



TITAN CEMENT GROUP

Sustainability - Linked Financing Framework

May 2024

Building a better
world together

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An aerial photograph of a road with a car, surrounded by lush greenery and landscaped areas. The road is a two-lane highway with a white center line. A single car is visible on the right lane. The road is flanked by green grass and shrubs. In the background, there are dense green trees and a large body of water. The overall scene is a well-maintained, green landscape.

TITAN CEMENT GROUP
SUSTAINABILITY-LINKED FINANCING
FRAMEWORK 2024

Part I

Introduction

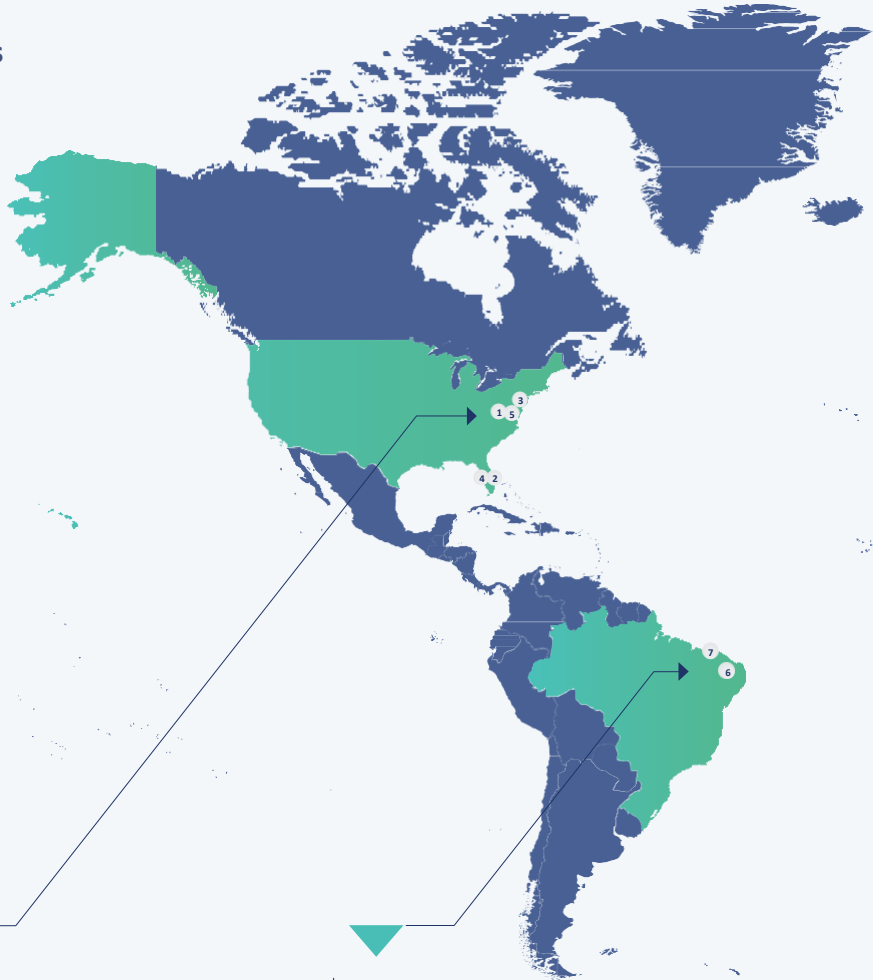
TITAN Cement Group at a glance

TITAN is a leading international business in the building and infrastructure materials industry. Our passionate teams are committed to providing innovative construction materials, solutions and services needed for safe and sustainable homes, buildings and infrastructure that enable people to enjoy life.

With a rich history of over 120 years, our legacy is rooted in innovation and an unwavering commitment to responsible growth. We approach every challenge with an entrepreneurial spirit, focusing on three key areas: ensuring low-carbon operations and supply chains, digitalizing our organization for ultimate efficiency, and delivering cutting-edge solutions to meet our customers' needs.

TITAN employs more than 5,700 people and is present in over 25 countries, through a network of more than 240 operational sites on four continents. It holds prominent positions in the USA, Greece, the Balkans, and the Eastern Mediterranean. The Group also has a joint venture in Brazil.

In an increasingly complex world, we are continuously adapting and evolving to meet the ever-changing needs of society. In collaboration with our stakeholders, we are committed to finding better ways to build and enhance the quality of life.



USA

INTEGRATED CEMENT PLANTS

1. Roanoke, Virginia
2. Pensuco, Florida

TERMINALS

3. Essex Port Newark
4. Tampa Port Complex
5. Norfolk Chesapeake

2 Integrated cement plants **8** Quarries

82 Ready-mix plants **3** Import terminals

8 Concrete block plants **4** Fly-ash processing plants¹

Principal products / activities



Sales

€1,476.9m

EBITDA

€295.9m

Assets

€1,347.5m

¹ Includes 1 facility in Canada

BRAZIL (JOINT VENTURE)

INTEGRATED CEMENT PLANT

6. Quixere

GRINDING PLANT

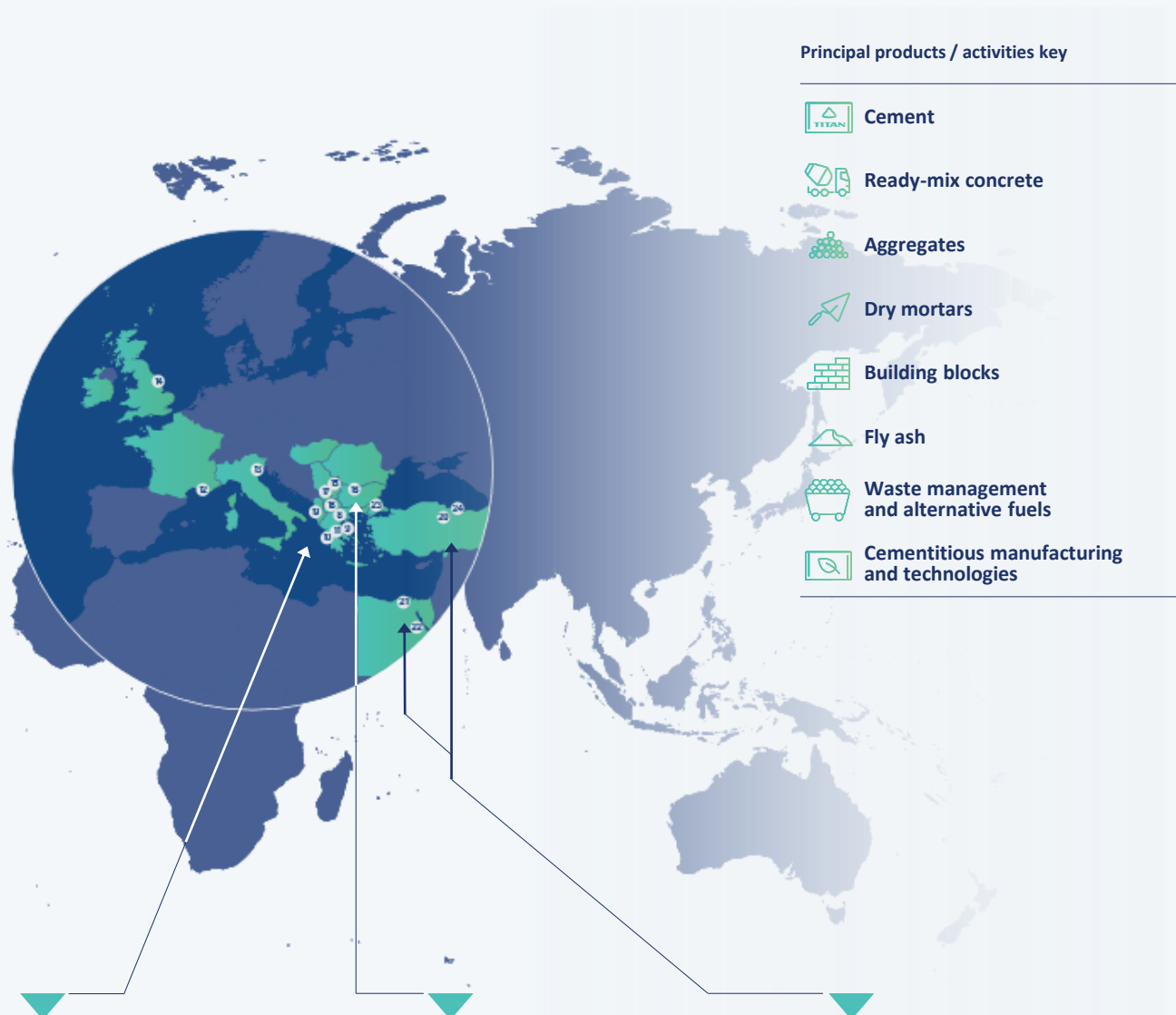
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1 Integrated cement plants **1** Cement grinding plant

