



# **2021 Annual Audit Report**

**Audit services**

**provided to USJE by Titan Group Internal  
Audit, Risk and Compliance function**

Report prepared by: **Dimitris Valsamopoulos**  
**Internal Audit Manager, SE Europe and Turkey**  
**TITAN GROUP Internal Audit, Risk and Compliance**

Date of issuance: **17.12.2021**

## USJE 2021 ANNUAL AUDIT REPORT

### A. Introduction

Internal audit services are provided to *USJE* by Titan Group Internal Audit (IA) independent function. According to the current organizational chart of Titan Group, the Group Internal Audit, Risk and Compliance Director reports functionally to Titan Group Audit and Risk Committee, as well as administratively to Titan Group CEO.

In respect to *USJE* Business Unit, the primary objective of Titan Group IA function is to provide the BoD of *USJE*, as well as the BoD and Audit and Risk Committee of Titan Group with an independent and objective opinion concerning internal controls, risk management, and corporate governance systems, through the assessment of their effectiveness in achieving business objectives.

Additionally, Group IA provides consulting services, upon request of *USJE*'s Chief Executive Director or TITAN Regional Management.

### B. 2021 Internal Audit Assignments

Based on the Annual Audit Plan of Titan Group IA function, one (1) follow-up audit assignment was performed in *USJE* during 2021 by "South-East & Turkey IA department". Due to the Covid-19 pandemic, this was conducted with remote work from Athens.

We should also mention that two (2) more assignments were completed within the beginning of the year, the 20-08 Procurement Audit and the Report AF 20-03 Fraud Risk Assessment Follow-Up Audit (the last by the Compliance and Anti-Fraud Department). These were included in the *USJE* 2020 Annual Audit Report.

#### **SEET 21-05 Packing Follow-up Audit [Follow-up Report SEET 19/01]**

During July 2021, the SEE & Turkey Internal Audit Department performed the follow-up of the Packing Audit, which had been conducted in January 2019 at *USJE* Cementarnica AD. In the 2019 audit report, the internal control environment of the Packing function had been assessed as "Satisfactory".

The objective of the assignment was to ascertain whether the agreed corrective actions of the previous audit have been implemented and contribute to the strengthening of controls and to improved efficiency. The audit relied on received data, emails, scanned documents and the extensive collaboration of the BU. We also performed a digital visit to the Packing Machines and Palletizers with the use of a live streaming action camera.

In our opinion, the Internal Control System of the Packing function has been further Improved, as the agreed corrective actions have been implemented.

The main issue identified during the initial audit referred to non-transparent daily adjustments in the production of bagged cement and related weaknesses. These have been properly addressed with the systematic use of continuous counters' indications for the calculation of daily production, periodical reconciliations, stock counts and monthly adjustments, when needed, suitably recorded and approved.

### **C. Overall opinion**

Based on the aforementioned audit assignment performed throughout 2021, we have reached to the conclusion that the Internal Control System of the audited/reviewed function is well designed, in order to appropriately manage underlying risks and to ensure compliance with the statutory and internal framework in force.