs, following the TITAN approach. Last, we have adopted the TITAN practice for providing a connection of our ESG Performance Statements (KPIs) with the Sustainability Accounting Standards Board (SASB) Standards.

For more information about the TITAN Group approach and standards, please visit the 2022 TITAN Group Integrated Annual Report: <https://www.titan-cement.com/newsroom/annual-reports/>.



Note 1: The sustainability-related performance overview and ESG Statements of this Report were independently verified by Grant Thornton OOD. The consolidated financial statements presented in the Annexes of the Report were audited by PricewaterhouseCoopers Audit OOD. The Assurance Statements are available in this Report and online on our web site, you may visit here: <https://www.titan.bg>

Note 2: as disclaimer for the use of the Logo of the UNGC ‘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.

¹ Scope 1: direct CO₂ emissions (gross); Scope 2: indirect CO₂ emissions from electricity

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Understanding Titan



2022 highlights

2022 was turbulent, we entered the year with rising energy prices that soared during the war in Ukraine, significantly impacting our profitability for the first half of the year. We had several price increases to offset the negative impact of the escalating energy costs and overall inflation, finishing the year with €4.7 million EBITDA, 14% better than last year. We recorded a net profit of €0.34 million in 2022 versus a net loss of €2.2 million in 2021.

We continue with our sustainability program, increasing our capital investments to €5.7 million in 2022. Our biggest project is an upgrade of the alternative fuel system that will be completed in July 2023 and will allow us to significantly increase the use of alternative fuels in our kiln operations.

FINANCIAL highlights 2022

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

€54.1m

Revenue

€4.7m

EBITDA

€0.34m

Net profit after tax

€72.9m

Total assets

€5.7m

Capital investment

SUSTAINABILITY (people and environment) related highlights 2022

248 employees

83.47% of employees from local communities

€37,810 invested in training and development

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

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

Decrease in specific net CO₂ emissions by 2.8 kg per ton cementitious product

Reached **46.4%** thermal substitution rate with Alternative Fuels

120k tonnes of waste utilized in the process, thus replacing a similar quantity of natural fuels and raw materials, reducing landfill and consequent GHG emissions

8% reduction of specific electrical energy consumption per ton clinker

33% reduction of specific water consumption per ton cementitious product

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

Engagement/consultation with local community on quarries rehabilitation plans

Message from the General Manager



2022 in a nutshell

We are living in interesting times. The cement sector faces a series of economic and technological challenges for its full decarbonization today. On top of this over the last two years, we faced many external challenges: the pandemic, the war in Ukraine, extreme energy prices, and high inflation. However, we at TITAN are committed to delivering carbon-neutral concrete to our society by 2050. TITAN Group was among the first cement companies worldwide to have its near & long-term CO₂ emissions reduction targets validated by the Science Based Targets initiative (SBTi) as consistent with the reductions required to keep global warming to 1.5°C. Within this context, Zlatna Panega Cement strengthened its operation and achieved significant results concerning energy efficiency and carbon emissions. The plant decreased its CO₂ emissions by 4% in 2022 y.o.y and natural gas consumption by 60%.

Decarbonization, digitalization, growth-enabling work environment, positive local impact, and responsible sourcing are the focus areas of TITAN Group. The cement plant in Bulgaria is among the best in the Group with respect to specific net CO₂ emissions and the leader in the use of alternative fuels as substitutes for traditional fossil fuels. TITAN Bulgaria is the first plant in the Group to implement the use of hydrogen in the clinker production process, testing of chemicals for optimization of kiln operation, and digitalization of preventive maintenance.

Ambition is guiding

As part of the TITAN Group, the company has clearly set decarbonization goals by 2030. To achieve them, we rely on a palette of measures – using more and more alternative fuels, increasing energy efficiency, modernization of the equipment, investing in renewable energy sources, creating low-carbon products, and implementing cutting-edge technologies and solutions. Our roadmap streamlines the efforts of the company and ensures reaching our ambitious targets and our growth.

In 2022 we invited the most reputable research institute in the cement sector in Europe – the European Cement Research Academy, to conduct an energy efficiency audit in the cement plant. Following up on that we have already implemented some of the measures and succeeded in significantly reducing the electrical energy consumption in the process of preparation of raw meal. In line with our key priorities, we have installed an

electrolyser at our site in Zlatna Panega and started producing hydrogen, which is currently used as a combustion catalyst in the cement clinker kilns. The use of hydrogen and premium-quality alternative fuels helped us reduce the use of fossil fuels in our kilns. In 2022 we reached close to 50% share of alternative fuels in our fuel mix. The alternative fuels are produced at our premises in Zlatna Panega and are consisted of non-recyclable plastics, rubber, paper, and agricultural wastes.

In 2022 Zlatna Panega Cement utilized 120k tonnes of waste in the form of fuel and raw materials. If not used in our plants, these wastes would have been landfilled and would pollute the soil and the water of the country emitting GHG. By utilizing alternative fuels and raw materials, the company contributes to the circular economy and the country's sustainable development.

We keep innovating our green product offering. Earlier this year we launched on the market two new types of cement with a much lower carbon footprint compared to the old types. One of the cements is new not only for Bulgaria but also for Europe – it has been produced in conformity with the EU standard EN 197-5 adopted just a year ago.

We continued our effort in halting the biodiversity loss and preserving the quality of the air and the water. We have finalized recently the Net Impact Assessment on the Biodiversity and Ecosystem Services Assessment for the areas of our quarries. These studies assisted us to plan better rehabilitation activities and reaching a net positive impact on biodiversity at the end of the concession period. We apply a strict water management plan and maximize the use of recycled water. In 2022 we reduced the specific freshwater consumption by 33% compared to 2021 and increased the use of recycled water by 20%.

Sense of significance

Nearly 250 people work in the company and almost 90% of them are from the region. Our people are special. Our product is the second most consumed product in the world after water. This means that people are working for a cause. Everyone wants to have a sense of significance and importance. We are committed to maintaining the best working environment, promoting staff development, improving health and safety, efficiency and productivity, and ensuring physical and mental well-being.

For the fifth year in a row, the factory has received a "Green grading" for its health and safety performance in a 360-degree safety audit by the TITAN Group. The effect of these efforts is reflected in the numbers. The company is deservedly proud that for two years (more than 740 days) we have not had a single accident while working with our own staff. And this is our greatest reward.

The look ahead

Green investment, product innovation, team development, and embracing digitalisation are key to the long-term success and stable growth of our business.

We continue to invest in our plants (cement and ready-mix concrete) and in the sustainability of the communities we operate. In 2023 we aim to complete the modernization of our installation for alternative fuels and start the construction of a 5 MWp solar plant. These projects will enable us to further increase the use of alternative fuels, will strengthen our resilience to external energy crises, and at the same time will decrease our environmental footprint. We expect to reduce further our direct CO₂ emissions by more than 5,000t per year and our indirect CO₂ emissions by 3,000t.

To achieve those ambitious plans indeed, we are determined to continue supporting, building, and developing our talents. Because they are the driver of the commercial and technology transformation of TITAN Bulgaria and TITAN Group. That is our way of tackling the challenges and shaping the future together.

Adamantios Frantzis
General Manager
TITAN Bulgaria



The forces shaping our industry and the opportunities ahead

Building the future means building better. Smarter. More sustainably.

At TITAN we are passionate about building a sustainable world with our innovative construction solutions. TITAN Bulgaria is committed to putting into action and contributing to the achievement of our Group vision.

We address society's needs for safe, durable, resilient and affordable housing and infrastructure that protects and improves life. We are harnessing the advantages of decarbonization and digital transformation and bringing those benefits to our customers, employees, suppliers and communities. We approach every issue with an entrepreneurial spirit and are constantly innovating to deliver construction solutions designed for tomorrow.

Building on 120 years of industry experience and commitment to sustainable growth, TITAN Group serves our customers in 25 countries through a network of more than 200 operational sites in four continents, including quarries, ready-mix plants, terminals, and other production and distribution facilities.

In a world of increasing complexity, we are adapting and evolving to serve the needs of society, while contributing to sustainable growth with responsibility and integrity.

The fundamentals of demand for construction materials and solutions remain solid

Population growth and urbanization are on the rise, leading to higher demand for housing and infrastructure. We have the operating leverage to help our customers build at an accelerated pace with our innovative and sustainable construction solutions.

Customer expectations are driving product innovation

With our customer-focused innovation strategy, TITAN Group is growing the business in existing and new markets across the construction value chain. Engaging with our customers from the early design stages helps us understand their needs and offer them innovative products and services, as well as leading-edge Artificial Intelligence-based solutions for ultimate efficiency and an elevated experience.

Climate change mitigation and resource scarcity are calling for a shift towards sustainable solutions

We are evolving our product portfolio to address environmental challenges. By shifting to more sustainable, lower-carbon and circular construction solutions, we help our customers build more sustainably. In this way, we are delivering on our ambitious science-based climate targets for a net-zero, nature-positive world in line with the 1.5°C scenario.

Urbanization necessitates communities that are green, safe, resilient, healthy and just for all

We are addressing sustainability holistically within and beyond our company. While delivering a greener product portfolio with superior environmental performance across the whole life cycle – from the quarry to the customer – we are continuously improving our ESG performance in line with the UN SDGs. At the same time, we are encouraging our supply chain partners to meet our sustainability and ESG supplier standards.

Reinventing talent management to capture opportunities in a changing world

We are building our talent and our organization's capabilities to capture all the opportunities ahead of us. By empowering and enabling our teams across our markets to unleash their full potential, we are helping them to grow together with TITAN in a safe, healthy, inclusive and fair workplace.

120 years of sustainable growth

A long history of sustainable growth

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

TITAN Group growth journey since 1902:

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

Foundations
Growth in Greece
International Expansion

TITAN Bulgaria

Following the privatization policy of the state, Zlatna Panega was privatized. Heidelberg Cement AD acquired the plant.

Year

TITAN Group

1998

Cementarnica Usje, North Macedonia

1999–2002

Beni Suef Egypt (50% joint venture) 100% of Roanoke, Virginia, Kosjeric, Serbia Alexandria PCC (APCC), Egypt (50% joint venture) and Pennsuco, Florida, USA

2001

Certified under ISO 9001 Quality Management System.

2003

The company was acquired by the multinational manufacturer of building materials TITAN Cement AD, and joined the TITAN Group.

TITAN Group acquired the plant in Bulgaria.

Certified under ISO 14001 Environmental Management System

Zlatna Panega Cement was accepted as a member of the UN Global Compact network. In 2003 Zlatna Panega Cement won the Best Practice Award that was given out to Bulgarian companies joining and promoting the UN Global Compact Initiative. Zlatna Panega Cement best practice was published in GC website in 2004.

The Plant started using Alternative Fuels.

2005

Building of Bulk loading station

2006

Reconstruction of Kiln lines for production of cement clinker

2007

Greenfield investment, Antea plant, Albania

2008

Employee care: building of new Medical Center; Canteen, Baths and Admin offices

Construction of Vertical cement mill

Construction of Clinker storage silo 37,500 t

Reconstruction and modernization of water supply and sewerage systems; Water treatment plant for domestic water; New circulating water supply

Modernization of packaging machine, installation of new Palletizing equipment

International Expansion

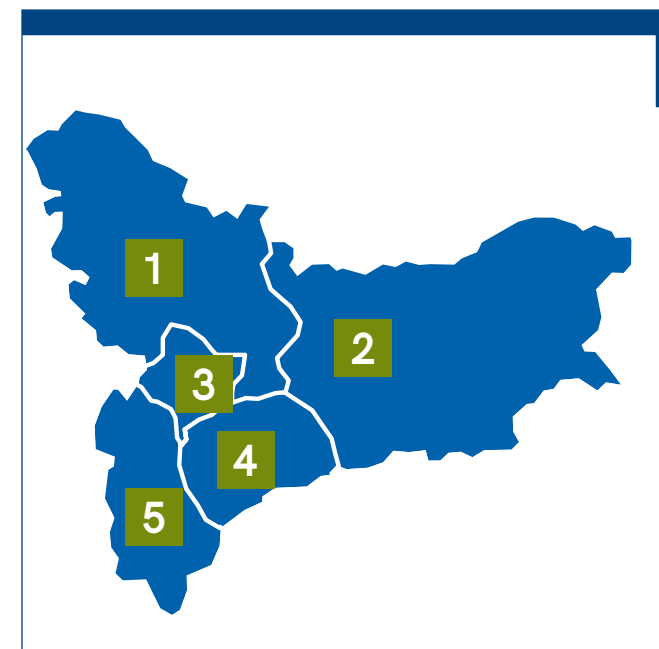
TITAN Bulgaria

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

International Expansion

Our global presence

OUR PRESENCE in SEE



Southeastern Europe Cement plants

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

Principal products/ activities key:

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

Southeastern Europe

5
Integrated
cement plants

6
Ready-mix
plants

20
Quarries

1
Processed
Engineered
Fuel facility

Principal products/activities



REVENUE
€290.6m

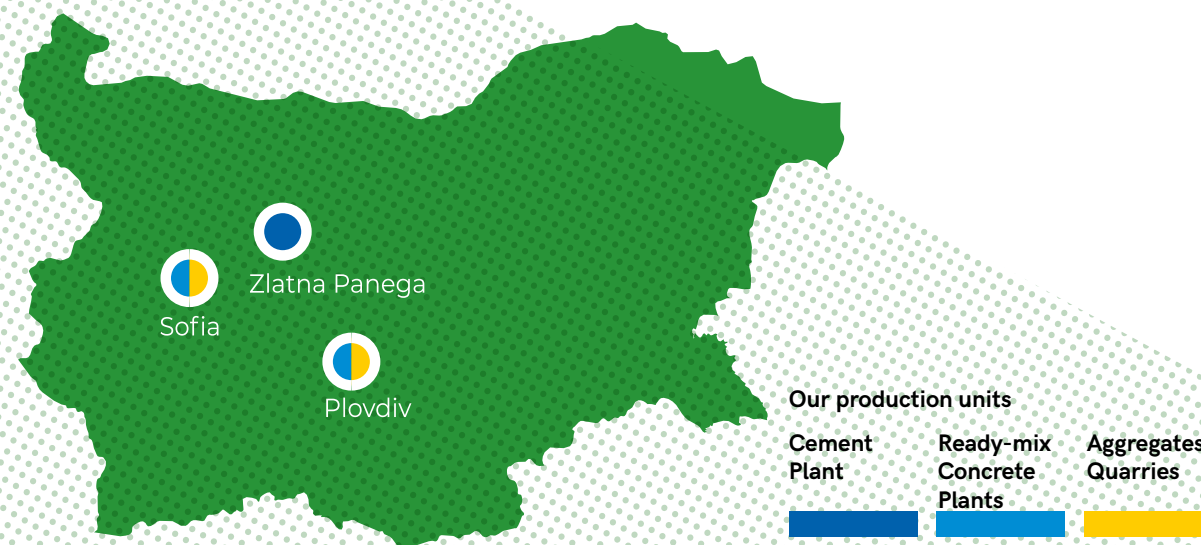
EBITDA
€81.9m

ASSETS
€467.1m

Zlatna Panega Cement AD is part of Titan Group

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

TITAN Bulgaria is a vertically integrated company



TITAN Bulgaria builds on more than 113 years of cement production and experience

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

TITAN Bulgaria operates five Ready-mix Concrete Plants

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

Twelve aggregate quarries

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

Green Alternative Energy Assets (GAEA)

TITAN Bulgaria, through its subsidiary GAEA, supports the development of the circular economy as it produced process engineered fuel (PEF) for the plant. The plant co-processed in 2021 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 Fuel targets.

ONE SET OF STRONG VALUES

We are passionate about building a sustainable world with our innovative construction solutions. Our values are at the core of who we are; they guide our strategy and provide the foundation for all our operations. They have provided our people with a strong bond and supported the growth that has sustained us for over a century, stemming directly from the principles, beliefs and vision of our founders back in 1902. They remain the solid basis of our culture and family spirit.

INTEGRITY

- Ethical business practices
- Transparency
- Open communication
- Good governance

LEARNING ORGANISATION

- Enhancement of knowledge base
- Proficiency in every function
- Excellence in core competencies

VALUE TO THE CUSTOMER

- Anticipation of customer needs
- Innovative solutions
- High-quality products and services

DELIVERING RESULTS

- Shareholder value
- Clear objectives
- High standards
- Performance focus

CONTINUOUS IMPROVEMENT

- Focus on innovation
- Willingness to change
- Rise to challenges
- Team collaboration

SUSTAINABLE DEVELOPMENT

- Safety first
- Climate change mitigation
- Strong environmental performance
- Stakeholders' engagement and CSR

Ingrained in 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.

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

OUR GROUP STRATEGY: Grow our business, focus on the customer, build our talent

The aim of TITAN's customer-focused strategy is to accelerate the growth of the Group in its existing markets and in new areas, and to provide the building materials and innovative construction solutions necessary for a more sustainable world, thus benefiting our customers, employees, suppliers and communities.

TITAN Group has created long-term value for its stakeholders for almost 120 years, by constantly evolving and renewing its strategy.

Following the latest review of our strategic direction and priorities, our strategy is founded on the following three pillars:

Deliver

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

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

Decarbonize

TITAN Group was among the first companies in the global cement industry to have its 2030 GHG emissions reduction targets validated by the Science Based Targets initiative (SBTi) as consistent with the levels required to limit the global temperature increase to 1.5°C. Raising our climate ambition even higher, we seek to address not only direct (Scope 1) emissions and indirect emissions from the generation of purchased electricity (Scope 2), but also other indirect emissions in the supply chain (Scope 3). Furthermore, TITAN is committed to reaching net-zero emissions by 2050. TITAN’s decarbonization strategy includes a comprehensive set of levers to reduce emissions from cement production by accelerating the use of alternative fuels, substituting clinker with cementitious materials with lower carbon intensity, increasing energy efficiency and optimizing its raw materials mix. The Group will continue to leverage unique assets and competencies, including its proprietary fly ash beneficiation technology, to provide innovative solutions for the future net-zero construction value chain.

Digitize

TITAN has been among the pioneers in its sector in implementing innovative Artificial Intelligence (AI) digital solutions in its operations. It has already implemented significant innovations with measurable impact, such as its real-time optimization and predictive maintenance solutions for its manufacturing operations. TITAN aims to continue improving its operating performance and customer experience by leveraging big data and AI to develop a digitally empowered and efficient operating model and to provide cutting-edge digital solutions to its customers. TITAN’s “cement plants of the future” will fully harness the power of digital technologies and advanced analytics to achieve higher asset productivity and reliability, reduce production inputs and energy consumption, and decrease CO₂ emissions. The Group is also deploying innovative digital solutions for the next generation of supply chain management, with optimized distribution networks, predictive planning and dynamic logistics operations. Finally, a digitally-enabled customer experience will drive value generation for our cement and concrete business through excellence in customer service.

We, at TITAN Bulgaria remain highly committed to the TITAN Group aim. Our actions are aligned with the group strategic pillars and we are working towards achieving the outlined strategy.

To improve our operational excellence, we have installed a green hydrogen-producing unit feeding hydrogen into our kiln together with coal, a method that improves the efficiency of combustion. We initiated an Energy Efficiency Audit with a renowned foreign consultant. Our project to renovate and upgrade the alternative fuel processing and feeding equipment is on top of TITAN’s Bulgaria agenda. That project, once completed in 2023, will give us the ability to further increase alternative fuel substitution to 70%. On the digital front, we have installed a state-of-the-art digital camera and participated with the Group Innovation Technology department in an R&D project developing an artificial intelligence application to optimize the burning process, while we continue utilizing a TITAN-developed machine learning application for Predictive Maintenance. To successfully realize our ambitious plans, we constantly upskill our personnel as they play a crucial role in driving the commercial and technological transformation of TITAN Bulgaria.

The Group is now launching three strategic initiatives to reinforce TITAN’s strategy implementation and accelerate its growth and customer-focused transformation journey.

1. Grow our business

Leveraging operational excellence, a distinctive ESG performance and superior customer engagement, along with decarbonization and digitalization, TITAN will continue to develop its growth platform, capitalizing on opportunities to strengthen and expand its low-carbon cement and concrete core activities as well as to pursue opportunities in adjacencies and new sources of value

in the building materials value chain. The Group will grow the business on all fronts to increase revenues, but also the Group’s overall financial strength, by improving margin performance and free cash flow conversion, enhancing capital allocation efficiency and optimizing working capital. For this purpose, targeted opportunities for each market are being developed in conjunction with several Group-led strategic workstreams.

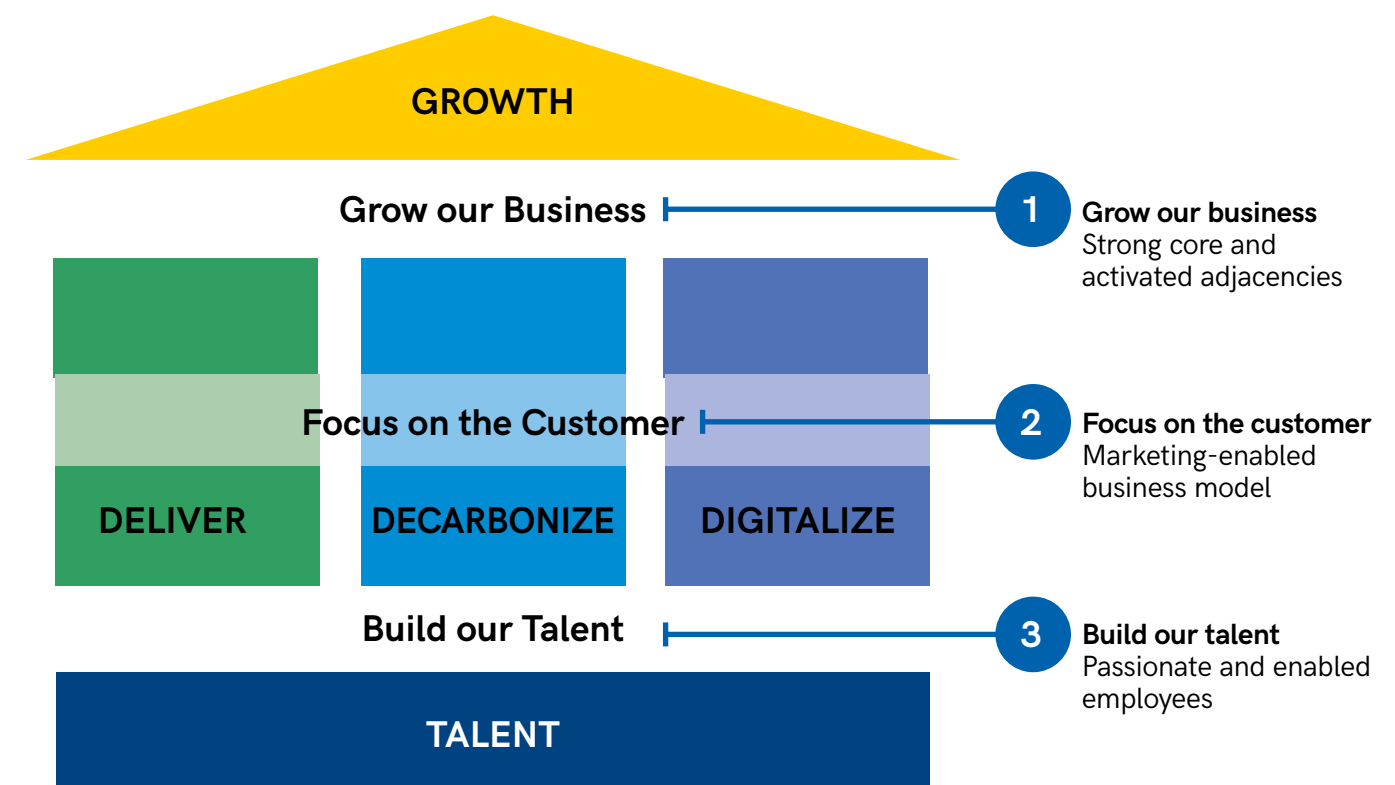
2. Focus on customer

TITAN Group has always served its customers with high-quality products and solutions. To further increase the value offered to its customers, TITAN is enhancing its commercial transformation which, together with digitalization, decarbonization and operational excellence, will allow the Group to address the evolving needs of customers in each market and segment, and offer more innovative, decarbonized and cost-effective materials and solutions.

