

## DNV Assurance Statement

### TITAN Group CSR and Sustainability Report 2011

#### Introduction

Det Norske Veritas Italia s.r.l. ('DNV Business Assurance') was commissioned by the management of TITAN Cement Company S.A. ('TITAN') to carry out an assurance engagement on the company's 2011 Corporate Social Responsibility and Sustainability (CSR&S) Report ('the Report') with respect to the Global Reporting Initiative (GRI) 2011 Sustainability Reporting Guidelines Version 3.1. ('GRI G3.1') and to the AccountAbility 1000 Assurance Standard (2008) ('AA1000 AS 2008').

We developed an assurance engagement in the full version of the 2011 CSR&S Report.

Please refer to the specific section of the Report concerning the composition of the TITAN Group and the boundary of the Report.

TITAN is responsible for the collection, analysis, aggregation and presentation of information contained in the Report. Our responsibility in performing the work commissioned is solely towards the Management of TITAN and in accordance with the terms of reference agreed on with the company. The assurance engagement is based on the assumption that the data and information provided are complete, sufficient and authentic.

TITAN's stakeholders are the intended recipients of the assurance statement

#### Scope of Assurance

The scope of work agreed upon with TITAN includes the following:

- Sustainability performance data and activities related to the period between January 2011 and December 2011, as contained in the 2011 Report.
- Evaluation of the Report's alignment with the Sustainability Reporting Guidelines, GRI G3.1 reporting principles and the requirements for an 'A+' application level.
- Evaluation of the Report against the UN Global Compact criteria relating to an "Advanced Level" Communication on Progress.
- Evaluation of Accountability Principles and Performance Information (Type 2) for a Moderate level of assurance, in accordance with the AA 1000 Accountability Principles Standard 2008 and AA1000 AS 2008.
- Evaluation of specific sustainability performance information:

- Report's alignment with the WBCSD CSI performance measurement and reporting guidelines in relation to CO2 (version 2) and H&S performance: reliability of CO2 and H&S performance data for 2011, presented in the specific section of the Report, and associated assertions.

- Extent to which the Report meets the Global Compact criteria relating to an 'Advanced Level' Communication on Progress.

- Our verification was carried out in February, March, April and May 2012. As part of this engagement we visited:

- Athens Headquarters
- Zlatna Panega Cement, Bulgaria
- Usje Cementranica A.D., Fyrom

The economic data and information have been obtained from the certified consolidated financial statements of TITAN Cement Company S.A.

#### Verification Methodology

Our assurance engagement was planned and carried out in accordance with the DNV 'Protocol for Verification of Sustainability Reporting', which is available on our website at [www.dnv.com/cr](http://www.dnv.com/cr).

The Report was evaluated against the following criteria in accordance with the Protocol:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the AA1000 AS 2008.
- The GRI G3.1, specifically with respect to reporting principles and the requirements for the 'A+' Application Level.

We evaluated extent to which the Report meets the Global Compact criteria relating to an 'Advanced Level' Communication on Progress.

Assessing Report's alignment with the WBCSD CSI performance measurement and reporting guidelines for CO2 (version 2) and H&S we performed verification activity at Group and regional levels: Athens (Head Quarter), Bulgaria (Zlatna Panega Cement) and Fyrom (Usje Cementranica A.D).

The verification of CO2 data and information was carried out in line with the WBCSD CSI 'CO2 Accounting and Reporting Standard for the Cement Industry (version 2)'.

The verification of biodiversity and land

stewardship performance information was carried out in line with the WBCSD CSI 'Guidelines on Quarry Rehabilitation (December 2011)'.

The verification of H&S performance information was carried out in line with the WBCSD CSI 'Safety in the Cement Industry: Guidelines for Measuring and Reporting (October 2008)'.

We reviewed the sustainability-related statements and claims as part of the verification made in the Report and we assessed the robustness of the underlying data management system, information flow and controls.

We examined and reviewed documents, data and other information made available to DNV Business Assurance by TITAN.

We performed sample-based audits of the following:

- mechanisms put into practice by TITAN for the implementation of its sustainability policies, as described in the Report;
- processes for determining the materiality of the contents to be included in the Report;
- processes for generating, gathering and managing the quantitative and qualitative data included in the Report;
- on-site data management processes and alignment with TITAN Group's strategy, policies and processes.

We interviewed the CSR Department and a group of 34 people within the Company involved in the operational management of matters covered in the 2011 CSR&S Report.

