



**[Translation from the original text in Greek]**

## **Independent Auditor's Report**

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

### **Report on the Audit of the Separate and Consolidated Financial Statements**

We have audited the accompanying separate and consolidated financial statements of "Titan Cement Company S.A." which comprise the separate and consolidated statement of financial position as of 31 December 2016 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Separate and Consolidated Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing which have been transposed into Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

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

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



## **Opinion**

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the “Titan Cement Company S.A.” and its subsidiaries as of December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

## **Report on Other Legal and Regulatory Requirements**

Taking into consideration, that management is responsible for the preparation of the Board of Directors’ report and Corporate Governance Statement that is included to this report according to provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we note the following:

- a) In the Board of Directors’ Report is included the Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.
- b) In our opinion, the Board of Directors’ report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors’ report is consistent with the accompanying financial statements for the year ended 31/12/2016.
- c) Based on the knowledge we obtained from our audit for the Company “Titan Cement Company S.A.” and its environment, we have not identified any material misstatement to the Board of Directors report.

Athens, 23 March 2017  
The Certified Auditor Accountant

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## Independent Assurance Statement to TITAN Cement Company S.A

ERM Certification and Verification Services (ERM CVS) was engaged by TITAN Cement Company S.A ('TITAN') to provide assurance in relation to the information set out below and presented in TITAN's Annual Financial Report 2016 and Integrated Annual Report 2016 (the Reports). The assurance relates to the English language versions of the documents.

Engagement Summary	
Scope:	<ol style="list-style-type: none"> <li>Whether the non-financial disclosures presented in <i>Section 1: Annual Report of the Board of Directors</i> and performance data related to the period between January and December 2016 and indicated with * in the <i>Section 7: Non-financial Performance Indicators, Table: WBCSD/CSI Non-financial performance indicators</i> of the Reports are fairly presented in all material respects.</li> <li>Whether the non-financial disclosures referenced in <i>Section 1: Annual Report of the Board of Directors</i> and "GRI Index 2016" (<a href="http://www.titan-cement.com/gri_index_2016.pdf">www.titan-cement.com/gri_index_2016.pdf</a>) relating to 'Identified Material Aspects and Boundaries' and 'Stakeholder Engagement' have been prepared in accordance with the Standard Disclosures G4-17 to G4-27 of the GRI G4 Sustainability Reporting Guidelines (the 'GRI G4 Guidelines')</li> <li>Whether the relevant non-financial disclosures in the Reports (<a href="http://www.titan-cement.com/integrated_report_2016_EN.pdf">http://www.titan-cement.com/integrated_report_2016_EN.pdf</a>) are aligned with: <ol style="list-style-type: none"> <li>WBCSD/CSI CO<sub>2</sub> and Energy Accounting and Reporting Standard for the Cement Industry (version 3.0 May 2011)</li> <li>CSI guidelines for Emission Monitoring and reporting in the Cement Industry (version 2 March 2012 for SO<sub>x</sub>, NO<sub>x</sub> and dust)</li> <li>WBCSD/CSI Safety in the Cement Industry Guidelines for Measuring and Reporting (version 4 May 2013)</li> <li>WBCSD/CSI Protocol for Water Reporting (2014)</li> </ol> </li> <li>Whether the Integrated Annual Report 2016 meets the UN Global Compact criteria relating to a Communication on Progress (COP) Advanced Level</li> </ol>
Reporting Criteria:	GRI's G4 Sustainability Reporting Guidelines WBCSD/CSI Guidelines included in scope referenced above UN Global Compact
Assurance Standard:	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).
Assurance level:	Reasonable Assurance
Respective responsibilities:	TITAN is responsible for preparing the Report and for the collection and presentation of the information in it. ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

### Our conclusions

In our opinion:

- the non-financial performance disclosures and data detailed in the Scope above are fairly presented, in all material respects, in accordance with the reporting criteria;
- the disclosures relating to 'Identified Material Aspects and Boundaries' and 'Stakeholder Engagement' have been prepared in accordance with the Standard Disclosures G4-17 to G4-27 of the 'GRI G4 Guidelines';
- the relevant non-financial disclosures in the Reports are aligned with:
  - WBCSD/CSI CO<sub>2</sub> and Energy Accounting and Reporting Standard for the Cement Industry (version 3.0 May 2011);
  - CSI guidelines for Emission Monitoring and reporting in the Cement Industry (version 2 March 2012 for SO<sub>x</sub>, NO<sub>x</sub> and dust);
  - WBCSD/CSI Safety in the Cement Industry Guidelines for Measuring and Reporting (version 4 May 2013);
  - WBCSD/CSI Protocol for Water Reporting (2014).
- the Integrated Annual Report 2016 meets the UN Global Compact criteria relating to a Communication on Progress (COP) Advanced Level.

### Our reasonable assurance activities

A multi-disciplinary team of sustainability, GHG and assurance specialists performed the following activities:

- A review of external media reports to identify relevant sustainability issues in the reporting period.
- A review of the internal reporting guidelines, including conversion factors, estimates and assumptions used.
- An initial visit to TITAN Head Office in Athens, Greece to:

- Interview relevant staff to understand TITAN's strategy, policies, management and reporting systems for the non-financial performance;
- Interview relevant staff to understand and evaluate the data management systems and processes (including internal review processes) used for collecting and reporting performance information.
- Visits to TITAN operations in Albania (Antea Cement) and Egypt (Cairo and Beni Suef) to verify the source data underlying the performance information and review local activities regarding environmental and safety management, labour and human rights and stakeholder/community engagement.
- An analytical review and desktop testing of the year end data submitted by all sites included in the consolidated performance information, including an assessment of the conclusions of accredited third-party verification bodies relating to the verification of Scope 1 GHG emissions that fall within the scope of the EU emissions trading scheme (EU ETS).
- A second visit to TITAN Head Office in Athens, Greece to:
  - review the activities and results of stakeholder engagement and evidence underlying Titan's updated materiality assessment;
  - test the effectiveness of internal controls in relation to the accuracy and completeness of the corporate consolidated data for the relevant indicators;
  - collect additional evidence through interviews and documentation review to support management assertions covered by our engagement.
- Reviewing selected evidence related to the design, information collection, and production of the Report in accordance with the report criteria.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency.

### The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published.

### Our Observations

We have provided TITAN with a separate detailed management report. Without affecting the conclusions presented above, we have the following key observations:

- TITAN has a comprehensive set of Group policies and has strengthened and revised a number of these in 2016 including Human Rights, Anti-bribery and Corruption, and Competition Law. TITAN should consider enhancing the implementation of Group policies by developing performance standards to provide operations with a set of comparable and auditable performance expectations (beyond local legislation and market norms) through which alignment with Group policies can be measured.
- TITAN identifies corruption as a strategic and operational risk in a number of countries in which it operates. While TITAN has implemented whistleblowing hotlines in Greece and the USA, employees in other countries have limited mechanisms to anonymously report potential non-compliances with the company's Code of Conduct and related group policies. We recommend that priority is given to an early extension of an anonymous local language hotline system to all countries of operation in order to improve corporate monitoring of possible non-compliances with the Group policies.



Jennifer Iansen-Rogers  
Partner, Head of Corporate Assurance  
21 March 2017

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*ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to TITAN Cement Company S.A in any respect.*