By following a market-oriented approach, TITAN will collaborate closely with its customers to offer expert advice and tailor-made solutions. To achieve this customer-centric operating model, the Group will make investments to increase sales force excellence and expertise in all construction segments, develop digital solutions that facilitate interaction with customers and launch an innovative, green, complementary product portfolio.

3. Build our talent

TITAN’s long tradition of building capabilities and developing talent with an ambitious, entrepreneurial mindset and a values-driven culture lies at the foundation of our growth-oriented strategic plan. The strategic plan encompasses and is powered by, an accelerated drive to transform the Group by further building our talent, both in terms of core competencies and in terms of new skillsets in leadership and managerial practices. The Group will reinforce its lean and agile organization across its entire footprint, where high-performance teams collaborate seamlessly and are empowered to take decisions and respond flexibly to a changing world.



Creating and sharing value

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

Material issues for TITAN and its stakeholders

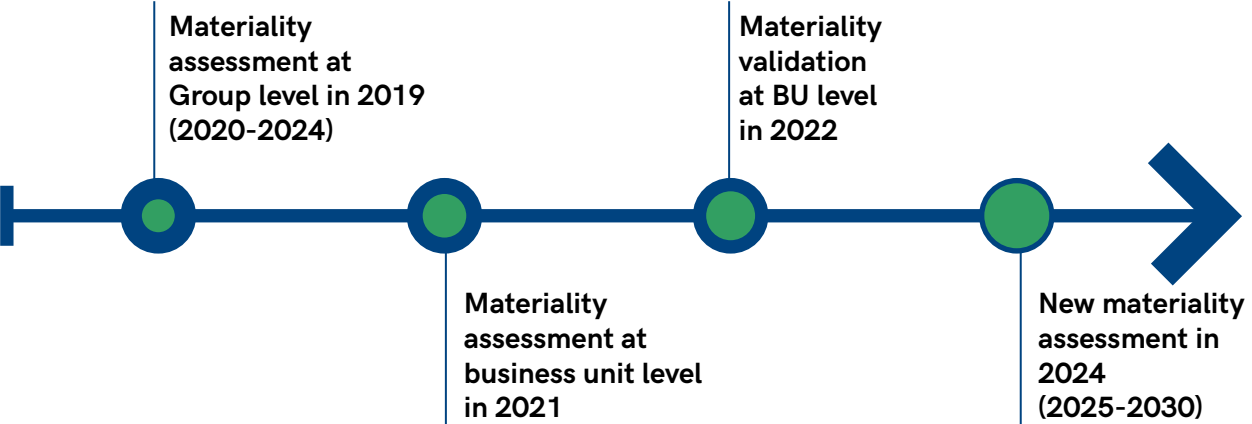
We are engaging with our stakeholders across our locations to obtain a deeper understanding of their expectations and needs. Mapping what is most material to them and to the business through a double materiality process helps us develop sustainable business strategies and create value that lasts.

Materiality validation and stakeholder engagement

- Materiality assessment- an ongoing process

Our materiality assessment is an ongoing process that provides the foundation for the development and implementation of our sustainability strategy. The outcomes of the materiality assessment process are used to shape the contents of the Annual Integrated Report and guide actions and initiatives addressing priorities for both our operations and our key stakeholders. A review and update of the materiality assessment process was conducted in 2016, with amended or adjusted material issues in 2018, and then again as a new materiality assessment in 2020. A full cycle of materiality assessment at TITAN has a duration of five years. A schematic is provided next:

Materiality validation steps



In 2022 we conducted a validation of our Materiality issues with selected key stakeholders. 12 stakeholders were chosen to be part of the Materiality Validation process. Details are provided below about response rate and completion rate, at high level and with satisfactory inclusion of the opinion of stakeholders. The stakeholders' answers have confirmed our BU material issues, with important feedback about the areas of Sustainability of Communities and Climate Change. A few issues addressed by stakeholders as additional should be explored further, and the outcomes will be taken into consideration for the new Materiality cycle.

Materiality validation steps



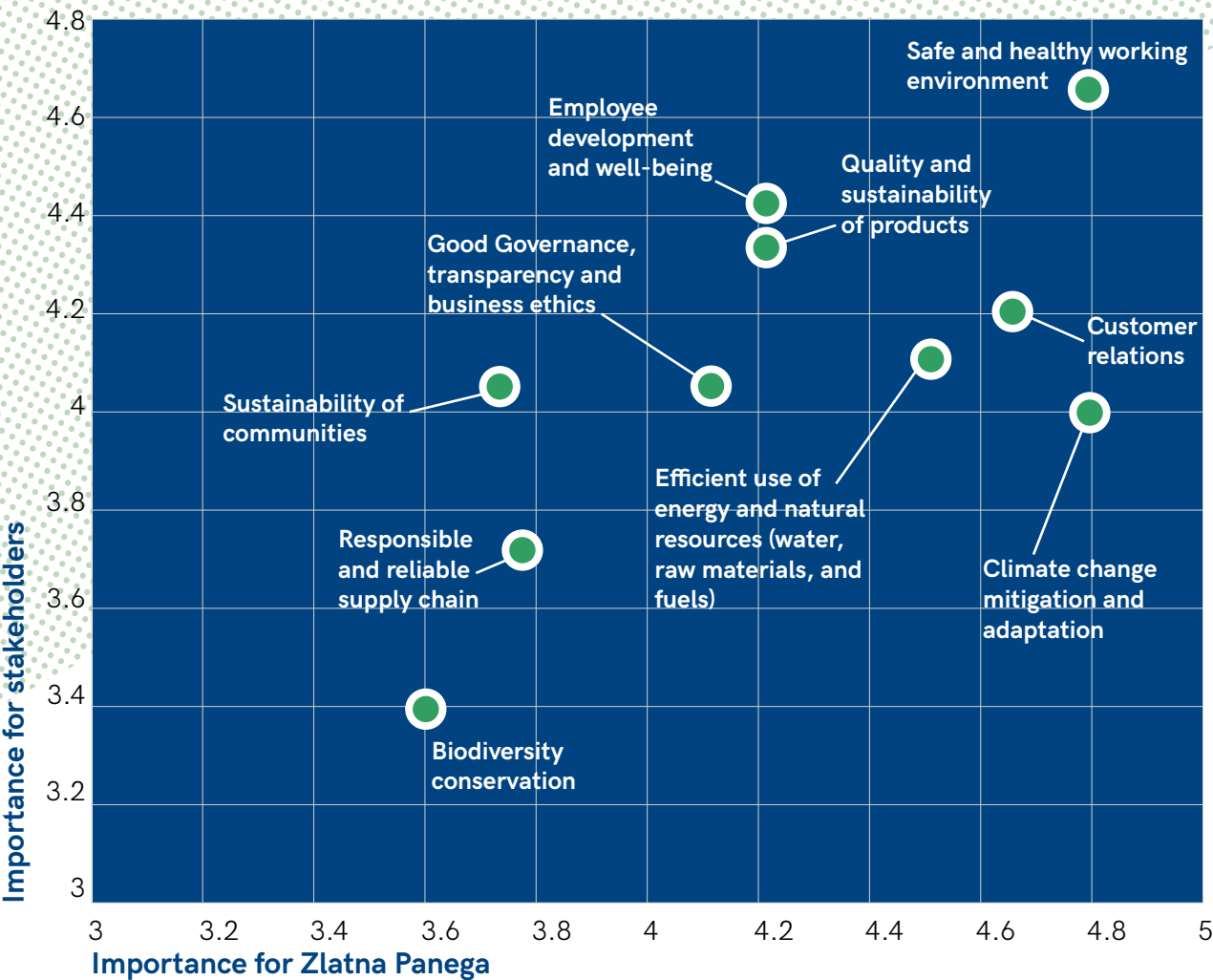
General info

| Recipients | Responded | Completion Rate | Launched | Survey Duration |
|------------|-----------|-----------------|----------|-----------------|
| 12 | 11 | 91% | May 09 | 12 days |

Summary table for stakeholders by category

| # | |
|----|---------------------------------------|
| 1 | Bulgaria stakeholders |
| 2 | Employees |
| 3 | Customers |
| 4 | Business partners associations |
| 5 | Regulators, authorities |
| 8 | Local communities & local authorities |
| 7 | Youth |
| 8 | Contractors |
| 9 | Academia and research |
| 10 | Media |
| | Suppliers |

Materiality Matrix 2021



Corresponding UN-SDGs 2030 with TITAN Bulgaria Material Issues 2022

The materiality assessment provides a clear connection between the identified key material issues with the relevant Sustainable Development Goals (SDGs) established by the UN to achieve long-term growth and development by 2030. We are committed to aligning our strategy and business action plans with material issues of our stakeholders' highest priority and work towards meeting their needs.

Relevant SDG for each material issue

| Material issued 2022 | Core SDGs for the BU | Supplementary SDGs |
|--|---|---|
| Climate change mitigation and adaptation | 13 CLIMATE ACTION | 3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS |
| Safe and healthy working environment | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 17 PARTNERSHIPS FOR THE GOALS |
| Customer relations | 17 PARTNERSHIPS FOR THE GOALS | 3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| Efficient use of energy and natural resources (water, raw materials and fuels) | 13 CLIMATE ACTION | 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 15 LIFE ON LAND, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS |
| Employee development and well – being | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 17 PARTNERSHIPS FOR THE GOALS |
| Quality and sustainability of products | 13 CLIMATE ACTION | 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS |
| Good governance, transparency and business ethics | 17 PARTNERSHIPS FOR THE GOALS | 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH |
| Responsible and reliable supply chain | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 17 PARTNERSHIPS FOR THE GOALS |
| Sustainability of communities | 17 PARTNERSHIPS FOR THE GOALS | 4 QUALITY EDUCATION, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES |
| Biodiversity conservation | 13 CLIMATE ACTION | 11 SUSTAINABLE CITIES AND COMMUNITIES, 14 LIFE BELOW WATER, 15 LIFE ON LAND |

TITAN Group ESG Targets Focus Areas

Since 2021 TITAN Bulgaria adopted the approach and contributes for the achievement of TITAN's Environmental, Social and Governance (ESG) targets 2025 and beyond, focusing on four pillars defined as material for TITAN Group. In this Report, under the section of Management review for ESG performance, we present our progress by connecting our high priority material issues with the Focus Areas of TITAN.

| TITAN Group Focus Area | DE-CARBONIZATION AND DIGITALIZATION | GROWTHE WORK ENVIRONMENT | POSITIVE LOCAL IMPACT | RESPONSIBLE SOURCING |
|------------------------|---|--|--|---|
| |  |  |  |  |
| TITAN Group Ambition | We will transform our business, focusing on resilience, innovation and on building solutions to serve our customers more efficiently as we move towards a carbon-neutral, digital world | We will cultivate an inclusive culture with equal opportunities for all our people to grow professionally within a safe and healthy work environment | We will enable our business operations and our people worldwide to contribute to the prosperity of our local communities with respect to their social and environmental concerns | We will empower our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviors, while using natural resources responsibly |

Connecting TITAN Bulgaria's material issues to TITAN Group Focus Areas

All disclosures for our performance KPIs for the areas of Environment, Social, and Governance in 2022 are restructured by following the outcomes of the materiality assessment at the Group level, using the "compass" of the TITAN's Focus Areas: 1. De-carbonization and Digitalization; 2. Growth-enabling work environment; 3. Positive local impact; and 4. Responsible sourcing. All underpinned by 5. Good governance, transparency, and business ethics. The respective KPIs for ESG performance are aligned with the most relevant material issues under each of the Focus Areas. The approach for our ESG Statements aims at providing to external as well as internal stakeholders an efficient flow of metrics, around disclosures of performance that are focused on TITAN's materiality framework and connected with TITAN's targets for 2025 and beyond.

Value creation in 2022

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

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

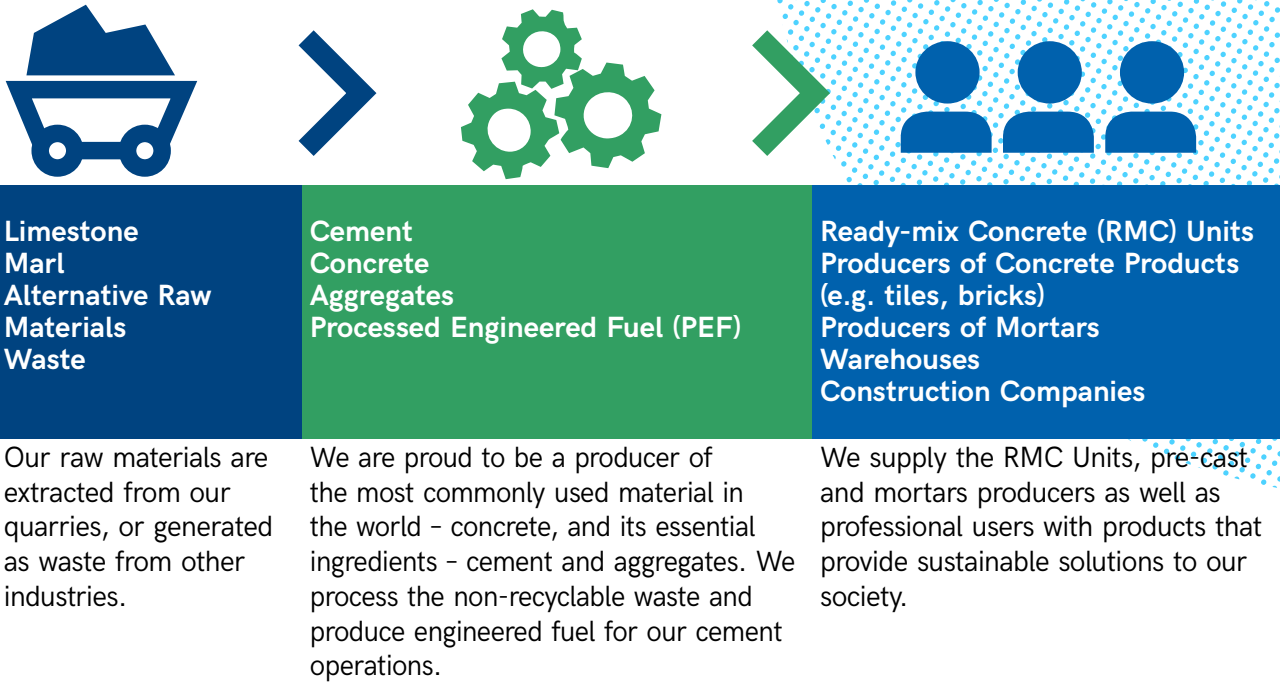
We actively collaborate with international organizations to address global sustainability challenges within the framework of the UN Sustainable Development Goals for 2030. TITAN Group is a Participant of the UN Global Compact (UNGC) and a core member of CSR Europe and the Global Cement and Concrete Association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

In 2022, we contributed to the attainment of the SDG 2030 that we recognized as relevant to our business and material issues for our stakeholders.

Terms related to the Value Creation Indicators are adopted from the Glossary for Value Creation Core Indicators (ESG Statement 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, see table 2.5.10 from this report.

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

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



The key indicators and the amounts that we dedicated in 2022 to the creation of value for our stakeholders and the contribution to the UN SDGs 2030 are summarized in the table below:

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

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

Working together for sustainable development

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

Sustainability is an integral part of our business, and we achieve it with the help of our stakeholders. Reflecting that philosophy, we at TITAN Bulgaria respond to the growing sustainability challenges. By participating in global partnerships and organizations, TITAN Group aims to address the challenges of the UN Sustainable Development Goals for 2030. TITAN Group is part of the UN Global Compact, a member of CSR Europe, and the Global Cement and Concrete Association (GCCA).

Our dedication to socially-responsible policies allow us to improve our corporate strategy and monitor good examples of sustainable development as we wish to take part in the creation of well-being for all our stakeholders.

Along this road, we are encouraged by our most important partners who have demonstrated international relationships, expertise, and enviable achievements in sustainable development.

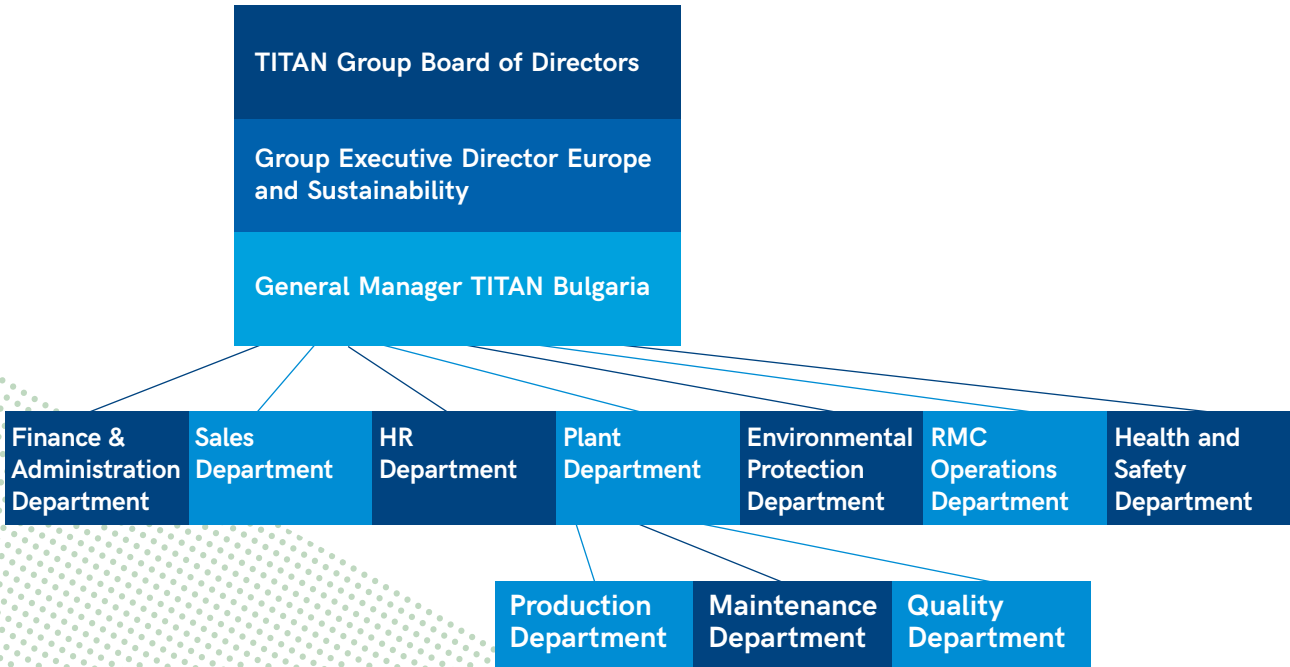


Management report

Corporate governance and risk management

Organizational structure, boards and committees

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



Board of Directors (BoD)

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

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

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

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

Committees

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

Risk management

Financial and sustainability related risks

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

| TYPE OF RISK | IMPORTANCE OF RISK | MITIGATING ACTIVITIES |
|--|---|--|
| MARKET CONDITIONS AND CARBON LEAKAGE RISK | The company operates in a very competitive environment, with several domestic and foreign competitors. The market is susceptible to carbon leakage from imports, while local demand depends significantly on the general economic conditions in the country. | TITAN Bulgaria improves operational effectiveness, implements techniques, and invests in technologies aimed at reducing dependence on fossil fuels and decreasing its carbon footprint, thus reducing costs. The company optimizes its recipes and develops new products in line with the Group decarbonization strategy keeping same products characteristics and meeting the expectations of the customers. |
| CLIMATE CHANGE MITIGATION AND ADAPTATION RISK | The transition to a low-carbon economy in the EU, streamlined by the relevant policy and regulatory changes and followed by the introduction of new technologies, is the main climate-related risk for TITAN Bulgaria. It may result in a significant increase in capital expenditures and operating costs and lower the competitiveness to imported or other construction products, which do not bear the burden of the Greenhouse Gas (GHG) cost. The carbon footprint of the products in the portfolio of TITAN Bulgaria is comparable to the average in EU; thus, the company's exposure to a transition risk towards a low carbon economy is high. | TITAN Group closely monitors relevant regulatory developments and takes proactive measures to mitigate potential negative consequences. A scenario-modelling approach has been adopted for the examination of possible outcomes (transitional risks) and the identification of appropriate roadmaps of mitigating actions for the safeguarding of the Group's business resilience (see TITAN Group IAR 2021). TITAN Bulgaria has developed a robust decarbonization roadmap with clear milestones and objectives. The company mitigates the climate-related transition risk by directing the investments to projects that will decrease the carbon footprint of its our operations, continuously assess the energy efficiency of the production process and strives for improvements, designs a product mix with a view of constantly decreasing carbon footprint. Furthermore, the company has introduced an internal carbon pricing for the long-term and short-term strategy. We follow the TITAN Group Environmental Policy and Climate Change Mitigation Strategy, targeting for specific net CO ₂ emissions. EU Emissions Trading System (ETS) related issues are in the scope of the BU Management Committee. |
| LIQUIDITY RISK | The company is not exposed to any significant liquidity risks. | The company has adequate revolving lines to cover cash needs. As of June 30, 2022 the company has revolving loans of €9.7 million, of which €4.7 million are not utilized. An additional credit line of €3.1 million will be secured to cover seasonal fluctuations. |
| CREDIT RISK | The company is not exposed to any significant credit risks. Receivables from customers come from a wide customer base. | The company closely monitors its customers' financial status, and on this basis, it sets a credit limit for each customer. Additional collateral from customers is required to secure payments. Impairment of receivables is applied in the case of inability of the customers to settle the amounts owed to the company. |
| FOREIGN CURRENCY EXCHANGE RISK | The company faces a currency risk with payments to foreign suppliers or in the case of using foreign currency credits. | All credit lines of the company are in local currency, and most of the operating costs, except for solid fuels, are in local currency. Thus, the receivables from customers are hedged naturally as they are almost entirely in local currency. |

| | | |
|--|--|--|
| PRODUCTION COSTS VARIATION RISK | Fuel, electricity, and raw material costs form the largest segment of the company's production costs. Price changes in conventional fossil fuels pose the risk of considerable variation in production costs among domestic and foreign suppliers (who operate in a market where electricity prices are significantly lower), and increase carbon leakage pressures. | To mitigate this risk, the company will continue investing in equipment, aiming to reduce electricity consumption, decrease conventional fuel utilization and increase the Alternative Fuels substitution rate. |
| HEALTH AND SAFETY RISK | Cement companies represent heavy industrial environments, which have occupational health risks. The COVID-19 pandemic has introduced additional health risks to our operations. We were able to manage this risk at the operational level. Industrial risks from the activity itself include mechanical, electrical, dust, noise, moving parts – among others. | The company recognizes Health and Safety as its priority and its main goal is zero occupational accidents. The company implements ISO 45001 Health and safety management standard which provides a structured framework for ensuring a safe and healthy workplace. All risks related to the company's activities are systematically assessed and the applied measures for mitigation are constantly monitored, assessed, and updated on a timely basis. The company employs experienced Health and Safety professionals and provides regularly training programs to all employees. Although the risk of dissemination of COVID-19 has been decreased as a percentage of the employees have been vaccinated or already deceased, the company continued screening tests for people returning from their vacation and provided rapid and PCR tests to employees that did not feel well or wanted to test themselves. |
| LABOUR MARKET RISK | The high unemployment rate in the region, where the company operates, leads to its depopulation. As a result, it becomes more difficult to hire employees for operational positions. The company recognizes the importance of trade unions and workers' associations in improving working conditions and protecting labor rights. | The near future response is to develop links with professional schools in the region and explore new locations in the region for potential employees. The company collaborates efficiently with both trade unions – the Confederation of Independent Trade Unions in Bulgaria, and Podkrepa. Union's representatives are involved in the committees, dealing with working conditions in the company, and have the opportunity to express their views and proposals. |
| ENVIRONMENTAL RISK | TITAN Bulgaria's operations are subject to extensive national and EU environmental laws and regulations. These may impose increasingly stringent obligations and restrictions regarding, among other things, land use, remediation, air emissions, waste treatment, water use, use and production of chemicals. The costs of complying with these laws and regulations are likely to increase over time. The company is operating on the territory of a karst area supplying the neighboring villages with water. Part of the main quarry for the cement production is located within NATURA 2000 protected habitat. The company utilizes variety of wastes as substitutes to the natural raw materials and fossil fuels. | TITAN Bulgaria is in compliance with all environmental regulations and conditions. With a view to continuously managing the environmental impact of its operations, the company applies an environmental management system to monitor and report its environmental impact. The company is making exceptional efforts to reduce the risk of impact to the water bodies in the area of the cement plant. It has built facilities for purification and filtration of wastewater and carries out regular monitoring of quality of surface and ground waters and the water consumption. The operations of the cement plant are covered by a Water management plan. TITAN Bulgaria has a biodiversity management plan at the Zlatna Panega Quarry, developed in alignment with the GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management and has a program for biodiversity protection and enhancement. All activities, including the use of wastes as alternative fuels and raw materials are subject to strict procedures of monitoring, evaluation and control, being part of the integrated management system of the company. |
| GAS STOPPAGE RISK | At the time of writing the report, the possibility of gas supply stoppage to the country, has become possible due to Ukrainian war. The plant depends on gas to operate the cement mills and for preheating the kilns for a restart. A stoppage of gas therefore threatens continuity of operations. | The company upgraded the heating installation both for the kilns and the cement mills, in order to be capable to use other fuels such as diesel or propane. |



ESG performance review

An overview of our performance on the environmental, social and governance pillars, and our ESG statements

As presented on page 21, TITAN sets ambitious Environmental, Social and Governance (ESG) targets for 2025 and beyond, underscoring its enduring commitment to sustainability and value creation for all. They focus on four pillars – Decarbonization and Digitalization, a Growth-Enabling Work Environment, Positive Local Impact and Responsible Sourcing – all of which are underpinned by good governance, transparency and business ethics. The ESG performance review section of the Integrated Annual Report provides a detailed overview of our annual performance and progress towards meeting our ESG targets. For each of the issues that have been identified as material for TITAN and its stakeholders, we present the foundations that we have built on and describe our management approach to addressing these issues, highlighting important achievements recorded throughout the year.

