



Translation from the original text in Greek

Independent Auditor's Report

To the Shareholders of "Titan Cement Company S.A."

Report on the Audit of the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "Titan Cement Company S.A." which comprise the separate and consolidated statement of financial position as of 31 December 2015 and the separate and consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the "Titan Cement Company S.A." and its



subsidiaries as at December 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

- a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
- b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a (par.3a), 108 and 37 of Codified Law 2190/1920.

Kifissias Av. 268,
153 32 Halandri
SOEL Reg. 113

Athens, 10 March 2016
The Certified Auditor Accountant

Marios Psaltis
SOEL Reg. No 38081



TITAN Group - Integrated Report 2015 Independent Assurance Statement

Introduction

DNV GL Business Assurance Italia S.r.l. ('DNV GL') was commissioned by the management of Titan Cement Company S.A. ('TITAN') to carry out an assurance engagement on the company's 'Integrated Report 2015' ('the Report') with respect to the AccountAbility 1000 Assurance Standard 2008 ('AA1000 AS 2008').

We developed an assurance engagement of the on line version of the 'Integrated Report 2015'. Please refer to the specific section of the Report concerning the composition of the TITAN Group and the boundary of the Report.

TITAN is responsible for the collection, analysis, aggregation and presentation of information contained in the Report. The assurance engagement is based on the assumption that the data and information provided in good faith by the organization are complete, sufficient and authentic.

Our responsibility in performing the work commissioned, in accordance with the terms of reference agreed on with the Organization, is solely towards the Management of TITAN.

This Independent Assurance Statement is intended solely for the information and use of the stakeholders of TITAN, and is not intended to be and should not be used by anyone other than these specified parties.

Scope of Assurance

The scope of work agreed on with TITAN includes the following aspects:

- Review of sustainability performance data and activities related to the period between January and December 2015. While our assurance statement relates solely to the 'Integrated Report 2015', during our activity Titan made available for our evaluation information that is reported in the 'GRI Index document'.
- Evaluation of the Accountability Principles - inclusivity, materiality and responsiveness - and Performance Information with a Moderate level of assurance, according to AA 1000 Accountability Principles Standard 2008 and AA1000 AS 2008 (Type 2).
- Evaluation of the specific sustainability performance information:
 - Report's alignment with the WBCSD-CSI CO2 and Energy Accounting and Reporting Standard for the Cement Industry, (v3.0 May 2011) and the CSI Guidelines for Emissions Monitoring and Reporting in the Cement Industry, (v2 March 2012) for SOx, NOx and dust.
 - Report's alignment with WBCSD CSI 'Safety in the Cement Industry: Guidelines for Measuring and Reporting (v4 May 2013)'.
 - Report's alignment with WBCSD CSI 'Protocol for Water Reporting (2014)'.
- Evaluation of the Report against the UN Global Compact criteria relating to an "Advanced Level" Communication on Progress.

We understand that the reported financial data and information are based on data from the Financial Report which are subject to a separate audit process. The review of financial data from the Annual Report and Accounts was not within the scope of our work.

Economic performance based on the financial data was crosschecked with internal documents and the audited financial statements. The aggregation of economic performance data was reviewed and tested as part of the assurance process.

Verification methodology

Our assurance engagement was planned and carried out in accordance with the DNV GL protocol for verification 'Verisustain', which is based on our professional experience and international assurance best practice (among which the International Standard on Assurance Engagements - ISAE 3000). These documents require, inter alia, that the assurance team possess the specific knowledge, skills and professional competencies needed for an assurance engagement regarding sustainability information, and that the team comply with ethical requirements to ensure its independence.

Our work was designed to gather evidence with the objective of providing a moderate level assurance as defined in AA1000AS 2008.