4 Quarries **4** Ready-mix plants

Principal products / activities





Principal products / activities key

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

GREECE & WESTERN EUROPE

- INTEGRATED CEMENT PLANTS**
- 8. Thessaloniki
 - 9. Kamari
 - 10. Patras
- GRINDING PLANT**
- 11. Elefsina
- TERMINALS**
- 12. INTERTITAN, Marseille, FRANCE
 - 13. FINTITAN, Venice, Italy
 - 14. TITAN Cement UK, Hull, UK

3 Integrated cement plants	1 Cement grinding plant
26 Quarries ²	31 Ready-mix plants
3 Import terminals	1 dry mortar plant
	2 Processed engineered fuel facilities

Principal products / activities



Sales	EBITDA
€407.8m	€64.7m
Assets	
€935.8m	

SOUTH EASTERN EUROPE

- INTEGRATED CEMENT PLANTS**
- 15. Kosjerić, Serbia
 - 16. Zlatna Panega, Bulgaria
 - 17. Sharr, Kosovo
 - 18. Usje, North Macedonia
 - 19. Antea, Albania

5 Integrated cement plants	21 Quarries
5 Ready-mix plants	1 Processed engineered fuel facilities

Principal products / activities



Sales	EBITDA
€422.4m	€146.6m
Assets	
€526.7m	

EASTERN MEDITERRANEAN

- INTEGRATED CEMENT PLANTS**
- 20. Tokat, Türkiye
 - 21. Alexandria, Egypt
 - 22. Beni Suef, Egypt
- GRINDING PLANT**
- 23. Marmara, Türkiye
- TERMINALS**
- 24. Samsun Port, Samsun, Türkiye

3 Integrated cement plants	1 Cement grinding plant
14 Quarries	6 Ready-mix plants
1 Import terminals	2 Processed engineered fuel facilities

Principal products / activities



Sales	EBITDA
€239.9m	€33.2m
Assets	
€401.4m	

² Includes Aegean Perlités S.A. in Greece

TITAN Cement Group's approach to Sustainability

Building on our strong sustainability performance over the years, in 2021 we launched our Environmental, Social and Governance (ESG) targets for 2025 and beyond.

They focus on four pillars: decarbonization and digitalization, a growth-enabling work environment, positive local impact and responsible sourcing – all of which are underpinned by good governance, transparency and business ethics. Our ESG targets are in direct alignment with our commitment to the UN Sustainable Development Goals (SDGs) and the UN Global Compact, are underpinned by strong governance, transparency and business ethics.

Focus Area I

Decarbonization and digitalization



We will **TRANSFORM** our business, focusing on resilience, innovation and building solutions to serve our customers more efficiently as we move towards a carbon-neutral, digital world.

Contributing to the SDGs:



Focus Area II

Growth-enabling work environment



We will **CULTIVATE** an inclusive culture with equal opportunities for all our people to grow professionally within a safe and healthy work environment.

Contributing to the SDGs:



Focus Area III

Positive local impact



We will **ENABLE** our business operations and our people worldwide to contribute to the prosperity of our local communities with respect to their social and environmental concerns.

Contributing to the SDGs:



Focus Area IV

Responsible sourcing



We will **EMPOWER** our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviours, while using natural resources responsibly.

Contributing to the SDGs:



All underpinned by good governance, transparency & business ethics



Control room, Kamari plant, Greece



Tampa dome, USA

Focus Area I: Decarbonization and digitalization

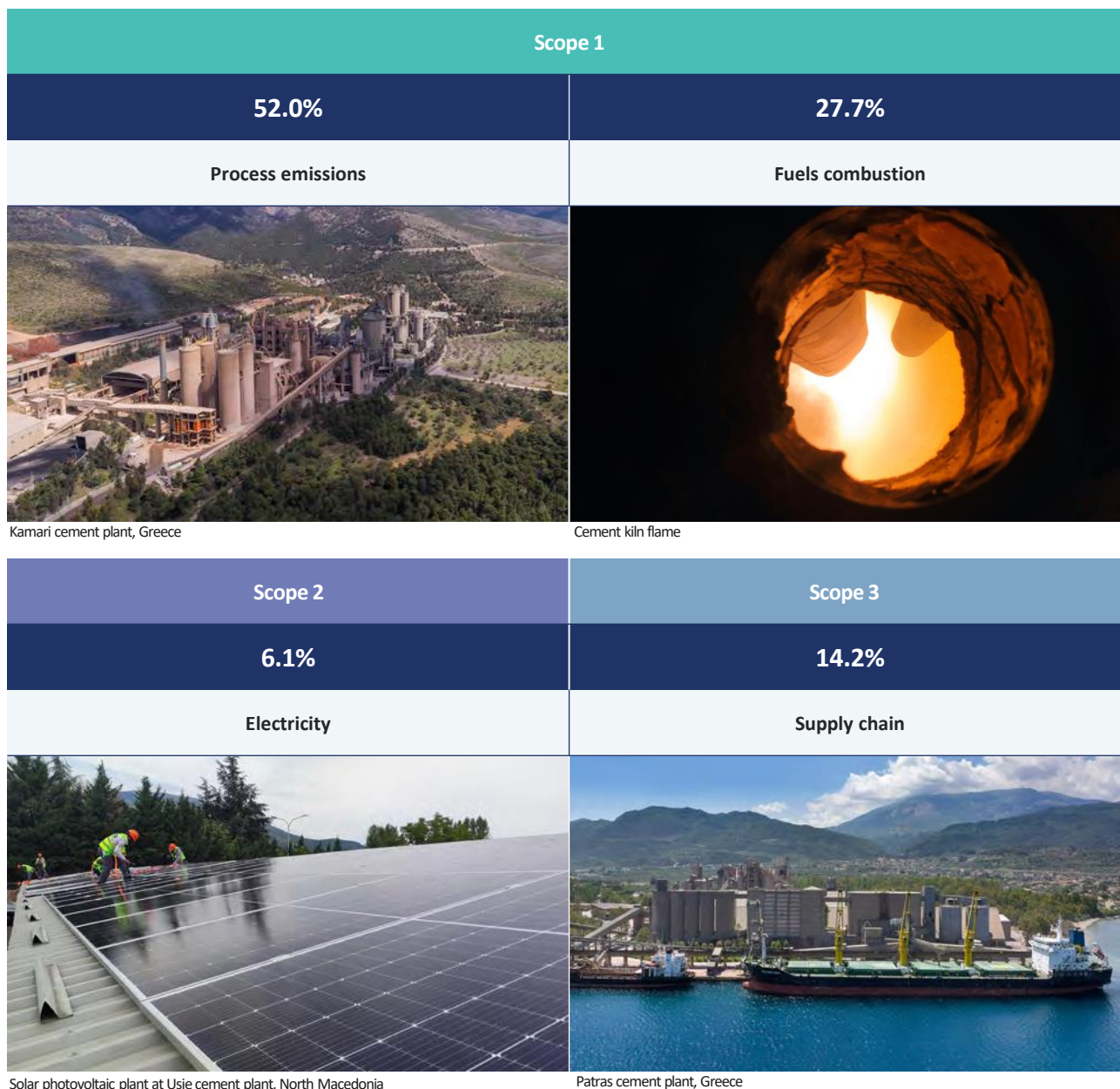
TITAN is at the forefront of the cement industry’s efforts to combat climate change. We are committed to achieving the goals set out in the COP21 Paris Agreement to limit the global average temperature increase to 1.5°C above pre-industrial levels, and to the European Green Deal’s vision of carbon neutrality by 2050. Our goal is to achieve net-zero greenhouse gas emissions across our value chain by 2050, through the pursuit of science-based targets aligned with the 1.5°C scenario, both in the near and long term.

