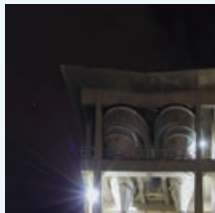
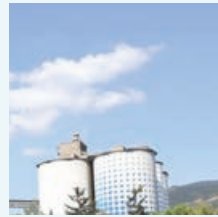


# ANNUAL SUSTAINABILITY REPORT 2020

CEMENTARNICA USJE AD SKOPJE





# ANNUAL SUSTAINABILITY REPORT 2020

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CEMENTARNICA USJE AD SKOPJE



## About the Report

This is the 12th consecutive Annual Sustainability Report (hereinafter “Report”) fully aligned with TITAN Cement International S.A. (in short: TITAN Group) global sectoral approach in monitoring, reporting and verifying environmental, social and governance performance.

This Report complies with the TITAN Group sustainability reporting standards as defined in reference to the implementation of the principles of the International Integrated Reporting Council (IIRC), the UN Global Compact Communication on Progress Guidelines, the Global Cement and Concrete Association Guidelines (GCCA), and the UN Sustainable Development Goals (SDGs) 2030. USJE has also integrated in its approach the Guidance of the United Nations Conference on Trade and Development (UNCTAD) for connecting its reporting for sustainability with Targets for the SDGs, following the TITAN Group approach. We use SDGs icons throughout the Report linking them to the content and information presented in that specific part of the Report.

Grant Thornton doo Skopje, Independent auditor, has been engaged to provide Independent limited assurance report on this Annual Sustainability Report in accordance with the requirement of the Charter and Guidelines of the Global Cement and Concrete Association (GCCA) and the Advanced level criteria for Communication on Progress of the United Nations Global Compact (UNGC). The Independent limited assurance report issued by Grant Thornton doo Skopje is part of this Report. The Report also meets the criteria of the advanced level according to the UN Global Compact Communication on Progress.

The Report is developed to meet stakeholders’ needs and expectations regarding material, financial, environmental, social and governance issues. At the end of 2020, Cementarnica USJE AD Skopje acquired a quarry, Opalit DOOEL, hence the total number of direct employees in this report includes the employees of Cementarnica USJE AD Skopje and Opalit DOOEL. All other disclosures in this report refer only to the operations of Cementarnica USJE AD Skopje.



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# 2020 Highlights

## Market overview

Despite the Coronavirus crisis in 2020 USJE managed to increase the sales of cement on the domestic market by 4.3% compared to 2019. USJE maintained the significant domestic market share of 74.9% and provided cement for the major transport infrastructure and commercial and residential real estate projects, such as the railway to Greece at the border crossing Medzitlija, the Konsko dam near Gevgelija, the highway Kichevo – Ohrid and the large shopping mall Skopje East Gate. Exports to Kosovo remained unchanged, while we increased the exports to Bulgaria. Total increase of cement sales in 2020 was 4%.

## Financial

**MKD 4,671 M**

Turnover

**MKD 1,858 M**

EBITDA

**MKD 1,523 M**

Net profit after tax

**MKD 4,711 M**

Total assets

**MKD 223 M**

Capital expenditure

**MKD 31 M**

Green investments



# Message from the Chief Executive Director

**Dear partners,**

The challenges imposed by the Covid-19 pandemic in 2020 had a great impact on all segments of our lives and forced us to introduce changes and adjustments also within the company. The goal was to assure uninterrupted operations and provision of services to our customers, while taking care of the health of employees, contractors, suppliers and all other stakeholders having relations and contacts with Cementarnica USJE and its employees. Having this as our priority, we work hard to introduce and apply Covid-19 spread protection measures and organize the business operations in line with these new circumstances, as well as assure our contribution to mitigating the effects of the pandemic on public health and the society. Thus, the activities related to digitalization and sustainability gained even higher importance and care during 2020.



**Even in such a challenging year, our business results remained stable, mainly due to the fact that the construction sector was among the least affected by the corona-crisis.**

Even in such a challenging year, our business results remained stable, mainly due to the fact that the construction sector was among the least affected by the coronavirus-crisis. We closed the year with a solid performance and a slight increase of the company's turnover, amounting to MKD 4,671m.

The achievement of our goals in the restrictive conditions created by the pandemic is a result of the discipline and responsibility demonstrated by all Cementarnica USJE employees. All employees showed great flexibility and adjusted to the new working conditions in order to protect their own and the health of others. Using various digital tools, operations and coordination continued without disruptions and without compromising the established standards and rules for health and safety, as well as the continuous process of professional development and training.

In order to facilitate the process of communication with the customers, we launched a new application, TITAN Up mobile.

The application is a modern, user-friendly and efficient tool for customers to create orders and monitor the delivery process. Originally planned to present a faster, simpler and contemporary service, the mobile application proved to be the right solution in the corona-crisis, resulting in a wide acceptance and use of this tool. By the end of the year, 75% of all orders were placed through the new platform. Cementarnica USJE proved once again to have the right approach and tools to satisfy customers' needs, not only in terms of providing high quality products, but also in providing superior service in the newly created conditions.

The contribution to the community continued, as we realized many projects with our local partners, assisting schools, kindergartens and implementing youth empowerment and environmental protection initiatives. However, priority was given in providing assistance to the health system fighting with Covid-19, allocating 100,000 euros to this purpose in various donations throughout the year.

Reducing our environmental impact remained one of our top priorities. We continued our good practices in the areas of supporting the circular economy, monitoring the emissions, energy efficiency, noise minimization, water and waste management, as well as biodiversity and land management. In 2020 we introduced a new product – low carbon green cement, providing environmentally sustainable solution to our customers who are equally committed to lowering the impact on the environment and protecting it.

USJE has undertaken certain commitments due to its adherence to international initiatives such as the UN Global Compact and the Ten Principles and the Global Cement and Concrete Association (GCCA). Looking ahead, we have already begun the alignment of our Company's priorities to the UN 2030 Sustainable Development Goals.

Ever conscious of our dedication to sustainability and creating value for all stakeholders, in 2020 we also set our environmental, social and governance objectives for 2025 and beyond, staying on the course of further promotion of business ethics, transparency and good governance. We remain committed to taking care of our people, the local community, the overall society, the environment, while providing value to our customers, suppliers and shareholders. Their opinion is always welcomed and of very immense importance for USJE.

I would like to acknowledge the strength in our team. Each member works tirelessly, harnessing all their energy and skills to meet the needs of our customers and partners. They do whatever it takes to get the job done.

For that, I want to thank all employees who have adjusted their way of working in these uncertain times and continue to "live" our values and culture.

**Boris Hrisafov**  
**Chief Executive Director**



# Strategic overview

## About TITAN Group

Our business approach in a changing global landscape

Our strategic priorities

Global presence of TITAN Group

## About Cementarnica USJE

Our governing objective and values

Our products

USJE long history of sustainable growth

Delivering value for all

Focus on material issues and stakeholder engagement







# About TITAN Group

## Our business approach in a changing global landscape

Building on 118 years of industry experience and driven by its commitment to sustainable growth, TITAN has become an international cement and building materials producer, serving customers in more than 25 countries worldwide through a network of 14 integrated cement plants and three cement grinding plants.

TITAN also operates quarries, ready-mix plants, terminals, and other production and distribution facilities.

We serve society's need for safe, durable, resilient, and affordable housing and infrastructure. We create value by transforming raw materials into products – cement, concrete, aggregates, fly ash, dry mortars, blocks, and other building materials. We offer transportation and distribution services to our customers, as well as a range of additional solutions, ranging from beneficiation technologies to waste management.

Amidst accelerating shifts and disruptive events, such as the Covid-19 pandemic, we effectively address critical challenges and play our part in building a better, more sustainable future together with our stakeholders.

### Climate change and the societal need for a carbon-neutral future

Climate change represents a long-term risk for our planet and society. It requires the mobilization of organizations across many sectors, the cement industry among them, to take meaningful action and tackle this global challenge. In 2020, the Global Cement and Concrete Association (GCCA) announced its members' Climate ambition to drive down the CO<sub>2</sub> footprint of operations and products and deliver carbon-neutral concrete to society by 2050. Our industry is working across the built environment value chain to deliver this aspiration in a circular economy, life cycle context.

### Digital transformation as a foundation for future growth

The 4th industrial revolution, driven by the advent of the Internet of Things, big data, artificial intelligence, and advanced analytics, promises to transform key components of the industry's value chain. Traditional value generation drivers and differentiators are complemented by new digital tools that unlock value through improved operational efficiency and higher customer engagement. Companies that embrace Industry 4.0 early on and scale up quickly can reap significant benefits.

### Increased societal expectations regarding sustainability

With expectations on corporate responsibility, ESG (environmental, social & governance) performance, and transparency on the rise, organizations are upscaling their sustainability efforts. Companies must operate in a sustainable way across their value chain, address what is material to their stakeholders effectively, and offer products with a sustainable life cycle.

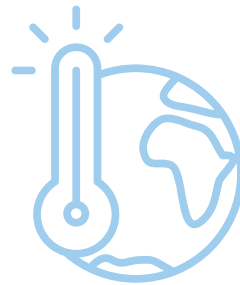
### Urbanization and sustainable infrastructure development

As urbanization continues, demand for sustainable infrastructure and green building products and solutions is set to rise over the coming decades. The cement industry must respond to the growing need for resilient construction to protect our cities and natural environment from a changing climate. At the same time, it must contribute through innovation to the shaping of sustainable cities in collaboration with all relevant stakeholders throughout its value chain.



### Our approach

We continuously reduce the carbon footprint of our operations and participate in the de-carbonization of the construction value chain. We are targeting a 35% reduction of our net direct specific CO<sub>2</sub> emissions by 2030, compared to 1990 levels. Through our participation in European and international consortia, we are developing low-carbon cementitious products and are collaborating in R&D projects that will pilot carbon capture technologies in our plants, actively contributing to our industry's ambition for a carbon-neutral future by 2050.



### Our approach

We embrace Industry 4.0 as an opportunity, and we are pioneers in the transformation of the cement industry with an agile and entrepreneurial approach. Following a series of successful digital pilots, we consolidated our efforts under our Group Digital Center of Competence in 2020 to accelerate our digital transformation. We are enhancing our competitiveness through digital transformation, increasing our operational efficiency in manufacturing and in our supply chain, and elevating the experience of our customers.



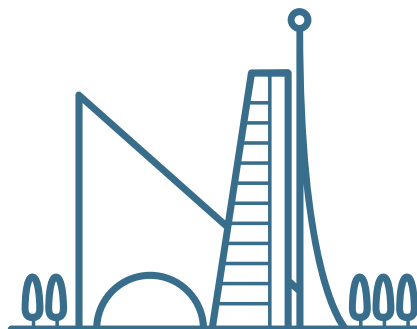
### Our approach

We run our operations worldwide with transparency and solid governance, maximizing our positive local impact beyond the boundaries of our plants. We aspire to contribute to the sustainable growth of our neighboring communities by promoting a diverse and inclusive mindset. Most of our employees, contractors, and suppliers are members of our local communities. Together with our stakeholders, we work to implement community engagement plans and empower the youth with quality education and skills for personal and professional development.



### Our approach

We develop sustainable products – we focus on their affordability, durability and recyclability as well as on their carbon footprint. When designing them, we take a holistic view of the production, consumption, reuse/recycle/recovery and disposal of their residuals to evaluate their environmental impacts throughout their entire life cycle. At the same time, we encourage our supply chain partners to incorporate sustainability considerations in their business decisions and daily behaviors, further promoting responsible sourcing.



### Working together with our stakeholders

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

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

# Our strategic priorities

To achieve our governing objective, we focus on four strategic priorities:

## Geographic diversification

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

## Continuous competitive improvement

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

## Vertical integration

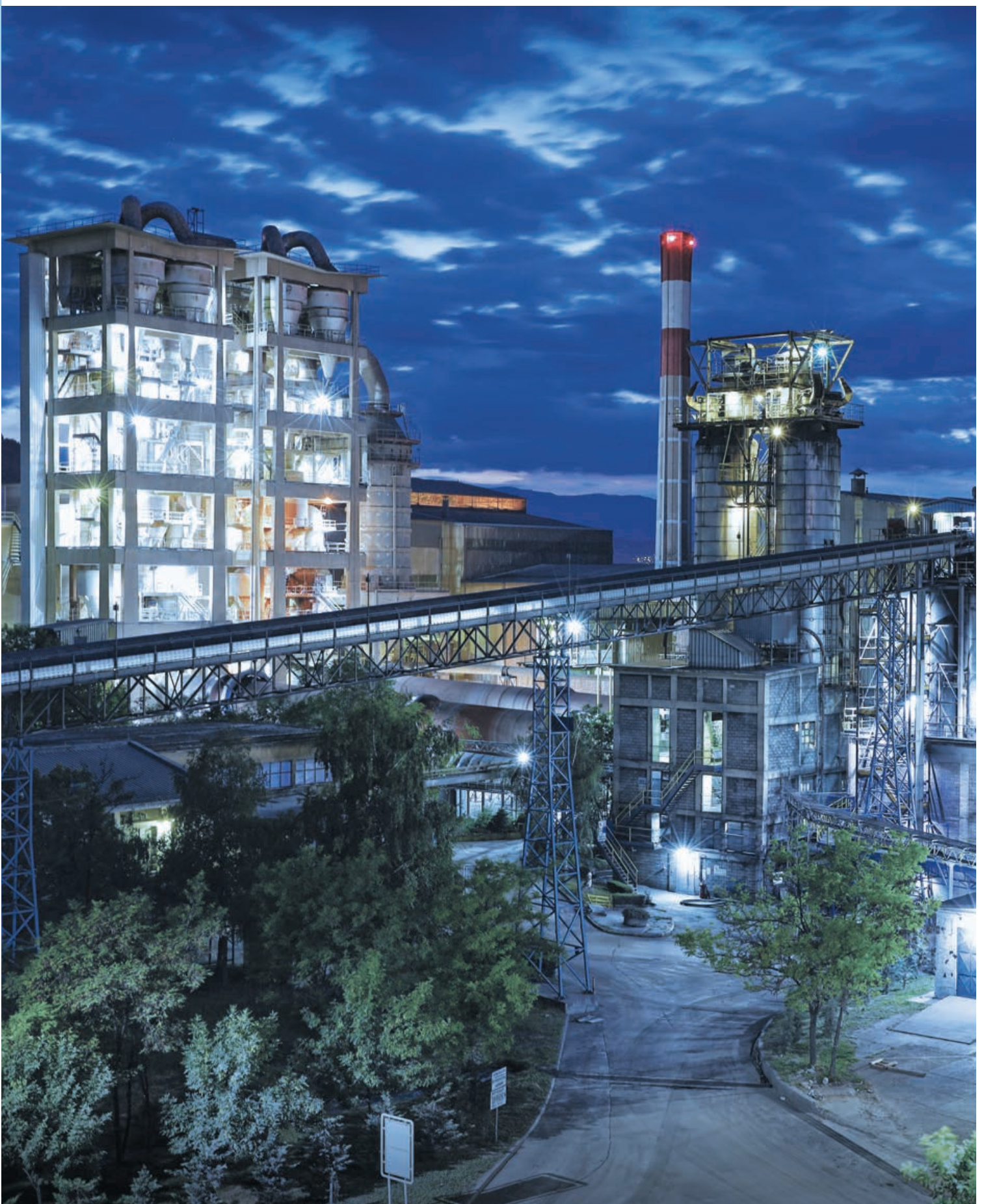
We extend our business into other product areas in the cement value chain, serving our customers better and accessing new profit opportunities.

## Sustainability, with focus on the environment and society

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

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





# Global presence of TITAN Group

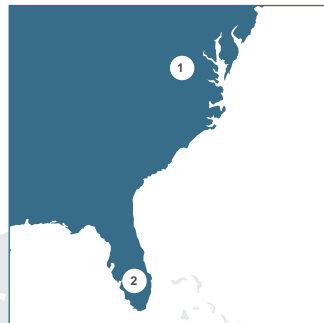
We report on our performance and activities based on four geographic regions, and separately on our joint venture in Brazil.

**USA**

2 Integrated cement plants	8 Quarries
82 Ready-mix plants	3 Import terminals
7 Concrete block plants	5** Fly ash processing plants

Principal products/activities

Revenue €937.7m	EBITDA €176.1m
Assets €1,095.8m	



**USA**  
Integrated cement plants  
1. Roanoke - Virginia  
2. Pennsuco - Florida



**Brazil (Joint venture)**  
Integrated cement plant  
1. Quixere  
Cement grinding plant  
2. Pecem

Principal products/activities key:

- Cement
- Ready-mix concrete
- Aggregates
- Dry mortars
- Building blocks
- Fly ash
- Waste management and alternative fuels

Number of operational units of all regions as calculated for non-financial performance reporting purposes at Group level

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

\*\* 1 facility in Canada is included

**Brazil (Joint venture)\***

1 Integrated cement plant	3 Quarries	Principal products/activities  
1 Cement grinding plant	4 Ready-mix plants	









### Southeastern Europe

#### Integrated cement plants

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

<b>Southeastern Europe</b>		Principal products/activities    	Revenue €271.0m
5 Integrated cement plants	20 Quarries		EBITDA €96.2m
6 Ready-mix plants	1 Processed engineered fuel facility		Assets €456.9m



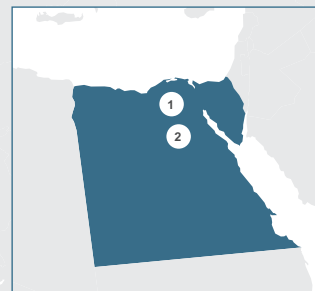
### Eastern Mediterranean

#### Integrated cement plants

1. Tokat

#### Cement grinding plant

2. Marmara



#### Integrated cement plants

1. Alexandria
2. Beni Suef







### Greece & Western Europe


#### Integrated cement plants

1. Thessaloniki
2. Kamari
3. Patras

#### Cement grinding plant

4. Elefsina

<b>Eastern Mediterranean</b>		Principal products/activities    	Revenue €151.7m
3 Integrated cement plants	14 Quarries		EBITDA €-3.3m
7 Ready-mix plants	1 Cement grinding plant		Assets €484.8m
	2 Processed engineered fuel facilities		

<b>Greece &amp; Western Europe</b>		Principal products/activities    	Revenue €246.6m
3 Integrated cement plants	25 Quarries		EBITDA €17.2m
2 Processed engineered fuel facilities	3 Import terminals		Assets €563.3m
	1 Dry mortar plant		

# About Cementarnica USJE

Cementarnica USJE is based in the southeastern part of Skopje and has been operating for more than 65 years. In 1998, Cementarnica USJE became a part of TITAN Group, multiregional cement producer, which significantly contributed to the company's growth, providing unlimited access to technological, financial, legal, human and other resources and expertise. TITAN in North Macedonia employs about 253 direct employees, as of 31.12.2020. USJE operates a cement plant, a ready-mix plant and three quarries, one quarry Opalit being acquired at the end of 2020.