Our assurance was carried out between February and June 2015. As part of this engagement we visited:

- TITAN's Headquarters, Athens, Greece
- the Kosjeric plant, Serbia
- the Zlatna Panega plant, Bulgaria

Our assurance process comprised the following:

- Review of the current CR&S issues that could affect TITAN and are of interest to stakeholders as well as a review of TITAN's approach to stakeholder engagement and recent outputs.
- Interviews with selected data providers and 44 managers responsible for management of CR&S issues and review of selected evidence to support issues discussed. Our review processes were prioritised according to materiality.
- Site visits to cement plants including interviews with the local management.
- Review of the processes for gathering and consolidating the specified CR&S performance information.
- Evaluation of Report's alignment with the WBCSD-CSI CO2 and Energy Accounting and Reporting Standard for the Cement Industry, (v3 May 2011) and the Guidelines for Emissions Monitoring and Reporting in the Cement Industry, (v2 March 2012) for SOx, NOx and dust emissions.
- Evaluation of Report's alignment with WBCSD CSI 'Safety in the Cement Industry: Guidelines for Measuring and Reporting (v4 May 2013)'.
- Evaluation of Report's alignment with WBCSD CSI 'Protocol for Water Reporting (2014)'.
- Stakeholder interviews with four selected stakeholders.

Conclusions

It is the opinion of DNV GL that the 'Integrated Report 2015' is an accurate and impartial representation of the Organization's sustainability-related strategies, management systems and performance.

- **Materiality**

TITAN undertakes extensive and systematic efforts to recognise and define the issues it should assume responsibility for, through engagement with internal functions and key stakeholders at group and local level.

TITAN maintains a range of internal processes which are effective in identifying sustainability issues of relevance and importance to the business and stakeholders, including a number of knowledge-sharing and best practice workshops with group functions as well as at regional level. Through these processes the company is able to continue to identify and address material sustainability issues and is able to stay informed on trends in sustainability issues over time.

TITAN's sustainability-oriented strategy reflects the company's approach in being proactive in responding to stakeholders' expectations and considering sustainable development as a source of competitive advantage.

We observed that TITAN is committed launching and facilitating the implementation of the Group Sustainability 2020 Strategy. TITAN should continue to seek and track feedback on the finalized strategy and goals from internal functions and external stakeholder groups.

Disclosing within the Report the process that has been undertaken and the main outcomes would also be of benefit with regard to accountability and materiality principles.

We recommend that the Report provides information on the way in which the reasonable expectations and interests of stakeholders are a key reference point for many decisions in the preparation of the Report. In particular we encourage TITAN to present challenges in balancing the specific interests and expectations of stakeholders who can reasonably be expected to use the Report with broader expectations of accountability to all stakeholders.

- **Inclusivity**

The Report reflects TITAN's commitment to continually extending its dedication to stakeholder dialogue and engagement, as well as the range of channels used to ensure inclusion of the stakeholders' interest.

TITAN's approach to stakeholder engagement is embedded within the company and aimed at helping to deliver strategic objectives. We recommend that the Report provide information on how the engagement has influenced the organization's sustainability activities and the Report content.

While recognizing the work TITAN has conducted to facilitate stakeholder dialogue at Group and local level and achieve a more co-ordinated approach across the business, for further improvement we encourage TITAN to implement, in particular at local level, a more strategic approach to stakeholder engagement, with better cost/benefit analysis in the engagement planning process and clear metrics.

TITAN should consider disclosing more detail on how Group level engagement influences sustainability practices at a local level and, conversely, how local engagement influences what is identified as material at Group level.

- **Completeness**

The Report allows stakeholders to evaluate TITAN's economic, social and environmental performances during the reporting year, as well as understanding its medium-long sustainability strategies and objectives.

The Report includes all entities that meet the criteria of being subject to control or significant influence of the reporting organisation, and does not omit relevant information that, at a consolidated Group level, would influence the stakeholders' decisions or that reflect economic, social and environmental related issues of significance.

We recommend that TITAN continues to broaden its reporting on procurement practices, including further information and figures on processes used to assess significant sustainability impacts in the supply chain, actions taken to address such impacts and approach to suppliers monitoring and engagement.

TITAN contributes with both financial and non-financial resources toward local development through a range of programs and activities. We encourage TITAN to continue in their effort by measuring the social value creation and disclose on progress in the future.

- **Responsiveness**

The Report presents a good overview of how TITAN has consulted with a wide range of key stakeholders and shows how the company has engaged and responded to sustainability issues. TITAN should consider disclosing more detail on how stakeholders are regularly involved in setting strategies, plans and actions.

We observed evidence of strong commitment and investment of considerable resources for implementing engagement activities in a systematic way. TITAN continues to develop the model with which they engage and respond to stakeholders, and this has been reinforced through internal training across the organisation.