Decarbonization

The TITAN Cement Group GHG emissions:

TITAN’s GHG emissions are divided between direct emissions linked to the activity of the Group (Scope 1), indirect emissions from the generation of purchased electricity (Scope 2) and other indirect emissions of the value chain (Scope 3). Scope 1 emissions account for most of TITAN’s overall GHG emissions.

In 2023, emissions of the Group were reported as follows (gross CO₂ emissions including Brazil):



TITAN's GHG reduction targets

TITAN was among the first three cement companies worldwide to have its CO₂ emissions reduction targets validated by the Science Based Targets initiative (SBTi) as consistent with the reductions required to keep global warming to 1.5°C, in accordance with the goals of the Paris Agreement. With its new science-based targets (validated in November 2022 for the short-term 2030 target and in February 2023 for the long-term 2050 target), TITAN addresses all scopes (1, 2 & 3) of the Group's GHG emissions.



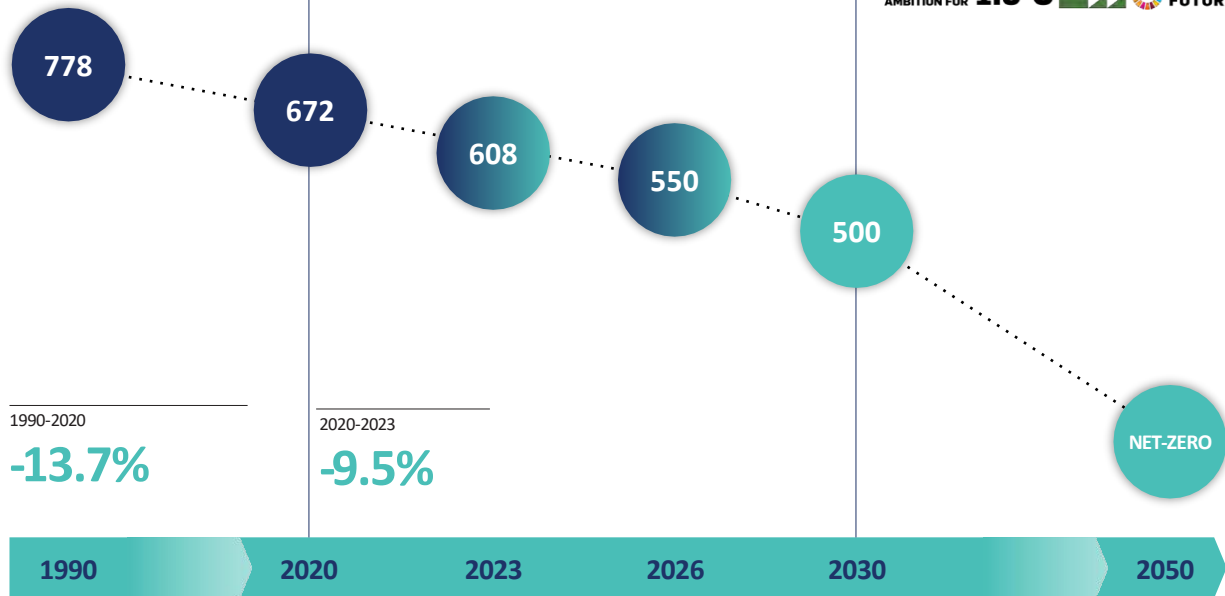
Net direct (Scope 1) CO₂ emissions (kg CO₂/t cementitious product), including our JV in Brasil

Strong track record
in CO₂ emissions reduction

A whole new level of ambition with
science-based targets for
Scope 1, 2 & 3 emissions



Commitment to net zero
Developing products and solutions
for a carbon-neutral world



* Scope 1: direct CO₂ emissions; Scope 2: indirect CO₂ emissions from electricity; Scope 3: indirect CO₂ emissions of the supply chain (purchased cement and clinker is considered until 2030)
** Absolute Scope 3 GHG emissions from the use of sold fossil fuels

Overall Net-Zero Target

TITAN is committed to reach net-zero GHG emissions across the value chain by 2050 from a 2020 base year.

Near-term Validated Targets by 2030

TITAN is committed to:

- Reducing gross Scope 1, 2 and 3 GHG emissions, covering produced and purchased cement and clinker by 25.1% per tonne of cementitious product sold by 2030 from a 2020 base year.
- Reducing gross Scope 1 GHG emissions by 22.8% per tonne of cementitious product by 2030 from a 2020 base year. This target is in alignment with the 35% CO₂ reduction target on net emissions by 2030 from a 1990 base year, announced by TITAN in 2020.
- Reducing Scope 2 GHG emissions by 58.1% per tonne of cementitious product from a 2020 base year.
- Reducing absolute Scope 3 GHG emissions from the use of sold fossil fuels by 80.9% by 2030 from a 2020 base year.

Gross Scope 1, 2 and 3:

-25.1%

per tonne of cementitious product sold by 2030

Gross Scope 1

-22.8%

per tonne of cementitious product by 2030

Scope 2

-58.1%

per tonne of cementitious product by 2030

Scope 3

-80.9%

emissions from the use of sold fossil fuels by 2030

Long-term Validated Targets by 2050

TITAN is committed to:

- Reducing gross Scope 1, 2 and 3 GHG emissions, covering produced and purchased cement and clinker by 95.6% per tonne of cementitious product sold by 2050 from a 2020 base year.
- Reducing other absolute Scope 3 GHG emissions by 90.0% within the same timeframe.

Gross Scope 1, 2 and 3:

-95.6%

per tonne of cementitious product sold by 2050

Scope 3

-90.0%

reducing emissions within the same timeframe

2030 decarbonization roadmap

TITAN continues the implementation of the internally developed, detailed Scope 1 decarbonization roadmap that covers the period until 2030. Our roadmap, covers all traditional levers, such as:

- Reducing clinker content in the final product
- Increasing the thermal substitution rate of fossil fuels with alternative fuels
- Process optimization by reducing specific heat consumption.

The designed roadmap confirms the Group’s ability to reach our targets: A detailed list of over 90 actions and projects had been compiled, all of which provide significant cost savings as well as business growth opportunities in addition to their decarbonization potential.

Lowering Scope 1 emissions with conventional levers

By 2030, we will achieve:

more alternative fuels

3.3x

more biomass in our fuel mix

5x

less clinker in cement

14.1%

lower carbon products

>62%

Reducing Scope 2 emissions

In Scope 2, our concerted efforts to lower electrical consumption included the installation of advanced equipment such as low-energy vertical roller mills, roller presses, dynamic separators, and inverter-equipped motors. In addition, the replacement of electrostatic precipitators (ESP) with more energy-efficient bag filters also contributed significantly to our efforts. To meet our ambitious 2030 target, we explore various opportunities like implementing waste-heat recovery (WHR) systems, establishing or acquiring renewable assets, and securing green power purchase agreements (PPAs) to mitigate electricity consumption price risks.

