



Corporate Social Responsibility & Sustainability Report

2003

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Athens, May 2004

Dimitri Papalexopoulos

Managing Director

Corporate Social Responsibility has been at the core of Titan's philosophy ever since its early years and has had a direct and permanent impact on its performance as a business enterprise, on its labor relations and on community involvement. It is now an explicit core value of our Group and one of our governing objectives.

In recent years, developments – both internal and external – raised expectations and brought about new challenges of transparency and accountability. Titan's immediate response has enhanced confidence with stakeholders and society at large. Since 1983 Titan has issued an annual Social Report with detailed information on labor matters (including training, health, hygiene and safety) on environmental issues, on questions of special interest to the neighboring communities and on Titan's innovative approach to problem-solving.

During the last twelve years, Titan has followed a process of expansion to other countries with different cultures, laws and customs and is already engaged in transferring Group core values and applying its social policies.

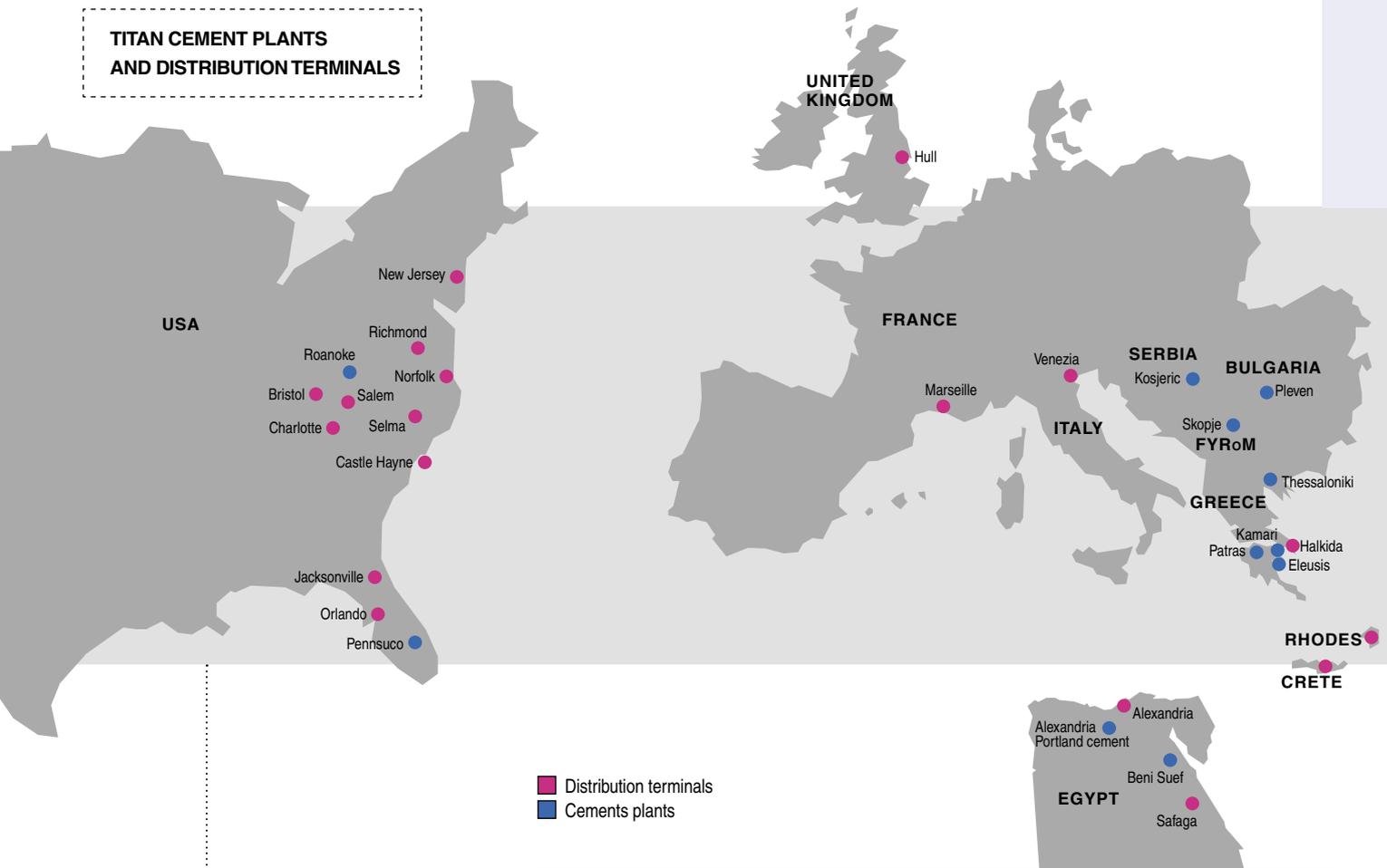
In 2002, Titan signed the Global Compact of the United Nations and in 2003 became a member of the World Business Council for Sustainable Development (WBCSD), thus re-confirming on an international scale its commitments regarding the application of the principles of Corporate Social Responsibility and Sustainable Development. Furthermore, Titan joined with leading global cement groups to work together in the framework of the Cement Sustainability Initiative (CSI), with a view to better defining and quantifying objectives at Group level, improving measurement systems and adapting our organization to new tasks and goals, in line with internationally accepted standards and Best Advanced Technologies.