Material issues:

Climate change, mitigation and adaptation

Efficient use of energy and natural resources (especially for fuels)

Focus area: Decarbonization and Digitalization

Companies are important players in the fight against climate change. The decisions they make are critical for the processes of global warming. As people and representatives of a responsible business, whose choice is to leave a better world for our children, at TITAN Bulgaria we take steps every day for more environmentally friendly production. We are looking for solutions to reduce the company's carbon footprint.

Change your mind and you will change your world.

Norman Vincent Peale

Climate change represents a long-term risk for our planet and society. It requires the mobilization, at global level, of organizations across many sectors, the cement industry among them.

TITAN is committed to the COP21 Paris Agreement goal, which was reaffirmed at COP27 in Sharm el-Sheikh, Egypt, to keep the increase in global average temperature to 1.5°C above pre-industrial levels, and to the UN Sustainable Development Goals 2030. The Group also supports the European Green Deal vision of carbon neutrality by 2050 and endorses the Global Cement and Concrete Association (GCCA) 2050 Climate Ambition, the cement industry's joint effort towards carbon neutrality. Furthermore, TITAN Group participates in the "Business Ambition for 1.5°C" global campaign led by the Science Based Targets initiative (SBTi), joining a number of leading companies worldwide that are committed to keeping global warming to 1.5°C and reaching net-zero emissions by 2050. By signing the "Business Ambition for 1.5°C" commitment letter, TITAN also joined the United Nations Framework Convention on Climate Change (UNFCCC) "Race to Zero" global campaign, which encourages more companies, governments, and financial and educational institutions to come together and act for a healthier planet with zero carbon emissions.

2030 Decarbonization roadmap

In 2021, Zlatna Panega Cement developed a decarbonization roadmap with clear targets. It includes actions in every aspect of the company's activities: trade, production, maintenance, investment, finance and communication.

In February 2022, TITAN Group revisited its Decarbonization roadmap for the achievement of our 2030 target. Participation in this process was universal and cross-departmental: senior as well as middle-management from the commercial and technical departments of all business units were involved in the development of this roadmap, which covers all traditional CO₂ emission reduction levers:

1. Reducing clinker content in the final product (clinker-to-cement ratio)
2. Increasing the thermal substitution rate (TSR) of fossil fuels with alternative fuels (AF)
3. Increasing energy efficiency by reducing specific heat consumption through process optimization

The outcome did indeed confirm the Group's ability to reach its stated targets as validated by the SBTi.

The priorities

The Titan Group is part of the leading companies that have the ambition to:

- Limit global warming to below 1.5°C
- Reach net zero emissions by 2050

To achieve these two important goals, the company signed a letter of commitment "Business Ambition for 1.5°C" ahead of the UN Climate Change Conference – COP 26.

The steps

In 2021, TITAN Group has set ambitious targets to reduce direct net specific emissions of CO₂ (Scope 1) to 500 kg CO₂/t cementitious product with a horizon of 2030. In terms of indirect CO₂ emissions from electricity consumption (Scope 2), our target is to reduce them by 45% in comparison with 2020 levels. These targets were aligned with 2.0°C scenario but in 2023 the company updated and supplemented them in line with the 1.5°C pathway as follows:

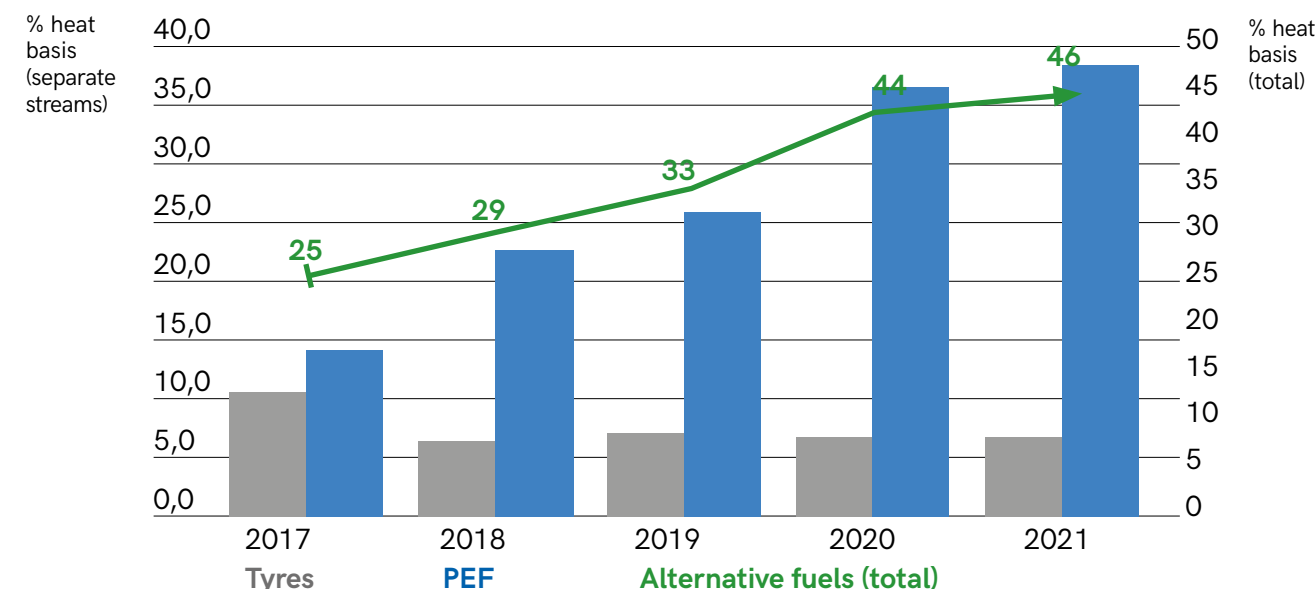
- Decrease of gross direct emissions per ton of cementitious product (Scope 1) by 22.8% compared to 2020
- Reduce indirect CO₂ emissions from used electricity (Scope 2) by 58.1% compared to the same year.

These goals are validated by the Science-Based Targets (SBTi) initiative, which puts us among the first cement companies in the world that has set and validated decarbonization targets.

The results

True to our practice of priority utilization of the waste generated on the territory of our country, we have strengthened our role as a stable partner and participant in the circular economy of Bulgaria. In 2022, the heat from the use of alternative fuels in furnaces reached 46%, representing an increase of more than 6% compared to 2021. The recovered quantities of waste used as fuel are over 35,500 tonnes, over 18,000 of which contain plastics. This equates to 0.07% of the total amount of waste plastics generated in Europe per year, which is 25 million tonnes of plastic waste: (<https://ec.europa.eu/environment/pdf/circular-economy/pan-european-factsheet.pdf>)

Alternative fuels substitution rate



All waste that Zlatna Panega Cement AD uses as an alternative fuel is non-recyclable and the only alternative for it is landfilling, which in itself is an activity that pollutes the environment and leads to the loss of valuable resources.

Innovative approaches

Following the global trend of reducing the use of fossil fuels and the TITAN Group's ambition for carbon neutrality, in 2022 we invested in a hydrogen production plant. It is an environmentally friendly fuel derived from the breakdown of the water molecule. The main advantages of this project are related to the use of hydrogen as a catalyst and fuel process enhancer in cement clinker kilns.

The construction of the installation helped us to achieve:

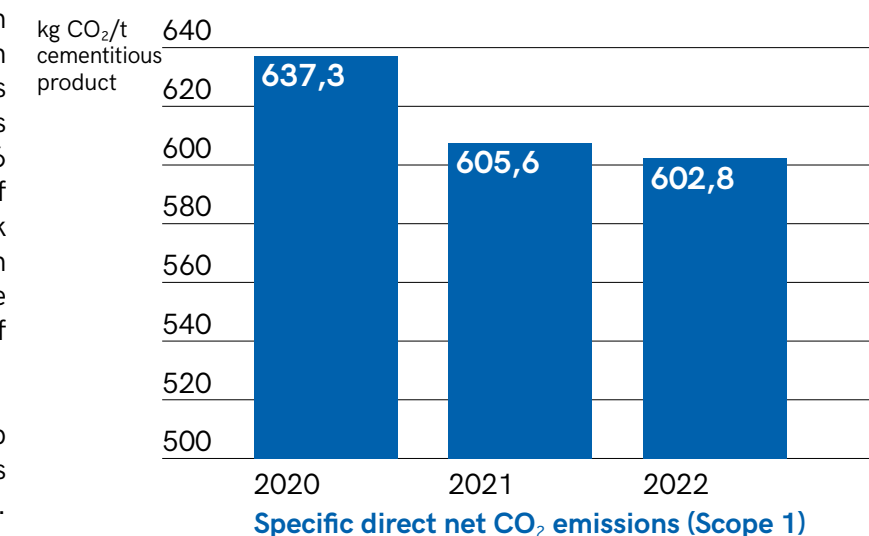
- Optimization of the combustion process
- Energy efficiency
- Reduction of emissions to ambient air

The achievements

Our efforts to increase alternative fuels in the fuel mix have resulted in a reduction in gross carbon dioxide emissions per ton of clinker by 3% compared to the previous year. Net emissions per ton of cementitious product also show a decrease – from 606 kg/t of cementitious product to 603 kg/t of cementitious product. These results rank us among the five lowest carbon plants in the Group. That is how we contribute to the achievement of the decarbonization goals of the company.

The biomass content of the fuel mixture is up nearly 40% as a result of strict supply controls and waste biomass used as fuel in kilns in 2022. Biomass is a carbon-neutral fuel and its use, combined with energy efficiency measures, is the most efficient tool for reducing CO₂ fuel emissions in cement plants.

Specific direct net CO₂ emissions (Scope 1)



Look ahead

In 2022, we continued to invest our efforts in the production and supply of products with a lower carbon footprint. The ratio of clinker input to cement produced remains constant.

We have proven in recent years that we are successfully fulfilling the goals we set for ourselves. We have a strong result. Our team's skills and flexibility in implementing each project make us feel confident that this successful process can and will continue. The team is capable of coping. We are proud and grateful for the efforts of each member of TITAN Zlatna Panega. This is the only way we can build our future together.

Innovation with emphasis on digitalization and decarbonization

TITAN remained strongly committed to investing in research, development and innovation activities in 2022, covering the entire value chain of manufacturing and distributing cement, concrete and cement-based products, with a focus on decarbonization, digitalization and competitiveness.

TITAN Group's activities in innovation in 2022 addressed all conventional levers to improve the Group's carbon footprint, namely thermal energy efficiency, fuel switching and reducing the clinker-to-cement ratio. As regards clinker reduction through the increased use of supplementary cementitious materials (SCMs), TITAN extended the range of material sources with a minimal or zero-carbon footprint under evaluation in all our locations.

At the same time, TITAN Group continued to advance in innovative ways to improve its carbon footprint, with an emphasis on carbon capture, utilization and sequestration, and hydrogen technologies.

Digitalization

Digitalization is a strategic objective for TITAN and Industry 4.0 provides TITAN with a great opportunity. Big data, analytics and artificial intelligence will transform the cement industry. TITAN is one of the pioneers in the digital transformation of the sector, especially in cement manufacturing. Digital technologies can unlock significant value and change the landscape in the cement industry. TITAN believes that investing in the digitalization of its operations will enable it to compete successfully in the new operating model that technology is creating for the industry.

TITAN established its Group Digital Center of Competence in 2020 to further strengthen the Group's capabilities to develop and implement new digital solutions, with an emphasis on the manufacturing, supply chain and customer domains, built on the foundation of an integrated data platform and a new flexible and agile working model for its operations.

In the manufacturing domain, the Group Digital Center of Competence continued the rollout of existing Artificial Intelligence-based Real Time Optimizer solutions for its cement manufacturing lines and developed new ones. The Real Time Optimizers, which are both sourced from external partners as well as developed in-house, allow for increased output per production equipment as well as reduced energy consumption. As of 2022, the Group Digital Center of Competence has installed Real Time Optimizers in TITAN Bulgaria.

In addition, TITAN is rolling out a machine-learning-based failure prediction system tailored to the operating environment of cement plants, thus increasing their reliability and reducing the cost of unplanned maintenance. As of 2022, this system has been installed in TITAN Bulgaria.

Resilience of IT infrastructure and cyberattacks

To address cybersecurity risk, TITAN has implemented an Information Security Management Framework, which includes Group Information Security policies, procedures and guidelines following the ISO 27001 standard. TITAN has invested in an ongoing cybersecurity awareness program carried out annually for all TITAN employees to alert them about proper cyber hygiene and the possible security risks associated with their actions and to help them identify the cyberattacks they may encounter in daily operations.

Furthermore, TITAN has a comprehensive security program and has implemented and maintains

security systems including security information and event management (SIEM), web filtering, next-generation firewalls, intrusion protection, multifactor authentication, email protection and Endpoint Detection and Response (EDR).

Security indicators (KPIs) are used to measure and improve its information security status.

The Cybersecurity Strategy and Strategic Plan is managed by a cybersecurity organization with appointed information security managers and a direct link to top management boards, where the execution progress status is regularly reported.

The main cybersecurity actions that took place in 2022 include Group projects and operations carried out in TITAN Bulgaria, including

- **Vulnerability management**
- **External and internal penetration tests**
- **Implementation of new security controls (SIEM, EDR)**
- **Phishing simulation exercises**
- **Security awareness training**
- **Improvement of security measurements**

TITAN constantly reduces vulnerabilities and promotes secure infrastructure design by enhancing existing proactive prevention capabilities and building new ones for rapid detection and response. In 2022, the company did not experience any security breaches.

Focus area: Growth-enabling work environment

Our teams' and contractors' health and well-being are a top priority for the TITAN Group and for TITAN Zlatna Panega. This is the focus of our decisions and policies. Thanks to our colleagues, TITAN Bulgaria achieves the set goals, regardless of the challenging times in which we live and work.

TITAN Bulgaria is committed to maintaining the best working environment that promotes the development of employees and contractors, improves health and safety at work, efficiency and productivity, and contributes to physical and mental well-being.

In 2022, the prevention of our employees' health and the achievement of a safe working environment continued to be the main priority in the activities of TITAN Bulgaria. We maintain and implement the best practices for occupational health and safety in all our locations.

Health and safety key performance indicators (KPIs) were defined at the regional level. All companies in the region are evaluated according to these KPIs. TITAN Bulgaria significantly exceeded the set goals in most indicators. We have record-breaking achievements that are visible and measurable. Behind this success are the efforts of the people, the managers, and everyone in the company. We have introduced individual and personal safety targets in 2022. These are clearly linked to the individual performance assessment.

The total headcount of our employees reached 248 people, working in 7 geographic locations throughout the country (mainly in Zlatna Panega, Sofia, Plovdiv, and Ruse). In order to preserve the well-being of our colleagues and ensure the continuity of the work process, the management team at all levels is committed to maintaining high motivation daily, setting a personal example, seeking improvements and engaging all our employees and contractors in improving working conditions. This is our strategy to have the highest occupational health and safety standards. We have further

Material issues:

Safe and Healthy Working Environment

Increasing the commitment of TITAN employees and contractors to maintaining and improving working conditions

increased the teams' knowledge of work standards and emergency response. We engaged and motivated our teams to propose improvements, to actively participate in their implementation and to detect and inform on time about deviations in safety processes.

The steps to achieving sustainable results

TITAN Bulgaria, together with the regional safety function, analysed the environment at the beginning of 2022 and defined specific safety indicators and goals. (see ESG statement)

We outlined safety goals and specific KPIs for TITAN Zlatna Panega (in ESG statement with results), which were monitored regularly.

In response to a survey (employment engagement survey) we introduced a new pilot project related to safety in the Cement Plant – "Individual and team safety goals". When setting the goals, we created groups from the different management levels, who, by polling their own teams, proposed a set of goals and key indicators.



As a result of the suggestions, we have selected and clearly formulated "5 Safety Goals". They are individuals and teams for all levels in the company.

We also defined a very specific metric for each goal.

| GOAL | INDICATOR |
|--|--|
| No accidents at work | No workplace accident and no contributing accident to another |
| Compliance with essential safety rules during work | Zero violations of the procedures of the order system and the requirements of the LOTOTO |
| Attend all planned trainings | 100% participation in the planned trainings for the employee |
| Implementation of assigned tasks and safety measures | At least 80% of assigned safety measures and tasks to be completed |
| Reporting hazards and suggestions for improvement | At least two hazards and at least one suggestion for improvement should be reported by each employee |

To further motivate us to be the best we can be at protecting the health and safety of our colleagues, we have included performance against the defined goals in each individual assessment with a high rate of importance.

We held face-to-face meetings twice a year with our colleagues to present our goals and answer questions. A well-targeted communication campaign was organized to ensure that everyone is well aware of the strategy and the steps we are taking. This pilot project has now been confirmed as a permanent process by the Cement Plant system and will continue to be implemented in 2023.

We have designed a sound training program and updated to be in line with the needs of each department, legal requirements and the strategy of the TITAN Group. Each production function manager commits to conducting safety training for his team every month. The ability of our colleagues to deal with hard-to-reach places (confined spaces and places where work is done at height) was further developed.

We continued to introduce the "Next Step" program of the TITAN Group. For 2022, it included the unification and verification of the procedure for "Work at height" and the unification of the procedure for "Personal protective equipment".

We have prepared and launched a program for upgrading road safety that continues into 2023. It also includes our contractors for product deliveries to our customers. It is planned to perform an assessment of around 3000 km routes and evaluate the competence of at least 25 drivers.

In 2022, TITAN Zlatna Panega was invited to participate in a regional safety seminar for the Balkan Peninsula 14th SAFETY GALA | online workshop 2022 "Safe business in a challenging environment: a time for a shared vision" organized by MANAGEMENT FORCE Group. This is an appreciation of the high safety standards we have established and a recognition of our leadership role in this area of the industry.

In 2022, the "Regional Safety Awards" initiative was launched. A representative of TITAN Bulgaria participated in the preparation of it. The initiative includes three independent awards:

- **Achieve 365 consecutive days without an accident**
- **Best proposal for safety improvement**
- **The selection of the best safety plant in the region from those ranked in "Outstanding performance in safety".**

Innovations are leading us

In 2022 an innovative systematic approach to generating ideas and gathering suggestions from our colleagues was launched. Each proposal was carefully considered and received clear feedback.

A full fire safety inspection at the Cement Plant was carried out.

The knowledge gaps of key employees were assessed and compensated with appropriate training.

The "Next Step in Safety" program continued its realization. The initiative is related to updating the basic procedures for managing the riskiest activities in the cement industry. We have systematically evaluated and updated "Working at height" and "Personal protective equipment".

A special program to enhance our emergency response capabilities was launched. The partner trusted by the plant is "Cave Rescue", which is the only organization in the country for rescuing people injured in caves. Professionals in the field of cave rescue (the most difficult rescue cases) and rope access methods, together with TITAN Zlatna Panega teams, assessed the entire plant for possible approaches to rescue from confined spaces and hard-to-reach places and rescue a casualty from a height. A manual was designed for the use of rescue techniques and rescue plans for different areas of the plant. We have conducted systematic training for our rescue teams.

At the end of 2022 and the beginning of 2023, during the annual overhaul of the Cement Plant, we provided a professional rescuer, who was available at all times to secure the riskiest and critical points. It is a success and pride for us that, once again, all activities during the overhaul were carried out safely and without emergency situations.



As part of the rescue assessment and training program, we have installed over 50 special belay points that can be used when conducting rope rescues.

We are the first plant among all the cement plants in Bulgaria to provide its cement transport contractors with a marking of trailers and barrels for the transport of cement. These are signs to indicate the "blind spots" which will improve information for all drivers on the road. In 2023, the marking will be upgraded to mark and identify additional risks when working with cement trucks. For example – high pressure, work at height, PPE. We will fully implement the evaluation program for the most critical routes in Bulgaria used by our partners.

The leading role of the team

At the heart of every success are people. These are the people from all units in the company. Together we reviewed the health and safety processes. We simplified the procedures and continued to guarantee an even higher level of security. We have outlined 5 main goals for Health and Safety, which are common to the plant, but involve each of us individually. Everyone took commitment and responsibility. Our results prove that we are working in an even more secure and safe working environment.

We are convinced that our colleagues' opinions, ideas and commitment develop and improve the work process. Being involved means taking personal responsibility, and that's a big step toward an even safer work environment. It leads to a change in the work process and gives us additional and sustainable motivation for development in TITAN Zlatna Panega.

After a survey of our colleagues, we reviewed, updated and upgraded the rules for the "LOTOTO-Isolation, Testing, Marking" facility energy control procedure. All rules were aligned with the Group's safety policy. The new procedure was fully implemented in 2022. It became easier, and more efficient and further ensures the health and safety of our team and everyone who works on our facilities – a primary goal for us at TITAN Zlatna Panega and the TITAN Group.

Proved by the figures

In 2022 we have seen a significant increase in health and safety training: over 22 training hours on average for our direct employees and about 19 training hours for external contractors.

For the sixth year in a row, our Cement Plant received a "green rating – satisfactory" for its health and safety performance in a 360° safety audit by the TITAN Group.

Our efforts were appreciated and rewarded at a regional level. TITAN Zlatna Panega was awarded the "Best Proposal for Safety Improvement" award. Our team sent over 100 proposals. We are grateful for the commitment and constant efforts of each one of us.

The Cement Plant was awarded a diploma and is one of the two plants that achieved an "Outstanding performance in safety" in the initiative "Regional Safety Awards" in 2022.

We also won a regional award for having 365 consecutive days without accidents at work.

In 2022, we achieved a full year without accidents, both with our employees and with the workers of TITAN Bulgaria's contractors. At the end of the year, the number of consecutive accident-free days reached:

- **602 consecutive accident-free days with our own staff (713,215 safely worked man-hours)**
- **444 consecutive accident-free days with contractor personnel (409,453 safe man-hours worked)**

In 2022, all TITAN Bulgaria companies for a second year in a row successfully passed an external independent assessment and confirmed full compliance with the requirements of the international standard ISO 45001:2018 "Health and Safety" at work.

