



Introduction

DNV Italia S.r.l. ('DNV Business Assurance') was commissioned by the management of TITAN Cement Company S.A. ('Titan') to carry out independent assurance of Titan's 2012 Corporate Social Responsibility and Sustainability (CSR&S) Report ('the Report') for the annual reporting period ending 31 December 2012. The Assurance Engagement was conducted in accordance with AA1000AS (2008).

Our statement represents our independent opinion and is intended to inform Titan's stakeholders. We adopt a balanced approach towards all stakeholders.

Our assurance team included members from DNV Italia, and DNV Two Tomorrows Limited.

Scope of Assurance

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

- Review of sustainability performance data and activities related to the period between January and December 2012.
- Evaluation of the Report's alignment with the GRI 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 adherence to the Principles of inclusivity, materiality and responsiveness (**Type 2**) for a **Moderate level of assurance**, in accordance with the AA 1000 Accountability Principles Standard 2008 and AA1000 AS 2008.
- Report's alignment with the WBCSD CSI H&S performance measurement and reporting guidelines, in line with the WBCSD CSI 'Safety in the Cement Industry: Guidelines for Measuring and Reporting (October 2008)'.
- Assurance of CO₂ performance in accordance with the WBCSD CSI 'CO₂ and Energy Accounting and Reporting Standard for the Cement Industry v3' was not part of the 2012 assurance process.

Any financial information from Titan's annual report and company reporting on operations in 2012 or other sources was not included in the scope of the assurance engagement. Economic performance based on the financial data was cross-checked with internal documents and the audited financial statements. The aggregation of economic performance data was reviewed and tested as part of the assurance process.

Assurance Methodology

Our work was designed to gather evidence with the objective of providing a moderate level assurance as defined in AA1000AS (2008). Our assurance was carried out between February and June 2013. As part of the assurance process we undertook the following activities:

- Review of the current CR&S issues that could affect Titan and are of interest to stakeholders as well as a review of Titan's approach to stakeholder engagement and recent outputs. We also interviewed a selection of Titan stakeholders at site level;
- Interviews with selected data providers and 15 senior managers responsible for management of CR&S issues and review of selected evidence to support issues discussed. Our review processes were prioritised according to materiality;
- Site visits to cement plants in Albania and Thessaloniki including local management interviews;
- Review of the processes for gathering and consolidating the specified CR&S performance information;
- An independent assessment of Titan's Reporting against the A+ Application Level for the Global Reporting Initiative (GRI) G3.1 Guidelines.

Findings

We reviewed and provided feedback on drafts of the Report and where necessary changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Titan's adherence to the Principles or its performance.

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Observations on Principles

We evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement'.

- *Inclusivity*

Titan is committed to meeting the needs of various stakeholders through a strong governance model, corporate values and strategies. Evidence was seen of dissemination of information and training related to sustainability, specifically developed for employees at a local site level, facilitating an understanding of stakeholder needs and expectations.

We recommend further development of a formalized procedure for stakeholder engagement at local levels, with a consistent approach to improve effectiveness of engagement and subsequent implementation of action plans.

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

- *Materiality*

Titan has undertaken materiality workshops and events within internal business units to assess areas of interest for stakeholders. These are reflected within the Report, which includes new subjects and indicators of interest to stakeholders, such as alternative fuels; however we would recommend that Titan considers reporting in more detail on the results of their materiality exercise and uses the results to structure the Report, focusing on a smaller set of most material issues.

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

- *Responsiveness*

It was observed that Titan analyses feedback from stakeholder engagement activities and develops engagement plans and actions to disclose information to stakeholders in order to strategically address expectations and concerns.

Although a number of good examples of community and stakeholder engagement were observed during the site visits, it appears that the approach towards engagement and responding to stakeholder needs at site level is ad-hoc rather than strategic. Whilst each site will have its own challenges and opportunities related to stakeholder engagement, we recommend that Titan considers a more strategic approach, with increased focus on those initiatives which are directly related to its core operations and address Titan's most material impacts.

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

General Observations and Recommendations

Without affecting the conclusions above, we also provide the following recommendations:

● **The Report meets the criteria for a Communication on Progress of 'Advanced Level' as well as the GRI Application Level "A+" as defined in the GRI G3.1. Recommendations for improvement were provided to Titan for both the GRI as well as Global Compact criteria.**

● H&S data collection and management procedures reviewed were robust and in line with the CSI requirements, however in order to further improve comparability of data, Titan may wish to consider the harmonization of data collection processes and templates across the business.

● Safety performance data focuses on 'lagging' indicators such as accident and injury rates, and incidents. Titan may wish to consider reporting on 'leading' H&S metrics as a way of measuring and reporting on the organisational safety culture.

● Titan may wish to consider improving the central collation of human resources and employee data through implementation of an effective cross-regional system across organisational units. This would help avoid any inconsistencies in the human resources data collection arrangements across Titan.

● Whilst Titan has carried out timely revision of its Code of Conduct ('CoC'), future reports would benefit from further disclosure of specific efforts being taken to ensure effective dissemination and understanding of the CoC.

● We recommend that Titan consider reporting on additional indicators in the future to describe the positive socio-economic impacts of the company's operations at local level.

● Reduction in the use of blended cements in certain countries has had an impact on Titan's CO₂ emissions in 2012. We recommend that in the future Titan includes details on plans to lead and influence the market in these countries towards greater acceptance of blended cements.

DNV Business Assurance Competence and Independence

DNV Business Assurance maintains complete impartiality toward stakeholders interviewed during the assurance process and 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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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 management of Titan has sole responsibility for the preparation of the Report. DNV Business Assurance was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

In 2012 Two Tomorrows Europe Limited was commissioned to carry out a socio-economic footprinting exercise for Titan. This work does not affect DNV Business Assurance's impartiality in any way and the work carried out has not been included in the preparation of the Report.



Massimo Berlin
Country Manager

A handwritten signature in black ink, appearing to be 'M. Berlin'.

Jon Woodhead
Project Director

A handwritten signature in black ink, appearing to be 'J. Woodhead'.

Agrate Brianza (MB), 2013-06-06

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