Optimizing Scope 3 emissions

Specific operating conditions of each facility influence Scope 3 indirect emissions from the supply chain, including raw material and fuel sourcing, product mix, market fragmentation, and transportation logistics (e.g., trucks, trains, vessels). TITAN is currently exploring diverse strategies to minimize supply chain environmental impact. These strategies involve optimizing the sourcing of raw materials and fuels, with a specific focus on utilizing locally available resources.

TITAN is proactively encouraging its suppliers to adopt net-zero practices, and has implemented Environmental, Social, and Governance (ESG) criteria to assess the sustainability practices of its key suppliers.



Future-ready for a net zero world by 2050

Clear roadmap with value-generating initiatives across the value chain

Concrete plans towards carbon neutrality

Manufacturing



Antea cement plant, Albania

Commercial



Low carbon bagged cement

New Business



TITAN and Orcan Energy joined forces for clean energy innovation

Safeguarding and enhancing the profitability of our assets

- Alternative fuels and raw materials
- Energy efficiency
- Clinker substitution within existing standards
- New technology (CCUS, Hydrogen as a fuel, solar calcination)

Differentiating our offering to add value to the customer

- New, low-carbon products
- Product innovation (calcined clays, new binders, re-carbonated materials)
- Logistics efficiency
- Circular economy solutions

Discovering new green growth avenues

- Cementitious materials
- Aggregates
- Waste management
- Green energy
- Downstream construction products

Investing in green innovation

Green Hydrogen: We continue to advance in innovative ways to improve our carbon footprint, with an emphasis on carbon capture, utilization and sequestration, and hydrogen technologies. H2CEM is the only project for the cement sector that has been approved within the second Important Project of Common European Interest (IPCEI) “Hy2Use”, following rigorous assessment by the European Commission, for activities related to research and innovation, first industrial deployment, and construction of relevant infrastructure in the hydrogen value chain. With the goal to enhance the substitution of fossil fuels with green hydrogen and other sustainably sourced fuels, H2CEM concerns the production of green hydrogen through electrolysis, powered by renewable energy sources, at TITAN cement plants in Greece. H2CEM includes a demonstration, on an industrial scale, of the use of hydrogen as the main fuel for the production of cement clinker.

Carbon Capture, Utilization & Storage: With regards to carbon-capture, utilization and sequestration (CCUS), in 2022 we successfully tested novel carbon-capture and utilization technologies, proceeding with two pilot demonstrations. In addition, we demonstrated the concept of a CO₂-based circular economy in practice, by reusing the captured CO₂ to produce materials that can be used in the cement-making process. Our innovation journey reached a major milestone in 2023 when IFESTOS, a groundbreaking carbon capture project in Greece, was selected by the EU Commission for grant agreement preparation in the context of the third call for large-scale projects under the EU Innovation Fund. Following our successful CCUS pilots in previous years, IFESTOS is the largest project of its kind in Europe, and will advance TITAN’s decarbonization journey, expedite the sector’s green transition, and substantially contribute to promoting carbon capture throughout the continent. IFESTOS involves the construction of a large-scale carbon capture facility at TITAN’s flagship Kamari plant near Athens. This facility will enable the decarbonization of cement manufacturing and the delivery of innovative green building materials, the demand for which is increasing as a major lever in creating a sustainable, climate- friendly built environment. The project is intended to be part of an ecosystem of projects that will combine carbon capture points with transportation and storage infrastructure.

Industrial Production of novel low CO₂ products (calcined clays): Following a detailed mapping of the available resources in the vicinity of our operations, we proceeded with the successful thermal activation of locally available clay materials on an industrial scale in Patras plant, Greece, achieving product performance at par with conventional cement and up to 30% lower CO₂ emissions. With extensive testing for long-term concrete durability currently under way, we are prepared to offer novel cementitious materials as part of our sustainable low-carbon solutions.

Digitalization

Digitalization is a key strategic objective for TITAN, as Industry 4.0 presents a significant opportunity for the company. The use of big data, analytics, and artificial intelligence has the potential to transform the cement industry, unlocking significant value and changing the landscape. TITAN is a pioneer in this digital transformation, particularly in cement manufacturing. By investing in the digitalization of its operations, TITAN aims to compete successfully in the new operating model that technology is creating for the industry.

TITAN established its Group Digital Center of Competence in 2020 to further strengthen the Group's capabilities to develop and implement new digital solutions, with an emphasis on the manufacturing, supply chain, and customer domains. In the manufacturing domain, the Group Digital Center of Competence continued the rollout of existing Artificial Intelligence-based Real-Time Optimizer solutions for its cement manufacturing lines and developed new ones.

These Real-Time Optimizers, sourced from both external partners and developed in-house, allow for increased output per production equipment and reduced energy consumption.

In addition, TITAN is continuing the roll-out of a machine-learning based failure prediction system tailored to the operating environment of cement plants, thus increasing their reliability and reducing the cost of unplanned maintenance. In the Customer Experience domain, TITAN is working on improving and digitalizing the way the Group interacts with its customers, to both improve customer experience and create a more efficient commercial operating model.

TITAN is supporting its digital transformation journey through internal and external capability building efforts, such as the Digital Academy established in Greece and partnerships with not-for-profit organizations. TITAN is also building an ecosystem of partners, including start-ups, academic institutions, equipment and systems manufacturers, and specialized advisers.



Control room at Pennsuco cement plant, USA

Focus Area II: Growth-enabling work environment

We are always working to make health and safety conditions better at work for our employees, contractors, and visitors. The entire TITAN organization, from the Group Executive Committee to the employees working in the field, is committed to continuously improving health and safety conditions as well as well-being at work, for our own personnel, contractors and visitors.

We strive for zero fatalities and for an employee Lost Time Injuries Frequency Rate (LTIFR) performance which consistently places us among the three best in our peer group.

At TITAN, we are also committed to creating an inclusive, bias-free culture and work environment, where diversity is promoted, and all our people are treated fairly and have equal opportunities for growth.

Our Group Diversity, Equity and Inclusion policy sets out our principles, definitions, scope and approach to diversity and inclusion. Our 2025 ESG target to achieve at least 1/3 representation of women on the Board of Directors has already been met. We are on course to meet the second target related to increasing the participation of women in senior roles, talent pools and new hires by 20%.

Furthermore, we implement initiatives addressing the physical, mental, social and financial dimensions of wellbeing for our employees, in all countries and we will offer upskilling and reskilling opportunities to 100% of our employees, especially in areas vital for sustainable growth, such as health and safety, digitalization, and decarbonization.



Employees at Pennsuco cement plant, USA

Focus Area III: Positive local impact

For TITAN, ensuring our business has a positive impact on society and the local communities around our facilities is of great importance. Our respect and genuine interest in the communities we engage with has helped us build trust. We are proud of our role as a caring, active corporate citizen that works closely with local stakeholders to improve their quality of life and create shared value.

Air emissions

Monitoring and reporting air emissions is part of TITAN's effort to mitigate its impact on the environment. Aligning with legal and sectoral requirements, TITAN monitors and reports dust, NO_x, SO_x, TOC, HCl, HF and NH₃ emissions, mostly through continuous emissions monitoring systems with the aim to sustain and further improve our strong performance in cement production-related specific emissions.

Rehabilitation and biodiversity

The restoration of affected land area and the protection of biodiversity are a key focus area in TITAN's sustainability strategy, which aims at the preservation of the natural capital as well as the welfare of local communities in the areas of our operation.

We have conducted comprehensive environmental impact assessment studies and rehabilitation plans, covering all aspects of the development and operation of our quarries. All activities for the purpose of quarry rehabilitation and biodiversity management at these sites are in line with the GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management.

Our target is to have quarry rehabilitation plans at 100% of our sites¹, to have quarry biodiversity management plans at 100% of our sites² in high biodiversity value areas and to rehabilitate 25% of the affected areas.