Engagement and communication with our stakeholders is open and transparent, aiming at building trust and it has helped us establish shared values and contribute to sustainable growth. We take care of our employees and we continue to invest in their development. We protect human rights, affirm decent work conditions, and promote safety and health of people within the plant and in the area of all our activities.

## Our governing objective and values

We share the aim to grow as a multiregional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

Our values are at the basis of who we are. Our achievements and growth are driven by our core values. Cementarnica USJE is committed to and shares the TITAN Group values that have provided strong connection and continuous growth that has supported the company for more than one century, stemming directly from the principles, benefits and vision back in 1902.



### Integrity

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



### Know-how

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



### Value to the customer

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



### Delivering results

- Shareholder value
- Clear objectives
- High standards



### Continuous improvement

- Learning organization
- Willingness to change
- Rise to challenges



### Corporate Social Responsibility

- Safety first
- Sustainable development
- Stakeholder engagement

***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.***



## Our products

Types of cement we produce in USJE:  
CEM I 52.5 N, CEM II/A-V 42.5 R, CEM II/B-M (V-L) 42.5 N,  
CEM II/B-M(V-L) 42.5 R, MC5 – USJEMAL/SHARRMAL

### Cement



Cement is a binding substance and the main component in ready-mix concrete. It is made by grinding clinker, gypsum and other cementitious materials to fine powder.

### Ready-mix concrete



Ready-mix concrete is made from cement, aggregates and water to produce a durable product that can be set in a variety of formats. It is typically mixed at the production plants to specification and then transported to construction sites.

### Aggregates



Aggregates are coarse materials such as sand, gravel, crushed stone and recycled concrete used in construction. They are the most mined materials in the world and are used as a raw material in cement and as a strengthening agent, for example, in asphalt and concrete. They can also be used in foundations for roads and railways.

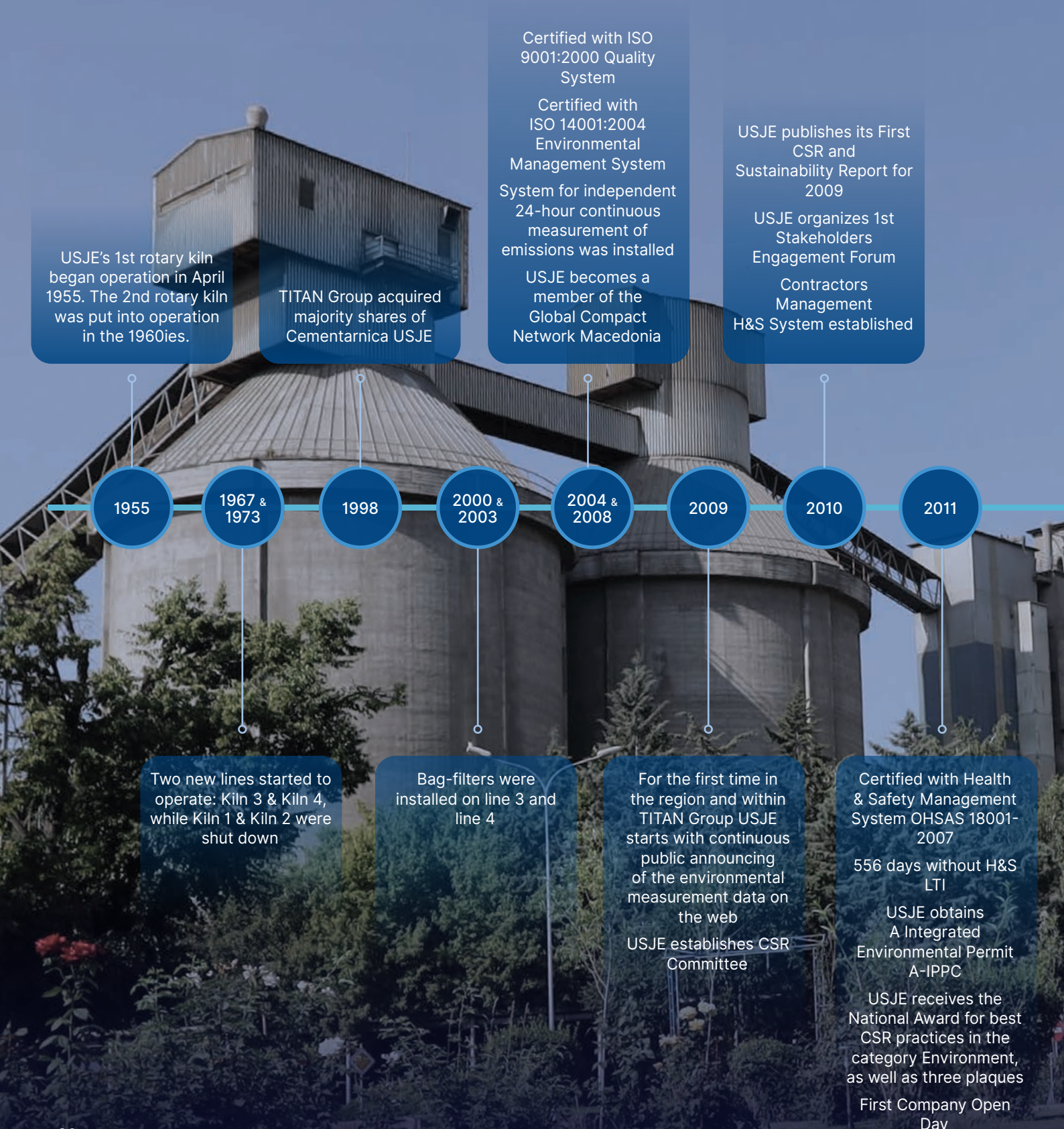
## Introduction of low carbon green cement

### CEM IV/B (V-P) 32.5 N

USJE introduced a new cement type CEM IV/B (V-P) 32.5 N - Pozzolanic cement. The clinker content is in the range of 45% - 64%, targeted at 50%. Other ingredients are mainly fly ash (V) and natural pozzolans (P). The reduced share of clinker reduces greenhouse gas emissions, while increased usage of fly ash from a thermal power plant reduces the disposal of it. The low content of clinker greatly reduces the heat of hydration, while the high content of mineral supplements further contributes to the resistance to chemical aggression.



# USJE long history of sustainable growth



USJE's 1st rotary kiln began operation in April 1955. The 2nd rotary kiln was put into operation in the 1960ies.

TITAN Group acquired majority shares of Cementarnica USJE

Certified with ISO 9001:2000 Quality System  
Certified with ISO 14001:2004 Environmental Management System  
System for independent 24-hour continuous measurement of emissions was installed  
USJE becomes a member of the Global Compact Network Macedonia

USJE publishes its First CSR and Sustainability Report for 2009  
USJE organizes 1st Stakeholders Engagement Forum  
Contractors Management H&S System established

1955

1967 & 1973

1998

2000 & 2003

2004 & 2008

2009

2010

2011

Two new lines started to operate: Kiln 3 & Kiln 4, while Kiln 1 & Kiln 2 were shut down

Bag-filters were installed on line 3 and line 4

For the first time in the region and within TITAN Group USJE starts with continuous public announcing of the environmental measurement data on the web  
USJE establishes CSR Committee

Certified with Health & Safety Management System OHSAS 18001-2007  
556 days without H&S LTI  
USJE obtains A Integrated Environmental Permit A-IPPC  
USJE receives the National Award for best CSR practices in the category Environment, as well as three plaques  
First Company Open Day





TITAN Employee Assistance Program  
 Integration of the management systems: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018  
 Low carbon initiatives: New cement type CEM IV/B (V-P) 32,5 N  
 TITAN Up  
 Biodiversity risk assessment updated according to global standards  
 New standards to assess material issues (SASB) and new topics in the list of material issues to set future targets  
 Acquiring Opalit

USJE introduced alternative fuels in operating process  
 Integrated Quality & Environmental Management system  
 Whistle blower's mechanism  
 SDG Pioneer Award 2018

CSR & Sustainability Report asserted by independent business assurance company  
 Investment in NO<sub>x</sub> reduction facility SNCR

TITAN Leadership Platform introduced  
 EU Pact for Youth project launched



2012  
 The first Communication Day for USJE employees was organized  
 Code of Conduct revised & distributed to all employees  
 First Water Treatment Plant for atmospheric waters

2014  
 60th Anniversary of USJE  
 USJE Monograph published

2017  
 Two new types of cement were introduced to the market  
 Replacement of 3,550 filter bags in the raw meal preparation facilities

2018  
 USJE received award for promoting human rights in business

## Delivering value for all

We believe that company sustainability cannot be accomplished without paying attention to social and environmental engagement. We use our unique strengths, resources and relationships to create sustainable value

for a wide range of stakeholders, by doing less harm and more good. We focus on delivering social value through our commitment to support the sustainable development of communities near our operations.



### How we do it...

Sourcing materials responsibly.

Manufacturing, using best available techniques in a safe and healthy environment.

SDGs 2030 are forward looking targets related to ESG performance. UNGC Principles are 10 and relate to the foundations for good governance and ESG performance.

Economic value distributed	Key stakeholders	SDGs 2030
MKD 223 M in investments for Company's growth		
MKD 395 M in taxes to national and local authorities	Customers	
MKD 4,153 M total spend to suppliers, local and international goods and services	Employees	
MKD 2,194 M value added	Local communities and governments	
MKD 2,026 M net value added	Regulators, authorities	
MKD 31 M in Green investment	Shareholders	
MKD 294 M in salaries, pensions and social benefits, including additional benefits beyond those provided by law	Business partners and suppliers	
MKD 1.16 M for training	Contractors	
33 new hires	Media	
9 internships	Local authorities	
MKD 7.7 M support to community projects	Youth	
	Civil society	
	Academia and research	

ESG performance statements cover four areas: Value creation and distribution to stakeholders, Social performance KPIs, Environmental performance KPIs and Governance Core Indicators.

The "Value Creation Core Indicators Index" is inclusive of definitions for terms used in specific for Value creation and distribution to stakeholders, and serves as index of Notes for the Table above.

## Focus on material issues and stakeholder engagement

With open and structured communication, we engage with our stakeholders to deepen our insights into their needs and expectations. Through this process, we aim to build trusted relationships and enhance collaboration in order to create shared value and contribute to sustainable growth.

### Group's approach to materiality assessment

Materiality assessment is an ongoing process that provides the foundation for the implementation of our sustainability strategy. USJE has been following this assessment as a standard process since 2008 and complies with the global standards. Yet, in 2020, a new cycle of materiality assessment process guided by the Group added new elements as the inclusion of SASB Materiality Map® in the validation process.

In 2020 USJE performed a materiality assessment process guided by the Group. USJE revisited and prioritized materiality issues relevant to our business with respect to their impact on the Group and their significance for our main stakeholders.



In 2020 we reviewed and updated our priorities, following the process designed by the Group. The process confirmed that issues such as health and safety, environmental management, employee development, sustainable supply chain, customer satisfaction, climate and energy, and good governance remain at the top of the list of material issues identified in most of the countries where TITAN operates.

## Materiality assessment steps

Project plan continues

### Planning

#### Define

##### Time plan Contributors

List of key (internal) stakeholders to the Materiality Assessment Questionnaire (MAQ)  
List of participants in the workshop

### Preparation

#### Prepare and execute

##### Internal feedback

Feedback request of key internal stakeholders  
Run the MAQ 2020  
Employees' Survey 2019

##### External feedback

Desk research/study provided by Group ESG Performance Department  
Benchmark external studies (GCCA)  
Feedback from existing mechanisms

### Assessment

#### Prepare and execute

Feedback received from the MAQ 2020 assessment  
Co-assessment of the input of the Desk research/study  
Workshop to complete the assessment  
Draft materiality matrix

### Completion

#### Develop

Materiality Matrix 2021 finalization  
Targets 2025 connection with material issues and SDGs 2030

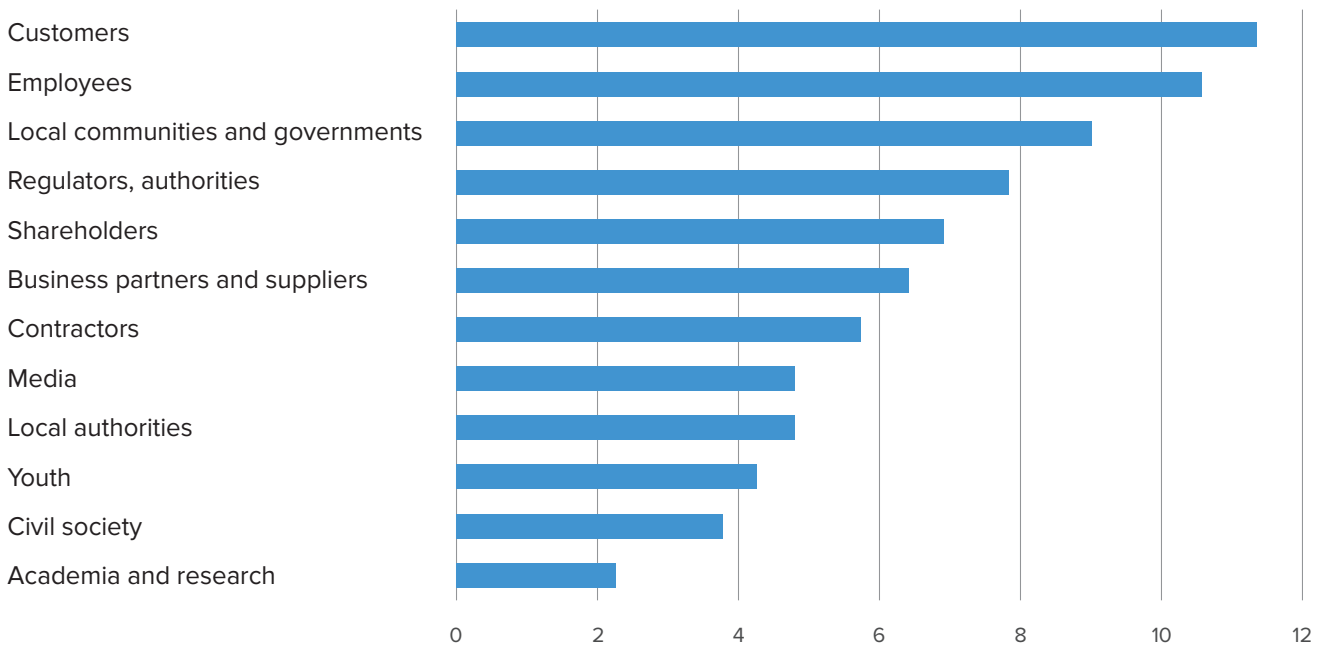
### Validation

#### Validate

Materiality Matrix validation with selected key internal stakeholders

## Our key stakeholders

List of our stakeholders according to the relevance and significance for our business looking towards 2025



\* According to the feedback received from the Materiality Assessment Questionnaire (MAQ) 2020 by our 12 key internal stakeholders

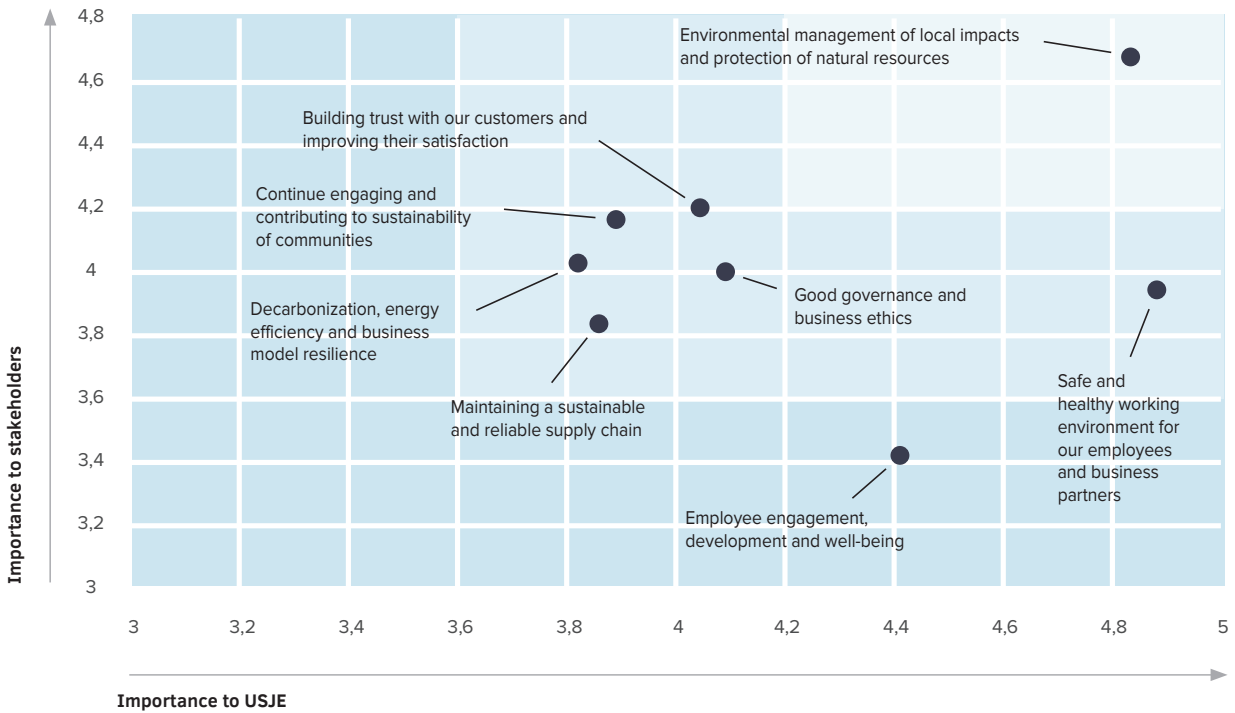
The process of defining the Material issues was a long-term process and as result of combining the material issues relevant for our business, as well as for our stakeholders, we came to our materiality issues 2021. The feedback that we receive from our stakeholders through open and structured communication will act as a compass for our continuous improvement on all fronts.

Our material issues remain the same in comparison to those in 2018. Still, most of the material issues are redefined and cover wider areas such as:

- Environmental management of local impacts, and protection of natural resources. Covers also: Visual impact, Noise

- Employee engagement, development, and well-being. Covers also: Employee performance management, empowerment and collaboration.
- Continue engaging and contributing to sustainability of communities. Covers also: Education and skills for jobs, Public welfare and infrastructure.
- Good governance and business ethics. Covers also: Compliance with EU standards, Human rights, Fighting corruption, Transparency (in specific referring to the Co-processing of Alternative fuels), Competitive behavior.