TITAN should consider developing a centrally-managed process and a specific tool for tracking all relevant information within the Group around stakeholder engagement actions and outcomes. This should assist in a more tactical and consistent approach to engaging with the stakeholders and responding to them in a timely manner.

Tracking all relevant information around stakeholder engagement actions and outcomes across the business on an on-going basis would also be of benefit with regard to embedding sustainability in the strategic objectives as well reporting practice and quality.

- **Sustainability context**

The report describes how sustainability topics relate to long-term organizational strategy, risks, and opportunities and reflects where the company is on the material issues that affect the industry.

We encourage TITAN to continue in the effort to find effective ways to report on topics that drive global impacts and those that have more regional or local impacts.

With respect to socio-economic and the sustainable development goals objectives TITAN should consider disclosing more detail on its performance in a manner that presents the magnitude of its impact and contribution in the different local contexts.

Principle of report quality

- **Neutrality**

The Report is a full and impartial description of TITAN's sustainability impacts. The document reflects the Organization's will to represent the activities and results for the reporting year in a balanced and consistent way.

- **Accuracy**

Based on our data analysis and on the business processes that generate them, the data reported in the Report appear as the result of stable and repeatable activities. The information contained in the Report is therefore accurate.

Findings in relation to specific sustainability performance information, with a moderate level of assurance

- **Reliability**

The data included in the Report subjected to our verification, were found to be identifiable and traceable; the personnel responsible was able to demonstrate reliably the origin and interpretation of the data.

During our work, we found a limited number of non-material errors and these were corrected prior to inclusion in the Report.

The use of an online system which provides additional guidance to sites continues to reduce the need for data manipulation at Group level, resulting in a higher level of data reliability.

We assessed at Country and Site levels – Kosjeric plant, Serbia and Zlatna Panega plant, Bulgaria – the adequacy and effectiveness of the processes being implemented to monitor, calculate, aggregate, analyse and report CO₂, emissions, dust, NO_x and SO_x emissions, Health & Safety and Water management data.

It is our opinion that the information and data communicated in the Report are reliable.

Regarding the alignment of reported information with the WBCSD-CSI guidelines, DNV GL also concludes that:

- CO2 emissions reported; emissions (dust, NOx, SOx) reported – Boundary setting (at Group and site levels) meets the mandatory requirements of the relevant performance measurement and reporting guidelines. Testing of the reporting systems currently in place demonstrated a robust and well managed process for collection, management and reporting of CO2 performance data at Group level and in the sites visited.
- H&S - Corporate guidelines for H&S data collection, management and reporting exist at Group level. These are aligned with the principles and fulfil the requirements of relevant measurement and reporting guidelines. Corporate procedures and guidelines are generally implemented in the countries and sites visited. There was good evidence of an improved process for internal verification and revision of reported data.
- Water - Corporate guidelines for water data collection, management and reporting exist at Group level. These meet requirements of the relevant performance measurement and reporting guidelines (WBCSD CSI Protocol for Water Reporting).

Based on the findings of this assurance engagement, the following recommendations are made to encourage continual improvement, not affecting the conclusions above:

- Data gathering processes shall be continuously shared across the Titan Areas in order to avoid risk arising from a different approach.

The Report meets the criteria for a Communication on Progress of 'Advanced Level'.

Opportunities for improvement

The following is a summary of the observations and prospects reported back to the Management of TITAN. These do not, however, affect our conclusions regarding the Report, and they are indeed consistent with the management objectives already in place.

- We recommend that TITAN continues to embed sustainability within all the phases of the procurement process and continues to drive changes in business culture across the Group and outside the company. Furthermore, TITAN should continue to enlarge the sustainability issues which are part of the commitment to responsible practices and the categories of suppliers involved.
- We consider important that TITAN reinforces the ongoing programs to increase health and safety performances of direct employees and contractors, with particular reference to the behaviour-based initiatives which aim to avoid procedure violations and to encourage prevention of accidents, as well as to strengthen a systematic approach in addressing the major health risks and the prevention of work-related illnesses
- Where available we recommend using information provided by the supplier to calculate emission factor(s) above default values.

DNV GL's Competence and Independence

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries.

DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

For DNV GL Business Assurance Italia S.r.l.

Federica Pagnuzzato
Lead Verifier



Zeno Beltrami
Reviewer



Vimercate (MB), 2016-06-14