Roanoke cement plant, USA

^{1,2} Active wholly-owned sites

Local community

Our relationship with neighbouring communities around our operations is fundamental to meeting our strategic objectives. We work with local stakeholders such as public authorities, civic society groups, academia and business partners to ensure we understand local needs and stakeholders' expectations, and we incorporate feedback received into our plans and activities. TITAN has community engagement plans that are aligned with material issues for stakeholders and UN SDGs 2030 at 100% of our key operations.

TITAN highly values the positive economic impact of its operations on local communities and is continuously seeking to maintain and further increase local spend, ensuring that 2/3 of our total spend is directed to local suppliers and communities as per our 2025 ESG targets.



Winners of robot design national contest visit the Thessaloniki cement plant, Greece

Focus Area IV: Responsible sourcing

We will empower our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviours, while using natural resources responsibly. We are committed to the circular economy, taking actions to minimize, reuse, recycle or recover materials and energy in order to preserve natural resources, reduce CO₂ emissions and manage waste efficiently. We will ensure that 70% of our key suppliers³ meet TITAN ESG supplier standards

Water management

Our management approach and policy endorse our commitment to conserving the quantity and sustaining the quality of water resources in all our facilities and their neighbouring areas. The aim is to reduce the withdrawal and consumption of freshwater, by establishing recycling and promoting responsible and efficient practices for water usage and discharges.

We commit to a water consumption of 280 lt/t Cementitious Products and to covering 70% of our water demand with recycled water.

Energy efficiency management

Improved energy efficiency is a key prerequisite not just in addressing climate change but also in preserving resources, enhancing energy safety and reducing the reliance on imported fossil fuels. It is therefore one of our foremost priorities. Thermal and electrical energy are essential elements for a high-intensity cement and construction materials producer. In 2020, as part of the Environmental, Social and Governance (ESG) targets for 2025 and beyond, TITAN committed to having 85% of its clinker production⁴ covered by ISO 50001 or energy audits.

Waste management

In the context of the global transition towards a circular economy, the Group has worked steadily on the reduction of landfill waste. Waste produced by the Group as part of its everyday activities is collected, stored and disposed of through authorized contractors for reuse, recycling or recovery, with the aim of minimizing landfill.

The Group's clinker capacity covered with "Zero Waste to Landfill" certification represents already 55% of its total clinker production, exceeding the target of 50% set for 2025.

Responsible sourcing highlights:

Water Consumption:

70%

of our water demand to be covered with recycled water

Energy Efficiency:

85%

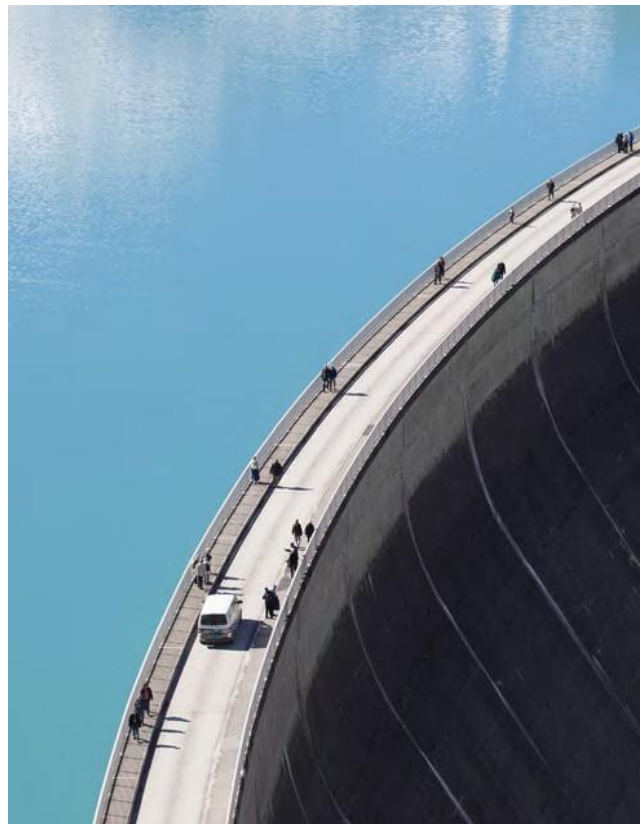


of its clinker production covered by ISO 50001 or energy audits

"Zero waste to Landfill":

55%

of total clinker production, already achieved, exceeding the target of 50% set for 2025



³ Key suppliers: critical suppliers according to GCCA Guidance for Sustainable Supply Chain management with a meaningful level of spend for TITAN

⁴ Production from our integrated clinker-cement plants

Good Governance, Transparency & Partnerships

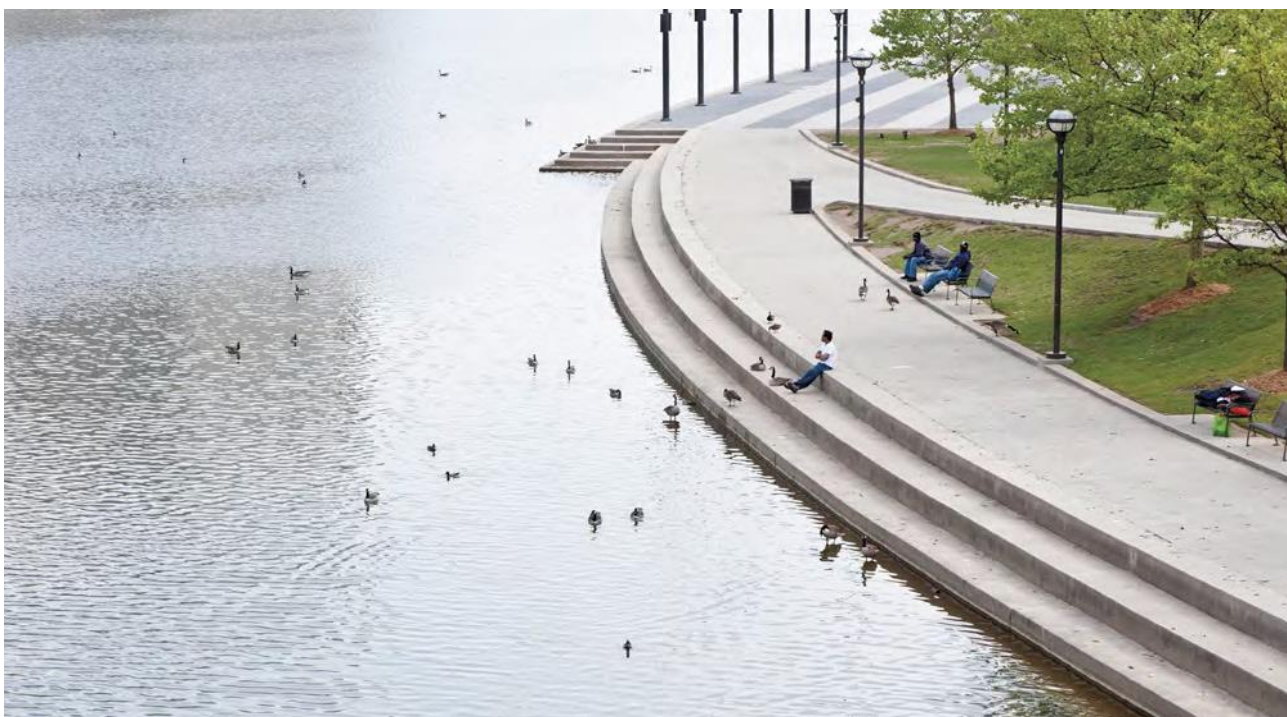
Sustainability Reporting

We are committed to open and transparent communication of our environmental impacts and mitigation actions. For the second consecutive year, in 2023, TITAN has earned a place on the globally recognized “A” List of the carbon disclosure non-profit organization CDP, in recognition of its leadership in corporate transparency and performance on climate change. Furthermore, the company has achieved an “A-” score for water security management. TITAN is one of only three companies in its sector to attain top scores in both categories.