The future development

Our greatest pride is the commitment of the TITAN Zlatna Panega people. On their willingness to be active, to be critical, to be part of improving the working environment. Together we decided what our goals were and how we should achieve them. In 2023, our efforts will continue with the implementation of the remaining procedures of the TITAN Group's "Next Step in Safety" program, upgrading our activities in terms of health prevention, improving fire safety and safe management of liquid and alternative fuel installations, improving the analysis of safety events and the preparation of work plans, unifying our contractors' safety management processes, road safety assessment and actively supporting the Regional Safety Awards initiative.

This process is and will be the basis of the company's development. The personal goals we have outlined lead to an increase in our performance at the Group level. They lead to achievements that motivate us and make us grateful to every member of TITAN Golden Panega. Because together we build our future.

The people we work with and their well-being at work are our greatest responsibility. Our safety efforts are not limited to legal requirements but are based on our desire and aspiration for the prevention and safe execution of each activity regardless of its priority. We believe that every incident is preventable and therefore safety is at the heart of every decision we make.

The greatest prize is the safety of our people.

Material issues:

Employee development and well-being

Diverse and inclusive workplace

At TITAN, we are committed to creating an inclusive, bias-free culture and work environment, where diversity is promoted and all our people are treated fairly and have equal opportunities for growth.

In 2022 TITAN Group launched our Group Diversity, Equity and Inclusion policy, which sets out our principles, definitions, scope and approach to diversity and inclusion. The policy has been translated into all languages spoken in the countries in which we operate to help ensure that its

principles are embraced by all employees across our operations.

TITAN Bulgaria is part of the heavy industry in the country, which is implying to be populated by men. However, we are proud to report that 28.23% of our employees are women. Gender diversity is also well established in the leadership team, where 40.74% of the managers are women.

During 2022 TITAN Bulgaria had 18 new hires, out of them 6 are women and 5 are trainees.

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

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

Continuous development of our people

Upskilling and reskilling opportunities

Our talent development initiatives are a critical business priority, and we are investing in becoming an employer of choice, where people can expand their knowledge, gain new skills and contribute to business transformation. In 2022, this commitment became even stronger through the investment in Health and Safety, Technical Skills and People Development learning initiatives. The highest priority is focuses on the Health and safety training of our people.

A safe workplace is fundamental to our success. Our objective is to keep our people in all facilities safe and prevent any serious injury. In 2022 we strengthened our Safety and Health training agenda, to reinforce safety as a key part of our core values. Along with the annual e-learning courses available to our employees through our Learning Management System, new training sessions were launched in all countries.

We believe that each employee should own their learning and development path. This is why we encourage self-paced learning, and for this reason we continue to invest in an external learning platform. Eligible employees can navigate the platform and complete any training they find relevant to their career development and capacity building.

Following TITAN Group 2022 focus on Leadership, TITAN Bulgaria launched their respective learning initiatives.

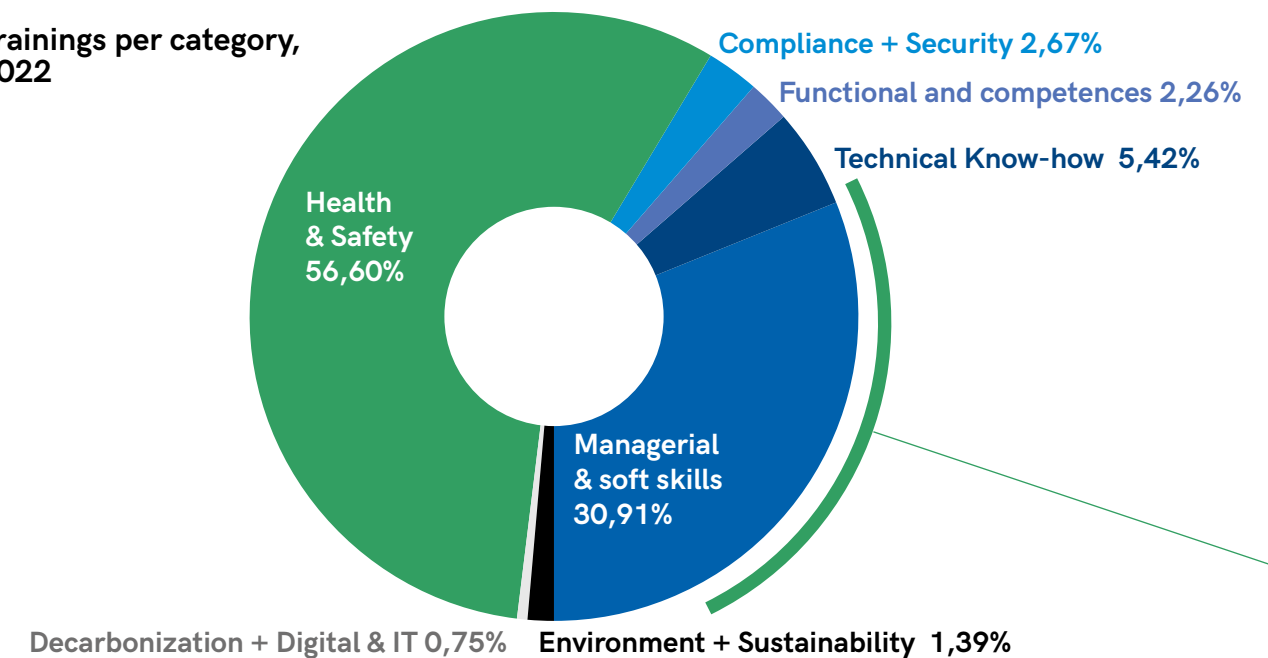
We believe that investing in development and upskilling of our people is a long-term investment with a valuable impact. Even in the challenging pandemic times of 2021, we kept our focus on developmental initiatives.

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

- 252 employees participated in training initiatives
- 9,960 man-hours were invested in training
- Average 41.63 man-hours training per employee was the ratio for male employees
- Average 33.45 man-hours training per employee was the ratio for female employees
- Average €218.20 was the investment in training per employee.

Health and Safety was again the main priority in the training initiatives with more than 5,600 training hours and close to 57% of all training hours. During 2022 a strong focus was put also on development of soft skill for new comers in our EmPower Academy. More than 3000 training man-hours or 30% of the training were delivers to new commers and colleagues with intensive communication and collaboration within the organization. The other area crucial for TITAN Bulgaria as a production company in the heavy industry, is the technical training on specific engineering competencies.

Trainings per category, 2022



Additionally, the eLearnings for all Group Policies have been provided for our key employees in unTe people as: Code of Conduct, Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Information Security Policy, and Summary of Data Protection Policy. Competition Law Compliance Policy and Sanctions Policy were assigned to targeted audience, represented by specific employee groups in relation with their functional responsibilities. In total 215 training hours were delivered in that area.

Employee engagement and human resources management system

We have capitalized on recent investments in human resources management systems (HRMS) to use data and effectively manage all key processes throughout the employee life cycle, from talent acquisition to performance management, learning and development, career planning and reward management. TITAN's HRMS data on recruitment, learning and performance are analyzed to provide insights and inform improvement efforts and investment decisions on future programs. In addition, performance data and individual development plans are used in the People Development Review process and Talent Spotlight sessions, both of which are integral parts of the Group's Strategic Workforce Planning.

In 2022, in TITAN Bulgaria we ran a Group-wide Employee Engagement survey using a short and focused questionnaire to measure our people's engagement, enablement and energy, as well as critical dimensions around authority and empowerment, direction, confidence in leaders, development, performance management, work structure and processes, collaboration, wellbeing and diversity and inclusion.

For the first time, the engagement survey was conducted fully digitally, across the Group, and the results were swiftly shared with the Group and business unit management teams.

Based on the strengths and areas for improvement that our people identified through the survey, Group-wide, local and team-level action plans are designed with the aim of enhancing our workplace experience and driving business performance.

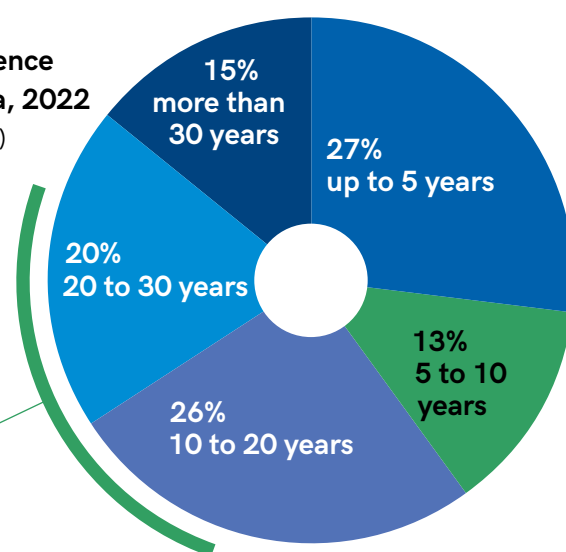
TITAN Bulgaria provides stable employment in compliance with all required local and EU legislation as well as with United Nations Global Compact policies.

At the end of 2022, 248 people were employed by TITAN Bulgaria with full-time and long-term contracts, 3 temporary employees and zero part-time employees.

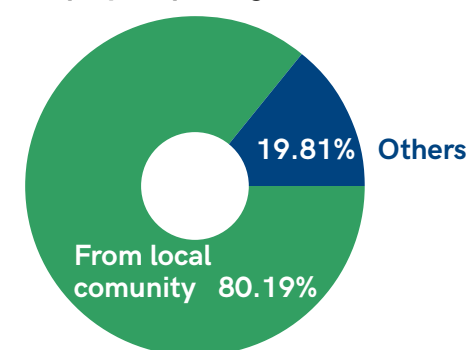
The relationship with our people is a long-term engagement, as 57.66% of them have been with the Company for more than 10 years. This shows the commitment of TITAN to foster sustainable and long-term employment and to develop the skills and the competencies of all employees to ensure professional and personal development.

For many of our employees, TITAN Bulgaria is their first and only employer. The majority of our employees are citizens of the communities close to our key operations (e.g. 50 km. from the operation is the place employees have their permanent house). By the end of 2022, 83.47% of our employees were from the local community.

**Working experience
in Titan Bulgaria, 2022**
(% of employees)



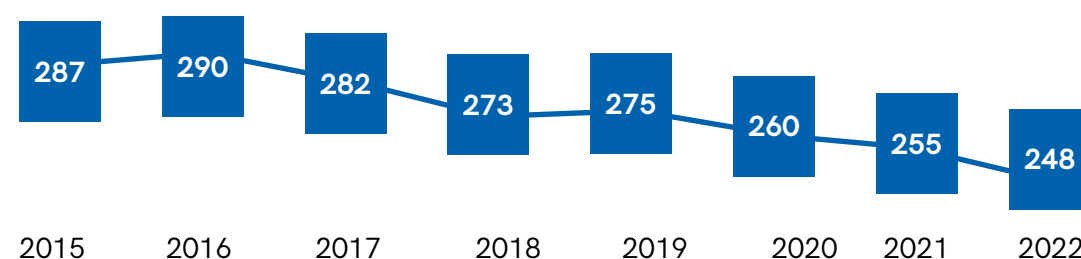
Employees per region, 2022



Wellbeing initiatives

TITAN Group is committed to implementing initiatives for the physical, mental, social and financial well-being of our people. In October 2021, on World Mental Health Day, the company launched a Mental Health campaign, aiming to raise awareness and promote good mental health across the Group. Such an initiative is "How Are You" dedicated to sustaining psychological health and raising awareness concerning this topic. The program's intent is to emphasize the necessity of taking care to ensure psychological balance, which is equally important to ensuring the physical health of the body, during these times of an ongoing pandemic.

Direct employment Titan Bulgaria 2015 – 2022

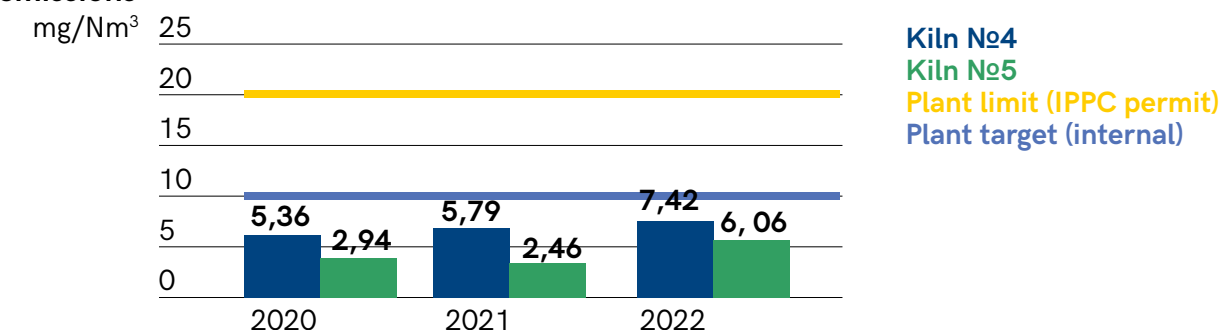


Air emissions

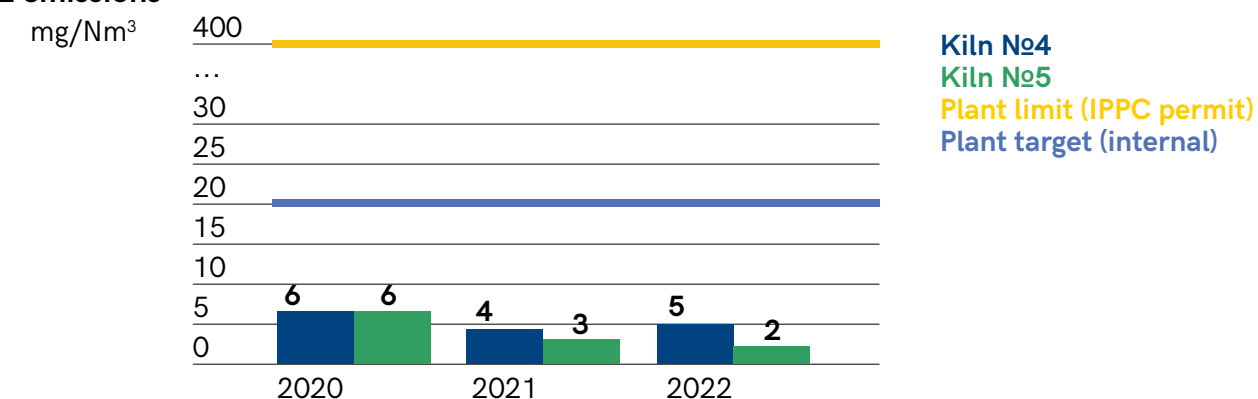
The cement plant and the RMC units of the company are equipped with state-of-the-art dedusting equipment. Most of the filters are fabric and guarantee dust emissions below 10 mg/Nm³. The filters of the two kilns in the cement plant are hybrid filters – a combination between an electrostatic precipitator and a fabric filter. In 2022, TITAN Zlatna Panega managed to maintain the positive trend and even improve the strong performance of the cement plant with respect to the main emissions associated with cement production – dust, NO_x and SO_x. Ninety-eight percent of the dust emissions were below 10 mg/Nm³ with a limit value of 20 mg/Nm³, acc. to our permit. The specific NO_x and SO₂ emissions decreased respectively with 27% and 17% compared to the values in 2021. In order to keep these low emissions levels, we apply the best-available techniques in the production of cement, lime and magnesium oxide, according to Directive 2010/75/EU of the European Parliament. The NO_x emissions are controlled by a SNCR installation.

Good preventive maintenance and continuous monitoring of emissions from our facilities support our efforts to keep them much lower than legal requirements and in line with our objectives.

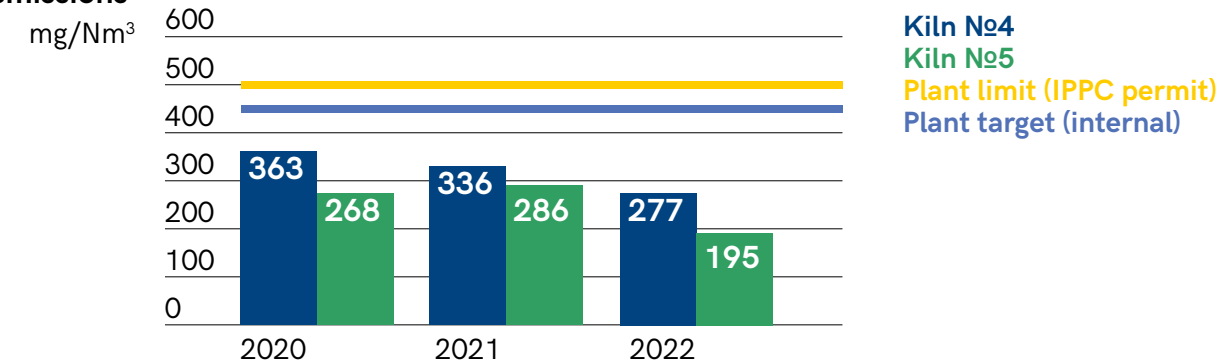
Dust emissions



SO₂ emissions



NO_x emissions



Material issue:

**Environmental positive
impact**

Biodiversity management

Small steps lead to big changes, and this motivates us every day to walk confidently on our path, pursuing the big goals. In 2022, we took several important steps in biodiversity conservation after overcoming the isolation that the Covid 19 pandemic has imposed on us in the previous two years. We were able to attract the local community to this activity. That was possible thanks to our long experience and the results of the two projects implemented in Zlatna Panega career in 2020:

- **Net Impact Assessment (NIA)**
- **Ecosystem services assessment (TESSA)**

Following some of the recommendations in the conclusions of the two projects, in 2021 we started a test for the creation of grasslands with native plant species on an area of 1,240 m² divided into three separate sections, thus aiming to reclaim parts of the already depleted quarry as orchid habitats (priority habitats under the Habitats Directive) but also as habitats supporting wild pollinators. This project continued into 2022 by monitoring and evaluating the primary outcomes, which indicate that this project would be successful in the future.

In 2022, we continued with the company's traditional reclamation of Zlatna Panega quarry with saplings of local species. We planted 1400 trees of pedunculate Oak (*Quercus robur*), Turkey Oak (*Quercus cerris*) and South European Flowering Ash (*Fraxinus ornus*), grown in our nursery.

Last year, together with our loyal followers from local schools, we began to build on our small Green Academy dedicated to exploring and preserving natural resources. With the monitoring of the Zlatna Panega River we expanded the scope of our topics and discussions, presenting to the children from the local communities a more complete picture of what is happening around them. We organized a series of trainings, focusing on important topics affecting the environment – climate change, biodiversity conservation, protection of natural resources. During the activities in nature, we presented in an way suitable for children, through examples, pictures and discussions, our experience, concerns and way forward related to these important topics for all of us. Climate change and biodiversity were included as topics in the activities related to karst and karst landforms.

The theme about the karst is close to all of us living and working in the area of Zlatna Panega. It is a known fact that the local river of the same name originates from the largest karst spring in Bulgaria "Glava Panega", located in the south-eastern part of the village of Zlatna Panega.

We presented the spring Glava Panega to the children with a fun presentation, easy chemical experiments and interesting games aimed at raising their interest and desire to preserve it as a place offering a unique living environment and giving a home to a rich variety of representatives of the flora and fauna.

Birds' observation

We continue with our tradition of local birds' observation in the plant and quarry sites, but also in the surrounding areas. We found 30 species listed in Bulgarian Biodiversity Act as "Nationally protected". Some of those species are listed in Bulgarian Red Book like: Eurasian sparrowhawk as "endangered", Common Raven as "almost endangered" and European honey buzzard and Short-toed snake eagle as "vulnerable".

Biodiversity KPIs

All Zlatna Panega Cement' quarries have rehabilitation plans and are part of the plant's Environmental Management System. With that we already meet TITAN Group respective targets. About 2% of the affected area has already been rehabilitated, and efforts will continue to enhance our activities for progressive rehabilitation of parts of the quarry that are being depleted, to meet the 2025 target of our plant.

Zlatna Panega Quarry is situated within an area of high biodiversity value area, as confirmed also from the biodiversity risk assessment that was conducted at corporate level in 2020 for all Group sites, with the use of the Integrated Biodiversity Assessment Tool (IBAT, <https://ibatalliance.org/>). A Biodiversity Management Plan has been developed and is implemented on the site, with all respective actions and initiatives for the protection and where possible the enhancement of biodiversity.

Material issue:

Sustainability of communities

In 2022 TITAN Bulgaria continued to engage with its stakeholders and contribute to the sustainability of local communities. We continuously promoted open dialogue and collaborative actions with its internal and external stakeholders by implementing sustainability initiatives that are in alignment with the TITAN Group's target to have Community Engagement Plans (CEPs) connected with material issues for stakeholders and the UN SDGs 2030 at 100% of its key operations by 2025. Furthermore, we share our knowledge, experience, and the best practices in the areas relevant to our business to add value and contribute to the well-being of our neighboring communities.

Stakeholder engagement practices have been more active in 2022 due to the less restrictive measures of Covid-19 that allowed us to implement the action plan in the local community. We coordinated 7 initiatives for engaging with our stakeholders and contributing to the sustainability of our communities, by investing in total about 20,000 Euros, while approximately 100 people were participants in the initiatives and actions, of which 34 were volunteers TITAN Bulgaria's employees. We reached almost 7,000 people as beneficiaries in our communities. Our engagement with stakeholders reached the level of 100% for involvement (adequate involvement in all initiatives) and 14% in collaboration, which implies that we need to intensify actions and there is room for improvement. Our initiatives were assessed as being more aligned with the Social capital (75% of initiatives), while to a lesser extent with the Human capital (13%) and Environment (13%).

From the outcomes of our assessment about the type of contribution to communities in 2022 we arrived at the below conclusions:

33% of initiatives were related to education of people in communities

33% of initiatives were related to support to communities under conditions of distress

11% were mostly related to Increase of employment (direct employees) or/and jobs for contractors, from local community

11% related to cultural heritage and recreational activities

11% related to Skills for new jobs (training, internships, traineeships, and apprenticeships)

TITAN with special attention to education and care for the development of young people in Bulgaria.

For years, the education system has been facing serious challenges – how to prepare children for a rapidly changing competitive environment? How to meet the growing needs of businesses for enterprising, courageous and smart young people to work in companies? Today, almost every sector of the economy is struggling with a shortage of trained staff.

In order to participate in the solution to these problems, we at TITAN Bulgaria have been investing efforts and resources in educational programs for years. We proactively seek and support NGOs and schools working for modern education. We support the cause of providing affordable and quality Bulgarian education for children in the region where we work. This is an area with a significant level of unemployment. Large groups of people in local communities live on the edge of poverty. We purposefully organize and support a number of initiatives that aim to provide better opportunities for people from local communities for development and professional realization.

Together in school with TITAN

Our partnership with Teach For Bulgaria Foundation is an example of sustainable social engagement in the field of education and an investment in a better way of life for people. 35 students from vulnerable groups and with an increased risk of early school leaving participate in Start Academy Brestnitsa, from 18 July to 5 August 2022.

The Academy is organized with the financial support of TITAN Zlatna Panega and is free of charge for students. In this initiative, the company has partnered for the tenth consecutive year with Teach For Bulgaria in support of the cause of providing affordable and quality Bulgarian education for children in the region. Summer activities helped students to make up for missed learning material and increase their motivation to learn. The organizer of the initiative is a teacher at the local primary school Hristo Botev – Brestnitsa and a graduate of the Teach For Bulgaria foundation.

TITAN Zlatna Panega works purposefully for Bulgarian education, with a focus on the population of the region of Zlatna Panega. Through our joint projects with Teach For Bulgaria, we help to increase the literacy of the local population. We support a series of trainings and leadership programs for teachers and students. For us, sustainable development and partnership with local communities is a top priority. Thus, together we are building our future," said Adamantios Francis, Director General of TITAN Zlatna Panega.