## USJE Materiality Matrix 2021-2025



## Relevant SDG for each material issue

Material issues 2021	Core SDGs for the BU	Supplementary SDGs
Environmental management of local impacts and protection of natural resources	13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING, 17 PARTNERSHIPS FOR THE GOALS, 6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Safe and healthy working environment for our employees and business partners	3 GOOD HEALTH AND WELL-BEING	17 PARTNERSHIPS FOR THE GOALS, 4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH
Building trust with our customers and improving their satisfaction	17 PARTNERSHIPS FOR THE GOALS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 3 GOOD HEALTH AND WELL-BEING
Good governance and business ethics	17 PARTNERSHIPS FOR THE GOALS	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 5 GENDER EQUALITY
Continue engaging and contributing to sustainability of communities	17 PARTNERSHIPS FOR THE GOALS	4 QUALITY EDUCATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES
Decarbonization, energy efficiency and business model resilience	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS, 7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 15 LIFE ON LAND, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Employee engagement, development and well-being	3 GOOD HEALTH AND WELL-BEING	17 PARTNERSHIPS FOR THE GOALS, 4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 5 GENDER EQUALITY
Maintaining a sustainable and reliable supply chain	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	17 PARTNERSHIPS FOR THE GOALS, 3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH

## Connecting material issues to TITAN Group Focus Areas

		Environmental management of local impacts and protection of natural resources - 1	Safe and healthy working environment for our employees and business partners - 2	Building trust with our customers and improving their satisfaction - 3	Good governance and business ethics - 4	Continue engaging and contributing to sustainability of communities - 5	Decarbonization, energy efficiency and business model resilience - 6	Employee engagement, development and well-being - 7	Maintaining a sustainable and reliable supply chain - 8
TITAN Group focus areas	De-carbonization and digitalization	●		●			●		
	Growth-enabling work environment		●		●	●		●	
	Positive local impact	●		●		●			
	Responsible sourcing	●		●	●	●			●
Underpinned by: Good governance, Transparency and Business Ethics 3, 4									

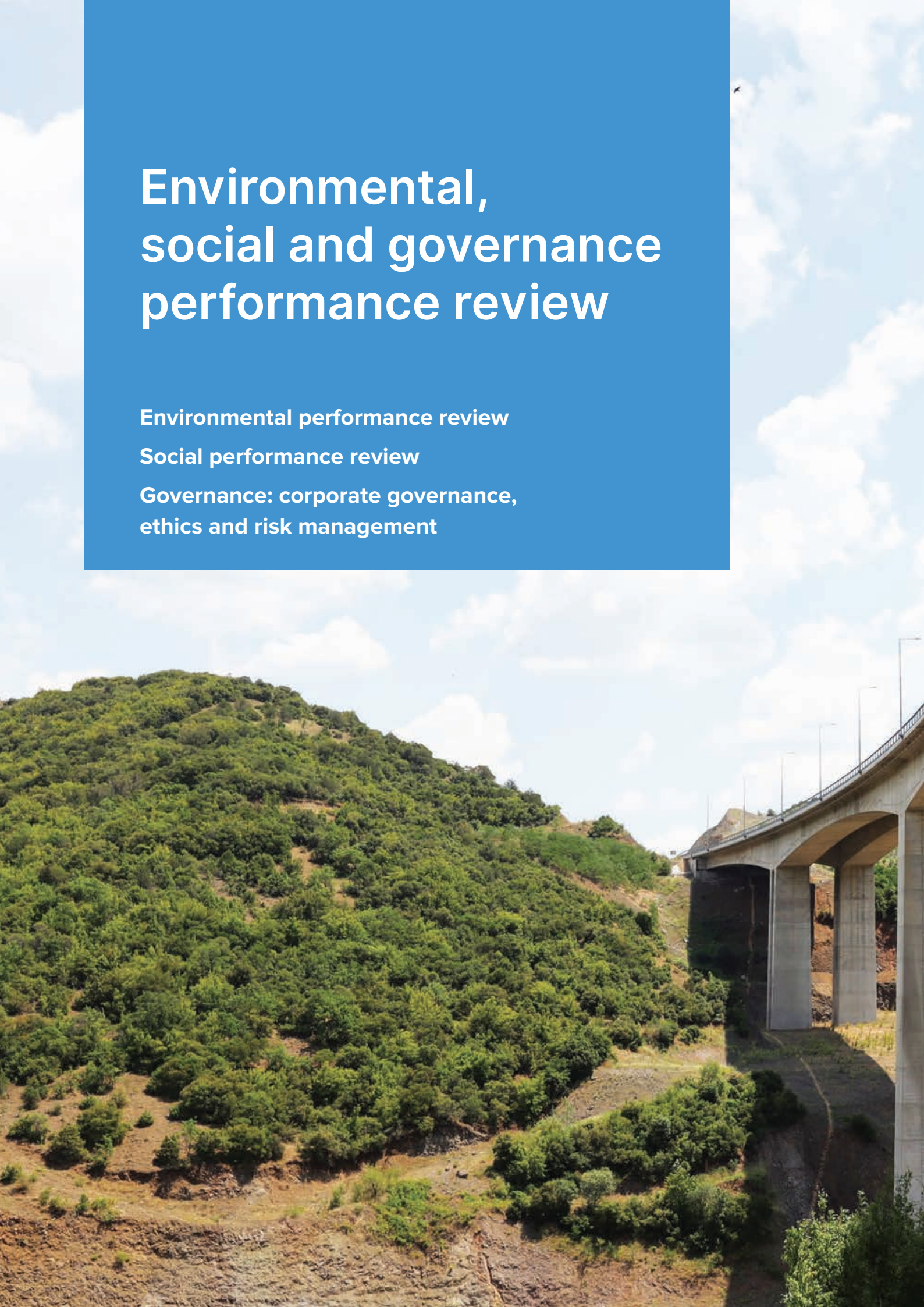


# Environmental, social and governance performance review

Environmental performance review

Social performance review

Governance: corporate governance,  
ethics and risk management









# Environmental performance review

Cementarnica USJE continuously strives to address the defined environmental challenges. In this area, we are fully implementing TITAN policies which guarantee sound and transparent environmental management according to international best practices. Monitoring, measuring, reporting, cooperating, continuously acting and improving is how we address environmental issues.

We are continuously improving our environmental performance, concentrating our efforts on tackling climate change, improving our energy efficiency, using natural resources responsibly and contributing to the circular economy.

USJE Objective	Results 2020	Target 2025
Water consumption (EP05L)	314 lt/cement	Maintain the current level in environmental performance with respect to this objective
Dust emissions (EP30L)	7.84 mg/Nm <sup>3</sup> for Kiln 3 and 5.53 mg/Nm <sup>3</sup> for Kiln 4 or 7.37 t/year and 6.97 t/year, respectively	<10 mg/Nm <sup>3</sup>
SO <sub>x</sub> emissions (EP32L)	17.01 mg/Nm <sup>3</sup> for Kiln 3 and 18.61 mg/Nm <sup>3</sup> for Kiln 4, or a total of 16 t/year and 23.44 t/year respectively	<20 mg/Nm <sup>3</sup>
NO <sub>x</sub> emissions (EP31L)	374.32 mg/Nm <sup>3</sup> for Kiln 3 and 480.31 mg/Nm <sup>3</sup> for Kiln 4, or total 352 and 604.97 t/year respectively	<600 mg/Nm <sup>3</sup>
Participate in at least one global and national environmental protection and climate change initiatives	“Earth Hour”, Planting with neighbors at green public areas, and others.	Increase public awareness regarding environmental protection and climate change



## Our approach to environmental management

Continuously focusing on improving the environmental performance through sustainable management of natural resources and landscape, improvement of energy efficiency and involvement in circular economy. Our management, as well as the Group's environmental management, provides

targets for the reduction of air emissions, protection of biodiversity, water management and recycling and quarry rehabilitation. Pursuing our Vision, we strive to be recognized as one of the leading enterprises in our industry worldwide on Sustainability and Environmental Stewardship.

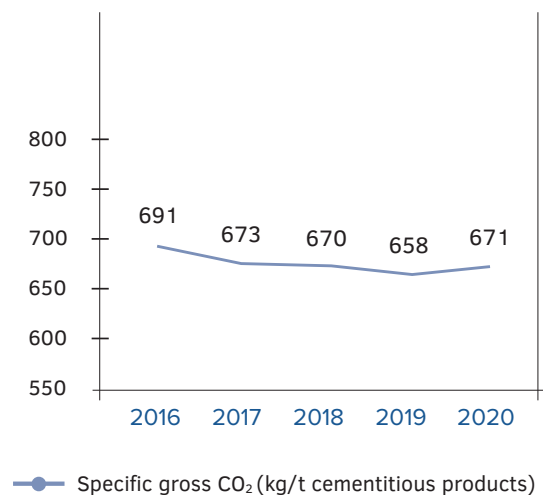
## Our efforts toward climate change mitigation

Cement production is considered to have carbon and energy intensive nature, so the reduction of carbon footprint is a high priority for us. Through conventional and innovative actions to mitigate CO<sub>2</sub> emissions TITAN rolled out the CO<sub>2</sub> Initiative, establishing a unified approach and introducing a consistent methodology to align all our mitigation activities. These activities focus on energy efficiency; the increased use of alternative fuels; the evaluation and prioritization of activities related to CO<sub>2</sub> abatement at a Group and local level; and the monitoring and leveraging of new technologies.

As part of TITAN Group, we follow the GCCA protocol<sup>1</sup> (previous WBCSD/CSI) for calculating and reporting CO<sub>2</sub> emissions. In accordance with this protocol, the calculating and reporting of CO<sub>2</sub> and energy is performed on a regular basis, despite the fact that this is not a national legal requirement. In 2020, USJE's total gross direct CO<sub>2</sub> emissions were 0.693 million tons, while the specific gross direct CO<sub>2</sub> emissions were 671.29 kg CO<sub>2</sub>/t cementitious product (EP16L) which is ~2% higher compared to 2019. The increased specific gross CO<sub>2</sub> emissions are due to the increased use of variety of fuels, introduction of new types of cement that resulted in increasing clinker to cement ratio compared to 2019.

Practices such as product reuse, as well as recycling and recovery of materials, are crucial in the waste reduction as well as reduction of primary raw materials. These practices constitute the circular economy. USJE is aligned with the principles of the circular economy and we have recognized their importance in our Group Environmental Policy.

Specific gross direct CO<sub>2</sub> emissions



Such practices include the use of alternative low-carbon or carbon-neutral fuels, and the use of alternative raw materials, essentially enabling a reduction in the use of natural, non-renewable resources. Co-processing products of different waste streams in our operations (such as biomass, municipal and other inert waste materials) is not only an environmentally responsible and efficient way of reducing our carbon footprint, but also enables solutions based on the principles of the circular economy.

<sup>1</sup> (GCCA Sustainability Guidelines for the monitoring and reporting of CO<sub>2</sub> emissions from cement manufacturing, edition 2019)

## Alternative fuels

The alternative fuels used in one of our two kilns in 2020 were refused derived fuel (RDF) and biomass from agricultural waste (rice husk), while selected waste from the textile industry will be introduced in the near future. Despite the challenge with the global pandemic, USJE continued the effort for utilization of alternative fuels and raw materials, and tried to find new waste streams, such as waste from different types of packaging.

### Environmental benefits:

- Reduction of the use of non-renewable (fossil) fuels and raw materials
- Reduction of greenhouse gases
- Energy recovery instead of disposal (waste hierarchy)

### Benefits for the society:

- Promote solid waste management policy for societies – avoidance of land disposal or incineration and accompanying emissions (air, land, water)
- New employment opportunities/focus on local-regional level

## Monitoring emissions

Apart from greenhouse gas (GHG) emissions that have a global effect, monitoring of all other air emissions is among the material issues identified by our local stakeholders. We control air emissions adopting the Best Available Techniques and monitor them using monitoring devices.

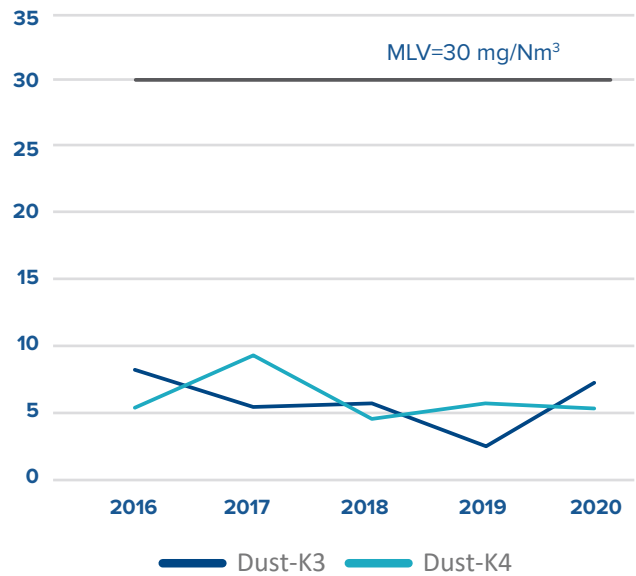
This enables the company to closely monitor the emissions on real-time basis and take action accordingly. At the same time, it gives interested stakeholders regular, updated information on our performance. At our initiative, results from the monitoring are presented at USJE's web page as monthly and weekly emission reports from the main emission sources. USJE plant is reporting in accordance with the Guidelines for Emissions Monitoring and Reporting<sup>2</sup>.

Total emissions in 2020	
Dust	14.34 t/year
NO <sub>x</sub>	956.96 t/year
SO <sub>x</sub>	39.44 t/year

<sup>2</sup> GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing, edition 2019

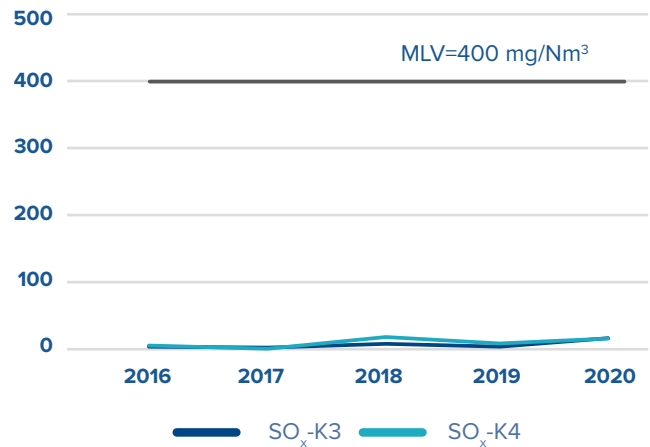
## Dust

At cement plants, kiln stacks are major dust emission sources. In 2020 the emissions of dust were 7.37 tons for Kiln 3 and 6.97 tons for Kiln 4, respectively per year. Dust emissions are well below the limits (MLV) set by the environmental terms and conditions of both local and EU legal requirements. The average concentration of dust for Kiln 3 was 7.84 mg/Nm<sup>3</sup> and for Kiln 4 was 5.53 mg/Nm<sup>3</sup> while the MLV was 30 mg/Nm<sup>3</sup>.



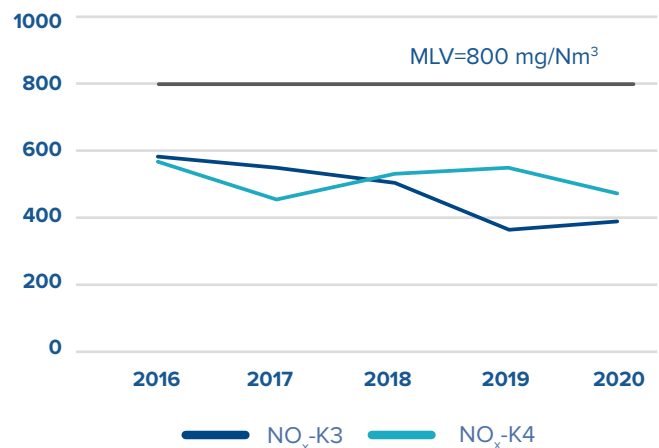
## SO<sub>x</sub>

The presence of Sulphur (S) in raw materials is the primary cause of SO<sub>x</sub> emissions. USJE's SO<sub>x</sub> emissions are substantially below the limits (MLV) set by the applicable local and EU regulations. For 2020, the average concentration of SO<sub>x</sub> for Kiln 3 was 17.01 mg/Nm<sup>3</sup> and for Kiln 4 was 18.61 mg/Nm<sup>3</sup>, while the MLV is 400 mg/Nm<sup>3</sup>. In 2020 our activities resulted in SO<sub>x</sub> emissions of 16.00 tons for Kiln 3 and 23.44 tons for Kiln 4, respectively.



## NO<sub>x</sub>

Combustion at high temperatures leads to NO<sub>x</sub> emission. In 2020 NO<sub>x</sub> emissions were 352.00 tons for Kiln 3 and 604.97 tons for Kiln 4 respectively. The overall NO<sub>x</sub> emissions were within the limits (MLV) set by the local and EU legislation. The average concentration of NO<sub>x</sub> for Kiln 3 was 374.32 mg/Nm<sup>3</sup> for Kiln 3 and 480.31 mg/Nm<sup>3</sup> for Kiln 4, while the national MLV is 800 mg/Nm<sup>3</sup>. Reduction of NO<sub>x</sub> emissions on both kilns is the result of using different types of fuels, and using the installation for selective non-catalytic reduction (SNCR).



\*MLV – Maximum Limit Value

## Energy efficiency

In 2020, part of the planned projects for improvement of energy efficiency were implemented, such as replacement and modernization of indoor and outdoor lighting, insulation of administrative buildings as part of the proposed measures from the Detailed Energy audits for buildings. Also, in 2020 we approached the final steps of implementing the energy management system ISO 50001:2018, expected to be certified in 2021. The activities for improvement of energy efficiency in the plant will continue in 2021 as well, with activities proposed in the Energy Efficiency Study, and Energy audits of the buildings and activities proposed from ISO 50001.

## Water management (EP27L)

Water is an essential part of everyday life. Water management is a complex collaborative process that requires a **balance between hydrology, environment, and resources management. The 'dry technology' for cement production implemented** in USJE does not require water for the main production process. Industrial water is used only as a cooling media and there are no wastewater discharges from the production, in line with the respective GCCA Sustainability Guidelines<sup>3</sup>.

In 2020, USJE withdrew a total of 374,752 m<sup>3</sup> of water (for clinker and cement production), of which 322,944 m<sup>3</sup> is ground water from our licensed water wells, and 51,808 m<sup>3</sup> is from the public municipal water network. The increased ground water consumption in 2020 compared to previous years is mainly due to the higher demand for watering the increased green areas created at the plant and the quarries. Our continuous efforts to protect water as a natural resource are reflected with the sustainable water management at our operations. We have implemented a water monitoring system that enables the measurement and recording of water quantities on a monthly (and daily) basis.