Reporting frameworks followed by TITAN Cement Group include the UN Sustainable Development Goals (SDGs) 2030, the UN Global Compact Communication on Progress Guidelines, the Charter and Guidelines of the Global Cement and Concrete Association (GCCA), the Standards of the Sustainability Accounting Standards Board (SASB), the CDP questionnaires for climate change and water security, and the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Our EU Taxonomy reporting is available in our Integrated Annual Report.

The turnover for Taxonomy-aligned products based on climate change mitigation criteria reached 5.0% of the total turnover of the Group in 2023, whereas the proportion of capital expenditures (CapEx) and operating expenditures (OpEx) reached 28.3% and 4.8%, respectively. For our performance and the transparency in our disclosures, we are acknowledged by world-leading rating agencies (see our ESG ratings in the dedicated section of our website).

We support



Sustainability Governance

Sustainability is firmly embedded in our strategy through the regular review of all issues that are material to the business and our stakeholders, the definition of appropriate actions and targets, and the adherence to environmental, social and governance policies.

Our two governance bodies, the Board of Directors and the Group Executive Committee, oversee the implementation of our strategy and sustainability imperatives and reflect the culture of good governance, transparency and business ethics that is prevalent across the TITAN. The Board oversees on a regular basis the main areas of risk to which TITAN is exposed, including ESG risks. The Board has delegated responsibility for the monitoring of the effectiveness of TITAN's risk management and internal control systems to the Audit and Risk Committee.

Acknowledging sustainability as a top priority of TITAN, the Group Executive Committee has set up an ExCo Sustainability Committee comprising Executive Directors of TITAN, the Group ESG Performance Director and other senior managers of TITAN, depending on the agenda. TITAN's Executive Sustainability Committee is convened by the Chief Sustainability Officer to monitor performance and implementation of the sustainability strategy set by the Board.

Group ESG Performance Department

The role of the Group ESG Performance Department is to monitor, coordinate and consolidate the sustainability actions undertaken across the Group, ensuring that we collectively deliver the best possible results against well-defined ESG criteria. It does so through a network consisting of ESG liaison delegates from every business unit and coordinates the implementation of sustainability commitments at regional level.

Conducting our business with respect, accountability and responsibility

We are strongly committed to conducting business with the highest standards of transparency, accountability and responsibility. Integrity and ethical business practices are embedded in TITAN culture and are reflected in the way that we operate in all parts of the world. Our Code of Conduct and Group Policies convey the principles, rules of conduct and standards in all strategic areas and provide guidelines to employees and external business collaborators to ensure compliance with the applicable internal and statutory rules.

While strengthening the oversight of the sustainability agenda at Board level, TITAN acknowledges that integrating environmental, social and governance (ESG) performance with executive compensation serves as a mechanism to ensure that executive management is accountable for achieving TITAN's ESG targets. In TITAN, ESG targets have been introduced in the performance objectives of the deferred compensation incentive for the executive members of the Board and the members of the Executive Committee.



TITAN France Terminal



TITAN CEMENT GROUP
SUSTAINABILITY-LINKED FINANCING
FRAMEWORK 2024

Part II

Sustainability- Linked Financing Framework

Rationale for Sustainability – Linked Financing

Sustainable finance aims to support TITAN’s strategy for capturing green growth and transition to a net zero world. It is a source of funding for further alignment between TITAN’s sustainability ambitions and its stakeholders’ expectations.

By issuing sustainability-linked financing instruments, TITAN demonstrates its ambition on environmental performance through quantifiable metrics, while also leading to a broader diversification of its investor base and deeper engagement with investors.

Linking financing conditions to our sustainability performance will reinforce our commitment to reducing carbon emissions in line with TITAN’s CO₂ emissions reduction and decarbonization roadmap to keep global warming to 1.5°C. This framework may be updated from time to time to reflect updates in our sustainability targets or evolutions in best market practices.

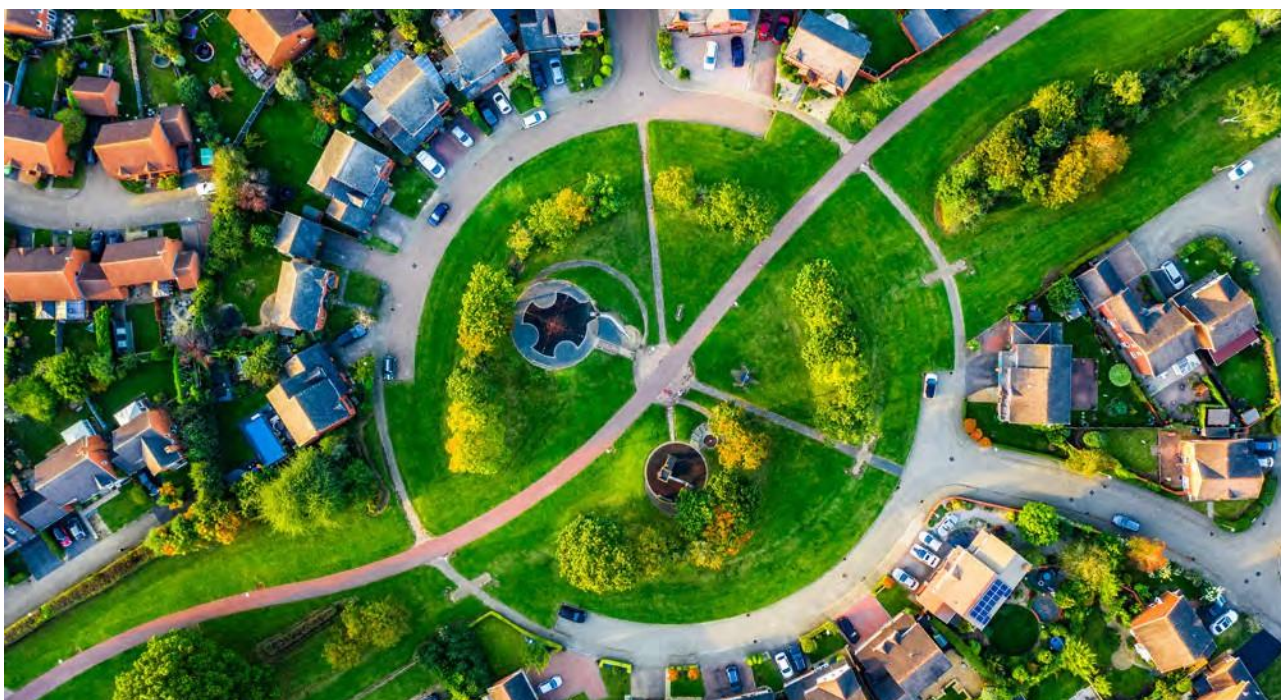
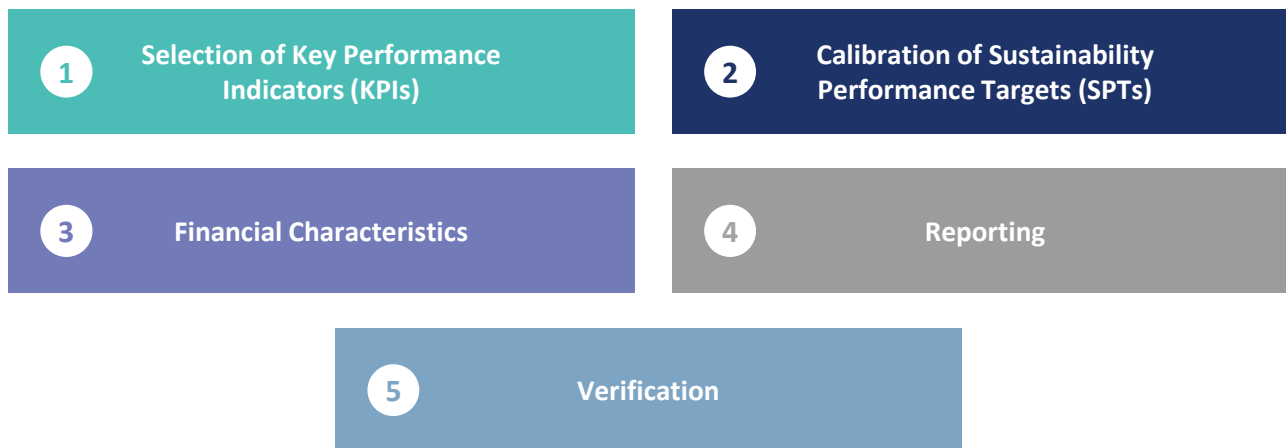


Beni Suef cement plant, Egypt

Alignment with Sustainability – Linked Bond Principles

This framework is aligned with the five core components of the Sustainability-Linked Bond Principles published by the International Capital Markets Association (ICMA) in 2023. These are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of sustainability-linked financing instruments.