The Academy includes working with students in small groups according to the level of knowledge of Bulgarian language and mathematics. Each child enters into a special role around which the activities and goals of the trainings were focused. Thus, in three weeks, the students in Brestnitsa turned into 300 researchers and got to know the world of animals. Each participant received a certificate of successful completion of the training.

"TITAN Zlatna Panega invests in such educational projects because the development of young people in the region is also our responsibility. For years, we have been caring for and encouraging young people to continue to develop. Over 65% of the company's employees have been in the company for over 10 years. Currently, we employ 255 people and nearly 90% of them are from the factory area," says Ventsislava Kyuleva, Director of Human Resources and CSR at TITAN Zlatna Panega.

Since the beginning of the partnership of TITAN and Teach For Bulgaria in 2013, 24 teachers and over 2500 students have been supported in Lovech, Pleven and the region.

Building on our achievements

Beyond education, there are many values that we need to teach young people to become adults who can make responsible decisions.

Titan Zlatna Panega is a long-term commitment to the sustainable development of the areas where there are production facilities, but also on a national scale.

Professional skills are important

Education is a process, besides theoretical knowledge it also requires professional skills and habits. Over 20 teachers from the Vocational School of Mechanical Engineering – Pleven started the school year by researching and planning new methods to increase the motivation and engagement of their students. This happened within the final training of the project "From vision to results", which was attended by four vocational high schools from the districts of Lovech and Pleven in the 2021/2022 school year.

"From Vision to Results" is a comprehensive program to increase the efficiency of schools. The project includes trainings, workshops and individual plans to support each school against the areas for improvement identified by its team. The program is implemented for the first time in the region with the expertise of Teach for Bulgaria Foundation and with the financial support of Titan Zlatna Panega. Previously, four schools from Sofia participated in the pilot edition of the program and successfully made progress on the set goals.

"The approach of dividing motivating factors into external and Internal. I've learned that it's helpful to answer the question, "Why should it be done?" when I want to motivate someone to do something. If I can answer this question, I would successfully motivate another person." – commented one of the teachers after the training.

"It was inspiring for me to follow the path of the Vocational School of Mechanical Engineering – Pleven in the last year. Despite the challenges faced by distance learning, they are focused on their students' success and are looking for ways to involve them in the learning process. The school is an example of linking professional preparation with real business and the practicality of learning."

The project "From Vision to Results", which Teach for Bulgaria implemented with the support of Titan Zlatna Panega Cement AD, is another example of this." – says Nelly Kocheva, Head of the Development Team at Teach for Bulgaria.

The Vocational High School of Construction, Electrical Engineering and Services in the town of Smolyan. Teteven and vocational high schools of mechanical engineering in Lovech and Pleven are undergoing a comprehensive program to increase the efficiency of schools in the 2021/2022 school year. The current project is to be joined by the Vocational School of Transport "Prof. Tsvetan Lazarov", Pleven.

Useful and fun summer

Engagement with high school students is not only within the compulsory curriculum, but also during the holidays. Then children have fun, but they can also be bored if they are not engaged in useful and interesting activities. That is why for the fourth consecutive year TITAN Zlatna Panega supported Summer Leaders Academy – 2022, which brought together students from all over Bulgaria.

We support the academy and will continue to do so because we are well aware that:

- With the completion of school, young people begin a new stage of their lives. The choices they make determine their path.
- Looking at them, at this moment, we can present them with opportunities for development that open to them in different areas of construction.
- Our goal is to give them the opportunity to learn, inspire and motivate by leading specialists and companies from the construction sector in Bulgaria.

The summer construction camp is organized by Hobelix and was held in Gabrovo. It gathered 60 participants from all over the country who competed in a number of practical challenges. With the help and mentorship of Eng. Borislav Strinski from Glavbolgarstroy and Eng. Anna Acheva from Titan Zlatna Panega, the participants who joined the Academy for the second consecutive year, built an installation with messages reminiscent of the human values that we often forget in our daily lives.

Local economic positive impact

The work, support and development of the area in which we work is the basis of the strategy for the development of our business. We want to raise the standard of living and support the economic development and well-being of the local community. That's why we choose local suppliers and together build a sustainable partnership.

Thanks to the digitalization of internal processes and the generalization of the database on a group level, we are able to more accurately and efficiently monitor and analyze local costs. We were able to involve our local suppliers to participate in tender procedures conducted by the factories in neighboring countries, part of the TITAN Group. As a result, in 2022 local spending accounted for 79.04% of total spending, more than 2021 levels.

We achieve this strong result by investing and implementing projects in which local companies are selected for the supply of materials, structures and services. "This is how we get competitive products and services on time. In addition, we significantly limit the risks of delays and interruptions in the supply chain. This ensures the sustainability of our business. And of course, it significantly contributes to the positive impact on the local community.

Here's what the numbers say about our Local Spend:

| Period 01.01.2022 – 31.12.2022 | ZPC | GAEA |
|--------------------------------|------------|---------|
| Local Spend | 56 507 531 | 111 119 |
| Total Spend | 71 520 302 | 111 119 |
| % local | 79.01% | 100.00% |
| % international | 20.99% | 0.00% |
| Total for TITAN Bulgaria | 79.04% | |

| | 2022 | 2021 | 2020 | 2019 |
|--|--------|--------|--------|--------|
| % Local expenditure in relation to total expenditure | 79.04% | 77.89% | 83.46% | 77.14% |

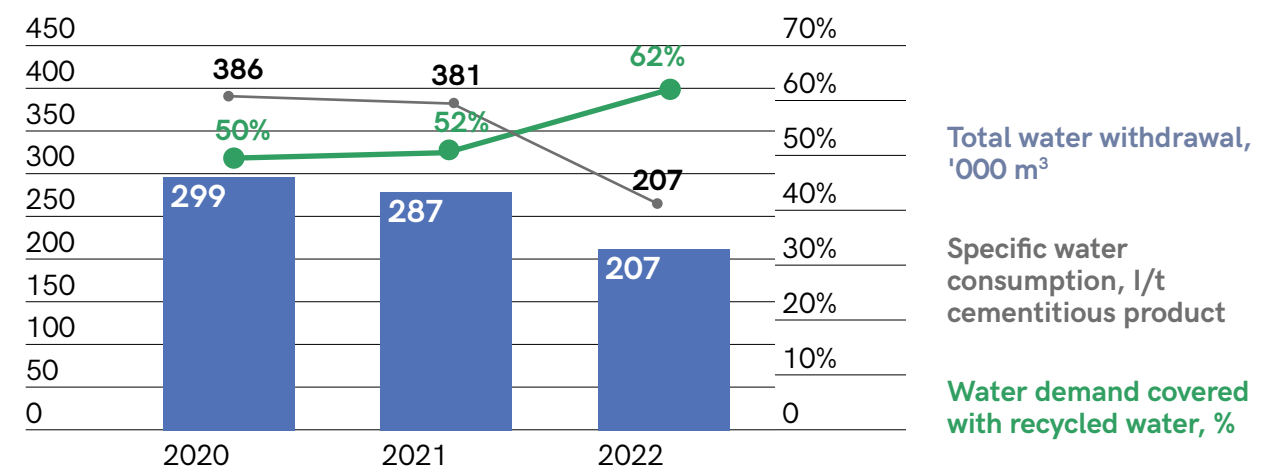
At TITAN Zlatna Panega we will continue to work to create and strengthen long-term mutually beneficial relationships with local suppliers and partners. This way we will find energy-efficient and environmentally friendly solutions. Because this is one of our main goals.



Focus area: Responsible sourcing

The conservation and protection of water resources in the area of our operations is our responsibility and top priority. To respond to the TITAN Group ESG Targets, we have set local targets to decrease the water consumption to 350 l/t cementitious product and to cover 60% of our water demand with recycled water by 2025. Both targets were met already in 2022. The percentage of recycled water over the total water demand reached 62,3% in 2022, increased by 20% since last year. Furthermore, the specific water consumption decreased by 33% - from 381 l/t cementitious in 2021 to 255 l/t cementitious in 2022. These achievements are the result of our constant efforts for efficient water management, through actions for the reduction of water consumption, good maintenance of the water supply/distribution network, the sewage system and the recirculating water supply system.

Water consumption



We ensure the high-quality purification of the wastewater that is generated on the production site, by using different water treatment plants:

- a three-stage treatment plant for domestic sewage water;
- a flotator for the treatment of industrial wastewater and
- a system of oil-and-mud collectors capturing stormwater from the site.

Further to that, we perform regular monitoring of the quality of discharged wastewater. All monitored parameters in 2022 were in accordance with the individual emission limits set out in the company's respective permit.

Water risk assessment is a significant component of TITAN's sustainable management of water resources policy. In 2020, the water risk assessment of all Group sites was completed at the corporate level with the use of the Aqueduct tool of the World Resources Institute (WRI) and the Water Risk Filter of the WWF. According to this assessment, the Zlatna Panega Plant is located in a water-stressed area, and therefore further actions will be taken for the evaluation of local conditions, to identify related risks and opportunities and make appropriate decisions to further enhance our practices for sustainable water management.

Material issues:

Efficient use of energy and natural resources

Responsible and reliable supply chain

Quality and sustainability of products

Customer relations

Material issue:

Water management

Nothing is softer or more flexible than water, but nothing can resist it.
(Lao Tzu)

Total water withdrawal, '000 m³

Specific water consumption, l/t cementitious product

Water demand covered with recycled water, %

Waste management

Electrical energy and raw materials

In 2022 we invited one of the most reputable European research institute, specializing in cement industry, to perform an energy efficiency audit of our plant. The experts assessed the condition and the performance of the main equipment and identified measures for improvements in the different processes. We implemented part of the recommendations already in 2022 and others were included in our investment program. Over the year we reduced the specific electricity consumption per ton of clinker by 8%.

In parallel to energy efficiency, resource efficiency has been one of our main priorities. We strive to minimize the use of natural resources by substituting part of the raw materials with waste. During 2022 we recycled 74,000 t waste from various industries as additives in the production of clinker and cement. The percentage of alternative raw materials as a proportion of total raw materials used in clinker and cement remained fairly constant.

*One goal
should scare
you a little and
inspire you a lot.
Joe Vitale*

Material issues:
**Responsible and
reliable supply
chain**

Quality and sustainability of products

Customer relations

TITAN Bulgaria operates five concrete production facilities in Sofia and Plovdiv. Our concrete business offers a wide range of products and services. They are tailored to customer needs – high-performance, shotcrete, waterproof, corrosion and frost-resistant concrete types. We develop and provide on-the-market solutions for industrial floors, screeds, cement granular mixtures, concrete with low thermal heat, high strength, and shotcrete. They are used in Bulgaria for reference buildings and infrastructure projects that improve the social environment and people's standard of living. We specialize in high-rise construction and meet the modern requirements for long-lasting buildings with high strength and lower carbon footprint.

Innovation in manufacturing

TITAN Group state-of-the-art R&D laboratory has an excellent capacity to test and analyze different types of cement and concrete, as well as to develop new custom-made products. Group R&D laboratory provides us with a strong competitive advantage when working on projects with specific requirements. Very few of Group competitors have an in-house capacity to provide market analysis and customized products that meet the needs of each customer. Over 1,000 new concrete mix designs for various concrete products have been developed in our R&D laboratory.

Main projects

The projects we successfully implemented in 2022 give us reason to feel motivated for our future development.

Here are some of them:

- Reconstruction of the platform at the international airport in Burgas: A key project for the development of the Burgas region. Zlatna Panega Cement AD was a major supplier of cement for the realization of. Ceramics Burgas AD was selected as the main supplier of concrete for the project. The specifics of the project required implementation with very high grades of concrete due to the heavy loads. The type of cement selected by the contractor was the high-clinker Portland cement CEM I 52.5 R produced by Zlatna Panega Cement AD. The cost of the project is €7.63m.
- Cooperation with "Monolith Sofia" in the construction of a third line of Sofia Metropolitan.
- Delivery of concrete for the construction of a golf club in the village of Ravno Pole.
- Execution of a high-rise residential building for "Tobo Group" with concrete C40/50.
- Delivery of high-end concrete for foundation steps for a BTL site in the town of Plovdiv.
- Pouring concrete to increase the production facilities of furnaces in the Non-Ferrous Metals Plant in the town of Plovdiv. Plovdiv.

Reliable and sustainable supply chain

In 2022, TITAN continued its Group Procurement transformation program by further improving the sourcing efficiency of the global categories while focusing more extensively on supply chain sustainability topics. Supplier landscape optimization, building and maintaining long-term supplier relationships and a holistic review of supplier performance (including sustainability) are key elements for enabling "total cost" optimization, transparency of value creation and propagation of sustainability practices in the supply chain.

TITAN's Group Procurement Policy is the cornerstone of this initiative, which sets forth the fundamental principles governing Procurement in the Group, incorporating upgraded procurement practices that enhance the Group's commitment to being a socially responsible, ethical and environmentally sensitive business organization.

During 2022, TITAN updated its Group Code of Conduct for Procurement to bring it in line with the Group Procurement Policy. The Group Code of Conduct was published on TITAN's website and implemented in TITAN Bulgaria.

Additionally, the process of expanding the respective ESG criteria to be used for the evaluation of TITAN's "key suppliers" was completed in 2022. The newly developed ESG criteria are in line with the GCCA guidelines for Sustainable Supply Chain management and the 10 UN Global Compact principles.

TITAN defines key suppliers as critical suppliers (according to GCCA Guidance for Sustainable Supply Chain management) with a meaningful level of spend (i.e. 80%) for each TITAN business unit. Key suppliers for the global categories and the individual business units have been identified and a process of ESG evaluation has been initiated.

Good governance, transparency and business ethics

Through sound corporate governance, we aim to ensure that every management decision is aligned with our purpose and our core values, takes due account of our sustainability considerations and serves the best interests of our stakeholders. Our ESG targets for 2025 and beyond, in direct alignment with our commitment to the UN Sustainable Development Goals (SDGs) and the UN Global Compact, are underpinned by strong governance, transparency and business ethics.

*The
clearly
defined goals in our
decarbonisation plan are a
driver of our work. We innovate
and develop new products with
a low carbon footprint. Our
people work with a mission. They
are engaged, motivated and
adaptable to change. That's
why the group chooses us
to further invest in
innovation.*

Sustainability is embedded firmly in our strategy through the regular review of all issues that are material to the business and our stakeholders, the definition of appropriate actions and targets, and the adherence to environmental, social and governance policies. Our two governance bodies, the Board of Directors and the Group Executive Committee, oversee the implementation of our strategy and sustainability imperatives and reflect the culture of good governance, transparency and business ethics that is prevalent across the Group.

Focus area:

Good governance, transparency and business ethics

Compliance program and policies

A strong compliance culture across TITAN Group and TITAN Bulgaria, underpinned by our values and ethical standards, is a key driver of our performance and a solid foundation on which operational excellence is achieved. Our disciplined approach and consistent efforts to ensure compliance are enabled through the TITAN Group Compliance Program, a dynamic, risk-based program incorporating awareness and training, assurance activities, continuous monitoring and oversight.

The Corporate Code of Conduct and the Group Policies convey the rules, standards and principles, providing the necessary guidelines to employees and business collaborators. All employees have unrestricted access to Group Policies in all local languages on the Intranet. The policies are also available on our website (www.titan-cement.com/about-us/corporate-governance/group-policies).

Group Policies cover all strategic compliance areas such as Anti-Bribery and Corruption, Conflict of Interest, Protection of Personal Data, Competition Law, Global Sanctions, Whistleblowing, Environmental and Climate mitigation, Human Rights, and Health and Safety. The set of Group Policies is enriched by the Diversity, Equity and Inclusion Policy and the Group Code of Conduct for Procurement, confirming our commitment to sustainability and responsible supply chain management.

During 2022, we placed special attention on ensuring compliance with global sanctions. To this end, we implemented the Third-Party Due Diligence System as a set of control activities, supported by a fully automated world-class data-driven engine. It enables the corporate analysis, assessment and enhanced screening of third parties as well as identification of red flags in relation to sanctions, sustainability, and other integrity risks.

As awareness and training are considered imperative, a Regulatory Compliance Training program was launched across the Group, with specialized training for specific roles, in addition to e-learning. A starting point was Global Sanctions, Third-Party Due Diligence System and Anti-Fraud Awareness training sessions, delivered on site and remotely, in close cooperation with Group Legal. In total during 2022, 4,774 compliance training hours were conducted for 1,169 employees.

Anti-bribery and corruption

Doing business with absolute transparency and integrity, and demonstrating accountability to the utmost degree, are strong and non-negotiable commitments in TITAN Group and TITAN Bulgaria. They comprise indispensable parts of our long-lasting culture and robust ethical standards. The effective management of governance and ethics considerations and deterring bribery and corruption risks are considered fundamental to the implementation of our sustainability strategy and the achievement of our 2025 objectives.

Our zero-tolerance stance against bribery and corruption across TITAN Group is confirmed through a consistent management approach and a strong governance structure prescribed in the Group Corporate Governance Charter. It is supported by a comprehensive framework of tools, controls and deterrence mechanisms, overseen by the Audit and Risk Committee, a Board Committee comprised of non-executive and independent Board members. The Group Compliance and Anti-Fraud Department, part of Group Internal Audit Risk and Compliance, maintains the overall responsibility for monitoring compliance risks and coordinating relevant controlling activities, in cooperation with management and the Legal Department.

The TITAN Group Code of Conduct and Anti-Bribery and Corruption Policy introduced in TITAN Bulgaria set forth the principles, rules and responsibilities, and provide specific guidance for the preventive and detective procedures in place to mitigate the risk. Risk assessment activities and the detection of negative events and red flags associated with third parties who perform services for or on behalf of TITAN Group are undertaken through the Third-Party Due Diligence System, a highly automated structured set of activities and control mechanisms.

Human rights

Consistent with the United Nations Guiding Principles on Business and Human Rights, TITAN is committed to respecting and supporting human rights with regard to its employees, the communities where it operates and its business partners. Human rights is one of the key subject areas of the TITAN Group Compliance Program, which provides a well-structured framework to address relevant activities in a disciplined and holistic way across the Group.

TITAN's commitment to respecting the human rights of all people, and particularly of stakeholders who may be affected by our operations, is specified according to the UN Business and Human Rights Guidelines in the Group HR Policy adopted in 2018.

To intensify our efforts to ensure compliance not only with regulatory but also with ESG requirements, and to ensure a responsible supply chain, a comprehensive Third-Party Due Diligence system, supported by an online tool, is already in operation. Our Whistleblowing Policy, introduced in 2020, encourages employees to report possible misconduct, fraud or abuse. In parallel, EthicsPoint, the Group reporting platform launched in 2020, provides a uniform, anonymous and strictly confidential channel, through a globally available digital tool, to facilitate the confidential reporting of any concern and to ensure that incidents are reported, examined and resolved with a remedy plan, if and when necessary, thus fostering a culture of integrity and ethical conduct.

In 2022, our approach to community engagement was further enhanced with the introduction of a new Framework Guidance for stakeholder engagement which aims to provide an effective and practical set of guidelines for business units on using their channels of communication with stakeholders, focusing on recommended practices for essential stakeholder engagement in key operations as a priority, and without excluding or underrating the feedback of other stakeholders.

During 2022 on-line training was delivered for 49 people, in total 215 training hours were provided on Group Policies as Code of conduct, Ant-bribery and corruption, Human rights.. In addition, every new employee has received the policies and signed a consent that understands and follows our internal rules.

Roadmap to meet the requirements of the Corporate Sustainability Due Diligence Directive (CSDD)

On 23 February 2022, the European Commission adopted a proposal for a Directive on corporate sustainability due diligence. The aim of this directive is to foster sustainable and responsible corporate behavior and to anchor human rights and environmental considerations in companies' operations and corporate governance. The Directive establishes a corporate due diligence duty for identifying, bringing to an end, preventing, mitigating and accounting for negative human rights and environmental impacts in the operations of companies and their subsidiaries and their chains of activities.

In 2022, TITAN took the initiative to form an internal working group of experts from different Group corporate functions and conducted a preliminary assessment of the requirements of the CSDD proposal, global references of best practice for due diligence and the preparedness level of existing management systems in place in our Group. A roadmap for implementation has already been developed for 2023-2024, and TITAN aims to be ready to report on its due diligence approach and to cover the requirements of the new directive.

ESG performance statements

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

The approach of the TITAN Bulgaria to ESG Performance reporting is consistent with voluntary commitments of TITAN to the IIRC principles, UNGC Ten Principles, the GCCA Charter and Guidelines, and TCFD recommendations, and provides a connection with the Sustainability Accounting Standards Board (SASB) Framework.

- Changes in the structure and content of the 2022 Integrated Annual Report (IAR) ESG Statements
New Key Performance Indicators (KPIs) and other disclosures under each focus area:
- Growth-enabling work environment: Parental leave programs, and Employees with disabilities KPIs in Table 2.2.
- Positive local impact: Total use of land related to quarries rehabilitation in Table 2.3.
- Responsible sourcing: Energy consumption and production for total amount of energy consumed within the organization, % share of electricity consumed. Waste management as % per type of treatment (composted, recycled, or landfilled). See Table 2.4.
- Good governance, transparency, and business ethics: We added Table 2.5.10 ‘Value Creation Indicators’, and introduced the new Table 2.5.11 ‘Connecting our Disclosures with TITAN COP according to the enhanced platform of the UNGC’. Our COP is a stand-alone report and publicly available under the UNGC platform (references and link to the web site in Table 2.5.11). "

The use of ‘average yearly’ exchange rate for all TITAN subsidiaries’, the TITAN Bulgaria currency in 2022 was in accordance with TITAN’s accounting policy for the foreign currency translation, in specific for the income and expenses for statements of profit or loss and comprehensive income.

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

Assurance: Specific KPIs included in the scope of the assurance engagement by Third Party Independent Auditors.

GCCA: Specific KPIs calculated according to sector commitments integrated by TITAN, following the GCCA Charter and Framework Guidelines. See Table 2.5.9.

UNGC: TITAN follows the reporting requirements for the UN Global Compact concerning Communication on Progress (COP) according to the Enhanced platform and Guidance published by the UNGC in 2022. The BU is covered by the COP of the Parent company of TITAN Group (TITAN Cement International). See table 2.5.11.

UNCTAD: TITAN has adopted under its reporting framework the applicable KPIs according to the Guidance on Core Indicators for Sustainability and SDG Impact Reporting (latest publication 2022).

TCFD: TITAN reports according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

SASB: TITAN aligns with the requirements of the Sustainability Accounting Standard Board (SASB), which merged with the International Integrated Reporting Council (IIRC) in 2021 to form the Value Reporting Foundation (VRF). In 2022 the VRF was consolidated under the International Financial Reporting Standards (IFRS) Foundation to support the work of the International Sustainability Standards Board (ISSB).

Guidelines for KPIs and other disclosures

Table 2.5.9 “Sector and Other Standards for the Non-financial disclosures in 2022” provides detailed references for guidance documents for the sector (GCCA) and other global institutions (UNCTAD and UNGC) which are incorporated in the reporting approach of TITAN. Connections of KPIs are exemplified under the ESG performance statements for all focus areas of Decarbonization and Digitalization (see Table 2.1), Growth-enabling work environment (Table 2.2), Positive local impact focus area (Table 2.3), Responsible sourcing (Table 2.4), and Good governance, transparency, and business ethics (Tables 2.5.1 and 2.5.10), specifically for the reporting guidance according to UNGC COP see Table 2.5.11.

Notes

The first column of Table 1 provides the order of prioritization of the material issues for TITAN Group, and TITAN Bulgaria, according to the outcomes of the materiality assessment of the last cycle in 2020 and 2021, respectively. In 2022, through the validation of the materiality assessment, additional issues were identified and are also presented.

About definitions:

The boundaries of reporting for every material issue are defined by the principles of ‘strategic focus and future orientation’, ‘connectivity of information’, ‘stakeholder relationships’, ‘materiality’, ‘conciseness’, ‘reliability and completeness’, and ‘consistency and comparability’, aligned with the guidance of the International Integrated Reporting Council (IIRC)1:

Strategic focus and future orientation

TITAN’s integrated annual report provides insight into the organization’s strategy, and how it relates to its ability to create value in the short, medium and long term and to its use of and effects on the Capitals (Financial, Manufacturing, Intellectual, Human, Social and Relationship and Natural capital). We highlight inside the report significant risks, opportunities and dependencies flowing from the organization’s market position and business model.