## Noise minimization

Production of cement, like most other industrial activities, causes noise as a result of the type of equipment employed in the production process, the transport of materials, etc. The measured noise level at the measurement points along the factory and quarries does not exceed the stipulated permissible limits, according to national law. Following our endeavor to do more good and minimize our footprint and despite the noise generated by our operations being below the legal limits, in 2020 USJE continued to implement and invest in the noise minimization activities predicted in the Action Plan of the Second Follow up study for Noise minimization in the vicinity of USJE cement plant.

## Water risk assessment

Water risk assessment constitutes a significant component of TITAN's sustainable management of water resources. In 2020, the water risk assessment for all Group sites was completed using the Aqueduct tool of the World Resources Institute (WRI) and the Water Risk Filter of WWF. The results will be used to enhance company practices for sustainable water management and to develop specific water management plans for sites in water-stressed areas.

## Waste management (EP37L & EP38L)

Reduction, re-use and recycling of raw materials, energy, and waste, are the key elements of the Group's environmental policy. Our production of clinker and cement does not produce waste or waste by-product. Waste is mainly generated from maintenance activities and product packaging. Following the best practices, waste is separated at source, collected and temporarily stored to a waste collection storage area. In 2020 we safely disposed around 5,457 tons of waste, of which 4,861 tons were internally reused or recycled. All leaked materials are measured, collected and returned to the process. With this action we have detailed analysis for handling all wastes generated in the plant.

<sup>3</sup> GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing, edition 2019

## Biodiversity and land management (EP08L – EP13L)

Quarries rehabilitation, reforestation, greening of plant areas, and maintenance and improvement of surrounding vegetation are part of USJE's environmental and rehabilitation policy. Our operations are heavily dependent on the use of natural resources. Comprehensive environmental impact assessments and rehabilitation plans cover all phases of development, operation, as well as decommissioning of quarries. Both traditional and novel methods for reforestation are employed for quarry rehabilitation. All activities for quarry rehabilitation, and biodiversity management of sites are in line with the respective GCCA Sustainability Guidelines<sup>4</sup>.

To ensure quality implementation of the rehabilitation plans, we have engaged a professional company and part of the plant area has been transformed into a nursery to grow and produce the native plant species that are required for the realization of the rehabilitation activities and objectives set in the respective Studies.

Since 1998, more than 364,000 trees in total have been planted by USJE, or donated to third parties for planting. In 2020 we planted in total 50,016 plants, out of which 27,719 trees were planted at the marl quarry, 888 trees were planted at the limestone quarry in Govrlevo, 8,000 trees were planted at the sand quarry in Vrlovica, 8,500 trees were planted at the sand quarry in Ljubosh, and 4,909 plants (trees, flowers and bushes) were planted at the plant green areas.

## Biodiversity risk assessment

In 2020, TITAN updated the biodiversity risk assessment for all its sites. All Group cement plants and quarries were assessed for their biodiversity status and value with the use of the Integrated Biodiversity Assessment Tool (IBAT, <https://ibat-alliance.org/>). The next step is the further evaluation of the local baseline conditions at those sites that were recognized as being in proximity to (or part of) areas of high biodiversity value in order to determine potential needs to develop appropriate biodiversity management plans, in line with the key principles of the GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management.

<sup>4</sup> GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management, 2020.



# Social performance review

Our commitment to create value for our employees, local community, contractors, suppliers, customers, and local stakeholders is part of our values and business model. We use global standards to ensure that the principles of transparency and business ethics are met, while addressing the most material issues through our strategy and long-term

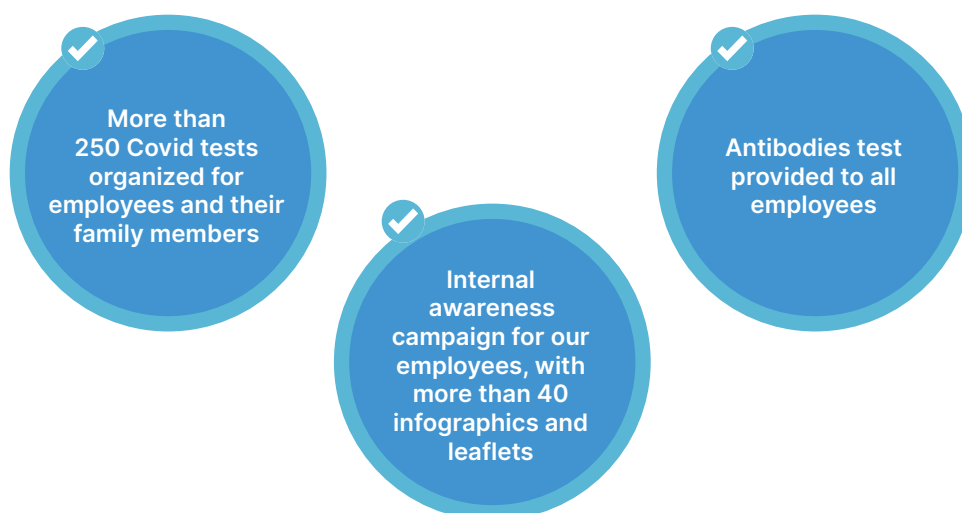
initiatives. Although the context within which we operate has its own challenges, we strive to be a responsible company through identifying our impacts to society and taking actions to minimize the adverse ones, while improving our positive impact and particularly the welfare and wellbeing of our employees, the local communities and our partners.

## USJE's response to Covid-19

As everywhere worldwide, North Macedonia was affected by spread of Covid-19. The new circumstances required fast adaptation of the way of living, behaviors, operations and approaches. The USJE management reacted with highest responsibility at the situation. Operations and maintenance activities were aligned based on the authority's restrictions and in addition to other preventive measures taken by the management team. Frequent communications were kept with the epidemiology task force. Necessary information was recorded and reported in close collaboration with our employees regarding any identified Covid-19 cases to restrict the possibilities of affecting others.

Aiming to protect our employees, but also the communities where the majority of our employees come from, from the threat of Covid-19 and taking into account the Government

measures and recommendations, the USJE management took a wide range of measures to prevent the spread of the virus and ensure a healthy working environment and business continuity. With systematic and on-going risk assessment processes we supported additional measures and relevant operational guidelines for hygiene measures. Medical and psychological care programs were also added as provisions to our employees and their families. In addition, remote working from home was organized, paid leave was provided for at-risk groups of employees, together with rotation plans for employees whose duties require their physical presence at work. Internal communication memos were sent on a weekly basis to all employees with the most important measures against Covid -19 issued by the World Health organization (WHO) and relevant medical institutions.







## Health and safety

USJE's commitment to care for people was proven, through a safe and healthy work environment, as defined by our Occupational Health and Safety Policy which was coordinated by TITAN Group management and integrated by all business units in all our operations. We believe that it is possible to achieve a level of safety without injury at work. We set this vision as our primary goal. In order to achieve this, it is necessary to continue to apply the best available occupational health and safety practices and to influence employee awareness, both directly and indirectly, continually reviewing the safety aspects of each job, from those that are most demanding to routine operations.

USJE envisages a work environment that ensures the health and safety of all employees and contractors and works constantly to achieve this goal.

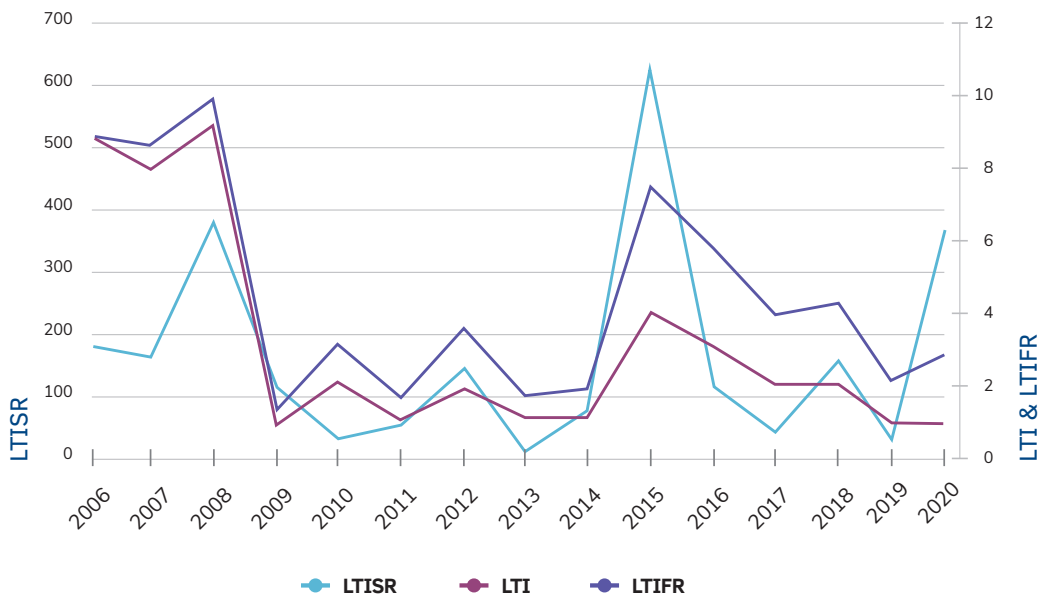
We focus on identifying and prioritizing health and safety issues, ingraining the awareness for health and safety among our employees, contractors and partners and strengthening the culture of accident prevention and healthy living in all our operations.

The management is committed to continuous development of the company's Operational Health and Safety (OH&S) and strives for better OH&S performance results. Compared to previous year, in 2020 investments in OH&S increased by 56%. In 2020 our employees received 5.34 hrs/employee related to H&S training, while contractors received 2 hrs/employee of H&S training. The decline in the training hours as compared to prior year was due to Covid-19 virus and the protection measures adopted.

The trend of increased number of Safety Walks demonstrates high commitment and involvement of the management continued in 2020, as well. This year there were 2 LTIs, one of contractor and one of our employee. By Incident investigations we covered 100% of the incidents classified as near misses, LTIs, medical treatments and first aid. Investigation reports from the plant and those shared by the Group were used as a very useful source for learning. One of our top priorities was preparation of Safe work plans for all specific and high-risk jobs.

The external audits and state inspectorate confirmed the Company's compliance with OH&S legislations and Group standards.

### Health & Safety ratios (historic trends)



**In 2020 we successfully completed the process of transition from OHSAS 18001 into the relevant ISO 45001 Occupational Health and Safety standard**

\*LTI - A Lost Time Injury (LTI) is defined as a work-related injury causing the absence of one or more working days (or shifts), counting from the day after the injury, before the person returns to normal or restricted work (if two or more people are injured in any accident, then the event is to be counted as two or more LTIs, as well as the "Lost Days" for each injured individual)

\*\* LTIFR - Number of LTIs in a year per 1,000,000 hours worked

\*\*\* LTISR- Number of lost calendar days due to LTIs during reporting period per 1,000,000 hours worked

USJE Key Performance Indicators		2020
Health and safety	All activities performance acc. to the TITAN Global Sectoral Approach	
	Employee fatalities	0
	Employee fatality rate	0.00
	Contractors fatalities	0
	Third-party fatalities	0
	Employee Lost Time Injuries (LTIs)	1
	Employee Lost Time Injuries Frequency Rate (LTIFR)	2.47
	Employee lost working days	147
	Employee Lost Time Injuries Severity Rate	363.40
	Contractors Lost Time Injuries (LTIs)	1
	Contractors Lost Time Injuries Frequency Rate (LTIFR)	1.80
	All activities performance leading indicators	
	Near misses	19
	Training man-hours on health and safety per employee	5.34
	Training man-hours on health and safety per contractor	1.99
	Expenditures for employee health and safety (Euros)	551,439

## Our people, employment and development

The focus on human capital and corporate social responsibility is one of our four strategic priorities. The Group's vision to "ensure an engaged workforce, emotionally and mentally," as expressed in the TITAN People Management Framework, outlines the company's people management approach, which is supported by integrated management systems, relevant policies, and specific programs.

We strive to do more to foster a workplace and an inclusive culture where all employees have the opportunity to meet their expectations and unleash their potential, irrespectively of gender.

### Employment

Employee engagement is an on-going process for the Group, incorporating feedback in structured and organized forms. Our people are the key element of our success and we seek to offer to them, apart from a safe working environment, opportunities to develop their skills and competences and learn new things every day, empowering them to tackle challenges and pursue their own potential.

#### Living by our values

We believe that an effective and engaged workforce should live by our values and have a strong understanding of our Code of Conduct and Titan Leadership Platform.

#### Number of employees at 31 December 2020

F	M
42	211

#### Average number of contractors in 2020

242

### Employees per age and gender

TOTAL 2020		<30		30-50		50 and above	
F	M	F	M	F	M	F	M
42	211	7	19	24	94	11	98

### Number of direct employment per category and gender

	F	M
Senior Managers		4
Managers	5	14
Administration/Technical	21	41
Semi-skilled/Unskilled Labour	16	152

### Percentage of women in management

M	F	Total	Female %
18	5	23	21.74%

\* F - Female, M - Male

### Employees' turnover

End year employees / Total empl. Left / Turnover			Breakdown by age and gender (As of Dec 31 2020)					
			F			M		
			<30	30-50	50 and above	<30	30-50	50 and above
253	23	9.09%	/	1	2	2	2	16

### New hires 2020

F		M			Total
<30	30-49	<30	30-50	50 and above	
3	3	7	17	3	33

### Employees from neighboring community

	F	M	Total
Local	9	64	73
Other communities	33	146	179
Expatriates		1	1
<b>Total</b>			<b>253</b>

## People development and engagement

Developing know-how, expertise and creative potential at USJE is a dynamic process, stimulated by the Company through continuous investment in the training of employees, with the belief that the sustainable future of the Company is best built through the values of education, ensuring mutual benefit for both the Company and employees.

### Total trained employees per gender 2020

Employees end of 2020	Total trained employees	% of total employees trained	Male Employees Trained	% of total male employees trained	Female Employees trained	% of total female employees trained
253	234	92.5%	195	92.4%	39	93%

2020 Training subject/category	Total Hours
Company Onboarding	845
Compliance (Inc. Human Rights)	376
CSR	32
Digital	507
Environment	841
Foreign Languages	352
Functional Competence	292
Generic Competence	16
Health & Safety	1,319
Managerial Skills	154
Other (including LinkedIn learning courses)	1,628
Security	18
Technical know-how	629
Total	7009

Trained employees per category	
Administration/Technical	61
Managers	21
Semi-skilled/Unskilled Labor	150
Senior Managers	2
Total	234

Total Female Training investment (in euros)	5,628
Total Male Training investment (in euros)	17,376
<b>TOTAL training investment</b>	<b>23,005</b>

Total training hours of contractors 2020: 534

## Employees' engagement

### Action Plan upon Employee Survey

In 2019 TITAN Group organized an Employee Survey among its business units. The Employee Survey in USJE had a 93% response rate by the employees. Following the results, the management team in 2020 prepared an Action Plan referring to the priority areas for improvement, identified after the analysis of the results of the Employee Survey, as well as the interviews and analysis of the focus groups composed of employees of all sectors, to identify causes and potential improvement activities.

In this context, the priority areas of USJE's action plan are: Empowerment (Simplification and Process Acceleration), Communication and Cooperation, Safety and Health and Pride of being part of TITAN.

The Action Plan was transparently communicated to all employees.

### Communication and transparency via digital tools

As digitalization is one of the three main Group objectives, in 2020 USJE implemented actions moving toward it.

- USJE launched a new Company website
- The first Company LinkedIn Page was launched in February 2020
- Group intranet "Connections" was established and company news are available for all employees
- In 2020 USJE developed a new Time Attendance Software
- All employees receive company internal news at their e-mail addresses

## Diversity and inclusion

In 2020, equality, diversity, and inclusion were identified among the most relevant and important issues for key stakeholders. Our action plans were developed to address the results of the 2019 Employee Engagement Survey. The action plans were derived following in-depth analysis of the aggregated responses to the survey questions, as well as a series of interviews and deep dives in diverse employee focus groups. We support equality, diversity and inclusion and are committed to providing equal access and remove biases in our operations.

A comprehensive action plan to improve diversity and inclusion across the Group was drawn up, based on feedback from a number of focus groups and interviews. Our Group Code of Conduct, and Human Rights and CSR policies were updated to incorporate clearer references to diversity and inclusion.

In USJE 20% of the Central Management Committee members are female, while 22% of the management team are female managers. At the same time, USJE equally respects and provides employment for 24% of all employees from different ethnicity.



## Human rights

The respect for human rights is one of TITAN's and USJE's core principles, as reflected in our Group Code of Conduct. In consistency with the United Nations Guiding Principles on Business and Human Rights, USJE is committed to respecting and supporting human rights with regard to its employees, the communities where it operates, and its business partners, as expressed in internationally recognized standards, including the UN Universal Declaration of Human Rights.

TITAN Group launched reporting platform EthicsPoint®, providing a uniform, anonymous, and strictly confidential channel where all employees can report any incidents of non-compliance, misconduct or abuse. The EthicsPoint® is an additional means to ensure that incidents are reported, examined, and resolved with a remedy plan, if and when necessary. It promotes a culture of openness, transparency, and accountability, which is essential to safeguarding good governance and integrity. A five-member Group committee

oversees the investigation and handling of reports while ensuring confidentiality and non-retaliation for whistleblower.

USJE has adopted a Rulebook on Whistleblowers in effect since 2017 and respects the Group Whistleblowers Policy aiming to promote ethical work culture by reporting any issues of concern. Our employees were fully informed and trained on the reporting procedure and their rights arising from the Rulebook on Whistleblowers protection with a total of 223 training hours.

Since 2014 USJE has established a Committee consisting of employees' representatives to mediate and respond to any cases of harassment at the workplace. All employees in USJE received training on their human rights, whistleblowing and rights against harassment at the workplace. In 2018, this long-term commitment was recognized as a good practice by the UN Global Compact of New York.

In 2019 USJE received the "Award for promoting human rights in business", as a recognition of its commitment for respecting the human rights of its employees, all groups of stakeholders, the wider community, promoting health and safety and principles of good corporate governance. This award contest was part of the EU project "Promoting Business and Human Rights Principles" in North Macedonia, implemented by the EU Delegation, NGO Konekt, in partnership with the Business Confederation and the UNGC Local Network.