We interviewed a selection of representatives from various categories of TITAN's stakeholders:

- three from local "Public Authority"
- two from "Employees"
- one from "Supplier"
- two from "Local Community"
- one from "CSR Networking"

#### Conclusions

It is the opinion of DNV Business Assurance that the 2011 CSR&S Report is an accurate and impartial representation of the company's sustainability-related strategies, management systems and performance. We evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement'.

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### - Inclusivity

TITAN is committed to a continuous dialogue with its stakeholders in order to detect their needs and to embed corporate social responsibility in all TITAN operations, adapting policies and practices to local market priorities and realities. Over the years TITAN has developed and consolidated a well-organized process for communicating and interacting with its stakeholders. Stakeholder engagement process and activities have been strengthened and shared across the organization, at Group and local level. TITAN's priority of continuing to build upon local stakeholder engagement efforts in coming years is important.

The Report reflects the noteworthy efforts of the Company to continually extend its commitment to stakeholder dialogue and engagement, as well as the range of channels used to ensure inclusion of stakeholders' interests. These efforts are valuable in enabling stakeholders to understand how the outcomes of TITAN's engagement activities represent influence the company's continued review and development and of its corporate strategies.

TITAN is committed to creating added value in partnership with its key stakeholders by developing a wide range of projects and activities. We recommend that TITAN starts to measure and report the positive impacts of these efforts upon its stakeholder base.

In our view, the Report displays a 'Good' level of adherence to the principle of Inclusivity.

### - Materiality

TITAN CSR&S Report represents a communication tool oriented to transparency which is intended to inform stakeholders of corporate strategies and future actions, as well as performance and achieved results.

We commend TITAN's efforts to enrich the Report's contents through the inclusion of issues and indicators that are material to its stakeholders, as well as its efforts to promptly report in accordance with best available practices (e.g. 2011 WBCSD/CSI new Guidelines for Quarry Rehabilitation).

The Report reflects the Company's alignment of its materiality determination process with its processes for organizational decision-making and strategy development.

TITAN regularly conducts materiality assessment processes to identify relevant issues for its operations and its key stakeholders.

We believe that it is important to ensure that stakeholders are easily able to understand how the contents of the Report relate to the outcomes of stakeholder engagement activities developed during the reporting year and feedback received from stakeholders on Report itself.

TITAN's commitment to communicating its sustainability activities and performance through the issuance of locally developed CSR Reports is noteworthy. In our opinion, the role of the Group CSR function plays an important role in the coordination and coaching of local CSR champions in their efforts to identify and disclose information that is relevant to local stakeholders.

In our view, the Report displays a 'Good' level of adherence to the principle of Materiality.

### - Responsiveness

TITAN through its CSR&S Report intends to be accountable for its policies, strategies and performance in relation to the issues considered relevant to its stakeholders. In accordance with its commitment to pursue a strategically oriented sustainable business model, TITAN integrates stakeholder views in its decision making and thus continuously develops its action plans and initiatives. The Report reflects the TITAN's efforts to respond to the main interests of stakeholders as well as how TITAN addresses such concerns.

TITAN has in place a process to communicate with stakeholders that is applied across the organization and the necessary competencies and resources to achieve its commitments. In order to ensure that TITAN continues to be able to respond to CSR&S issues and impacts in an accountable and comprehensive way that is consistent with stakeholder interests and expectations, it is important that TITAN carry on with its Group CSR training, guidance and support. This will enable the company to continue improving its engagement initiatives at local level and ensure that they remain responsive to stakeholder needs.

In our view, the Report displays a 'Good' level of adherence to the principle of Responsiveness.

### - Completeness

TITAN reports extensive information which enables stakeholders to understand the company's sustainability performance and the context within which to analyse its performance. Information presented in the

Report reflects TITAN's commitment to transparency and its effort to not omit relevant information that would inform stakeholder assessments or that would reflect significant economic, environmental, and social impacts.

TITAN's substantial level of activity in the area of materiality assessment and stakeholder engagement enables the company to report on a wide range of sustainability topics.

We commend TITAN's commitment to various global CSR&S initiatives, such as the UN Global Compact Initiative, the Cement Sustainability Initiative of WBCSD and its engagement in the UN Global Compact process for Communicating Progress. Such activities will challenge TITAN to continue to develop and improve its CSR&S programs and performance as well as its commitment to disclosure of information that is material to its stakeholders.