Connectivity of information

We aim to address the connection between financial and non-financial information in the report, in order to present a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization’s ability to create value over time. The report provides connectivity of information throughout management reporting, analysis, and decision-making.

Stakeholder relationships

TITAN provides insights into the nature and quality of the organization’s relationships

with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests. The report presents the approach for stakeholder engagement, which ensures their feedback and provides useful insights about matters that are important to them, including economic, environmental, and social issues that also affect the ability of the organization to create value.

Materiality

A matter is material if it is of such relevance and importance that it could substantively influence the assessments of providers of financial capital about the organization’s ability to create value over the short, medium, and long term. In determining whether a matter is material, TITAN’s senior management and those charged with governance to 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.

Conciseness

TITAN’s report includes sufficient context to understand the organization’s strategy, governance, performance, and prospects without being burdened with less relevant information that is redundant in nature. Disclosures about material matters include concise information supports the above. We also seek a balance in our report between conciseness and the other Guiding Principles, in particular completeness and comparability.

Reliability and completeness

The report includes all matters related to our material issues and provides both positive and negative information with respect to TITAN’s performance across all focus areas of our materiality framework, in a balanced way and without material error. The reliability of TITAN’s disclosures is enhanced by mechanisms of robust internal control and reporting systems, stakeholder engagement,

internal audits and implementation of internal processes and standard operating practices, and the independent (external) assurance verification by third-party auditors. With regard to completeness, TITAN ensures that all material information has been identified with consideration given to the materiality of our sector, which was integrally part of the assessment in the last materiality cycle (2020).

Consistency and comparability

We ensure consistency of the reported disclosures by safeguarding that TITAN’s reporting policies are followed consistently from one reporting period to the next unless a change is needed in order to improve the quality of information. This includes reporting the same key performance indicators assuming they continue to be material across reporting periods. When making significant changes we promptly explain the reason and describe (and quantify if practicable and material) their effect. With regard to comparability of reported information is intended to enable comparison with other organizations to the extent it is material to the organization’s own ability to create value over time. About comparability, the information in TITAN’s report is presented in a way that enables comparison with other organizations in the same sector, following the agreed common framework of guidelines for sustainability performance in the areas of health & safety and environment, providing information according to standardized performance KPIs with common definitions across all companies in the sector and using benchmark data, such as industry or regional benchmarks.

1. Source: ‘The International <IR> Framework’ (IIRC, January 2021). Further information about the IIRC can be found on its website www.theiirc.org.
2. TITAN uses the equivalent term “significance”.

2. ESG Key Performance Indicators (KPIs)

| 2.1 Focus area: De-carbonization and Digitalization | | | | | | | | | | | |
|---|--|---------------------------|-------|-------|-------|------|------|--------|------|--------------|--------------------------------|
| code | ESG Performance Indicators | Unit | 2022 | 2021 | 2020 | GCCA | UNGC | UNCTAD | TCFD | SASB | SDGs and Targets" |
| 2.1.1 Material Issue: Future-ready business model in a carbon neutral world | | | | | | | | | | | |
| Cement and cementitious production activities | | | | | | | | | | | |
| 1.1 | Scope 1 gross CO ₂ emissions ² | million t | 0,4 | 0,4 | 0,4 | ● | ● | ● | ● | EM-CM-110a.1 | SDG 9.4 |
| 1.2 | Scope 1 specific gross CO ₂ emissions | kg/t cementitious product | 680,8 | 690,6 | 700,8 | ● | ● | | ● | | |
| 1.3 | Scope 1 gross CO ₂ emissions coverage rate | % clinker production | 100,0 | 100,0 | 100,0 | | | | | | |
| 1.4 | Scope 1 gross CO ₂ emissions covered under limiting regulations | % | 100,0 | 100,0 | 100,0 | | ● | ● | | EM-CM-110a.1 | |
| 1.5 | Scope 1 net CO ₂ emissions | million t | 0,3 | 0,3 | 0,4 | ● | ● | ● | ● | | SDG 9.4 |
| 1.6 | Scope 1 specific net CO ₂ emissions | kg/t cementitious product | 602,8 | 605,6 | 637,3 | ● | ● | | ● | | |
| 1.7 | Scope 1 net CO ₂ emissions coverage rate | % clinker production | 100,0 | 100,0 | 100,0 | | | | | | |
| 1.8 | Scope 2 CO ₂ emissions ³ | million t | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.9 | Scope 2 specific CO ₂ emissions | kg/t cementitious product | 48,0 | 47,4 | 68,0 | ● | ● | | ● | | |
| 1.10 | Scope 2 CO ₂ emissions coverage rate | % clinker production | 100,0 | 100,0 | 100,0 | | | | | | |
| 1.11 | Scope 3 CO ₂ emissions ^{4,8} | kt | 76,1 | 82,1 | 83,1 | ● | | | ● | | |
| 1.12 | Category 1 - Purchased goods and services ⁹ | kt | 5,4 | 4,8 | 4,8 | ● | | | ● | | |
| 1.13 | Category 3 - Fuel and energy related activities | kt | 24,0 | 26,1 | 29,4 | ● | | | ● | | |
| 1.14 | Category 4 - Upstream transportation and distribution | kt | 5,4 | 8,9 | 4,8 | ● | | | ● | | |
| 1.15 | Category 6 - Business travels | kt | 0,0 | 0,0 | 0,0 | ● | | | ● | | |
| 1.16 | Category 7 - Employee commuting | kt | 0,6 | 0,4 | 0,0 | ● | | | ● | | |
| 1.17 | Category 9 - Downstream transportation and distribution | kt | 40,7 | 41,9 | 44,0 | ● | | | ● | | SDG 7.2 SDG12.2 SDG 13.1 |
| 1.18 | Scope 3 specific CO ₂ emissions ⁸ | kg/t cementitious product | 133,2 | 157,0 | 144,1 | ● | | | ● | | |
| 1.19 | Scope 3 CO ₂ emissions coverage rate | % clinker production | 100,0 | 100,0 | 100,0 | | | | ● | | |
| 1.20 | Conventional fossil fuels substitution rate | % Heat | 53,6 | 56,3 | 67,3 | ● | ● | ● | ● | | |
| 1.21 | Alternative fuel substitution rate | % Heat | 46,4 | 43,7 | 32,7 | ● | ● | ● | ● | EM-CM-130a.1 | |
| 1.22 | Biomass in fuel mix ⁵ | % Heat | 17,2 | 12,4 | 10,2 | ● | ● | ● | ● | EM-CM-130a.1 | |
| 1.23 | Fuel mix, energy consumption for clinker and cement production | % Heat | 100,0 | 100,0 | 100,0 | | ● | | ● | | |
| 1.24 | Conventional fossil fuels | % Heat | 53,6 | 56,3 | 67,3 | | ● | | ● | | |
| 1.25 | Coal, anthracite, and waste coal | % Heat | 51,4 | 50,7 | 52,1 | | ● | | ● | | |
| 1.26 | Petroleum coke | % Heat | 0,0 | 0,0 | 0,8 | | ● | | ● | | |
| 1.27 | Lignite | % Heat | 0,0 | 0,0 | 0,0 | | ● | | ● | | |
| 1.28 | Other solid fossil fuel | % Heat | 0,0 | 0,0 | 0,0 | | ● | | ● | | |
| 1.29 | Natural gas | % Heat | 2,1 | 5,5 | 14,3 | | ● | | ● | | |
| 1.30 | Heavy fuel (ultra) | % Heat | 0,0 | 0,0 | 0,0 | | ● | | ● | | |
| 1.31 | Diesel oil | % Heat | 0,2 | 0,1 | 0,1 | | ● | | ● | | |
| 1.32 | Gasoline, LPG (Liquified petroleum gas or liquid propane gas) | % Heat | 0,0 | 0,0 | 0,0 | | ● | | ● | | |
| 1.33 | Alternative fossil and mixed fuels | % Heat | 46,4 | 43,7 | 32,7 | ● | ● | ● | ● | | |
| 1.34 | Tyres | % Heat | 6,8 | 7,0 | 7,1 | ● | ● | ● | ● | | |
| 1.35 | RDF | % Heat | 39,5 | 36,7 | 25,5 | ● | ● | ● | ● | | |
| 1.36 | Impregnated saw dust | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.37 | Mixed industrial waste | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.38 | Other fossil based and mixed wastes (solid) | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.39 | Biomass fuels | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.40 | Dried sewage sludge | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.41 | Wood, non-impregnated saw dust | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.42 | Agricultural, organic, diaper waste, charcoal | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | |
| 1.43 | Other | % Heat | 0,0 | 0,0 | 0,0 | ● | ● | ● | ● | | EM-CM-130a.1 |
| 1.44 | Alternative fuels consumption (total) | t | 35650 | 30200 | 25509 | ● | ● | ● | ● | | |
| 1.45 | Clinker to cement ratio | % | 84,5 | 84,7 | 84,2 | ● | ● | | ● | | |
| 1.46 | Moderate carbon products ⁶ | % cement production | 35,7 | 37,9 | 38,5 | | | | ● | | |
| 1.47 | Green (lower carbon) products ^{1,7} | % cement production | 12,7 | 12,3 | 14,1 | | | | ● | | |

2. ESG Key Performance Indicators (KPIs)

| 2.2 Focus area: Growth-enabling work environment | | | | | | | | | | | |
|--|---|---------------|--------|---------|---------|------|------|--------|------|--------------|-------------------|
| code | ESG Performance Indicators | Unit | 2022 | 2021 | 2020 | GCCA | UNGC | UNCTAD | TCFD | SASB | SDGs and Targets" |
| 2.2.1 Material issue: Safe and healthy working environment | | | | | | | | | | | |
| All activities | | | | | | | | | | | |
| 2.1 | Employee fatalities | # | 0 | 0 | 0 | ● | ● | ● | | | SDG 3.6 |
| 2.2 | Employee fatality rate | #/104 persons | 0,0 | 0,0 | 0,0 | ● | ● | ● | | | SDG 3.8 |
| 2.3 | Contractor fatalities | # | 0 | 0 | 0 | ● | ● | ● | | | SDG 4.3 |
| 2.4 | Third-party fatalities | # | 0 | 0 | 0 | ● | ● | ● | | | SDG 8.8 |
| 2.5 | Employee Lost Time Injuries (LTIs) | # | 0 | 2 | 1 | ● | ● | ● | | | |
| 2.6 | Employee Lost Time Injuries Frequency Rate (LTIFR) | #/106 h | 0,0 | 4,4 | 2,2 | ● | ● | ● | | EM-CM-320a.1 | |
| 2.7 | Employee lost working days ⁴ | d | 0 | 161 | 33 | ● | ● | | | | |
| 2.8 | Employee Lost Time Injuries Severity Rate ⁴ | d/106 h | 0,0 | 351,5 | 72,6 | ● | ● | ● | | | |
| 2.9 | Contractor Lost Time Injuries (LTIs) | # | 0 | 1 | 0 | ● | ● | ● | | | |
| 2.10 | Contractor Lost Time Injuries Frequency Rate (LTIFR) | #/106 h | 0,0 | 2,5 | 0,0 | ● | ● | ● | | EM-CM-320a.1 | |
| All activities | | | | | | | | | | | |
| 2.11 | Near misses | # | 38 | 26 | 11 | | ● | | | EM-CM-320a.1 | SDG 3.6 |
| 2.12 | Training man-hours on health and safety / employee ⁵ | h/person | | | | | ● | ● | | | SDG 3.8 |
| 2.13 | Training man-hours on health and safety / contractor ⁵ | h/person | 18,9 | 10,1 | 9,7 | | ● | ● | | | SDG 4.3 |
| 2.14 | Expenditures for Health and Safety ² | € | 247551 | 1644194 | 2969565 | | ● | ● | | | SDG 8.8 |
| Cement production activities | | | | | | | | | | | |
| 2.15 | Employee fatalities | # | 0 | 0 | 0 | ● | ● | ● | | | SDG 3.6 |
| 2.16 | Employee fatality rate | #/104 persons | 0,0 | 0,0 | 0,0 | ● | ● | ● | | | SDG 3.8 |
| 2.17 | Contractor fatalities | # | 0 | 0 | 0 | ● | ● | ● | | | SDG 4.3 |
| 2.18 | Third-party fatalities | # | 0 | 0 | 0 | ● | ● | ● | | | SDG 8.8 |
| 2.19 | Employee Lost Time Injuries (LTIs) | # | 0 | 1 | 0 | ● | ● | ● | | | |
| 2.20 | Employee Lost Time Injuries Frequency Rate (LTIFR) | #/106 h | 0,0 | 2,8 | 0,0 | ● | ● | ● | | EM-CM-320a.1 | |
| 2.21 | Employee lost working days | d | 0 | 21 | 0 | ● | ● | | | | |
| 2.22 | Employee Lost Time Injuries Severity Rate | d/106 h | 0,0 | 235,4 | 0,0 | ● | ● | ● | | | |
| 2.23 | Contractor Lost Time Injuries (LTIs) | # | 0 | 1 | 0 | ● | ● | ● | | | |
| 2.24 | Wellbeing initiatives for employees ^{1,2} | # | | | | | | | | | |

Notes 2.1

Notes for specific KPIs

- 1. New indicator. More details you may find in the section "TITAN's approach for ESG Performance reporting" section.
- 2. Direct CO₂ emissions related to the operation of TITAN's clinker, cement, and cementitious production facilities.
- 3. Indirect CO₂ emissions related to emissions released for the production of the electrical energy consumed at TITAN's clinker, cement and cementitious production facilities. For their calculation, we use emission factors provided by the supplier of the electrical energy (market based) or other publicly available data sources (location based).
- 4. Indirect CO₂ emissions related to the emissions of the supply chain.
- 5.% of energy originated from biomass over the total thermal energy consumption.
- 6. Moderate carbon products refer to produced cement types with a carbon footprint that is at least 10.0% lower than that of a typical OPC type as well as any cementitious product sold to be used as cement or concrete additive.
- 7. Green (lower carbon) products refer to produced cement types with a carbon footprint that is at least 25.0% lower than that of a typical OPC type as well as any cementitious product sold to be used as cement or concrete additive.
- 8. Scope 3 analysis covers 6 (out of 15) categories, namely purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, business travel, employee commuting and downstream transportation and distribution, that are considered relevant to cement activities according to the GCCA analysis.
- 9. Scope 3 Category 1 emissions do not include emissions related to services like data services, professional services, maintenance services, catering services, security services, cleaning services, etc. as there are not considered to contribute significantly to the overall Scope 3 emissions while reliable relevant information are not readily available.

Connection of KPIs with the SASB Standards

Connection of ESG performance indicators with metrics according to SASB Standards, specifically:
-EM-CM-110a.1 under the topic "Greenhouse Gas Emissions" for Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.
-EM-CM-130a.1 under the topic "Energy Management" for total energy consumed, percentage grid electricity, percentage alternative, and percentage renewable.

Notes 2.2

Notes for specific KPIs

- 1. New indicator. More details you may find in the section ""TITAN's approach for ESG Performance reporting"" and in the below:
•""Decarbonization"" was introduced as a new subject area and presented separately in this report for the first time, whereas in the past respective subjects to GHG emissions were covered under Environment.
- 2. Relevant information is not available for the specific years denoted as 'n/a'.
- 3. For the definition see Table 2.5.10 "Value Creation Indicators".
- 4. Figure(s) for 2020 adjusted to include previously unreported data.
- 5. The KPI was calculated for closing of the reporting period 2022 in accordance with the practice for all Safety data, being the use of ""Average Employment"" (see Note 6 below). This is consistent with all years prior to 2022. As exception, the KPI for "Performance by activity" was calculated by using the figures of "Number of employees by year end", due to different data consolidation criteria and methodology, but with insignificant impact on the results.
- 6. The calculation was made according to Belgian Law (sec. 165 XIVB of RD of 30 January 2001).
- 7. KPIs calculated on the basis of ""Average Employment"" data for year 2018. Since 2019 the specific KPIs have been calculated on the basis of the number of employees as of 31 December for each year. 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% (adjusted to 100% of female employees).

Connection of KPIs with the SASB Standards

Connection of ESG performance indicators with the metric EM-CM-320a.1 according to SASB Standards, under the topic (area) "Workforce Health and Safety": Specifically, the connection concerns the KPIs of near misses and frequency rate for full-time employees, and contract employees.

2. ESG Key Performance Indicators (KPIs)

2.2 Focus area: Growth-enabling work environment

| code | ESG Performance Indicators | Unit | 2022 | 2021 | 2020 | GCCA | UNGC | UNCTAD | TCFD | SASB | SDGs and Targets" |
|---|--|------|------|------|-------|------|------|--------|------|------|-------------------|
| 2.2.2 Material issue: Diverse and inclusive workplace | | | | | | | | | | | |
| 2.25 | Average employment ⁶ | # | 251 | 259 | 260 | | ● | | | | SDG 5.4 |
| 2.26 | Number of employees by year end, | # | 248 | 255 | 12,31 | | ● | | | | SDG 8.5 |
| | Employee turnover / gender, avg. | % | 8,1 | 4,71 | | | ● | | | | SDG 8.6 |
| 2.27 | Females | % | 20,0 | 15,0 | | | | | | | SDG 8.8 |
| 2.28 | Males | % | 80,0 | 85,0 | | | | | | | SDG 10.3 |
| Employee turnover / age ^{2,7} | | | | | | | | | | | |
| 2.29 | Under 30 ² | % | 0,03 | 0,0 | | | | | | | |
| 2.30 | Between 30-50 ² | % | 0,70 | 75,0 | | | | | | | |
| 2.31 | Over 50 ² | % | 0,27 | 25,0 | | | | | | | |
| 2.32 | Employees left ⁷ | # | 30 | 20 | | | ● | | | | |
| Employees left / age | | | | | | | | | | | |
| 2.33 | Under 30 | # | 1 | 0 | | | | | | | |
| 2.34 | Between 30-50 | # | 21 | 15 | | | | | | | |
| 2.35 | Over 50 | # | 8 | 5 | | | | | | | |
| Employees left / gender | | | | | | | | | | | |
| 2.36 | Females | # | 8 | 3 | | | | | | | |
| 2.37 | Males | # | 22 | 17 | 6,2 | | | | | | |
| 2.38 | Employee new hires, avg. ⁷ | % | 9,68 | 5 | 16 | | ● | | | | |
| 2.39 | Employee new hires ⁷ | # | 24 | 14 | | | ● | | | | |
| Employee new hires / gender ⁷ | | | | | | | | | | | |
| 2.40 | Females | # | 8 | 3 | 9 | | ● | | | | |
| 2.41 | Males | # | 16 | 11 | 7 | | ● | | | | |
| New hires / age ⁷ | | | | | | | | | | | |
| 2.42 | Under 30 | # | 7 | 7 | 1 | | ● | | | | |
| 2.43 | Between 30-50 | # | 16 | 6 | 12 | | ● | | | | |
| 2.44 | Over 50 | # | 1 | 1 | 3 | | ● | | | | |
| Employment / type ⁷ | | | | | | | | | | | |
| 2.45 | Full time | # | 248 | 247 | 252 | | ● | | | | |
| 2.46 | Part Time | # | 0 | 0 | 0 | | ● | | | | |
| 2.47 | Temporary | # | 3 | 8 | 8 | | ● | | | | |
| Employment / category ⁷ | | | | | | | | | | | |
| 2.48 | Senior managers | # | 4 | 4 | 4 | | ● | | | | |
| 2.49 | Managers | # | 23 | 23 | 23 | | ● | | | | |
| 2.50 | Administration/technical | # | 93 | 94 | 94 | | ● | | | | |
| 2.51 | Semi-skilled/unskilled | # | 128 | 134 | 139 | | ● | | | | |
| Employment / age | | | | | | | | | | | |
| 2.52 | Under 30 | # | 21 | | 15 | | | | | | |
| 2.53 | Between 30-50 | # | 129 | | 154 | | | | | | |
| 2.54 | Over 50 | # | 98 | | 91 | | | | | | |
| Employment / gender ⁷ | | | | | | | | | | | |
| 2.55 | Females | # | 70 | 71 | 69 | | ● | | | | |
| 2.56 | Males | # | 178 | 184 | 191 | | ● | | | | |
| 2.57 | Share of women in employment, avg. ⁷ | % | 28,2 | 28,0 | 26,5 | | ● | | | | |
| 2.58 | Share of women in management, avg. ⁷ | % | 40,7 | 40,5 | 40,7 | | ● | ● | | | |
| 2.59 | Share of women in Senior Management, avg. ⁷ | % | 0,0 | 0,0 | 0,0 | | ● | ● | | | |
| 2.60 | Number of employees with dissabilities, Group ^{1,2} | # | 12 | 0 | 0 | | | | | | |
| 2.61 | Number of parental leaves ^{1,2} | # | 11 | 0 | 0 | | | | | | |

2. ESG Key Performance Indicators (KPIs)

2.2 Focus area: Growth-enabling work environment

| code | ESG Performance Indicators | Unit | 2022 | 2021 | 2020 | GCCA | UNGC | UNCTAD | TCFD | SASB | SDGs and Targets" |
|--|--|----------|---------|-------|-------|------|------|--------|------|------|-------------------|
| 2.2.3 Material issue: Continuous development of our people | | | | | | | | | | | |
| 2.62 | Training investment / (trained) employee, avg. ^{3,7} | € | 268 | 151 | 105 | | ● | ● | | | SDG 4.3 |
| 2.63 | Training investment ³ | € | 67519 | 37810 | 28817 | | ● | ● | | | SDG 4.4 |
| Training investment / gender ⁷ | | | | | | | | | | | |
| 2.64 | Females | € | 485 | 12537 | 10848 | | ● | ● | | | SDG 5.1 |
| 2.65 | Males | € | 183 | 25273 | 17969 | | ● | ● | | | SDG 5.5 |
| 2.66 | Trained employees, total ⁷ | # | 259 | 251 | 275 | | ● | | | | SDG 8.5 |
| 2.67 | Share of trained employees, avg. ⁷ | % | 100,0 | 98,0 | 100,0 | | ● | | | | SDG 10.2 |
| 2.68 | Share of trained female employees (in total female employees), avg. ⁷ | % | 92,9 | 80,0 | 100,0 | | ● | | | | SDG 10.3 |
| Trained employees / category ⁷ | | | | | | | | | | | |
| 2.69 | Senior Managers | # | 3 | 3 | 3 | | | | | | SDG 16.5 |
| 2.70 | Managers | # | 23 | 24 | 25 | | | | | | |
| 2.71 | Administration/technical | # | 98 | 90 | 96 | | | | | | |
| 2.72 | Semi-skilled/Unskilled | # | 135 | 134 | 151 | | | | | | |
| Trained employees / age group | | | | | | | | | | | |
| 2.73 | Under 30 | # | 28 | 20 | 20 | | ● | | | | |
| 2.74 | Between 30-50 | # | 127 | 152 | 178 | | ● | | | | |
| 2.75 | Over 50 | # | 104 | 79 | 77 | | ● | | | | |
| 2.76 | Training hours | # | 9960 | 10631 | 9740 | | ● | ● | | | |
| 2.77 | Average training hours / employee (over the total number of direct employees), and breakdown per gender ⁴ | h/person | 38,9 | 42,0 | 37,0 | | ● | ● | | | |
| 2.78 | Average female | # | 33 | 28 | 31 | | | | | | |
| 2.79 | Average male | # | 41 | 46 | 40 | | | | | | |
| Training hours / subject | | | | | | | | | | | |
| 2.80 | Company onboarding | # | 0,00 | 0 | 0 | | | | | | |
| 2.81 | Compliance | # | 215,71 | 203 | 722 | | | ● | | | |
| 2.82 | Sustainability | # | 4,00 | 50 | 210 | | | ● | | | |
| 2.83 | Decarbonization ^{1,2} | # | 51,00 | 0 | 0 | | | | | | |
| 2.84 | Digital & IT ² | # | 24,00 | 51 | 0 | | | | | | |
| 2.85 | Environment | # | 134,00 | 179 | 123 | | | | | | |
| 2.86 | Foreign languages | # | 34,50 | 63 | 309 | | | | | | |
| 2.87 | Functional competence | # | 188,50 | 512 | 761 | | | | | | |
| 2.88 | Generic competence | # | 3047,63 | 597 | 36 | | | | | | |
| 2.89 | Health and Safety | # | 5637,07 | 6711 | 4941 | | | | | | |
| 2.90 | Managerial skills | # | 31,00 | 0 | 287 | | | | | | |
| 2.91 | Other | # | 1,55 | 5 | 23 | | | | | | |
| 2.92 | Security | # | 50,50 | 0 | 0 | | | | | | |
| 2.93 | Technical know-how | # | 540,25 | 2260 | 2328 | | | | | | |
| 2.94 | Share of employees with performance evaluation, avg. | % | 47,2 | 25,9 | | | | | | | |
| 2.95 | Share of female employees with performance evaluation, avg. ² | % | 36,1 | 39,0 | | | | | | | |

Notes 2.2

Notes for specific KPIs

1. New indicator. More details you may find in the section ""TITAN's approach for ESG Performance reporting"" and in the below:
• ""Decarbonization"" was introduced as a new subject area and presented separately in this report for the first time, whereas in the past respective subjects to GHG emissions were covered under Environment.
2. Relevant information is not available for the specific years denoted as 'n/a'.
3. For the definition see Table 2.5.10 ""Value Creation Indicators".
4. Figure(s) for 2020 adjusted to include previously unreported data.
5. The KPI was calculated for closing of the reporting period 2022 in accordance with the practice for all Safety data, being the use of ""Average Employment"" (see Note 6 below). This is consistent with all years prior to 2022. As exception, the KPI for ""Performance by activity"" was calculated by using the figures of ""Number of employees by year end"", due to different data consolidation criteria and methodology, but with insignificant impact on the results.