## Our holistic approach to wellbeing

- Our new Health and Well-being commitment covers the four key dimensions of health and well-being: physical, mental, social, and financial, and reflects the importance of following an integrated, holistic approach. As part of TITAN's Group H&W framework, USJE has launched the Employee Assistance Program (EAP) offering the employees and their families expert advice on personal, family, or work-related issues aiming to help enhance their health, mental and emotional well-being. The service offers access to local counselors that can listen employees' concerns and provide practical, expert advice and guidance to them or their family members.
- In 2020, USJE provided a free daily meal for the employees from the plant canteen.
- Moreover, as a long-term practice USJE enables extended medical exams for the employees such as: cardio check-ups, extended blood analysis as well as mammography and thyroid ultrasound for female employees.
- Additionally, USJE provided a Medical plan for private health insurance for all employees.



## Sustainability of communities

With open and structured communication, we engage with all our stakeholders to deepen our insights into their needs and expectations. Through this process, we aim to build trusted relationships and enhance collaboration in order to create shared value and contribute do sustainable growth.

### Support to the community during the Covid-19 outbreak

During the Covid-19 outbreak in our country in 2020, USJE urgently stepped-in and supported the local community, as well as numerous medical institutions with equipment and materials which were needed in the fight against Covid-19 and in protecting the medical personnel. The following institutions and organizations were supported:

- University Clinic for Infectious Diseases and Febrile Conditions and the Covid Center in “8 Septemvri” General Hospital through the Ministry of Health,
- Clinic for Dermatology,
- Clinic for Toxicology,
- Clinic for Gynecology,
- Clinic for Infectious Diseases and Febrile Conditions,
- City General Hospital “8 Septemvri”,
- Gerontology,
- Municipality of Centar,
- Municipality of Kisela Voda,
- Socially vulnerable families and groups of citizens in cooperation with the Municipality of Centar and the non-governmental organization Food Bank.

***USJE remains focused on strengthening our efforts to achieve authentic and distinctive social engagement and on enhancing the positive impact through collaborative projects and empowerment of the community where we operate and of the local stakeholders.***

## Engaging towards De-carbonization “Waste to Energy for Western Balkans Cement Industry” Project

USJE participates in the project for “Waste to Energy for Western Balkans Cement Industry” together with TITAN Antea plant from Albania and TITAN Kosjeric Plant from Serbia. The project is in partnership with GIZ (Deutsche Gesellschaft für internationale Zusammenarbeit), local representatives from GIZ and representatives from REC (Resources Environmental Centre). The main objective of the project is the productive use of municipality waste and turning it into energy for cement plants.

## Enhancing the understanding of waste management

USJE, represented by the Environmental Manager, presented at the “Understanding the waste management” workshops. The workshops were organized by the NGO Planktonium, aiming to acquaint the competent persons of the Municipalities with the changes and innovations envisaged by the legal changes in the field of waste treatment and collection in the country. During the trainings, the potentials of USJE in the process of integrated waste management and its reuse were presented.

## Earth Hour Campaign 2020

Setting our health, well-being and environmental protection as our top priority, USJE joined once again the Earth Hour Campaign. On March 28th 2020, by turning off the cement mills and other facilities where safety measures allowed, USJE saved 10 MWh of electricity. By joining this campaign, we became part of the large family that takes care of preserving natural resources and the environment. USJE has been a part of the Earth Hour Campaign for 12 consecutive years.

## Planting trees actions with local and neighboring municipalities

True to our enduring and shared commitment with the Municipality of Kisela Voda to improve our footprint to nature and society, we provided 150 trees: 70 evergreen trees - Leyland, 70 deciduous trees (birch, linden, maple, willow) and 10 ornamental shrubs. These trees were planted in joint action with our employees and representatives from the municipality. Additionally, in cooperation with Eko Grand NGO, USJE donated 160 trees to the Sopiste Municipality.

## Partnering with Schools Project

Following its commitment to social responsibility, Cementarnica USJE continued the Partnering with Schools Project aiming to improve health and safety and environmental and energy efficiency of kindergartens and primary schools. In 2020 USJE installed:

- A completely new facade with thermal insulation in the “8-mi Mart” Kindergarten in the Municipality of Kisela Voda,
- New classroom doors in the school center for children with impaired hearing.

This is another long-term program running in co-operation with our local stakeholders for 12 years and the total investment in this project exceeds 600,000 euros.

## Youth empowerment

- USJE is a part of the international RIS AlICE project aiming to promote, among young international students, possibilities for production of low-carbon cements towards global decarbonization. The RIS AlICE project is to create a network of relevant stakeholders, in the area of currently unused and landfilled Alrich industrial residues and to increase the innovation potential and competitiveness of the East and South East European (ESEE) region. Quality engineers from USJE actively participated in this project and shared their experience from actual usage of fly ash in cement and also the potentiality for fly ash utilization according to the aims of RIS-ALICE project.
- BEST Job Fair 2020: USJE was part of the 16th Job Fair. This year for the first time the fair was “virtual-online” organized by BEST-Board of European Students of Technology.
- USJE’s CSR officer introduced the company and answered questions from students related to the opportunities offered by the company for employment and attending an internship.
- An Agreement was signed with IAESTE, an International Association for Exchange of Students for Technical Experience, for international students’ internships in USJE.

	Male	Female	Total
18-20	5	0	5
21-25	0	3	3
26+	1	0	1
Total	6	3	9

## Sharing our best practices and experience

USJE took part in the AmCham’s Champions of Change Campaign where our HR & CSR Manager gave an interview on the topic of Digitalization and change, highlighting the digital transformation steps of our company, some of the biggest challenges across the process, how our company has addressed those challenges and how the digital transformation has improved our company performance in the uncertain times.

## USJE – friend of animals

Guided by our commitment to social responsibility and at the same time encouraging a smile on the faces of the youngest, Cementarnica USJE with its products enabled the construction of the elephants’ habitat in the Skopje ZOO and the installation of concrete fences for it. We believe that “even the big ones need a solid home”.

## Open days

Three open days were organized in USJE during the year with stakeholders from the Municipality of Kisela Voda, the neighboring Municipality of Aerodrom and state environmental authorities. Aiming to facilitate stakeholder dialog and collaborative actions, USJE presented its

operations, new initiatives on CO<sub>2</sub> reduction and usage of alternative fuels and its commitment to environmental protection. The Annual Sustainability Report was presented and discussed with the stakeholders.

## Blood donation actions

In 2020 there were total of four blood donation actions organized in our plant in cooperation with the Red Cross. Our employees are encouraged to continue to donate blood voluntarily and regularly. This has been a tradition lasting for more than 30 years.

## New Company web site

Aiming to provide more effective communication with external and internal stakeholders, USJE developed a new company website with dynamic structure and improved look. The website is a useful tool for transparent communication of air emissions measurements with the wider public (<https://www.usje.mk/en/sustainability/environment/air-emissions/monitoring-air-emissions/>). The interactive website allows visitors to submit specific questions regarding the presented data. This transparent and reliable communication method has contributed to sustaining and enhancing USJE’s engagement with communities and key stakeholders.

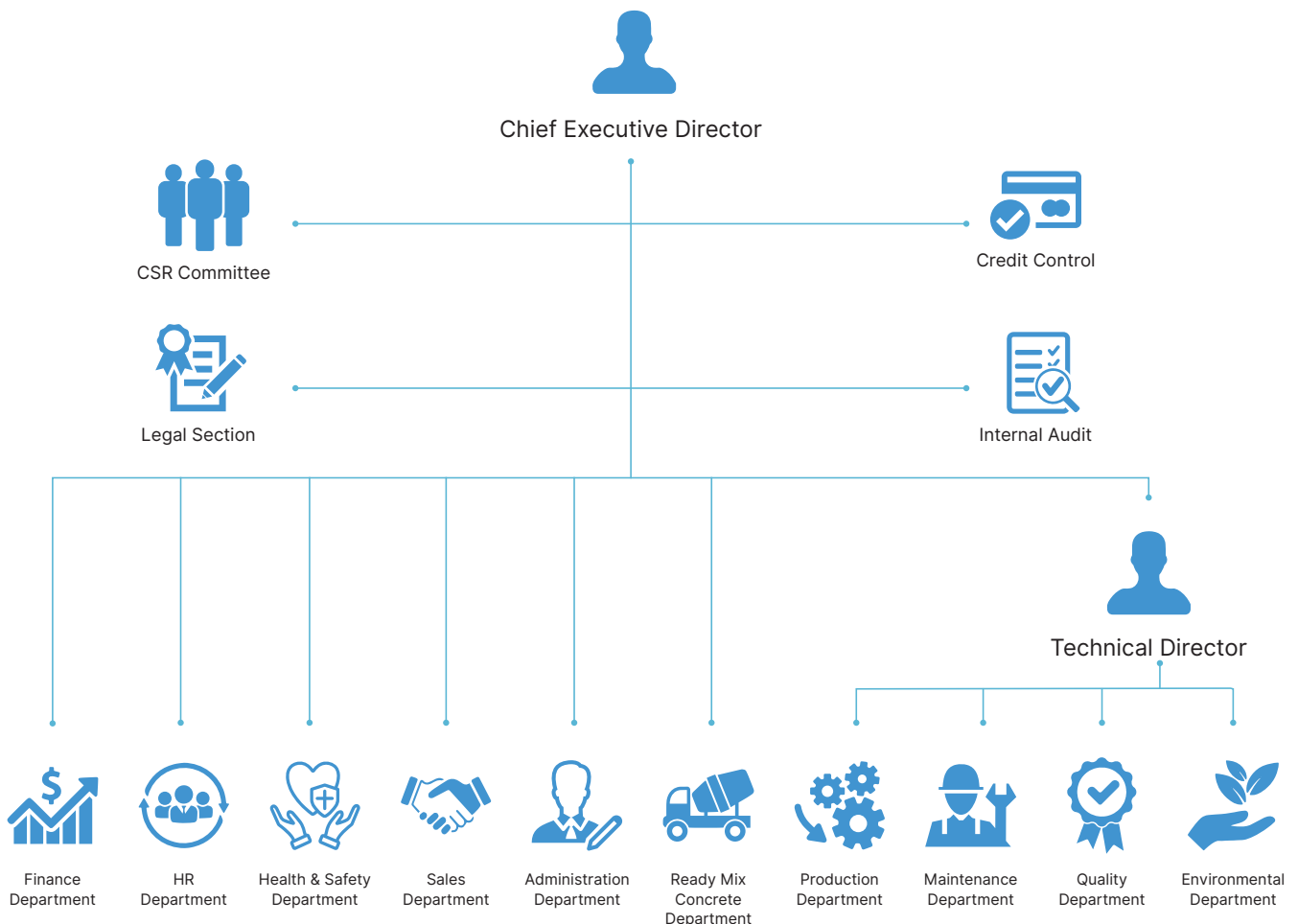




# Governance: corporate governance, ethics and risk management

Through sound corporate governance, we aim to ensure that every management decision is aligned with our purpose and core values, that it takes due account of sustainability considerations, and is in the best interest of our stakeholders. By proactively identifying, assessing, and managing all our potentially significant risks and opportunities, we prepare for issues that may affect the long-term sustainability of our business and achieve our strategic objectives.

## Organizational structure



## USJE Boards and Committees

### BOARD OF DIRECTORS

Consists of five non-executive and two executive members, composition that ensures incorporation of the best global practices in our corporate governance. The Board members have high-level, diverse and complementary expertise and significant experience relevant to the main challenges that our company is facing in its business environment and key markets.

### H&S COMMITTEE

Provides strategic guidance for the health and safety improvement initiatives at our plant. This committee is structured in 5 subcommittees and the common and ultimate goal is to safeguard the H&S of our and contractor's employees as one of the basic human rights at the workplace.

### CSR COMMITTEE/CSR TASK FORCE

Responsible for support and implementation of CSR activities of the company. The CSR Committee reviews the action plans and performance achieved and facilitates and initiates further improvements.

### CENTRAL MANAGEMENT COMMITTEE

Develops the company strategy, sets the key priority objectives and oversees their implementation. Monitors plant operations and functional performance, implementation of the budget, CAPEX, H&S plans, sustainability actions, etc., while at the same time ensures that the Group principles, values and compliance programs are integrated in the day-to-day operations. Management Committee members are the Chief Executive Director, the Technical director, the Finance Manager, the Sales Manager and the HR & CSR Manager. They meet weekly to review and make operational and risk management decisions.

### CREDIT CONTROL COMMITTEE

In charge of evaluation and approval of credit, customer's appraisal forms, settlement of customers' debts, debt coverage, credit monitoring and control, definition of provisions linked to credit risk.

### QUALITY AND ENVIRONMENTAL BOARD

Responsible for: establishing the company's Quality and Environmental Policy and establishing Quality and Environmental System targets. The Board also conducts the internal Quality and Environmental Audits and conducts reviews of the Quality and Environmental System, as well. The Quality and Environmental Board identifies the environmental aspects and determines the emergency situations related to environmental protection, etc.

## Internal audits and Management Systems

All compliance processes are supervised by the TITAN Group Internal Audit Department, taking over responsibility for risk and compliance, in addition to internal audit. The TITAN Group Internal Audit is an independent department reporting directly to the Audit and Risk Committee.

Internal Audit's functions include monitoring implementation and compliance with the Company's Internal Regulation, Code of Conduct, Articles of Association and applicable laws and reporting to the Board of Directors any conflict of interest situations relating to the members of the Board of Directors or the Company's executives towards the Company's interests, as such situations may be identified in the frames of the internal audit. In line with TITAN Group's Fraud Risk Management program, Titan Compliance & Anti-Fraud Department conducted a follow-up audit in 2020 on the action plan of the Fraud Risk Assessment Report in USJE, which was performed in April 2019. Based on the audit opinion, the anti-fraud controls framework is improved in most of the areas, reducing the residual fraud risk exposure to an acceptable level. The audit report confirmed that the Internal Control System is well-designed and appropriately manages underlying risks and ensures compliance with the statutory and internal framework in force.

In 2020, there was one more Group Audit in USJE Purchasing section including Warehouse. The whole process of audit ended on a satisfactory level.

During 2020, there was one regular internal audit for integrated Quality Environment Management Systems, held in May 2020. The objective and purpose of the Audit was to ascertain the functioning of the Integrated Quality and Environmental Management System and whether the recommendations given in the course of the previous audits were implemented. Regarding this audit, no nonconformities were ascertained and some minor recommendations given by the internal auditors were implemented immediately.

## External audits

The audit of the Company's financial statements was entrusted, by TITAN Group selected external auditor to SCRL PriceWaterhouseCoopers. The responsibilities and powers of the External Auditor are semi-annual and annual audit of the Company's financial statements.

## Embedding sustainability

Sustainability is a high priority for USJE and is embedded firmly within our strategy through a regular review of all issues of materiality to our stakeholders, the definition of appropriate actions and targets and the implementation of relevant environmental and social policies. The CSR policy aims to embed sustainability in the organization while at the same time supporting a better balance of long and short-term interests, adapting policies and practice to local market needs and priorities in order to drive sustainability across the value chain. We strive to improve our company also through the implementation of certified systems that enable keeping track of and reporting our sustainability performance.



## Our business partners-customers and suppliers

### Supply chain sustainability

Our supply chain is integral to the sustainability practices of the organization. USJE operates with local and international suppliers and we are committed to improving safety standards and raising environmental awareness among all of them, especially those in areas identified as high risk, such as maintenance, services and quarrying.

In order to assure that we contribute to the creation of a positive environmental, social and economic impact through the supply chain, our company has established processes and practices that demand our contractors to comply with the highest standards in the areas of health & safety, anti-corruption, environment, labor and human rights.

In 2020 USJE continued with its efforts to maintain the strong relationships with our suppliers, adjusting to the circumstances posed by the pandemic.

Our ethical business practices towards suppliers are described in our Code of Conduct, while the procurement manual regulates the specifics of our procurement process.

In seeking to improve procurement efficiency and supply chain sustainability, USJE is relying on the ongoing Group digital transformation process and the unification of the digital systems that will provide additional benefits for our suppliers, as well as provide higher accuracy in tracking and calculating the local spending. A total amount of 4,153 M denars were paid to the suppliers in 2020.

#### General terms for our contractors and suppliers:

[https://www.usje.mk/media/a24hrcli/general\\_terms\\_for\\_procurement\\_of\\_goods.pdf](https://www.usje.mk/media/a24hrcli/general_terms_for_procurement_of_goods.pdf)

### Committed to our customers

As customer satisfaction is one of our corporate values, in 2020 USJE implemented a number of activities that further contributed to this aim:

- TitanUp mobile application is a modern, user-friendly and efficient application for customers, designed in a way that enables them to create and monitor the delivery process. The application provides options for creation of purchase orders, reports for the financial and material status, choosing between own and organized transportation, as well as monitoring the loading process in real time. The new digital solution was widely accepted by a large number of customers and proved to be the right tool in the circumstances created by the pandemic. In January, only 15% of loading orders were made through the new platform, raising up to 75% in December 2020. Annual average was 45%.
- Offering expert advice and education – We expanded the sales team with an experienced civil engineer whose role is to support our customers in identifying solutions that would best fit their needs in preparing ready mix concrete mixtures according to the needed RMC performance. Also, USJE provides free laboratory tests for customers, building long-term relationships and partnerships, as well as educating them on the advantages of USJE’s RMCs and concrete elements and promoting our services and quality.
- Improved packaging and facilitated logistics – We have made efforts to improve the quality of the cement bags and found a solution for returning the pallets. By stimulating the creation of orders through the TitanUp application with financial approvals, we avoided overcrowding and waiting for picking up the orders.
- USJE conducted a customer satisfaction survey and based on the responses from the 140 customers surveyed, we addressed their needs by introducing a quantity rebate, thus increasing the competitiveness of our product.



## Risk management and control

Risk identification and assessment is an integral part of our management processes, helping to safeguard the long-term sustainability of our business.

The Central Management Committee is generally responsible for the Company's risk management plans, implementation and evaluating their effectiveness each year through management systems. The Board of Directors confirms that the Company has internal control systems and risk management policies in place and that it has been informed by the CED and the competent Group executives

about their effectiveness. The assurance mechanism regarding the integrity of the Company's financial statements consists of a combination of the embedded risk management processes, the applied financial control activities, the relevant information technology utilized and the financial information prepared, communicated and monitored. The monthly monitoring of the financial statements is the key element of the controlling mechanism regarding the quality and integrity of financial results. External auditors review the semi-annual financial statements and the annual financial statements of the Company.

## Anti-bribery and corruption management

USJE has adopted the Group Anti-bribery and Corruption Policy since 2017. This Policy aims to enhance awareness and ensure compliance with the respective rules preventing bribery and corruption. It applies to all individuals working at all levels and grades, including directors, senior managers, officers and employees of TITAN Group, all of whom are expected to apply the highest standards of professional and personal behavior under all circumstances.

In 2020 USJE representatives participated in an online training on "Integrity and protection against corruption in the business sector", which is part of the EU project "Strengthening Integrity and Reducing Corruption in the Public and Private Business Sector". This project is funded by the European Union and implemented by the Center for Civil Communications (CCC), Konekt and the Association of Tax Advisers. The project and the trainings are planned to continue in 2021, as well.