The TITAN's Sustainability-Linked Financing Framework has five core components:



1 Selection of the Key Performance Indicators (KPIs)

Recognizing decarbonization as the industry’s main challenge, TITAN is committed to continuously reducing the carbon intensity of cement.

KPI: Gross Scope 1 GHG emissions intensity (kg CO₂/t of cementitious product)

Definition: Gross direct CO₂ emissions intensity expressed as kg CO₂ emitted per tonne of cementitious product. Gross emissions are defined as the total direct CO₂ emissions (excluding on-site power generation) from a cement plant, including CO₂ from fossil waste but excluding CO₂ from biomass. Cementitious product means clinker, cement and cement substitutes produced by the company⁵. Our joint venture in Brazil is included in the target boundary for our CO₂ KPI.

Methodology: TITAN uses the Global Cement and Concrete Association’s (GCCA) Sustainability Guidelines⁶ for the monitoring and reporting of CO₂ emissions from cement manufacturing (previously the Cement Sustainability Initiative’s Cement CO₂ and Energy Protocol version 3.1 by the WBCSD) to calculate CO₂ emissions.

The GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing are part of a package of guidelines developed to support compliance with the GCCA Sustainability Charter. This document, in conjunction with the GCCA Sustainability Framework Guidelines, provides guidance to GCCA members to fulfill the requirements of the GCCA Sustainability Charter relating to Climate Change and Energy, and Environment and Nature. GCCA Guidelines are based on EN19694-3: Stationary source emissions – Determination of Green House Gas (GHG) emissions in energy intensive industries - Part3: Cement Industry.

TITAN focuses on CO₂ emissions as the direct GHG emissions of cement plants almost entirely consist of CO₂. The contribution of other non-CO₂ GHG emissions has been shown to be negligible.

Rationale: The chosen KPI of gross scope 1 CO₂ emissions represents 79.7% of the Group’s total gross CO₂ emissions. The KPI is at the heart of TITAN’s decarbonization strategy and of its overall business strategy. The production of cement accounts for 7%⁷ of global emissions, but cement is also a necessary material for many critical infrastructures, including for climate change mitigation and adaptation. The manufacture of cement is therefore an eligible activity under the EU Taxonomy Regulation. The reduction of the emissions intensity of cement is therefore of high relevance for the climate. The chosen KPI excludes scope 2 emissions, as these represent only 6.1% of its total CO₂ emissions and will be addressed for the most part indirectly through purchase of green electricity and investments in energy efficiency. The KPI also excludes scope 3 emissions, currently representing 14.2% of our CO₂ emissions, which we address through supplier engagement and our supplier qualification process.

Historical values:



Gross Scope 1 Emissions (kg CO₂/t of cementitious product)

2023	636,9	-8.3% vs. 2020
2022	646,4	-7.0% vs. 2020
2021	678,3	-2.4% vs. 2020
2020	694,7	

Baseline year and rationale: 2020. This baseline was selected as it was the most recent year for which data were available when TITAN initiated the validation of its previous target by SBTi the first time in 2021.

⁵ Definition as per the SBTi cement Guidance (v10, September 2022)

⁶ https://gccassociation.org/wp-content/uploads/2023/03/GCCA_Guidelines_CO2Emissions_v04_AMEND.pdf

⁷ as per IEA : <https://www.iea.org/news/cement-technology-roadmap-plots-path-to-cutting-co2-emissions-24-by-2050>

2 Calibration of Sustainability Performance Targets (SPTs)

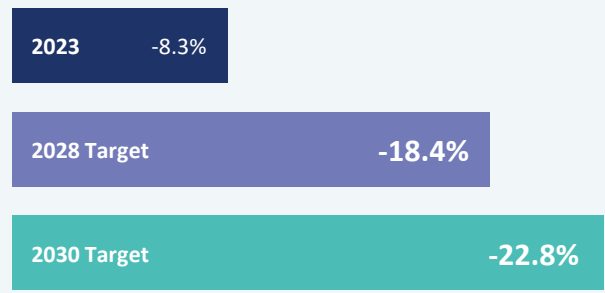
SPT 1: Calibration of reduction of Scope 1 (gross) CO₂ emissions by **-18.4%** per ton of cementitious product by **2028** from a 2020 baseline year.

SPT 2: Reduction of Scope 1 (gross) CO₂ emissions by **-22.8%** per ton of cementitious product by **2030** from a 2020 baseline year.

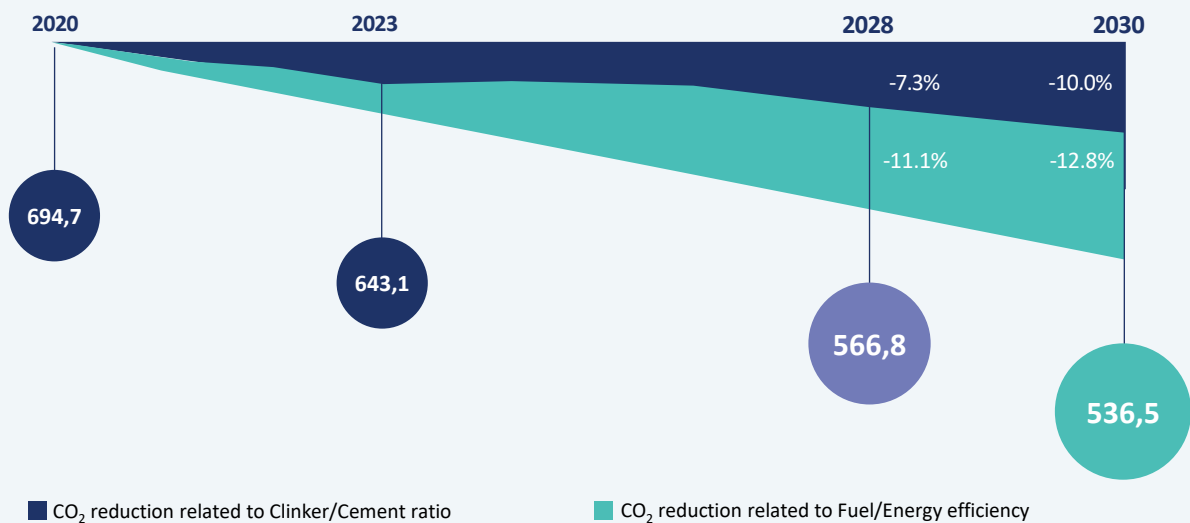
Benchmarking / Rationale: In November 2022, the SBTi validated TITAN's 2030 reduction target of 22.8% (vs. 2020) for Scope 1 gross CO₂ emissions intensity as aligned with a 1.5°C trajectory. The 2028 reduction target reflects the SBTi-validated trajectory.