6. The calculation was made according to Belgian Law (sec. 165 XIVB of RD of 30 January 2001).
7. KPIs calculated on the basis of ""Average Employment"" data for year 2018. Since 2019 the specific KPIs have been calculated on the basis of the number of employees as of 31 December for each year. 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% (adjusted to 100% of female employees).

Connection of KPIs with the SASB Standards

Connection of ESG performance indicators with the metric EM-CM-320a.1 according to SASB Standards, under the topic (area) ""Workforce Health and Safety"": Specifically, the connection concerns the KPIs of near misses and frequency rate for full-time employees, and contract employees.

2. ESG Key Performance Indicators (KPIs)

| 2.3 Focus area: Positive local impact | | | | | | | | | | | |
|---|---|-------------|--------|-------|-------|------|------|--------|------|--------------|--|
| code | ESG Performance Indicators | Unit | 2022 | 2021 | 2020 | GCCA | UNGC | UNCTAD | TCFD | SASB | SDGs and Targets" |
| 2.3.1 Material issue: Environmental positive impact | | | | | | | | | | | |
| Air emissions | | | | | | | | | | | |
| Cement production activities | | | | | | | | | | | |
| 3.1 | Coverage rate continuous measurement | % | 100,0 | 100,0 | 100,0 | ● | ● | | | EM-CM-120a.1 | SDG 3.9 SDG 9.4" |
| 3.2 | Specific dust emissions | g/t clinker | 15,6 | 8,2 | 9,3 | ● | ● | | | EM-CM-120a.1 | |
| 3.3 | Specific NOx emissions | g/t clinker | 520,0 | 714,6 | 719,0 | ● | ● | | | EM-CM-120a.1 | |
| 3.4 | Specific SOx emissions | g/t clinker | 6,0 | 7,2 | 13,8 | ● | ● | | | EM-CM-120a.1 | |
| 3.5 | Integrated cement plants and cement grinding plants with certified Environmental Management System (ISO 14001 or similar) | % of plants | 100,0 | 100,0 | 100,0 | | ● | | | | |
| All activities | | | | | | | | | | | |
| 3.6 | Environmental complaints ² | # | 0 | 0 | 0 | | | | | | |
| Rehabilitation | | | | | | | | | | | |
| Cement production and aggregates activities | | | | | | | | | | | |
| 3.7 | Sites with rehabilitation plans ³ | % | 100,0 | 100,0 | 100,0 | ● | ● | | | EM-CM-160a.1 | SDG 15.3 SDG 15.4 SDG 15.9 SDG 15a" |
| 3.8 | Total land use ^{1,3} | million m2 | 0,9 | n/a | n/a | | ● | | | EM-CM-160a.2 | |
| 3.9 | Rehabilitated areas over affected areas (cumulative) ^{1,3,6} | % | 2,1 | 1,8 | 1,7 | | ● | | | EM-CM-160a.2 | |
| 3.10 | Sites with Environmental Management System (ISO14001 or similar) ³ | % | 100,0 | 100,0 | 100,0 | | ● | | | EM-CM-160a.1 | |
| Biodiversity | | | | | | | | | | | |
| Cement production and aggregates activities | | | | | | | | | | | |
| 3.11 | Sites in high biodiversity value areas ^{3,4} | # | 1 | 1 | 1 | ● | ● | | | EM-CM-160a.1 | SDG 15.3 SDG 15.4 SDG 15.9 SDG 15a |
| 3.12 | Sites with biodiversity management plans ^{3,5} | # | 1 | 1 | 1 | ● | ● | | | EM-CM-160a.1 | |
| 3.13 | Sites with biodiversity management plans | % | 100,0 | 100,0 | 100,0 | ● | ● | | | EM-CM-160a.1 | |
| Investments in environmental protection | | | | | | | | | | | |
| All activities | | | | | | | | | | | |
| 3.14 | Environmental expenditures across all activities ⁷ | million € | 5,5 | 2,0 | 2,0 | | ● | ● | | | SDG 7b SDG 9.4 |
| 3.15 | Environmental management | million € | 0,6 | 0,6 | 0,5 | | ● | ● | | | |
| 3.16 | Reforestation | million € | 0,1 | 0,1 | 0,1 | | ● | ● | | | |
| 3.17 | Rehabilitation | million € | 0,0 | 0,0 | 0,0 | | ● | ● | | | |
| 3.18 | Environmental training and awareness building | million € | 0,0 | 0,0 | 0,0 | | ● | ● | | | |
| 3.19 | Application of best available technologies | million € | 4,8 | 1,2 | 1,3 | | ● | ● | | | |
| 3.20 | Waste management | million € | 0,1 | 0,1 | 0,0 | | ● | ● | | | |
| 2.3.1 Material issue: Social positive impact | | | | | | | | | | | |
| 3.21 | Donations ⁸ | € | 11662 | | | | ● | ● | | | SDG 2.1 |
| 3.22 | Donations in cash ⁸ | € | 7278 | | | | ● | ● | | | SDG 2.3 |
| 3.23 | Donations in kind ⁸ | € | 4384 | | | | ● | ● | | | SDG 4.3 |
| 3.24 | Employees from local community, avg. | % | 80,19% | | | | | | | | SDG 4.4 |
| 3.25 | Internships | # | 13 | | | | ● | | | | SDG 9.3 |
| 3.26 | New entry level jobs from internships/ traineeships | # | 6 | | | | ● | | | | |
| 3.27 | Internships from Local Community, avg. | % | 84,6 | | | | | | | | |
| 3.28 | Key operations with Community Engagement Plans related to material issues and Group policies | # | | | | | ● | ● | | | |
| 3.29 | Total number of Initiatives under Community Engagement Plans ¹ | # | 7 | | | | | | | | |
| 3.30 | Total number of Participants to Community Engagement Plans ^{1,2} | # | 99 | | | | | | | | |
| 3.31 | TITAN Employees, volunteers to Community Engagement Plans ¹ | # | 34 | | n/a | | | | | | |
| 3.32 | Social investment (in cash and in kind) for community initiatives ^{1,2} | million € | 0,019 | | | | | | | | |
| 3.33 | Blood donations (TITAN employees, business partners and communities) ¹ | # | 0 | | n/a | | | | | | |
| 2.3.1 Material issue: Economical positive impact | | | | | | | | | | | |
| 3.34 | Local Spend, avg. ^{1,8} | # | 11,0 | 0 | 0 | | ● | ● | | | |

Notes 2.3

Notes for specific KPIs

1. Relevant information is not available for the specific years denoted as 'n/a'.
2. Specifically, with regard to the KPIs of Total number of Participants to Community Engagement Plans (CEPs), TITAN Employees as volunteers to Community Engagement Plans, and Total amount of 'social investment' for the implementation of Community Engagement Plans related to the KPI Key operations with CEPs connected with material issues and Group policies these were incorporated for the first time in the ESG performance statements in the TITAN IAR 2020. In 2022 TITAN progressed further with the alignment of BUs for implementing the Framework Guidance for CEPs which was introduced for the first time in 2021. Actions were focused on the collection and consolidation of data for the KPIs of ""Participants"" and ""Beneficiaries"" of CEPs, with respective definitions as below:
-""Participants"" are persons who had active involvement (engagement) in the initiatives for Community Engagement, and the figure includes the sum of the number of persons of two sub-categories: (a) Direct Employees who volunteered, or/and had active role because of their position/role in the BU organization, and (b) Partners (Local Authorities, Specialists e.g., Academia or other Experts, NGOs, Suppliers and Contractors, and possibly also Customers etc.).
-""Beneficiaries"" are persons who – directly or indirectly – have received or will receive benefits from the initiatives for Community Engagement. In order to estimate this figure, the BU requires to have an overall view of the initiative, and the impacts this has in the local community. The number of Beneficiaries may include also some of the Participants.
3. Coverage includes all quarries attached to cement plants and quarries for aggregates production, which are wholly-owned and under full management control of TITAN. Since 2021, all Titan Cement Egypt quarries have been excluded from the baseline and the calculations of the respective local impact indicators, as they are no longer considered to be under full management control of TITAN due to changes in mining legislation in the country.

4. Active quarries within, containing or adjacent to areas designated for their high biodiversity value, see Table "TITAN Group Quarry Sites with High Biodiversity Value".
5. Active quarries with high biodiversity value where biodiversity management plans are actively implemented, see Table "TITAN Group Quarry Sites with High Biodiversity Value".
6. Calculated as the percentage of the impacted/disturbed quarry areas that have been rehabilitated (total and cumulative), aggregated at Group level. 2020 was the initial year for disclosing data for this indicator.
7. Total amount of expenditures (capital and operational) for those investments whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation to the environment (UNCTAD Guidance, 2022). In 2022 TITAN incorporated in this disclosure the figure of total capital expenditures (Capex) which are aligned with the EU Taxonomy Regulation, in specific projects for meeting the Technical Screening Criteria for the environmental objectives of climate change mitigation and climate change adaptation.
8. For definitions related to ""Social investment"" (in cash and in kind) for community initiatives", ""Donations"", and ""Local Spend"", see Table 2.5.10.

Connection of KPIs with the SASB Standards

Connection of ESG performance indicators with metrics according to SASB Standards, specifically:
- EM-CM-120a.1 under the topic (area) "Air Quality" for air emissions of pollutants including NOx, SOx, particulate matter (PM10), dioxins/furans, volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), and (7) heavy metals.
- EM-CM-160a.1 and EM-CM-160a.2 under the topic (area) "Biodiversity Impacts" for the environmental management policies and practices for active sites, and terrestrial acreage disturbed, percentage of impacted area restored. See also Table "TITAN Group Quarry Sites with High Biodiversity Value" part of the ESG performance statements.

| TITAN Group Quarry Sites with High Biodiversity Value | | | | | | |
|---|----------|------------------|---------------|--|------------------------------|--|
| Site | Country | Raw Material use | Location | Status | Biodiversity Management Plan | Notes |
| Zlatna Panega Quarry | Bulgaria | Cement | Zlatna Panega | Inside area for protection of freshwater ecosystems (wetlands) on local/ state level | YES | Baseline assessment by an "Initial Ecological Scoping Study" (ATKINS). A structured BMP was developed in end 2013 acc. to CSI Guidance; implemented in 2014 |

Notes

1. The above table is complementary to the Table 2.3, ""Focus area: Positive local impact"", and specifically for the Indicators: 3.41. Sites in high biodiversity value areas, 3.42. Sites with biodiversity management plans (number), 3.43. Sites with biodiversity management plans (percentage).
2. The above table includes the needed disclosures for supporting TITAN's performance monitoring and reporting according to the sectoral commitments (GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management, May 2020). This information, combined with the disclosures under the respective section of this report, also covers the requirements for reporting according to the SASB Standards for "Biodiversity Impacts" and in more specifically the KPI EM-CM-160a.1 Description of environmental management policies and practices for active sites.

2. ESG Key Performance Indicators (KPIs)

2.4. Focus area: Resoinsible sourcing

| code | ESG Performance Indicators | Unit | 2022 | 2021 | 2020 | GCCA | UNGC | UNCTAD | TCFD | SASB | SDGs and Targets" |
|---|---|------------------------------|-------|-------|-------|------|------|--------|------|--------------|---|
| 2.4.1 Material issue: Resource efficiency, recycling and recovery, contributing to circular economy | | | | | | | | | | | |
| All Activities | | | | | | | | | | | |
| 4.1 | Water consumption (total) | million m³ | 0,172 | 0,2 | 0,3 | ● | ● | | | EM-CM-140a.1 | SDG 6.3 |
| 4.2 | Water withdrawal (total, by source)² | million m³ | 0,239 | 0,3 | 0,3 | ● | ● | ● | | EM-CM-140a.1 | SDG 6.4 SDG 6.5 |
| 4.3 | Groundwater | million m³ | 0,1 | 0,1 | 0,1 | | | | | EM-CM-140a.1 | |
| 4.4 | Municipal water | million m³ | 0,0 | 0,0 | 0,0 | | | | | EM-CM-140a.1 | |
| 4.5 | Rainwater | million m³ | 0,0 | 0,0 | 0,0 | | | | | EM-CM-140a.1 | |
| 4.6 | Surface water | million m³ | 0,1 | 0,2 | 0,3 | | | | | | |
| 4.7 | Quarry water used (from quarry dewatering) | million m³ | 0,0 | 0,0 | 0,0 | | | | | | |
| 4.8 | Ocean or sea water | million m³ | 0,0 | 0,0 | 0,0 | | | | | | |
| 4.9 | Waste water | million m³ | 0,0 | 0,0 | 0,0 | | | | | | |
| 4.10 | Water discharge (total, by destination)³ | million m³ | 0,067 | 0,1 | 0,1 | ● | ● | ● | | | |
| 4.11 | Surface (river, lake) | million m³ | 0,1 | 0,1 | 0,1 | | | | | | |
| 4.12 | Sub-surface water (well) | million m³ | 0,0 | 0,0 | 0,0 | | | | | | |
| 4.13 | Ocean or sea | million m³ | 0,0 | 0,0 | 0,0 | | | | | | |
| 4.14 | Off-site treatment | million m³ | 0,0 | 0,0 | 0,0 | | | | | | |
| 4.15 | Other⁴,⁵ | million m³ | 0,0 | 0,0 | n/a | | | | | | |
| 4.16 | Water recycled (total)¹ | million m³ | 0,4 | 0,3 | 0,3 | | | | | | |
| 4.17 | Water demand covered with recycled water¹ | % | 59,6 | 50,1 | 47,4 | | | | | | |
| Cement and cementitious production activities | | | | | | | | | | | |
| 4.18 | Water consumption (total) | million m³ | 0,1 | 0,2 | 0,2 | | | | | | SDG 6.3 |
| 4.19 | Water withdrawal (total)² | million m³ | 0,2 | 0,3 | 0,3 | | | | | EM-CM-140a.1 | SDG 6.4 SDG 6.5 |
| 4.20 | Water discharge (total)³ | million m³ | 0,1 | 0,1 | 0,1 | | | | | | |
| 4.21 | Water recycled (total) | million m³ | 0,3 | 0,3 | 0,3 | ● | ● | ● | | EM-CM-140a.1 | |
| 4.22 | Specific water consumption | l/t cementitious product | 255,0 | 380,9 | 385,9 | ● | ● | ● | | | |
| 4.23 | Specific water consumption | l/t cement | 264,1 | 356,7 | 389,4 | ● | ● | ● | | | |
| 4.24 | Water demand covered with recycled water | % | 62,3 | 52,0 | 50,1 | | | | | | |
| All Activities | | | | | | | | | | | |
| 4.25 | Thermal energy consumption | TJ | 1861 | 1740 | 1927 | ● | ● | ● | | EM-CM-130a.1 | SDG 7 |
| 4.26 | Thermal energy consumption¹ | % of total | 88,0 | 87,4 | 87,6 | | | | | | SDG 12 |
| 4.27 | Electrical energy consumption | TJ | 255 | 251 | 274 | ● | ● | ● | | EM-CM-130a.1 | |
| 4.28 | Electrical energy consumption¹ | % of total | 12,0 | 12,6 | 12,4 | | | | | | |
| 4.29 | Total energy consumption¹ | TJ | 2116 | 1991 | 2200 | | | | | | |
| Cement production activities | | | | | | | | | | | |
| 4.30 | Percentage of production covered by ISO50001 or energy audits | % clinker production | 100,0 | 100,0 | 100,0 | | ● | | ● | | SDG 7.2 SDG 7.3 SDG 9.4 SDG 12 |
| 4.31 | Specific thermal energy consumption | kcal/kg clinker | 915 | 950 | 947 | ● | ● | ● | ● | | |
| 4.32 | Specific electrical energy consumption | kWh/t cement | 123,1 | 119,4 | 126,4 | | | | ● | | |
| 4.33 | Renewable energy as part of total electrical energy consumption⁵ | % Electrical energy consumed | 22,8 | 31,4 | 24,5 | | | | ● | | |
| All Activities | | | | | | | | | | | |
| 4.34 | Natural raw materials extracted (total, wet) | million t | 0,8 | 0,7 | 0,9 | ● | | | | | SDG 12.2 |
| 4.35 | Raw materials extracted for clinker and cement production | million t | 0,8 | 0,7 | 0,8 | | ● | | | | |
| 4.36 | Raw materials extracted for aggregates | million t | 0,0 | 0,0 | 0,1 | | ● | | | | |
| Cement production activities | | | | | | | | | | | |
| 4.37 | Materials consumption (total, dry) | million t | 0,8 | 0,8 | 0,8 | | ● | | | | SDG 12.2 SDG 12.4 SDG 12.5 |
| 4.38 | Extracted (natural) raw materials consumption (dry) | million t | 0,8 | 0,7 | 0,8 | | | | | | |
| 4.39 | Alternative raw materials consumption (dry) | million t | 0,1 | 0,1 | 0,1 | | | | | | |
| 4.40 | Alternative raw materials use (of total raw materials consumed) | % Dry | 8,4 | 9,0 | 8,6 | ● | | ● | | | |
| 4.41 | Alternative raw materials rate (based on clinker-to-cement equivalent factor) | % Dry | 10,9 | 11,0 | 11,0 | ● | ● | ● | | | |

2. ESG Key Performance Indicators (KPIs)

2.4. Focus area: Resoinsible sourcing

| code | ESG Performance Indicators | Unit | 2022 | 2021 | 2020 | GCCA | UNGC | UNCTAD | TCFD | SASB | SDGs and Targets" |
|---|--|----------------------|----------------|-------|-------|------|------|--------|------|--------------|------------------------------------|
| 2.4.1 Material issue: Resource efficiency, recycling and recovery, contributing to circular economy | | | | | | | | | | | |
| All Activities | | | | | | | | | | | |
| 4.42 | Waste disposal (total, wet) | t | 4791 | 1342 | 3074 | ● | ● | | | EM-CM-150a.1 | SDG 12.2 |
| 4.43 | Non-hazardous waste (total) | t | 4786 | 1310 | 3055 | ● | ● | | | EM-CM-150a.1 | SDG 12.4 SDG 12.5 |
| 4.44 | Hazardous waste (total) | t | 5 | 32 | 19 | ● | ● | | | EM-CM-150a.1 | |
| 4.45 | Externally recycled waste materials (total, wet) | t | 374 | 96 | 271 | ● | ● | | | | |
| 4.46 | Reused | t | 0 | 0 | 0 | | | | | | |
| 4.47 | Recycled | t | 374 | 96 | 271 | | | | | | |
| 4.48 | Recovered | t | 0 | 0 | 0 | | | | | | |
| 4.49 | Waste disposal, breakdown by destination-usage (wet) | % w/w | 100,0 | 100,0 | 100,0 | ● | ● | | | EM-CM-150a.1 | SDG 12.2 SDG 12.5 |
| 4.50 | Reuse | % w/w | 0,0 | 0,0 | 0,0 | ● | ● | | | EM-CM-150a.1 | |
| 4.51 | Recycled | % w/w | 7,8 | 7,2 | 8,8 | ● | ● | | | EM-CM-150a.1 | |
| 4.52 | Recovered (including energy recovery) | % w/w | 0,0 | 0,0 | 0,0 | ● | ● | | | EM-CM-150a.1 | |
| 4.53 | Incineration | % w/w | 0,0 | 0,0 | 0,0 | ● | ● | | | EM-CM-150a.1 | |
| 4.54 | Landfilled | % w/w | 92,2 | 92,5 | 91,0 | ● | ● | | | EM-CM-150a.1 | |
| 4.55 | Composted | % w/w | 0,0 | 0,0 | 0,0 | ● | ● | | | EM-CM-150a.1 | |
| 4.56 | Other (incl. storage) | % w/w | 0,0 | 0,3 | 0,2 | ● | ● | | | EM-CM-150a.1 | |
| Cement production activities | | | | | | | | | | | |
| 4.57 | Integrated cement plants with "Zero Waste to Landfill" certification | % clinker production | 0,0 | 0,0 | 0,0 | | | | | | SDG 12.2 SDG 12.4" |
| 2.4.2 Material Issue: Reliable and Sustainable Supply Chain | | | | | | | | | | | |
| All Activities | | | | | | | | | | | |
| 4.58 | Key suppliers meeting TITAN ESG standards⁵,⁶ | % | See Note below | n/a | n/a | | | | | | SDG 6 SDG 7 SDG 12 SDG 13 |

Notes 2.4

Notes for specific KPIs

1. New indicator. More details can be found in the section "TITAN's approach to ESG Performance reporting".
2. Total withdrawal also includes quantities of water withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
3. Total discharge also includes quantities of water withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
4. Refers to the quantities of water withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
5. Relevant information is not available for the specific years denoted as 'n/a'.
6. TITAN progressed in 2022 according to the internal Roadmap for Sustainable Supply Chain as described in the management report under the focus area "Responsible Sourcing", and material issue "Reliable and sustainable supply chain"

Connection of KPIs with the SASB Standards

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

- EM-CM-130a.1 under the area "Energy Management" for total energy consumed, percentage grid electricity, percentage alternative, and percentage renewable.
- EM-CM-140a.1 under the area "Water Management" for total fresh water withdrawn, percentage recycled, percentage in regions with high or extremely high baseline water stress. See also Table "TITAN Group Cement Plant Sites within water-stressed Areas" part of the ESG performance statements.
- EM-CM-150a.1 under the area "Waste Management" for amount of waste generated, percentage hazardous, percentage recycled.
- Connection of the disclosures under Note 7 of the above "Notes for specific KPIs", about the 2022 progress aligned with the Sustainable Supply Chain Roadmap of TITAN cover the requirements for reporting according to the SASB Standards for the area "Business Ethics and Transparency" and more specifically the metric (KPI) EM-MM-510a.1. The connection concerns the description of the management system for prevention of corruption and bribery throughout the value chain.