## Collective bargaining and unionization

TITAN Group actively promotes freedom of association of employees, beyond local legal requirements. We acknowledge the importance of unions in improving working conditions and safeguarding workers' rights. Union representatives at USJE have the right to meet

with USJE's management to discuss their concerns and suggest improvements. Even in this risky pandemic year, the cooperation with the Union even strengthened aiming to protect the employees and their health, as well as to improve the working conditions at their workplaces.

Unionized employees		
Unionized	No	Yes
F	22	20
M	58	153
Total	253	

USJE has active and signed Collective agreement in 2020 with the Union

# Financial performance





## Financial performance

Cementarnica USJE delivered strong results in 2020 with stable and solid performance even in time of Covid crisis. Earnings (EBITDA) growth and strong cash flow generation in a challenging year, with resilient markets and encouraging prospects. EBITDA growth in 2020 was 20.10% compared to 2019.

<b>Turnover</b>	<b>EBITDA</b>	<b>NPAT: net profit after tax</b>
2019: <b>4.632</b> mil MKD 2020: <b>4.671</b> mil MKD	2019: <b>1.547</b> mil MKD 2020: <b>1.858</b> mil MKD	2019: <b>1.247</b> mil MKD 2020: <b>1.523</b> mil MKD
<b>CAPEX</b>	<b>ROCE (EBIT/Capital Employed)</b>	<b>Earnings per share</b>
2019: <b>208</b> mil MKD 2020: <b>223</b> mil MKD	2019: <b>46.70%</b> 2020: <b>56.17%</b>	2019: <b>2.260</b> MKD 2020: <b>2.702</b> MKD

### Sales volume

<b>Cement</b>	<b>Ready mix concrete</b>	<b>Aggregates</b>
2019: <b>952.000</b> tones 2020: <b>983.000</b> tones	2019: <b>62.000</b> m <sup>3</sup> 2020: <b>60.000</b> m <sup>3</sup>	2019: <b>88.000</b> tones 2020: <b>39.000</b> tones



# ESG performance statements

The logo features a stylized globe with blue and white curved stripes, set against a background of green foliage.

**TITAN**  
CEMENTARNICA USJE



# ESG performance statements

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

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

The SASB Framework was leveraged for the purpose of connecting the SASB Materiality Map<sup>®</sup> with the 2020 Group’s materiality assessment, and allowed the alignment between the Group and its subsidiaries. In the same direction, the Group also started reporting in alignment with the Sustainability Accounting Standard Board (SASB) for the specific requirements of industries mostly relevant to our operations. For committing on targets 2020 and reporting on progress for all other environmental parameters except CO<sub>2</sub>, the base line year is 2003 (when TITAN for the first time reported the consolidated non-financial performance indicators). For CO<sub>2</sub> emissions the baseline year for relevant target(s) is 1990 in line with the Kyoto Protocol.

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

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

# Value Creation Core Indicators Index

Detailed figures are provided in the Report under 'Economic value distributed'

1. The economic value created and distributed to key stakeholders has been calculated using the United Nations – UNCTAD “Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals” (2019 edition).
2. Gross Value added. Revenue minus costs of bought-in materials, goods and services (called also: Value Added, according to the UNCTAD Guidance, 2019). TITAN’s approach is based on the verified and disclosed Financial Statements for the same reporting period, acc. to the IFRS.
3. Net value added. Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (UNCTAD Guidance, 2019). TITAN’s approach is based on the verified and disclosed Financial Statements for the same reporting period, acc. to the IFRS.
4. Total spend to Suppliers, local and international, for goods and services. According to TITAN Standards and the application of the IFRS, see Financial Statements.
5. Taxes to national and local authorities. According to TITAN Standards and the application of the IFRS, see Financial Statements.
6. Payments in cash, to shareholders and minorities. According to TITAN Standards and the application of the IFRS, see Financial Statements.
7. Total spend on donations and social engagement initiatives Total amount of charitable/voluntary donations and investments of funds (both capital expenditures and operating ones) in the broader community where the target beneficiaries are external to the enterprise incurred in the reporting period, in absolute amount (UNCTAD Guidance, 2019). TITAN discloses this amount as “Donations”, as equivalent to “charitable/voluntary donations and investments of funds”, on the verified and disclosed Financial Statements for the same reporting period.
8. Green investment. Total amount of expenditures (capital and also operational) for those investments whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation to the environment (UNCTAD Guidance, 2019).
9. Salaries (contributions to) pensions, and social benefits, including additional benefits beyond those provided by law. According to TITAN Standards and the application of the IFRS, see Financial Statements.
10. Investments in training of direct employees. Total expenditures including the direct and indirect costs of training for direct employees (including costs such as trainers’ fees, training facilities, training equipment, related travel costs etc.) reported also per employee and per year, and broken down by employee category (UNCTAD Guidance, 2019).
11. Investments for Research and Innovation. Total amount of expenditures on research and development (R&D) and Innovation by the reporting entity during the reporting period (UNCTAD Guidance, 2019). It includes all expenditures for the R&D and Innovation activities, and projects, and incl. salaries, participations, travelling and other expenses of our employees which are related directly and indirectly, and other expenditures for promoting innovative technologies and products. TITAN uses the verified and disclosed Financial Statements for the same reporting period.
12. Capital expenditures. Capital expenditures, commonly known as CapEx, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology or equipment.

## Environmental Performance Index

Key Performance Indicators		Units	2020	2019	2018	SDGs & Targets	Codes
<b>1. All Activities - Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)</b>							
<b>Local Impacts</b> <b>Impact on natural raw materials resources</b>	<b>Natural raw materials extracted (total, wet)</b>	million t	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>		<b>EP01L</b>
	Raw materials extracted for clinker and cement production	million t	1.5	1.4	1.4		<b>EP02L</b>
	Raw materials extracted for aggregates	million t	0.1	0.2	0.1		<b>EP03L</b>
	<b>Externally recycled waste materials (total, wet)</b>		<b>355</b>	<b>392</b>	<b>496</b>	<b>SDG 12</b> <b>Targets 12.4 and 12.5</b>	<b>EP04L</b>
	Reused	t	0	0	0		
	Recycled	t	355	392	496		
	Recovered	t	0	0	0		
<b>Impact on water resources</b>	<b>Water consumption (total)</b>	million m <sup>3</sup>	<b>0.34</b>	<b>0.30</b>	<b>0.12</b>		<b>EP05L</b>
	<b>Water withdrawal (total, by source)</b>	million m <sup>3</sup>	<b>0.40</b>	<b>0.35</b>	<b>0.28</b>		<b>EP06L</b>
	Ground water	million m <sup>3</sup>	0.35	0.31	0.24	<b>SDG 6</b> <b>Targets 6.3, 6.4 and 6.5</b>	
	Municipal water	million m <sup>3</sup>	0.05	0.04	0.04		
	Rain water	million m <sup>3</sup>	0.00	0.00	0.00		
	Surface water	million m <sup>3</sup>	0.00	0.00	0.00		
	Quarry water used (from quarry dewatering)	million m <sup>3</sup>	0.00	0.00	0.00		
	Ocean or sea water	million m <sup>3</sup>	0.00	0.00	0.00		
	Waste water	million m <sup>3</sup>	0.00	0.00	0.00		
	<b>Water discharge (total, by destination)</b>	million m <sup>3</sup>	<b>0.06</b>	<b>0.04</b>	<b>0.16</b>		<b>EP07L</b>
	Surface (river, lake)	million m <sup>3</sup>	0.01	0.01	0.13		
Ocean or sea	million m <sup>3</sup>	0.00	0.00	0.00			
Off-site treatment	million m <sup>3</sup>	0.05	0.03	0.03			
<b>Impact on biodiversity and land stewardship</b>	<b>Active quarry sites with biodiversity issues</b>		0	0	0		<b>EP08L</b>
	<b>Active quarry sites with biodiversity management plans</b>		-	-	-		<b>EP09L</b>
	<b>Active quarry sites with biodiversity management plans</b>	%	-	-	-	<b>SDG 15</b> <b>Targets 15.3, 15.4, 15.5, 15.9 and 15.a</b>	<b>EP10L</b>
	<b>Sites with quarry rehabilitation plans</b>	%	<b>42.9</b>	<b>50.0</b>	<b>50.0</b>		<b>EP11L</b>
	<b>Quarry land areas rehabilitated from total impacted (cumulative)</b>	%	<b>23.8</b>	-	-		<b>EP12L</b>
	<b>Active quarry sites (wholly owned) with Environmental Management System (ISO14001 or similar)</b>	%	<b>100.0</b>	<b>100.0</b>	<b>90.0</b>		<b>EP13L</b>
<b>Fuels and Energy</b> <b>Impact on energy resources</b>	<b>Thermal energy consumption (total)</b>	TJ	<b>2.835</b>	<b>2.696</b>	<b>2.732</b>	<b>SDG 7</b> <b>Target 7.2</b>	<b>EP14L</b>
	<b>Electrical energy consumption (total)</b>	TJ	<b>395</b>	<b>378</b>	<b>373</b>		<b>EP15L</b>

Key Performance Indicators		Units	2020	2019	2018	SDGs & Targets	Codes
<b>2. Cement Activities - Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)</b>							
Climate change Impact on Green House Gas Emissions	Specific gross direct CO <sub>2</sub> emissions (Scope 1)	kg/t Cementitious Product	671.4	657.7	669.6		EP16L
	Specific net direct CO <sub>2</sub> emissions (Scope 1)	kg/t Cementitious Product	669.9	654.4	669.3	SDG 9 Target 9.4	EP17L
	Indirect CO <sub>2</sub> emissions (Scope 2, total)	million t	0.10	0.10	0.09		EP18L
Alternative fuels and materials	Alternative fuel substitution rate	% Heat Basis	1.6	3.5	0.5		EP19L
	Biomass in fuel mix	% Heat Basis	0.9	2.0	0.4		EP20L
	Clinker to cement ratio	%	73.84	72.78	72.96	SDG 7 Targets 7.2, 7.3 and 7.a	EP21L
Impact on energy resources	Thermal energy consumption						
	Cement and grinding plants and attached quarries	TJ	2.835	2.696	2.732	SDG 12 Target 12.2	EP22L
	Alternative fuels consumption (total)	t	2.729	5.629	920		EP23L
	Electrical energy consumption (total)						
Local Impacts Impact on natural raw materials resources	Cement plants and attached quarries	GWh	109.8	104.9	103.6		EP24L
	Materials consumption (total, dry)	million t	1.5	1.4	1.4		EP25L
	Extracted (natural) raw materials consumption (dry)	million t	1.3	1.3	1.3		
	Alternative raw materials consumption (dry)	million t	0.1	0.1	0.1	SDG 12 Target 12.2	
	Alternative raw materials use (of total raw materials consumed)	%Dry	8.6	9.5	9.6		
Impact on water resources	Alternative raw materials rate (based on clinker-to-cement (equivalent) factor)	%Dry	12.4	13.9	14.2		EP26L
	Water consumption (total)	million m <sup>3</sup>	0.3	0.28	0.15	SDG 6 Targets 6.4 and 6.5	EP27L
	Water recycled (total)	million m <sup>3</sup>	1.3	1.30	1.42		EP28L
Other air emissions	Coverage rate continuous measurement	%	100.0	100.0	100.0	SDG 3 Target 3.9	EP29L
	Specific dust emissions	g/t Clinker	18.6	11.9	13.0		EP30L
	Specific NO <sub>x</sub> emissions	g/t Clinker	1,241.9	1,175.6	1,236.3	SDG 9 Target 9.4	EP31L
	Specific SO <sub>x</sub> emissions	g/t Clinker	51.2	22.0	46.5		EP32L



Key Performance Indicators	Units	2020	2019	2018	SDGs & Targets	Codes	
<b>3. All Activities - Disclosures concerning materials, fuels and wastes</b>							
<b>Impact on fuels and energy resources</b>	<b>Fuel mix, energy consumption for clinker and cement production</b>	%Heat Basis	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>EP33L</b>
	<b>Conventional fossil fuels</b>	%Heat Basis	<b>98.4</b>	<b>96.6</b>	<b>99.5</b>		<b>EP34L</b>
	Coal, anthracite, and waste coal	%Heat Basis	5.7	82.3	88.9		
	Petrol coke	%Heat Basis	83.8	4.2	0.0		
	Lignite	%Heat Basis	4.2	5.3	5.1		
	Other solid fossil fuel	%Heat Basis	0.0	0.0	0.0		
	Natural gas	%Heat Basis	4.6	2.6	2.2		
	Heavy fuel (ultra)	%Heat Basis	0.1	2.2	3.3		
	Diesel oil	%Heat Basis	0.0	0.0	0.0		
	Gasoline, LPG (Liquified petroleum gas or liquid propane gas)	%Heat Basis	0.0	0.0	0.0	<b>SDG 7 Target 7.2</b>	
	<b>Alternative fossil and mixed fuels</b>	%Heat Basis	<b>1.2</b>	<b>3.0</b>	<b>0.3</b>	<b>SDG 12 Target 12.2</b>	<b>EP35L</b>
	Tyres	%Heat Basis	0.0	0.0	0.0		
	RDF including plastics	%Heat Basis	1.2	3.0	0.3		
	Impregnated saw dust	%Heat Basis	0.0	0.0	0.0		
	Mixed industrial waste	%Heat Basis	0.0	0.0	0.0		
	Other fossil based and mixed wastes (solid)	%Heat Basis	0.0	0.0	0.0		
	<b>Biomass fuels</b>	%Heat Basis	<b>0.3</b>	<b>0.5</b>	<b>0.2</b>		<b>EP36L</b>
	Dried sewage sludge	%Heat Basis	0.0	0.0	0.0		
	Wood, non-impregnated saw dust	%Heat Basis	0.0	0.0	0.0		
	Agricultural, organic, diaper waste, charcoal	%Heat Basis	0.3	0.5	0.2		
Other	%Heat Basis	0.0	0.0	0.0			
<b>Management of waste</b>	<b>Waste disposal (total, wet)</b>	t	<b>596</b>	<b>693</b>	<b>703</b>		<b>EP37L</b>
	Non-hazardous waste	t	546	612	636		
	Hazardous waste	t	50	80	67		
	<b>Waste disposal, break down by destination-usage (wet)</b>	%By mass	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>SDG 12 Targets 12.4 and 12.5</b>	<b>EP38L</b>
	Reuse	%By mass	0.0	0.0	0.0		
	Recycled	%By mass	59.5	56.6	70.5		
	Recovered (including energy recovery)	%By mass	0.0	0.0	0.0		
	Incineration	%By mass	0.0	0.0	0.0		
	Landfilled	%By mass	40.2	43.2	28.9		
Other (incl. storage)	%By mass	0.3	0.3	0.6			

Key Performance Indicators	Units	2020	2019	2018	SDGs & Targets	Codes
<b>4. All Activities - Investments for the Environment</b>						
<b>Environmental expenditures across all activities</b>	million €	<b>0.44</b>	<b>0.61</b>	<b>1.05</b>		<b>EP39L</b>
Environmental management	million €	0.03	0.04	0.02		
Reforestation	million €	0.07	0.09	0.10	<b>SDG 7 Target 7.b</b>	
Rehabilitation	million €	0.04	0.02	0.03		
Environmental training and awareness building	million €	0.01	0.00	0.00	<b>SDG 9 Target 9.4</b>	
Application of environmental friendly technologies	million €	0.19	0.34	0.80		
Waste management	million €	0.10	0.12	0.10		

Notes on external verification, standards, and guidance

- Standards: The reporting standards under TITAN's Global Sectoral Approach, namely GCCA, UNGC, and UNCTAD.
- Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of: CO<sub>2</sub> emissions from cement manufacturing, co-processing fuels and raw materials, monitoring and reporting of emissions, monitoring and reporting of water in cement manufacturing, and quarry rehabilitation and biodiversity management (for all documents the reference is the latest edition of 2019 or 2020). The above Guidelines had superseded in 2020 the previous – and respective – Guidelines of the WBCSD/CSI, which were the guidance for measuring, reporting and verifying environmental performance until (and including) year 2018. For the Sector standards, see details in Table pg.61.

Notes for specific Environmental Performance indicators

1. Active quarries within, containing or adjacent to areas designated for their high biodiversity value. See also Table pg.61.
2. Sites with high biodiversity value where biodiversity management plans are actively implemented. See also Table pg.61.
3. Coverage includes both quarries attached to cement plants and quarries for aggregates production.
4. "New indicators"
  - Quarry land areas rehabilitated from total impacted (cumulative)  
Coverage includes all quarries under TITAN management control. This KPI is calculated as the percentage of the impacted/disturbed quarry areas that has been rehabilitated (total and cumulative), aggregated at BU level. Under TITAN approach, this KPI is complementary to the KPIs under the topic of Impact on biodiversity and land stewardship in this Table, namely: "Sites with quarry rehabilitation plans" and "Active quarry sites with biodiversity management plans". Data disclosing started in 2020."
  - Water recycled (total)  
This KPI is calculated in line with GCAA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing. "
5. Indirect CO<sub>2</sub> emissions are related to emissions released for the production of the electrical energy consumed at TITAN's facilities. For their calculation, we use emission factors provided by the supplier of the electrical energy or other publicly available data sources.
6. Biomass rate corresponds to the percentage of total thermal energy consumption that comes from renewable energy sources.
7. The definition of Environmental expenditures across all activities is equivalent to the definition of Green Investment.