% Reduction of Gross Scope 1 GHG emissions intensity (kg CO₂/t of cementitious product) vs. 2020



Our Scope 1 Gross CO₂ emissions as per SBTi (kg/t)



Measures to achieve the SPTs: three key levers

1. Green (lower-carbon) products: Reducing clinker content in the final product (clinker-to-cement ratio)

Differentiating our offering with commercial low-carbon products to add value to the customer is a major pillar of our decarbonization roadmap. A significant part of our cement product portfolio includes products manufactured with a clinker content significantly lower than that of OPC (Ordinary Portland Cement), prepared by valorizing materials such as fly ash, slag, limestone and pozzolan as their main constituents. Such products allow for a carbon footprint reduction as well as reduced energy and natural raw material consumption in cement manufacturing. Also, through its subsidiary Separation Technologies LLC (ST), TITAN offers valorized fly ash for use in concrete, a product with very low associated carbon emissions, enabling enhanced emission reduction in the value chain.

As per the TITAN's definition, Green (lower carbon) products refer to produced cement types with a carbon footprint that is at least 25.0% lower than that of a typical OPC type as well as any cementitious product sold to be used as cement or concrete additive. In 2023, green products represent 23.4% of our portfolio of cement and cementitious products., with a projection of 44.5% for 2027 and 62% by 2030.

TITAN has further reduced the carbon footprint of its products by enhancing its offering of lower-carbon cements. In 2023, we further reduced our clinker-to-cement ratio by 1.5 percentage points (76.9% vs. 78.4% in 2022).



TITAN's low carbon products

Clinker to Cement Ratio (%)

2023	76.9
2022	78.4
2021	81.0
2020	81.9

2. Increasing the thermal substitution rate (TSR) of fossil fuels with alternative fuels (AF)

TITAN will reduce the gross carbon intensity of its cement by substituting fossil fuels with biomass waste fuels. The utilization of alternative fuels in cement production contributes to the conservation of natural resources, the reduction of CO₂ emissions and the long-term competitiveness of the cement industry. During 2023, TITAN accelerated its actions, initiatives and investments across many business units towards increasing the cement plants' thermal substitution rate (TSR) and contributed to various local/national waste management efforts. TITAN's alternative fuels increased from 12.8% in 2020 to 19.6% in 2023 (3.8% coming from biomass in 2020 and 8.1% in 2023), resulting from of (a) continuous sourcing efforts for new alternative fuels in the local/ international markets and (b) investments across several TITAN cement plants in alternative fuel processing facilities or in the plants' feeding and combustion infrastructure.



State-of-the-art pre-caliner technology at Kamari plant, Greece

Alternative Fuels

2023	11.5%	8.1%	19.6%
2022	11.0%	6.5%	17.5%
2021	10.5%	5.0%	15.5%
2020	9.0%	3.8%	12.8%

% of heat basis

Other Alternative Fuels Biomass Waste Fuels

3. Increasing energy efficiency by reducing specific heat consumption through process optimization

TITAN thoroughly monitors energy consumption and efficiency in order to reduce its environmental footprint and curtail costs. As energy management and resource efficiency are closely connected to the sector's decarbonization roadmap, TITAN is investing in energy efficient equipment (e.g. grate coolers and five-stage preheaters with calciner and new burners). In a similar way, regular inspections of equipment and timely preventive maintenance, the careful selection of fuels, the use of mineralizers and process optimization have helped sustain TITAN's strong performance in thermal energy consumption.

Capex plan:

The designed roadmap confirms TITAN's ability to reach our targets: A detailed list of over 90 actions and projects had been compiled, all of which provide significant cost savings as well as business growth opportunities in addition to their decarbonization potential.

A total CapEx. between €100- €150 million was identified, to be distributed throughout the 10-year-period to the end of 2030. In the first half of 2023, the Kamari cement plant in Greece successfully completed a €26 million investment by installing a state-of-the-art precalciner unit. This €26 million investment allowed the plant to sustainably reach a thermal substitution rate exceeding 50%. Additionally, a new alternative fuel feeding line was inaugurated in Zlatna Panega, Bulgaria, with a €4.7 million investment to enhance the handling of diverse fuel streams, enabling sustainable TSR levels of up to 70%. Ongoing investments of approximately €20 million are enhancing the storage, handling, and feeding infrastructure at the Beni Suef (Egypt), Sharrcem (Kosovo), Usje (North Macedonia), and Thessaloniki (Greece) plants.

In addition to the CapEx-related projects, the roadmap includes commercial initiatives that do not require any investment.

In 2023, the EU Taxonomy-aligned investments towards climate change mitigation reached 28.3% of the total capital expenditures (CapEx).

Risks to achieve the SPTs:

TITAN's ambitions may be negatively impacted by different factors:

- Availability of alternative fuels (biomass in particular) to substitute fossil fuels
- Increasing logistics costs as well as availability of cementitious materials to further reduce the clinker content of cement
- Innovative new technologies need to be developed and scaled-up



3 Financial Characteristics of Sustainability-Linked Notes

The financial and structural characteristics of any Sustainability-Linked Notes, including the impact of TITAN's KPI performance compared to the applicable SPT, will be specified in the relevant transaction documentation (e.g. prospectus). In the event of any change, which occurs between the issue date of a series of Sustainability-Linked Notes and the Sustainability Performance Target date:

- i. in the Group's perimeter (due to an acquisition, a merger or a demerger or other restructuring, an amalgamation, a consolidation or other form of reorganization with similar effect, a spin-off, a disposal or a sale of assets);
- ii. in or any amendment to any applicable laws, regulations, rules, guidelines and policies relating to the business of the Group; or
- iii. to the methodology for calculation of the Key Performance Indicator to reflect changes in the market practice or the relevant market standards,

which, individually or in aggregate, has a significant impact on the level of any Sustainability Performance Target or any Key Performance Indicator baseline (each, a "Recalculation Event"), the relevant Sustainability Performance Target may be recalculated in good faith by the Issuer to reflect such change, provided that an external verifier has independently confirmed that the proposed revision is consistent with the initial level of ambition of the relevant Sustainability Performance Target taking into account the Recalculation Event.

4 Reporting

TITAN will communicate annually on the relevant KPIs and SPTs, making up-to-date information and reporting available on its website:

- TITAN's integrated annual report will include the performance of the selected KPIs, including information on any recalculation, where relevant, covered by auditor assurance.
- Upon publication of the Annual Integrated Report related to a target year, or as soon as reasonably practicable thereafter, TITAN will publish an SPT statement on the performance on the KPI against the SPT, covered by auditor assurance
- Any information enabling investors to monitor the level of ambition of the SPT (e.g. any update in the issuer's sustainability strategy or on the related KPI/ESG governance, and more generally any information relevant to the analysis of the KPI and SPTs) will also be published on TITAN's website
- In addition, TITAN will publicly disclose its environmental data through the CDP's Climate Disclosure questionnaire on a yearly basis.

5 Verification

This Framework and the associated annual reporting will benefit from three layers of external verification:

Second Party Opinion on framework

TITAN has obtained an independent second party opinion from Sustainalytics to assess the alignment of the framework with the ICMA Sustainability-Linked Bond Principles 2023. The second party opinion is available on TITAN's webpage (link to be provided).

Assurance on annual KPI reporting

The KPI information, including recalculation where relevant, will be published annually in TITAN's integrated annual report, or other performance statement and will be covered by an assurance of an external auditor at a limited or reasonable level.

Assurance on SPT statement

Following a target observation date, TITAN will publish a statement on whether the performance of the KPI in the target year has attained the Sustainability Performance Target (SPT). This SPT statement will be covered by an assurance of an external auditor at a limited or reasonable level.

Disclaimer

The Sustainability – Linked Financing Framework 2024 (“Framework”) represents the current policy and intent of Titan Cement Group (“TITAN”) and is not intended nor can be relied on, to create legal relations, rights or obligations.

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Titan Cement International S.A.
Square De Meeûs 37
1000 Brussels Belgium
Tel: (+32) 27 26 80 58
www.titan-cement.com