TITAN has developed a variety of internal risk process, resources, and tools for managing different types of risk across

the company. These enable TITAN to comprehensively and consistently map its risks against its worldwide business activity. We recommend that Titan considers developing an umbrella risk assessment and management model to harmonize its risk management approach and maximize the positive financial and operational impact of managing risk in an integrated manner. We recall the importance of the results TITAN's risk assessment activity in shaping TITAN's CSR&S programmes and the development of communication of information that is material to stakeholders.

In our view, the Report displays a 'Good' level of adherence to the principle of Completeness.

### - Principle of report quality

The Report reflects the company's commitment to represent activities and results relevant to the reporting year, both balanced and consistent with the organizational strategies.

The Report is a complete and impartial description of TITAN's sustainability impact.

In our view, the Report displays a 'Good' level of adherence to the principle of Neutrality.

The information contained in the Report is accurate and detailed. From our analysis of the data and organizational processes that generate them, we conclude that the data

included in the Report are the results of stable and repeatable activities.

In our view, the Report displays a 'Good' level of adherence to the principle of Accuracy.

The data included in the Report, the subject of our verification, were found to be identifiable and traceable; the personnel responsible for the data were able to demonstrate the origin and interpretation of the data in a reliable manner.

Over the years, the data collection system for environmental and health & safety issues has become mature and robust.

The data collection methods and processes for human resources, employees and certain types of social data need to be streamlined and automated in order to guarantee full data reliability.

In our view, the Report displays an 'Acceptable' level of adherence to the principle of Reliability.

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

We assessed at Country and Site levels - Zlatna Panega (Bulgaria) and Usje Cemantranica A.D - adequacy and effectiveness of the processes being implemented to collect, aggregate, analyse and report CO2 and H&S performance data.

This was carried out mainly through interviews with performance data owners and the review of data repositories and performance records. These visits also enabled DNV Business Assurance to assess compliance by the sites visited with Group procedures, processes and guidance. The assessment of data and information reliability was based on explicit assertions regarding sustainability performance on material issues and included a review of their completeness and accuracy. It also included a review of the methods, practices and tools used in the collection, aggregation/calculation, analysis, internal quality control and reporting of data and information, as it is transferred, managed and stored at different levels in the organization.

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

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

- CO2 – Boundary setting (at Group and site levels) meets the mandatory requirements of the relevant performance measurement and reporting standards and guidelines. Testing of the reporting systems currently in place demonstrated a robust and well managed

process for collection, management and reporting of CO2 performance data at Group level and in the sites visited.

- H&S - Robust corporate procedures and guidelines for H&S data collection, management and reporting exist at Group level. These are aligned with the principles and fulfil the requirements of relevant measurement and reporting guidelines. Corporate procedures and guidelines are generally well known and implemented in the countries and sites visited. There was good evidence of an improved process for internal verification and revision of reported data.

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

- continue to raise awareness and internally verify compliance with Group data management and reporting guidelines and processes;
- update the internal reporting procedures at site level with information regarding electricity consumption.

Since 2010 TITAN started to expand its efforts for selfassessment by engaging in the UN Global Compact process for Communicating Progress. We assessed the extent to which the Report meets the Global Compact criteria relating to an 'Advanced Level' Communication on Progress.

The 2011 CSR&S Report meets the criteria for a Communication on Progress of 'Advanced Level'. Some recommendations were made to encourage ongoing improvement and a full description against the 24 GC Advanced Criteria.

No systematic or material errors have been detected for data and information verified in accordance with AA1000AS (2008).

DNV confirms that the GRI Application Level "A+" has been attained in reference to the various application levels defined in the GRI G3.1.

### Opportunities for Improvement

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

· Over the years, TITAN has developed a strong commitment and noteworthy activities to drive sustainability across the value chain and with its stakeholders: we suggest starting to measure positive impacts and "added value" created.

· The Report disclosures of TITAN's environmental expenditure: in order to better disclose the Company's commitment and efforts in the environmental area it is important to specify the criteria for the reporting and interpretation of the investments and costs in a more detailed manner.

· The LA2 indicator has been partially reported. We urge TITAN to establish systems to cover and disclose all information according to the GRI 3.1.

### DNV's Competence and Independence

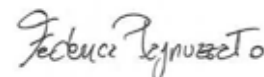
DNV is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries.

DNV Business Assurance was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV Business Assurance maintains complete impartiality toward stakeholders interviewed during the verification process. DNV Business Assurance expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

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Agrate Brianza (MB), 2012-05-29

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