## Sector Standards for the Non-financial disclosures in 2020

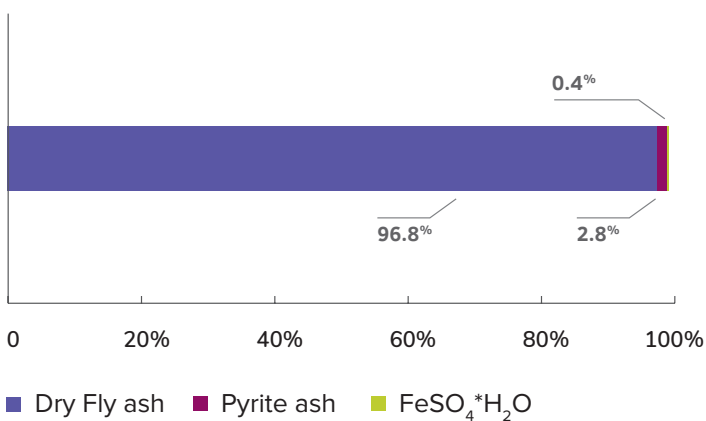
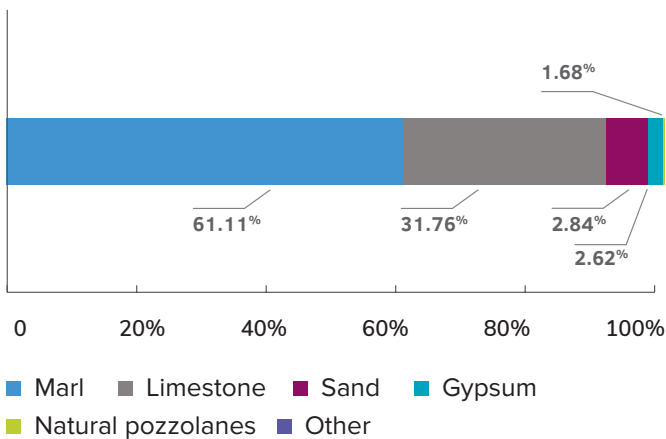
Sector Association or Initiative	Guidelines and other documents of reference	Published
GCCA	Sustainability Charter	
	Sustainability Framework Guidelines	
	Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing <b>[Pillar 1]</b> This document has been agreed within the GCCA to have extended application to concrete and other related activities.	
	Sustainability Guidelines for the monitoring and reporting of CO <sub>2</sub> emissions from cement manufacturing <b>[Pillar 2]</b>	Latest edition in 2019 or 2020
	Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing <b>[Pillar 4]</b>	
	Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing <b>[Pillar 4]</b>	
	Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing <b>[Pillar 5]</b>	
Sustainability Guidelines for quarry rehabilitation and biodiversity management <b>[Pillar 4]</b>		
<b>(Previously) WBCSD/CSI</b>	Guidelines for Environmental and Social Impact Assessment (ESIA)	2016
	Recommended Good Practices for: (a) Contractor Safety, and (b) Driving Safety	2009

### Notes

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

Use of Natural Raw Materials (%)	Unit	2020	%
Marl	t/y Wet	923,140	61.11%
Limestone	t/y Wet	479,694	31.76%
Sand	t/y Wet	42,851	2.84%
Gypsum	t/y Wet	39,570	2.62%
Natural pozzolanes	t/y Wet	25,343	1.68%
Total (wet basis)	t/yWet	1,510,598	100.00%

Use of Alternative Raw Materials (%)	Unit	2020	%
Dry Fly ash	t/yWet	122,185	96.8%
Pyrite-ash	t/yWet	3,537	2.8%
FeSO <sub>4</sub> *H <sub>2</sub> O	t/yWet	448	0.4%
Total	t/yWet	126,170	100%



## Social Performance Index

Usje Key Performance Indicators		2020	2019	2018	SDGs & Targets	Codes
Health and safety	<b>All activities performance acc. to the TITAN Global Sectoral Approach</b>					
	Employee fatalities	0	0	0		SP01L
	Employee fatality rate	0.00	0.00	0.00		SP02L
	Contractors fatalities	0	0	2		SP03L
	Third-party fatalities	0	0	0	SDG 3; Targets 3.6 and 3.8	SP04L
	Employee Lost Time Injuries (LTIs)	1	1	2		SP05L
	Employee Lost Time Injuries Frequency Rate (LTIFR)	2.47	2.27	4.23	SDG 4; Target 4.3	SP06L
	Employee lost working days	147	15	72		SP07L
	Employee Lost Time Injuries Severity Rate	363.40	33.98	152.29		SP08L
	Contractors Lost Time Injuries (LTIs)	1	2	3		SP09L
	Contractors Lost Time Injuries Frequency Rate (LTIFR)	1.80	3.70	6.57		SP10L
	<b>All activities performance leading indicators</b>					
	Near misses	19	21	30		SP11L
	Training man-hours on health and safety per employee	5.34	14.39	14.69	SDG 8; Target 8.8	SP12L
	Training man-hours on health and safety per contractor	1.99	5.96	3.99		SP13L
Expenditures for employee health and safety (Euros)	551,439	n/a	n/a		SP14L	



Social Performance Index						
Usje Key Performance Indicators		2020	2019	2018	SDGs & Targets	Codes
<b>Employment</b>	<b>Number of employees as of 31 December</b>	<b>253</b>	<b>244</b>	<b>258</b>		<b>SP15L</b>
	<b>Employee turnover (%)</b>	<b>9.09%</b>	<b>13.11%</b>	<b>10.08%</b>		<b>SP16L</b>
	Employees left	23	32	26		<b>SP17L</b>
	<b>Employee new hires (%)</b>	<b>13.04%</b>	<b>8.20%</b>	<b>3.49%</b>		<b>SP18L</b>
	Employee new hires	33	20	9		<b>SP19L</b>
	<b>New hires per age group</b>					<b>SP20L</b>
	Under 30	10	9	2		
	Between 30-50	20	11	6		
	Over 50	3	0	1		
	<b>New hires per gender</b>					<b>SP21L</b>
	Females	6	4	5		
	Males	27	16	4		
	<b>Employment per age group</b>					<b>SP22L</b>
	Under 30	26	21	21	<b>SDG 5; Targets: 5.1, 5.4, and 5.5</b>	
	Between 30-50	118	100	96		
	Over 50	109	123	147		
	<b>Employment per type</b>				<b>SDG 8; Targets: 8.5, 8.6, and 8.8</b>	<b>SP23L</b>
	Full time	214	221	264		
	Part Time	5	0	0		
	Temporary	34	23	0	<b>SDG 10; Target 10.3</b>	
	<b>Employment per category</b>					<b>SP24L</b>
	Managers	19	18	22		
	Senior managers	4	2	5		
	Administration/technical	62	55	88		
	Semi skilled/unskilled	168	169	148		
	<b>Employment per gender</b>					<b>SP25L</b>
	Females	42	40	40		
	Males	211	204	224		
	<b>Share of women in employment (%)</b>	<b>16.60%</b>	<b>16.39%</b>	<b>15.15%</b>		<b>SP26L</b>
	<b>Share of women in management (%)</b>	<b>21.74%</b>	<b>25.00%</b>	<b>25.93%</b>		<b>SP27L</b>
	<b>Share of women in Senior Management (%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>20.00%</b>		<b>SP28L</b>
	<b>Employees from local community (%)</b>	<b>28.85%</b>	<b>30.74%</b>	<b>30.68%</b>		<b>SP29L</b>
	<b>Unionized employees (%)</b>	<b>68.38%</b>	<b>70.49%</b>	<b>75.97%</b>		<b>SP30L</b>

Social Performance Index						
Usje Key Performance Indicators		2020	2019	2018	SDGs & Targets	Codes
People Development	<b>Training investment per (trained) employee (Euros)</b>	<b>98</b>	<b>157</b>	<b>152</b>		<b>SP31L</b>
	<b>Training investment per gender (Euros)</b>	23,005	41,022	40,081		<b>SP32L</b>
	Females	5,628	6,616	18,023		
	Males	17,377	34,406	22,058		
	<b>Trained employees</b>	<b>234</b>	<b>262</b>	<b>264</b>		<b>SP33L</b>
	<b>Share of trained employees (% in total workforce)</b>	<b>92%</b>	<b>100%</b>	<b>100%</b>		<b>SP34L</b>
	<b>Share of trained female employees (% in total female employees)</b>	<b>92,86%</b>	<b>100%</b>	<b>100%</b>		<b>SP35L</b>
	<b>Trained employees per category</b>					<b>SP36L</b>
	Managers	21	19	22		
	Senior managers	2	2	5		
	Administration/technical	61	59	87	<b>SDG 4; Targets: 4.3, 4.4, and 4.5</b>	
	Semi skilled/unskilled	150	182	150		
	<b>Trained employees per age group</b>					<b>SP37L</b>
	Under 30	26	21	21	<b>SDG 5; Targets: 5.1, and 5.5</b>	
	Between 30-50	113	100	96		
	Over 50	95	123	147		
	<b>Training hours</b>	<b>7,009</b>	<b>9,975</b>	<b>10,431</b>	<b>SDG 8; Target 8.5</b>	<b>SP38L</b>
	<b>Average training hours per employee (over the total number of direct employees), and breakdown per gender</b>	<b>28</b>	<b>41</b>	<b>40</b>		
	average female	50	63	64	<b>SDG 10; Target: 10.2, and 10.3</b>	
	average male	23	37	35		
	<b>Training hours per subject</b>					<b>SP40L</b>
	Company on-boarding	845	1,072	n/a	<b>SDG 16; Target 16.5</b>	
	Compliance (previously: TITAN Group Code of Conduct)	376	134	231		
	CSR and Sustainability (previously: Human Rights)	32	477	0		
	Digital	507	821	n/a		
	Environment (previously: Environment: care and management systems)	841	755	312		
	Foreign languages	352	/	/		
Functional competence (previously: Non-technical skills and specialization)	292	540	1,000			
Generic competence (previously: Non-technical skills and specialization)	16	491	745			
Health and safety	1,319	3,579	3,873			
Managerial skills (previously: Management and managerial skills)	154	722	211			
Other	1,628	86	712			
Security	18	/	/			
Technical know-how (previously: Technical know-how and core competence)	629	1,298	3,347			

Social Performance Index						
Usje Key Performance Indicators		2020	2019	2018	SDGs & Targets	Codes
<b>Stakeholder Engagement</b>	<b>Donations (Euros)</b>	<b>140,109</b>	<b>291,006</b>	<b>130,257</b>	<b>SDG 2; Targets 2.1, and 2.3 SDG 4; Targets: 4.3, and 4.4 SDG 8; Targets: 8.5, and 8.6 SDG 9; Targets: 9.1, and 9.5 SDG 11; Target 11.4 SDG 16; Target 16.5 SDG 17; Target 17.17 SDG 9; Target 9.3</b>	<b>SP41L</b>
	Donations in cash (Euros)	0	182,697	12,645		<b>SP42L</b>
	Donations in kind (Euros)	140,109	108,309	117,612		<b>SP43L</b>
	<b>Internships</b>	<b>9</b>	<b>33</b>	<b>43</b>		<b>SP44L</b>
	<b>New entry level jobs from internships/traineeships</b>	<b>5</b>	<b>1</b>	<b>2</b>		<b>SP45L</b>
	<b>Local Spend (%)</b>	<b>62.21%</b>	<b>57.57%</b>	<b>n/a</b>		<b>SP46L</b>

#### Notes for the external verification, standards and guidance

- Standards: The reporting standards under TITAN's Global Sectoral Approach, namely GCCA, UNGC, and UNCTAD.
- Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing (last edition in February 2020). This document has been agreed within the GCCA to have extended application to concrete and other related activities. For the Sector standards, see details in Table pg.67.

#### Notes for specific Social Performance indicators

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

## Sector Standards for the Non-financial disclosures in 2020

Sector Association or Initiative	Guidelines and other documents of reference	Published
<b>GCCA</b>	Sustainability Charter	Latest edition in 2019 or 2020
	Sustainability Framework Guidelines	
	Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing [Pillar 1] This document has been agreed within the GCCA to have extended application to concrete and other related activities.	
	Sustainability Guidelines for the monitoring and reporting of CO <sub>2</sub> 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]	
<b>(Previously) WBCSD/CSI</b>	Guidelines for Environmental and Social Impact Assessment (ESIA)	2016
	Recommended Good Practices for: (a) Contractor Safety, and (b) Driving Safety	2009

### Notes

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

## Reporting on progress

### UN Global Compact commitment

The Global Compact Network North Macedonia was founded in 2004. USJE has been a member of the Local UN Global Compact Network North Macedonia since 2008. Starting from 2009, as an active member of the UNGC, USJE has regularly issued annual sustainability reports for 12 years and published them on the UNGC web site. USJE abides by all the requirements set by the United Nations Global Compact Initiative, to which TITAN is committed at both Group level and local level.

The “UNGC 10 Principles – Progress Review Index” contains the following three elements:

1. CEO statement of continued support for the UN Global Compact and its Ten Principles.
2. Description of actions or/and direct reference to relevant policies related to Human Rights, Labor, Environment and Anti-Corruption.

3. Measurement of outcomes is covered this year by direct reference to the Index System for Sustainability Performance review and monitoring, namely the two Appendix tables of KPIs Index:

- a. Environmental Performance Index of KPIs (EP KPIs), and
- b. Social Performance Index of KPIs (SP KPIs).

In the table following, the Index System for Sustainability Performance is connected with the UNGC Ten Principles and USJE’s commitments. There are direct references to disclosures and pages inside the Report. However, the Table cannot be exhaustive, and provides the main points of importance.



UNGC Area	UNGC Related Principle(s)	Our Commitments	Reference in 2020 TITAN USJE Corporate Social Responsibility and Sustainability Report
Human Rights	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights within the scope of their influence.</p>	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Code of Conduct for Procurement</li> <li>e. TITAN People Management Framework</li> <li>f. TITAN Occupational Health and Safety Policy and guidelines</li> <li>g. TITAN Group Anti-Bribery and Corruption Policy</li> <li>h. TITAN USJE Policies</li> </ul>	<p><b>STRATEGIC REVIEW:</b> Our Values (p18), Our Governance Structure (p47), Ensuring Fair Competition and Fighting Corruption (p51), Focus on Material Issues (p23-27).  <b>PERFORMANCE HIGHLIGHTS:</b> Value Creation (p22).  <b>HEALTH and SAFETY:</b> TITAN Group Health and Safety Guidelines, and systems in place (p37-38,48), and SP KPIs (SP01L-SP14L).  <b>PEOPLE DEVELOPMENT:</b> TITAN People Management Framework, Fostering Human Rights and Equal Opportunities (p41-43) and SP KPIs (SP15L-SP40L).  <b>ENGAGING WITH LOCAL COMMUNITIES:</b> (p44-46) and SP KPIs (SP41L-SP44L).  <b>BUSINESS PARTNERS:</b> Improve Suppliers' Overall Performance According to TITAN Standards (p50).  <b>ESG PERFORMANCE STATEMENTS:</b> Environmental Performance Index of KPIs (EP KPIs), and Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health &amp; Safety.</p>
	<p><b>Principle 2:</b> Business should make sure that they are not complicit in human rights abuses.</p>		
Labor Standards	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Code of Conduct for Procurement</li> <li>e. TITAN People Management Framework</li> <li>f. TITAN Occupational Health and Safety Policy and guidelines</li> <li>g. TITAN Group Anti-Bribery and Corruption Policy</li> <li>h. TITAN USJE Policies</li> </ul>	<p><b>STRATEGIC REVIEW:</b> Our Values (p18), Our Governance Structure (p47), Ensuring Fair Competition and Fighting Corruption (p51), Focus on Material Issues (p23-27).  <b>PERFORMANCE HIGHLIGHTS:</b> ESG Performance (p30-51), Value Creation (p22).  <b>HEALTH and SAFETY:</b> TITAN Group Health and Safety Guidelines, and systems in place (p37-38,48), and SP KPIs (SP01L-SP14L).  <b>PEOPLE DEVELOPMENT:</b> TITAN People Management Framework, Fostering Human Rights and Equal Opportunities, Ensuring Labor Rights and Freedom of Association, TITAN Group Employee Standards, Employee Benefits, Compensation and Welfare Programs (p41-43) and SP KPIs (SP15L-SP40L).  <b>ENGAGING WITH LOCAL COMMUNITIES:</b> (p44-46) and SP KPIs (SP41L-SP44L).  <b>ESG PERFORMANCE STATEMENTS:</b> Environmental Performance Index of KPIs (EP KPIs), and Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health &amp; Safety.</p>
	<p><b>Principle 4:</b> Businesses should uphold the elimination of all forms of forced and compulsory labor.</p>		
	<p><b>Principle 5:</b> should uphold the effective abolition of child labor.</p>		
	<p><b>Principle 6:</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>		
Environment	<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges.</p>	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Environmental Policy and TITAN USJE Policies</li> </ul>	<p><b>STRATEGIC REVIEW:</b> Our Values (p18), Our Governance Structure (p47), Certified Management Systems.  <b>PERFORMANCE HIGHLIGHTS:</b> ESG Performance (p30-51), Value Creation (p22).  <b>ENVIRONMENTAL PERFORMANCE:</b> (p30-35) and EP KPIs (EP01L-EP39L).  <b>ENGAGING WITH LOCAL COMMUNITIES:</b> Focusing on Local Development (p44-46), SP KPIs (SP41L-SP44L).  <b>ESG PERFORMANCE STATEMENTS:</b> Environmental Performance Index of KPIs (EP KPIs), and Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health &amp; Safety.</p>
	<p><b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p>		
	<p><b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>		
Anti-corruption	<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Code of Conduct for Procurement</li> </ul>	<p><b>STRATEGIC REVIEW:</b> Our Values (p18), Our Governance Structure (p47), Ensuring Fair Competition and Fighting Corruption (p51), Focus on Material Issues (p23-27).  <b>BUSINESS PARTNERS:</b> Improve Suppliers' Overall Performance According to TITAN Standards (p.50)</p>

## Compliance and due diligence, USJE policies

The Company is committed to the highest governance principles, seeking consistent enhancement of its corporate governance performance and promoting transparency, sustainability and long-term value creation. The ethics and compliance programs implemented throughout our operations, ensure that the Group’s principles and values are integrated in the day-to-day operations and the risk management culture is reinforced across the company. The effectiveness of the systems and policies implemented are systematically reviewed by the TITAN Group Executive Committee, including in terms of compliance with relevant standards of the Group.

Through sound corporate governance USJE aims to ensure that every management decision lives up to our purpose and core values, takes due account of sustainability considerations and is in the best interest of its stakeholders. By proactively identifying, assessing and managing all its

potentially significant risks and opportunities, USJE is able to prepare for issues that may affect the long-term sustainability of its business and achieve its strategic objectives.

TITAN’s Code of Conduct and Group Policies, implemented in USJE, cover all strategic areas and material issues, convey the principles, rules of conduct, and standards, and provide guidelines to employees and external business collaborators, such as vendors and customers, to ensure compliance with the applicable internal and statutory rules.

- » All compliance processes are supervised by the TITAN Group Internal Audit Department that assumed a broader role since January 2020, taking over responsibility for risk and compliance, in addition to the internal audit.

### TITAN Code of Conduct

In the accomplishment of its business objectives USJE conscientiously implements its ethical principles found in the company’s code of conduct. The document deals with ethical issues and provides guidance which defines our operating principles. This ensures that our employees are familiar with the highest standards applied by the company in the way it conducts business. This includes strict adherence to laws, human rights, international conventions combating corruption, protection of confidential information, promoting sustainable development, as well as relationships with key associates. In 2020, the updated version of the Code of Conduct was shared via e-mail to all employees.