TITAN Group Cement Plant Sites within water-stressed Areas

| Site | Country | Water Stress (Baseline) |
|---------------|----------|-------------------------|
| Zlatna Panega | Bulgaria | >80% |

Notes

1. The water risk assessment for all TITAN Group sites was conducted in 2020 with the use of the World Resources Institute's (WRI) Aqueduct tool.
2. The above table presents the cement plant sites (as the larger water users among Group activities) that operate within water-stressed areas, namely the areas where the Baseline Water Stress Indicator is >40%, as classified by the Aqueduct tool.
3. The Water Stress Indicator measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Higher values indicate more competition among users.
4. This information for the activities that operate in water-stressed areas, combined with the disclosures under the section 'Non-financial performance overview' of this report, also covers the requirements for reporting according to the SASB Standards for 'Water Management' and more specifically the KPI EM-CM-140a.1 (1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress.

2. ESG Key Performance Indicators (KPIs)

2.5 Good governance, transparency and business ethics

| code | Governance Core Indicators | Notes | Performance 2022 | Reporting Standards |
|---|--|-------|------------------|---|
| 2.5 Good governance, transparency and business ethics | | | | |
| Compliance and business ethics | | | | SDG 5.5 SDG 16.5 SDG 16.6 SDG 16.7 |
| 5.1 | Non-hazardous waste (total) | | | |
| 5.2 | Hazardous waste (total) | 2 | | |
| 5.3 | Externally recycled waste materials (total, wet) | 3 | | UNGC UNCTAD SASB |
| 5.4 | Reused | 1, 3 | | |

Notes 2.5

Notes for specific KPIs

1. New indicator.
2. In 2022 this percentage reached 50.33% [Group figure], slightly decreased compared to 52.3% [Group figure] in 2021.
3. Average number of hours of training per employee and per year, on policies & internal procedures of TITAN (priority being on the Code of Conduct, Policies for Human Rights, Anti-Bribery, GDPR, although this list should not be considered as exhaustive). The KPI is calculated as total hours of training in the subject areas, divided by the total number of employees. TITAN categorizes these training subjects under the overall subject area: "Compliance" (see Table 2.2 "Focus area: Growth-enabling work environment", for the KPI "Training hours per subject, Group total"). TITAN also provides the total number of hours for anti-bribery and corruption training in 2022, connected with the above. This information is extracted from the human resources management system in each country and consolidated on Group level following the same rules and practices as the above data for compliance trainings.

Additional Notes

4. TITAN does not operate in or near areas of conflict, according to data of the Uppsala Conflict Data Program UCDP - see the website: Uppsala Conflict Data Program (uu.se).
5. In 2022 TITAN followed an enhanced process of receiving feedback from our stakeholders in each country of operation by promoting the principles of open and structured communication and implemented a project for validating the existing materiality matrix on the level of each BU. For details see the section "Focusing on material issues" of this report, and more specific the "Dynamic Materiality". About outcomes of the BUs Validation Materiality Project 2022 see Table 1.1 "Material issues", part of the ESG performance statements.

About background work: Preparatory work on the analysis and the assessment of the Materiality Assessment for all countries of operation was completed in 2020, including focused research in each country by a third party. This process enabled the engagement of TITAN's management in each country, and the due diligence at BU level with respect to human rights and indigenous peoples' rights and possible related conflicts. The country-level research concluded that no matters of conflict with respect to the above had emerged or are expected. No new information on the subject matter was noted in the press/media in any of the countries of our operations, either in 2021 or in 2022.

6. In 2022 TITAN continued the development by operating a dedicated Group e-platform to record our community initiatives and actions at each BU level, as well as to facilitate the self-assessment and alignment of BUs with Group targets and key priorities. Community Engagement Plans are implemented in all countries where we operate, covering programs of initiatives for contributing to the sustainability of local communities and enhance the engagement with our stakeholders, aiming at long-term positive impacts for communities and the society. See the section "Social Positive Impact" in the Management Report for the assessment of TITAN's community engagement initiatives across all countries of operations in 2022.

No incidents were recorded in 2022 concerning site shutdowns or project delays due to non-technical factors, such as those resulting from pending regulatory permits or other political delays related to community concerns, community or stakeholder resistance or protest, and armed conflict.

Connection of KPIs and other disclosures with the SASB Standards

- The disclosures of Note 6 (above) about the percentage of employees covered by collective bargaining agreements and number and duration of strikes and lockouts cover the requirements for reporting according to the SASB Standards for the topic (area) of "Labor Relations" and in more specific the metrics (KPIs) EM-MM-310a.1 and EM-MM-310a.2.

2.5.5 Political contributions and fines and other non-monetary sanctions

| Country | Political contributions ¹ (in Euros) | Significant fines ^{2,3} (in Euros) | Total number of non-monetary sanctions ² |
|----------|--|--|--|
| Bulgaria | 0 | 0 | 0 |

Notes

Notes for specific KPIs

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

2.5.6 Environmental Audits

| Area | Bulgaria | |
|--|----------|---|
| Environmental Management System | External | 1 |
| | Internal | 0 |
| Energy Management System/Energy audits | External | 1 |
| | Internal | 0 |
| CO ₂ emissions | External | 2 |
| | Internal | 0 |
| Waste Management | External | 2 |
| | Internal | 0 |
| Complaints | External | 0 |
| | Internal | 0 |
| Permitting | External | 1 |
| | Internal | 0 |
| Other | External | 1 |
| | Internal | 0 |
| TOTAL | External | 8 |
| | Internal | 0 |

2.5.7 Consolidated Report on Payments to Governments for extractive operations

| Legal entity | Country | Payment type | Amount (€) |
|-------------------------|----------|-----------------|------------|
| Zlatna Panega Cement AD | Bulgaria | Concession Fees | 210000 |
| TOTAL | | | 210000 |

Notes

TITAN Cement International S.A. hereby reports, in accordance with article 3:33 of the Belgian Companies and Associations Code, that TITAN Cement Group during 2022 has paid to Governments (i.e. national, regional or municipal authorities of EU Member States and third countries) the total amount of €2100,00 for extractive operations as presented in the above table. As specified in article 6:2 par. 2 of the Royal Decree dated 29 April 2019 on the execution of the Belgian Companies and Associations Code, the limit for disclosing the respective data is set at 100,000€ as a single payment or as a series of related payments.

2.5.9 Sector and Other Standards for the Non-financial disclosures in 2022

| Sector Association or Initiative | Guidelines and other documents of reference | Published |
|---|---|---|
| GCCA ¹ | Sustainability Charter Sustainability Framework Guidelines Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing. This document has been agreed within the GCCA to have extended application to concrete and other related activities [Pillar 1] Sustainability Guidelines for the monitoring and reporting of CO ₂ emissions from cement manufacturing [Pillar 2] Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing [Pillar 4] Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing [Pillar 4] Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing [Pillar 5] Sustainability Guidelines for quarry rehabilitation and biodiversity management [Pillar 4] Guidance for Sustainable Supply Chain Management [Pillars 1, 3 and 5] | Latest edition (publications between 2019 and 2021) |
| Supplementary to the GCCA standards: (Previously) WBCSD/CSI | Recommended Good Practices for: (a) Contractor Safety, and (b) Driving Safety Cement Sector Scope 3 GHG Accounting and Reporting Guidance | 2009 2016 |
| UNCTAD ² | Guidance on Core Indicators for Sustainability and SDG Impact Reporting | 2022 |
| UNGC COP ³ | Questionnaire Guidebook for the COP | 2022 |

Notes

1. The Global Cement and Concrete Association (GCCA) has built its Sustainability Charter around five (5) Sustainability Pillars, to encompass the full sustainability spectrum for its work purposes:
Pillar 1: Health and Safety, Pillar 2: Climate Change and Energy, Pillar 3: Social Responsibility, Pillar 4: Environment and Nature and Pillar 5: Circular Economy.
The terminology of the 'Pillars' is specific to the GCCA Charter of commitments for member companies, and details are available in the Charter and Framework Guidelines in the GCCA website: <https://gccassociation.org/sustainability-innovation/sustainability-charter-and-guidelines/>
TITAN continued efforts in 2022 for implementing the GCCA 2050 Roadmap to Net Zero Concrete "Concrete Future" and focused on SBTi Targets for the 1.5 degrees scenario, while continuing active participation in various working groups and contributing with knowhow and expertise, in line with its practice since the foundation of the Sectoral Association.
In 2022 TITAN participated in the first GCCA Compliance Charter Audit, with purposes including (a) supporting members in developing implementing

their sustainability strategy (focused but not limited to GCCA obligations), (b) enabling the assessment of members' sustainability performance and benchmark with peer companies, (c) Identifying areas where the GCCA guidelines and charter need to be clarified or strengthened.
2. The UNCTAD Guidance provides meaningful connections of KPIs with the most relevant SDGs and specific targets for each SDG, and is leveraged under the reporting approach of TITAN for all focus areas of De-carbonization and Digitalization, Growth-enabling work environment, Positive local impact focus area, Responsible sourcing, and Good governance, transparency, and business ethics.
3. The Guidance of the UNGC COP was enhanced in 2022 and is considered essential for reporting on progress with respect to TITAN's commitments for the UNGC Ten Principles. See Table 2.5.11 for details on the UNGC COP guidance and specific connections with KPIs and other disclosures in this Report.
Overall: Tables 2.1, 2.2, 2.3, 2.4, 2.5.1, 2.5.10, and 2.5.11 provide references and connections for the standards under the above Notes (1), (2) and (3).

| 2.5.10 Value creation indicators ¹ | Unit | 2022 |
|---|-----------|------------|
| Total spend on suppliers, local, national and international for goods and services ^{2a} | million € | 71 631 421 |
| % local spend of TITAN ^{2b} | % | 79.10% |
| Taxes to national and local authorities ³ | million € | 3.6 |
| Payments in cash to shareholders and minorities ³ | million € | N/A |
| Social investment (in cash and in kind) for community initiatives ⁴ | million € | 0.019 |
| Alternative fuels and raw materials | million t | N/A |
| Salaries, (contributions to) pensions, and social benefits, including additional benefits beyond those provided by law ⁵ | million € | 5.9 |
| Investments in training of direct employee ⁶ | million € | 0.07 |
| Internships | # | 13 |
| Capital expenditures ⁷ | million € | 5.7 |

Note
The following Notes are inclusive of definitions for terms used specifically for value creation and distribution to stakeholders."

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, 2022), and incorporated under the TITAN standards. The related terms are outlined here and connected with the KPIs in the Index above. The figures for the Value Creation Core Indicators are provided in "Understanding TITAN, Creating and sharing value".

1. The economic value created and distributed to key stakeholders has been calculated using the United Nations UNCTAD Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals (2022 edition).
- 2a. According to TITAN Standards and the application of the IFRS, and in accordance with the approach for "% local spend of TITAN"".
- 2b. The ratio of spend on local suppliers over the total spend on all suppliers, as a percentage. Costs of local procurement are a general indicator of the extent of an entity's linkages with the local economy (UNCTAD Guidance, 2022). Local are those suppliers which provide goods or services to TITAN and have company tax registration inside the country of interest, same as the country of TITAN BUs location and tax registration. For countries with a governmental structure characterized as federation-of-states this applies specifically today to the USA, where different states have local governments and vast geographical extent, the term local refers to those suppliers with company tax registration in the same state with the tax registration of the BU or location of operations, and also in the states which are neighboring

Notes 2.5.10

1. The connection among the 'Questions' under the COP with specific codification under the different areas of the Questionnaire, and the Ten Principles of the UNGC is facilitated by references in the Report (including the ESG performance statements). About connection to the SDGs, see the references to Tables 2.1, 2.2, 2.3, 2.4, and 2.5, of the ESG performance statements.
2. With reference the area of Human Rights: TITAN does not operate in or near areas of conflict, according to data of the Uppsala Conflict Data Program UCDP - see the web site: Uppsala Conflict Data Program (uu.se). In 2022 TITAN implemented a project for validating the existing materiality matrix on the level of each BU (see section "Focusing on material issues"), which enabled the engagement of TITAN's management in each country, and the due diligence on BU level with respect to human rights and indigenous peoples' rights and possible related conflicts. No matters of conflicts with respect to the above emerged or are expected. No new information on the subject matter was noted in the press/media in any of the countries of

Notes
1. The connection among the 'Questions' under the COP with specific codification under the different areas of the Questionnaire, and the Ten Principles of the UNGC is facilitated by references in the Report (including the ESG performance statements). About connection to the SDGs, see the references to Tables 2.1, 2.2, 2.3, 2.4, and 2.5, of the ESG performance statements.

2. With reference the area of Human Rights: TITAN does not operate in or near areas of conflict, according to data of the Uppsala Conflict Data Program UCDP - see the web site: Uppsala Conflict Data Program (uu.se). In 2022 TITAN implemented a project for validating the existing materiality matrix on the level of each BU (see section "Focusing on material issues"), which enabled the engagement of TITAN's management in each country, and the due diligence on BU level with respect to human rights and indigenous peoples' rights and possible related conflicts. No matters of conflicts with respect to the above emerged or are expected. No new information on the subject matter was noted in the press/media in any of the countries of our operations. No incidents were recorded in 2022 concerning site shut-

- to the state of the BU or location of operations (the definition is applicable to TITAN's operations in the USA, for the above KPI figure). TITAN discloses the respective KPI with historical data in Table 2.3 of the ESG Performance Statements.
3. According to TITAN Standards and the application of the IFRS, see Financial Statements.
4. "Social investment" as total expenditures incurred in cash and in kind, and investments of funds (both capital expenditures and operating ones) for TITAN BUs' community initiatives. See Table 2.3.2 related to Community Engagement Plans for details. Target beneficiaries were stakeholders in the broader communities, while TITAN employees from local communities were included as beneficiaries of specific initiatives for community engagement. Also, with reference to Table 2.3.2 the amount of "Donations" is reported as equivalent to charitable/voluntary donations and investments of funds (the approach is in line with the UNCTAD Guidance, 2022).
5. According to TITAN Standards and the application of the IFRS, see Financial Statements.
6. 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, 2022). TITAN discloses the respective KPI with historical data in Table 2.2 of the ESG Performance Statements.
7. Capital expenditures, commonly known as CapEx, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.

our operations. No incidents were recorded in 2022 concerning site shut-downs or project delays due to non-technical factors, such as those resulting from pending regulatory permits or other political delays related to community concerns, community or stakeholder resistance or protest, and armed conflict.

Connection of KPIs and other disclosures with the SASB Standards
- With reference to above Note 4, we cover the requirements for reporting according to the SASB Standards for two topics (areas): "Security, Human Rights and Rights of Indigenous Peoples" and in more specific the metrics (KPIs) EM-MM-210a.1, EM-MM-210a.2, and EM-MM-210a.3, and "Community Relations", in more specific the metrics (KPIs) EM-MM-210b.1, and EM-MM-210b.2, concerning the discussion of process to manage risks and opportunities associated with community rights and interests.

- Concerning the topic (area) of "Business Ethics and Transparency" and in specific the connection with the metric (KPI) EM-MM-510a.2, see supplement Table ""Transparency International - Corruption Perception Index 2022".

downs or project delays due to non-technical factors, such as those resulting from pending regulatory permits or other political delays related to community concerns, community or stakeholder resistance or protest, and armed conflict.

Connection of KPIs and other disclosures with the SASB Standards
- With reference to above Note 4, we cover the requirements for reporting according to the SASB Standards for two topics (areas): "Security, Human Rights and Rights of Indigenous Peoples" and in more specific the metrics (KPIs) EM-MM-210a.1, EM-MM-210a.2, and EM-MM-210a.3, and "Community Relations", in more specific the metrics (KPIs) EM-MM-210b.1, and EM-MM-210b.2, concerning the discussion of process to manage risks and opportunities associated with community rights and interests.

- Concerning the topic (area) of "Business Ethics and Transparency" and in specific the connection with the metric (KPI) EM-MM-510a.2, see supplement Table ""Transparency International - Corruption Perception Index 2022".

2.5.11 Connecting our disclosures with the TITAN COP according to the enhanced platform of the UNGC

| Sections ¹ | Question ¹ | UNGC Principles ¹ | Reference to the Report ¹ |
|---------------------------|---|------------------------------|--|
| Governance | G1: Board/senior management engagement | 1,7,10 | Understanding TITAN About the report Overview Performance highlights: Good governance, transparency, and business ethics |
| | G2: Publicly stated commitment | | |
| | G3: Code of conduct | | |
| | G4: Individual or group responsible | | |
| | G5: Formal structure | | |
| | G6 and G.6.1: Risk assessment processes | 1,3,7,10 | Management report Corporate Governance and risk management: Corporate Governance Statement ESG Performance review: Good governance, transparency, and business ethics ESG performance statements: TITAN's approach for ESG Performance reporting, and Tables 2.5.1, 2.5.3. |
| | G7 and G7.1: Due diligence | | |
| | G9: Lessons | | |
| | G10: Executive pay linked to sustainability performance | | |
| | G12: Sustainability reporting | | |
| | G8 and G8.1: Raising concerns about the company's conduct | | |
| | G11: Board composition | | |
| | G13: Information assurance | | |
| Human Rights ² | HR1: Material topics | 1,2 | Understanding TITAN Overview Performance highlights: Focusing on material issues and stakeholder engagement Management report Corporate Governance and risk management ESG Performance review: Good governance, transparency, and business ethics ESG performance statements: Tables 1.1, 2.5.1, 2.5.3 - 2.5.7, 2.5.9. |
| | HR2 and HR2.1: Policy commitment | | |
| | HR3: Stakeholder engagement | | |
| | HR4: Prevention/mitigation | | |
| | HR5: Training | | |
| | HR6: Prevention/mitigation progress assessment | | |
| | HR8: Practical actions | | |
| Labour | L1 and L1.1: Policy commitment | 3,4,5,6 | Understanding TITAN Overview Performance highlights: Good governance, transparency, and business ethics ESG Performance |
| | L2: Stakeholder engagement | | |
| | L3: Prevention/mitigation | | |
| | L4: Training | | |
| | L5: Prevention/ mitigation progress assessment | | |
| | L9: Injury frequency | 3,4,6 | Management report Corporate Governance and risk management ESG Performance review: Good governance, transparency, and business ethics ESG performance statements: Tables 2.2.1, 2.2.2., 2.2.3, 2.5.1, 2.5.3-2.5.7, 2.5.9. |
| | L10: Incident rate | | |
| | L11: Remedy | | |
| | L12: Practical actions | | |
| | L1.2: Freedom of association and collective bargaining | | |
| | L6: Collective bargaining agreements | | |
| | L7: Women in managerial positions | | |
| Environment | E1 and E1.1: Policy commitment | 7,8 | Understanding TITAN Overview Performance highlights ESG Performance |
| | E2: Stakeholder engagement | | |
| | E3: Prevention/mitigation | | |
| | E4: Prevention/mitigation progress assessment | | |
| | E4.1: Goals and targets | | |
| | E4.2: Measuring progress against targets | | |
| | E6: Greenhouse gas emissions | | |
| | E6.1: Scope 3 emissions detail | | |
| | E14: Conversion of natural ecosystems | | |
| | E16: Air pollution | | |
| | E17: Waste | 7,8,9 | Management report Corporate Governance and risk management ESG Performance review: Focus areas: De-carbonization and Digitalization, Growth-enabling work environment, Positive local impact, Responsible sourcing Good governance, transparency, and business ethics ESG performance statements: Tables 2.1.1, 2.3.1. and TITAN Group Quarry Sites with High Biodiversity Value supplement table, also Tables 2.4.1, 2.5.2, 2.5.3. |
| | E18: Hazardous waste | | |
| | E7: R&D investment in low-carbon products and services | | |
| | E8: Climate adaptation | | |
| | E9: Renewable energy | | |
| | E10: Low carbon products/services | | |
| | E11: Water withdrawal and consumption | | |
| | E12: Water intensity | | |
| | E13: Sites in or adjacent to key biodiversity areas | | |
| Anti-corruption | E15: Ecosystem restoration and protection | 10 | Understanding TITAN Performance highlights Management report Corporate Governance and risk management ESG Performance review: Good governance, transparency and business ethics ESG performance statements: Tables 2.5.1, 2.5.3-2.5.7, 2.5.9. |
| | E20: Practical actions | | |
| | E: Sector (Construction & materials) | | |
| | AC1 Compliance programme | | |
| | AC1.1 Year of programme review | | |
| | AC2 Policy | | |
| | AC3 Training | | |
| | AC3.1 Training frequency | | |
| | AC4 Compliance monitoring | | |
| | AC5 Incidents of corruption | | |

Independent Limited Assurance Report

Introduction

The Board of Directors of ZLATNA PANEGA CEMENT AD (the "Company") engaged GRANT THORNTON OOD ("Grant Thornton") to review the non-financial disclosures presented in the 2022 Integrated Annual Report for the fiscal year ended on December 31st, 2022 ("selected data"), in order to provide limited assurance in relation to the criteria as described below (Scope of work). For the purposes of this Report, the selected data relate to the Company's activity in Bulgaria and do not include information pertaining to other cooperating companies or third-party activities / performance.

Scope of work

The assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000 - Revised"), in order to provide limited level assurance opinion on:

- The 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 prioritizing the most relevant Material Issues.
- The completeness and accuracy of qualitative and quantitative non-financial disclosures, in specific for the areas of Environment and Social performance and regarding the criteria applicable in 2022 on Group level, which are aligned with the sectoral guidelines and reporting standards (GCCA) and with the specific framework guidance and reporting standards developed by TITAN and have been adopted by the Group also for the individual Business Unit (further referred to as "BU"), within the audit scope. All disclosures for the reporting on Environment and Social performance on BU level are aligned with the Titan Group Standards, which are embedded into process in place. More specific the disclosure and indicators for:
 - Environmental Performance have been established in all material aspect in accordance with the Reporting Criteria, and in specific with the respective GCCA Sustainability Framework Guidelines,
 - Social performance, covering the following: Health & Safety, where TITAN BUs follow the GCCA Sustainability Framework Guidelines, People Development (for Training hours of Employees) and Community Engagement (according to the Group Target for all key operations having in place community engagement plans aligned with material issues for stakeholders and the Sustainable Development Goals.
- The consistency of qualitative and quantitative non-financial disclosures presented which provide evidence for adherence to the Ten Principles of the UNGC, and in specific for the areas of Environment and Social performance.

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 Report. This responsibility also includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for the individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the Company's Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process. In particular, the Company's Management is responsible for internal controls being designed and implemented to prevent the Report from being materially misstated.

Our Responsibility

Our responsibility is to perform an independent limited assurance engagement in order to express a conclusion based on the procedures carried out for the selected data, as described in the "Introduction and scope of work" section above.

Our work has been conducted in accordance with the ISAE 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the Board of International Standards on Auditing and Assurance. This standard requires that we comply with ethical requirements from Code of Ethics for Professional Accountants issued by the for International Ethical Standards Board for Accountants, as well as to plan and perform independent limited assurance engagement in a way that will allow us to express a conclusion with limited assurance.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with International

standards less in scope than a reasonable assurance engagement conducted in accordance with International Standards on Auditing and Assurance Engagements. To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this report towards anyone other than the Company and the TITAN Group, unless the terms have been agreed explicitly in writing, with our prior consent.

Summary of work performed

Within the scope of our work we performed amongst others the following procedures concerning the materiality analysis, management approaches and key data presented in the Integrated Annual Report:

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

Limitations

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

- Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Report and which arise from our mutually agreed methodology.
- No additional work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

Our Independence and Quality Control

The firm implement the requirements of International Standard on Quality Control 1. Based on this, it maintains an integrated quality control system that includes policies and procedures for compliance with moral principles, professional standards and relevant legal and regulatory requirements. We have complied with the independence and other ethical requirements of the IFAC Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In this context, the assurance team is independent from the Company and has not participated in the preparation of the Report.

Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that there are any errors or misstatements that would materially affect the non-financial disclosures (including explanatory notes and relevant references) as presented in the Report of ZLATNA PANEGA CEMENT AD for the year ended 31 December 2022. Moreover, nothing has come to our attention that causes us to believe that the non-financial data presented are not prepared, in all material respects, in accordance with the criteria mentioned above, in the "Scope of work" section.

Mariy Apostolov
Managing partner
Grant Thornton OOD
Audit firm

Gergana Mihaylova
Registered auditor responsible for the engagement

04 August 2023

Sofia,
Bulgaria

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