### Group policies and management systems related to ESG performance

Group policies			
Policies related to ESG performance	Policy dissemination	Policy Implementation	Policy assessment
Human Rights Policy	●	●	●
Anti-bribery and Corruption Policy	●	●	●
People Management Framework	●	●	
CSR Policy	●	●	●
Code of Conduct	●	●	●
Environmental Policy and Climate Mitigation Strategy	●	●	●
Occupational Health and Safety Policy	●	●	●
Conflict of Interest Policy	●	●	●

## TITAN Reporting Standards for the ESG Performance disclosures in 2020

Areas of ESG Performance	Reporting standards		
	GCCA	UNGC	UNCTAD
Environment (Connection with KPIs in Table 2.2)			
<b>Local Impacts</b>			
Impact on natural raw materials recourses		●	●
Substitution of natural raw materials by alternative materials (byproducts)	●	●	●
Impact on water recourses	●	●	●
Avoided consumption of water		●	●
Impact on biodiversity and stewardship	●	●	
Air emissions	●	●	
Avoided emissions to air (dust, SO <sub>x</sub> , and NO <sub>x</sub> )		●	
Management of waste		●	●
Impact on fuels and energy resources	●	●	●
<b>Climate change</b>			
Impact on greenhouse gas emissions	●	●	●
Alternative fuels and materials	●	●	●
Impact on energy recourses	●	●	●
Avoided CO <sub>2</sub> emissions		●	●
<b>Investments for the Environment ('Green Investment')</b>		●	●
Social (Connection with KPIs in Table 2.3)			
<b>Health and safety</b>	●	●	●
<b>Employment</b>		●	●
<b>People Development</b>		●	●
<b>Stakeholder Engagement</b>		●	●
Governance (Connection with disclosures in Table 2.4)			
<b>References to the TITAN Group Global Compact Advanced Communication on Progress Review (COP)</b>			
Connection with disclosures in Table 4 "2020 TITAN Group Global Compact Advanced Communication on Progress Review (CoP)", and Table 5 "Transparency International – Corruption Perception Index 2020"	●	●	●

### Notes for the standards used

**GCCA:** TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of: safety in cement and concrete manufacturing, CO<sub>2</sub> emissions from cement manufacturing, co-processing fuels and raw materials, monitoring and reporting of emissions, monitoring and reporting of water in cement manufacturing, and quarry rehabilitation and biodiversity management (for all documents the reference is to last edition in 2019 or 2020). The above Guidelines had superseded in 2020 the previous – and respective – Guidelines of the WBCSD/CSI, which were the guidance for measuring, reporting and verifying environmental performance until (and including) year 2018.

**UNGC:** TITAN follows the reporting requirements for meeting the criteria of the UN Global Compact relating to a Communication on Progress (COP) Advanced Level.

**UNCTAD:** TITAN has adopted under its reporting framework the applicable KPIs according to the Guidance of the United Nations – UNCTAD "Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (latest publication in 2019), as supplementary to the above Reporting Standards S1 and S2.



# Independent limited assurance report







Cementarnica USJE AD, Skopje  
Bul. Boris Trajkovski no. 94  
1000 Skopje

Grant Thornton DOO  
Sv. Kiril i Metodij 52b-1/20  
1000 Skopje  
North Macedonia  
T +389 (0)2 3214 700  
F +389 (0)2 3214 710  
E Contact@mk.gt.com  
VAT No. 4030003475973

### Independent limited assurance report

To the management of Cementarnica USJE AD, Skopje

#### Introduction and scope of work

We were engaged by Cementarnica USJE AD, Skopje (further referred to as "the Company"), to provide limited assurance in relation to the following information, presented in Cementarnica USJE AD, Skopje Annual Sustainability Report for 2020 (further referred as to "the Sustainability Report"):

- The consistency of qualitative and quantitative sustainability disclosures presented, with regard to the UN Global Compact principles and specifically to the Advanced Level of Communication on Progress Report criteria.
- The completeness and accuracy of qualitative and quantitative sustainability disclosures, in specific for the areas of Environment and Health & Safety and regarding the criteria applicable in 2020, which are aligned with the sectoral guidelines and reporting standards (GCCA<sup>1</sup> Sustainability Charter, GCCA Sustainability Framework Guidelines, and other relevant and applicable GCCA Guidelines, and the guidelines of the World Business Council for Sustainable Development / Cement Sustainability Initiative (WBCSD/CSI) only as applicable in 2020) and with the TITAN Group<sup>2</sup> Standards for Reporting on Group level and Business Unit level.
- The methodology of materiality assessment with regard to the guidelines of AA1000 Standard and more specifically the process followed by the company with respect to identifying and prioritising the most relevant Material Issues, considering the impact which each Material Issue has on the company and its stakeholders.

#### Management responsibility

The Management of the Company is responsible for complete and accurate preparation and presentation of the Sustainability Report in accordance with the principles and standards listed in "Introduction and scope of work" paragraph above. This responsibility also includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for the individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and procedures relevant for the preparation of the Sustainability Report.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In this context, the assurance team is independent from the Company and has not participated in the preparation of the Company's Sustainability Report for the year 2020.

<sup>1</sup> Global Cement and Concrete Association (GCCA)

<sup>2</sup> TITAN Cement International (referred to as "TITAN Group") is the Owner of the Company.





The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### 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 "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 International Ethical Standards Board for Accountants, as well as to plan and perform independent limited assurance engagement in a way that will allow us to express a conclusion with limited assurance.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with International Standards on Auditing and Assurance Engagements. To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this report towards anyone other than the Company and the TITAN Group, unless the terms have been agreed explicitly in writing, with our prior consent.

#### Summary of work performed

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

- Read the Sustainability Report (in its entirety) to ensure it is in accordance with the criteria detailed in the "Introduction and scope of work" section in this Independent limited assurance report;
- Review of external media reports to identify relevant sustainability issues in the reporting period, if any;
- Interviews with key personnel responsible for the preparation of the Sustainability Report, providing the sustainability performance information to understand and evaluate the processes, internal controls and information systems relating to the preparation of the aforementioned information;
- Understanding the Company regarding to its sustainability organizational structure, stakeholder dialogue and development process of the sustainability program;
- Review the materiality process followed by the Company and in addition, review the Desk research/study provided by Group ESG Performance Department and the Benchmark external studies (GCCA), validating the material issues assessed during the internal materiality workshop.
- Participate in the Company's materiality workshop ensuring the implementation of the AA1000 AS requirements during the analysis and development of the Materiality Matrix 2021 finalization.
- Comparing text and data (on a sample basis) presented in the Sustainability Report to underlying sources. This included considering whether all material issues had been included and whether the reported text and data was accurately drawn from the underlying information.



#### Limitations

Certain selected information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

To conduct our work, we relied exclusively on the information provided to us by the Company's executives, which we accepted in good faith as being complete, accurate, real and not misleading. Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Report and which arise from our mutually agreed methodology.

- No work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

#### Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that caused us to believe that there are any errors or misstatements that would materially affect the data and information as presented in the Sustainability Report (including explanatory notes and relevant references) and that the Sustainability Report for 2020 of Cementarnica USJE AD, Skopje was not prepared, in all material respects, in accordance with the criteria mentioned above, in the "Introduction and scope of work" section.

Skopje,

26 July 2021

Grant Thornton DOO, Skopje

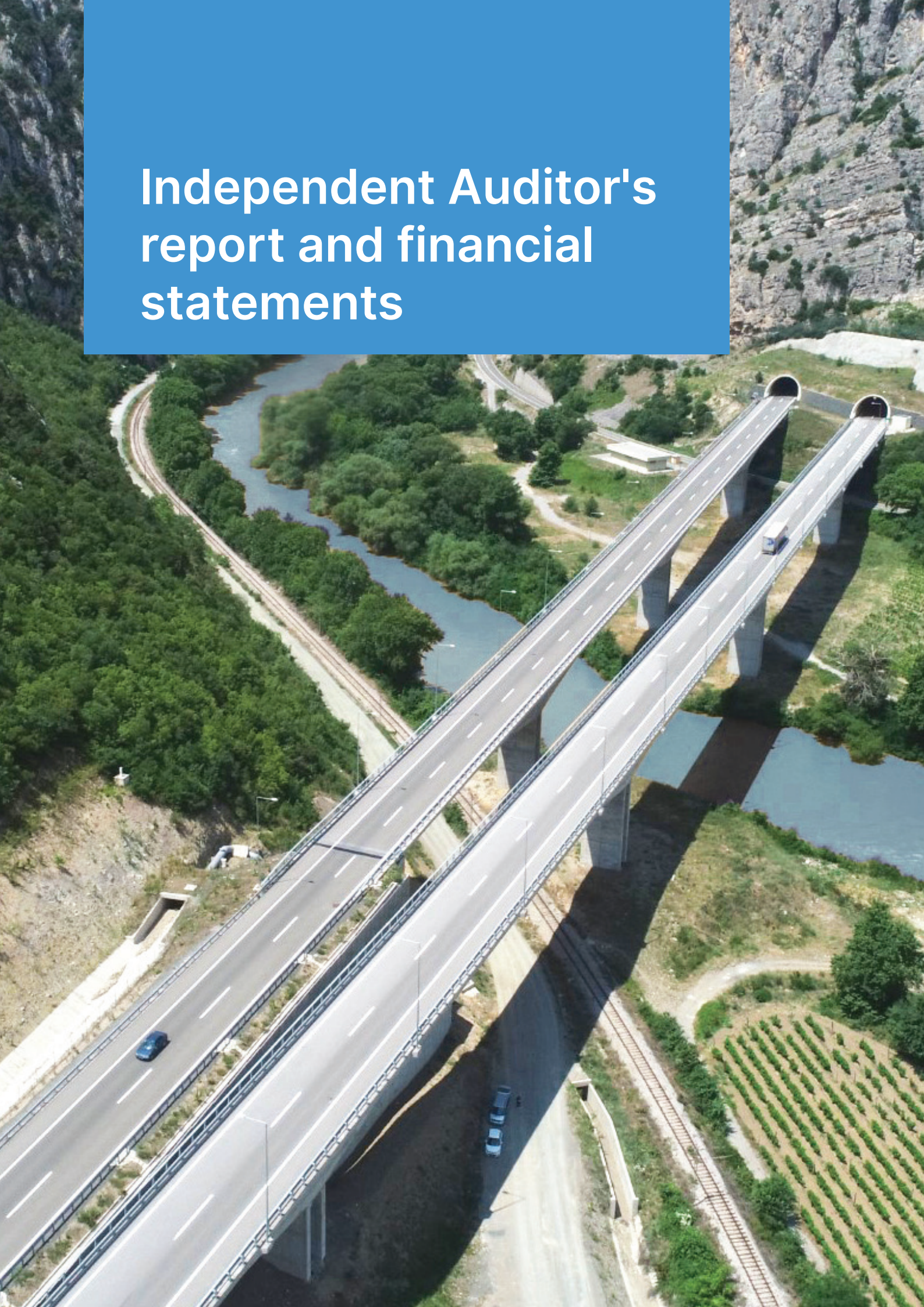
  
Director  
Suzana Stavrikj



  
Certified auditor  
Suzana Stavrikj



# Independent Auditor's report and financial statements







## Independent auditor's report

To the Board of Directors and Shareholders of Cementarnica Usje AD Skopje

### **Report on the separate financial statements**

We have audited the accompanying separate financial statements of Cementarnica Usje AD Skopje, which comprise the separate statement of financial position as of 31 December 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the separate financial statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Accounting Standards applicable in the Republic of North Macedonia and for such internal control as management determines is necessary to enable the preparation of separate 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 financial statements based on our audit. We conducted our audit in accordance with Standards on auditing applicable in the Republic of North Macedonia (the "Standards"). The Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 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 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 financial statements present fairly, in all material respects, the financial position of Cementarnica Usje AD Skopje as of 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Accounting standards applicable in the Republic of North Macedonia.

### Report on other legal and regulatory requirements

Annual report prepared by the Management in accordance with the requirement of the article 384 of the Company Law.

Management is also responsible for the preparation of the Annual accounts and Annual Report of Cementarnica Usje AD Skopje, which were approved by the Board of Directors.

As required by the Audit Law, we report that the historical information presented in the Annual Report prepared by Management of Cementarnica Usje AD Skopje in accordance with article 384 of the Company Law is consistent in all material respects with the financial information presented in the Separate Annual Accounts and audited Separate Financial Statements of Cementarnica Usje AD Skopje, as of 31 December 2020 and for the year then ended.

Petko Dimitrov  
General Manager

PricewaterhouseCoopers Revizija DOO Skopje

1 April 2021  
Skopje, Republic of North Macedonia



Dragan Davitkov  
Certified Auditor





## Cementarnica USJE AD Skopje

### SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 MKD '000	2019 MKD '000
Sales	3a	4,552,417	4,517,948
Other revenue	3b	118,636	114,541
Cost of sales	3c	(2,644,523)	(2,955,103)
<b>Gross profit</b>		<b>2,026,530</b>	<b>1,677,386</b>
Other operating income	3d	122,287	97,253
Other operating expenses	3e	(215,912)	(150,558)
Selling and marketing expenses		(33,830)	(40,969)
Administrative expenses	3f	(221,543)	(194,300)
<b>Operating profit</b>		<b>1,677,532</b>	<b>1,388,812</b>
Finance income		3,232	10,098
Foreign exchange gains/(losses) net		7,145	(3,141)
Finance costs		(3,085)	(1,422)
<b>Net finance income</b>	3g	<b>7,292</b>	<b>5,535</b>
<b>Profit before tax</b>		<b>1,684,824</b>	<b>1,394,347</b>
Income tax expense	4	(161,620)	(120,276)
<b>Profit for the year</b>		<b>1,523,204</b>	<b>1,274,071</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Investment Property revaluation surplus	8	15,800	10,605
<b>Total comprehensive income for the year</b>		<b>1,539,004</b>	<b>1,284,676</b>
<b>Net profit for the period attributable to:</b>			
Equity holder of the parent company		1,444,607	1,208,329
Non- controlling interest		78,597	65,742
		<b>1,523,204</b>	<b>1,274,071</b>
<b>Earnings per share information:</b>			
Basic, profit for the period attributable to ordinary equity holders of the parent company	5	2.70	2.26
<b>Total Comprehensive income for the period attributable to:</b>			
Equity holder of the parent company		1,459,591	1,218,387
Non - controlling interest		79,413	66,289
		<b>1,539,004</b>	<b>1,284,676</b>

The accompanying notes from 8 to 51 are an integral part of these financial statements

## Cementarnica USJE AD Skopje

### SEPARATE STATEMENT OF FINANCIAL POSITION at 31 December 2020

	Notes	2020 MKD '000	2019 MKD '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment "PPE"	6	2,490,645	2,453,521
Intangible assets	7	13,705	8,501
Investment properties	8	222,744	208,428
Investment in subsidiary		36,254	14,660
Exploration and evaluation assets	9	4,232	4,232
		<u>2,767,580</u>	<u>2,689,342</u>
<b>Current assets</b>			
Inventories	10	857,418	709,660
Trade and other receivables	11	423,260	315,801
Cash and short term deposits	12	662,771	1,602,417
		<u>1,943,449</u>	<u>2,627,878</u>
<b>TOTAL ASSETS</b>		<u><b>4,711,029</b></u>	<u><b>5,317,220</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	1,747,730	1,747,730
Share premium		307	-
Retained earnings		387,743	1,274,071
Other reserves	14	573,413	557,613
Reinvested profit		940,166	996,625
		<u>3,649,359</u>	<u>4,576,039</u>
<b>Non-current liabilities</b>			
Provision for retirement benefits	15	49,438	45,979
Provision for rehabilitation of quarries		6,894	9,121
		<u>56,332</u>	<u>55,100</u>
<b>Current liabilities</b>			
Trade and other payables	16	961,726	636,809
Provision for unused holidays		4,496	10,072
Current portion of retirement benefit obligations	15	3,728	4,275
Income tax payable		30,887	34,482
Dividend payable		4,501	443
		<u>1,005,338</u>	<u>686,081</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,711,029</b></u>	<u><b>5,317,220</b></u>

Authorized on behalf of the Board of Directors on 24 February 2021:

Hrisafov Boris

Chief Executive Director

Nikos Mousouras

Finance Manager

Prepared by authorised accountant with certificate number 102613:

Barlakoska Gabriela

Head of Accounting

The accompanying notes from 8 to 51 are an integral part of these financial statements

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## Cementarnica USJE AD Skopje



### SEPARATE STATEMENT OF CASH FLOWS For the year ended 31 December 2020

	<i>Notes</i>	2020 MKD'000	2019 MKD'000
<b>Cash flows from operating activities</b>			
Profit before income taxes		1,684,824	1,394,347
<i>Adjustments for:</i>			
Gain, net on disposal of property, plant and equipment		-	(863)
Depreciation and amortization of PPE and Intangible assets		180,886	158,789
Actuarial losses/(gain), net		6,239	4,876
Interest cost, accretion on provision for retirement benefit obligations		1,617	-
Interest income		(3,232)	(10,098)
Correction of inventory stocks and Provision for obsolete inventory		49,484	4,701
Provision for unused holidays (net)		(5,576)	(67)
Fair value (gains)/losses		1,484	(12,395)
Interest expense and bank charges		1,468	1,422
Write off and provision for trade receivables		978	1,513
NBV of disposed and written off PPE		12	513
<b>Operating profit before working capital changes</b>		<b>1,918,184</b>	<b>1,542,738</b>
(Decrease)/Increase in trade and other receivables		(108,293)	179,554
Decrease in inventories		(197,243)	(1,900)
Increase in trade and other payables		317,896	83,602
<b>Cash generated from operations</b>		<b>1,930,544</b>	<b>1,803,994</b>
Interest expense and bank charges paid		(1,468)	(1,422)
Income tax paid		(165,215)	(79,102)
<b>Net cash flows generated from operations</b>		<b>1,763,861</b>	<b>1,723,470</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(223,225)	(208,686)
Increase of participation in subsidiaries		(21,593)	-
Expenditures for exploration and evaluation assets		-	49
Proceeds from sale of property, plant and equipment		12	349
Interest income received		3,232	10,098
<b>Net cash flows generated (used in) investing activities</b>		<b>(241,574)</b>	<b>(198,190)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to group shareholders		(2,338,633)	(808,951)
Dividends paid to minority shareholders		(123,300)	(44,476)
<b>Net cash flows (used) in financing activities</b>		<b>(2,461,933)</b>	<b>(853,427)</b>
Net increase/(decrease) in cash and cash equivalents		<b>(939,646)</b>	<b>671,853</b>
Cash and cash equivalents at 1 January		1,602,417	930,564
<b>Cash and cash equivalents at 31 December</b>	12	<b>662,771</b>	<b>1,602,417</b>

The accompanying notes from 8 to 51 are an integral part of these financial statements

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**Cementarnica USJE AD Skopje**

ul. Boris Trajkovski br.94

1000 Skopje

Tel: +389 (2) 2782 500

[www.usje.mk](http://www.usje.mk)