A new corporate reporting system is currently being launched based on the guidelines of the Global Reporting Initiative (GRI), in order to better monitor performance, evaluate results and strive for further improvement.

Titan's management consistently and systematically endeavors to meet society's expectations from a business perspective being proactively responsible, progressive and competitive.

History and Activities

TITAN CEMENT PLANTS AND DISTRIBUTION TERMINALS

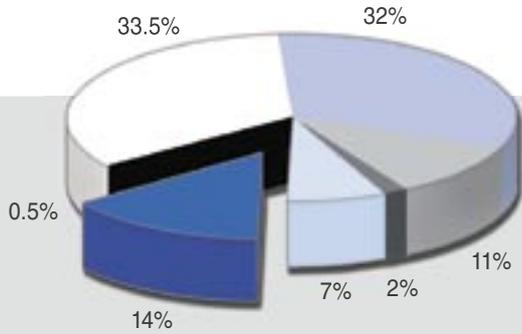


■ Distribution terminals
■ Cements plants

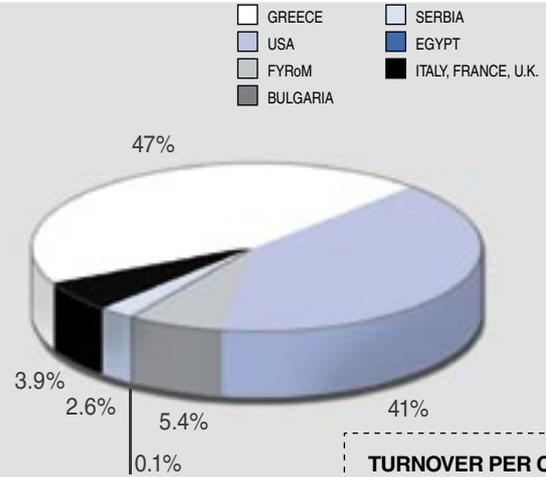
CHAPTER Profile of a 100-year-old Company

- 1902** First Titan cement plant (Eleusis) and first ever in Greece
- 1912** Titan listed on the Athens Stock Exchange
- 1948** First exports to the Middle East
- 1961** First electrostatic kiln-filter used in Greece.
- 1962** Second cement plant (Thessaloniki)
- 1968** Third cement plant (Patras)
- 1971** Launching of environmental restoration and reforestation policy for depleted quarries
- 1976** Fourth cement plant (Kamari)
- 1979** Floating terminals in the Eastern Mediterranean and the Red Sea
- 1988** Cement distribution terminals in the USA and Western Europe
- 1992** Acquisition of controlling stake in Roanoke Cement Co. (Virginia, USA)
- 1998** Majority shareholding in Bulgaria and FYRoM
- 1999** Joint venture in Beni Suef, Egypt
- 2000** Acquisition of Tarmac America Inc. (Plants in Roanoke, Virginia and Pennsuco, Florida)
- 2002** Acquisition of Kosjeric cement plant in Serbia and of Separation Technologies Inc. (S.T.I.) in the USA
- 2002** Joint venture in Alexandria, Egypt
- 2003** Firing of new kiln as replacement of three old ones in Thessaloniki cement plant

STAFF PER COUNTRY



The Group's interests in Egypt are included in the annual results of Titan Group by the equity method of accounting. The charts present the Group's interests in Egypt accounted for on a proportionate basis of accounting. Staff per country is reported on a 100% basis.



TURNOVER PER COUNTRY

Titan Cement S.A., the parent company of the Titan Group, has just entered its second century. The Company's first production plant began operating in Eleusis in 1902 and its shares were first listed on the Athens Stock Exchange in 1912. Group activities cover a range of construction materials – from aggregates to gray and white cement, concrete and dry mortars – as well as sea and road transport and related services. The Group is a player on the international stage, with business interests in the USA, South Eastern Europe, the Middle East and the European Union. The core of the Group's activities consists of 11 cement production facilities in six different countries, with an overall annual production capacity of 14.5 million tons.



Titan's mission

Titan's mission was and still is to provide durable and high quality products to be used in the construction industry, particularly to provide safe housing as well as public and private infrastructure.

Getting global

Through careful planning and the implementation of a sound far-sighted strategy, the Company has grown dynamically. Special emphasis has been placed on being a respected, trustworthy player by maintaining its traditional values. Today the Titan Group directly employs over 4,850 people and has an annual turnover of more than € 1 billion. The governing objective of the Titan Group is to be a multi-regional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

Titan's core business

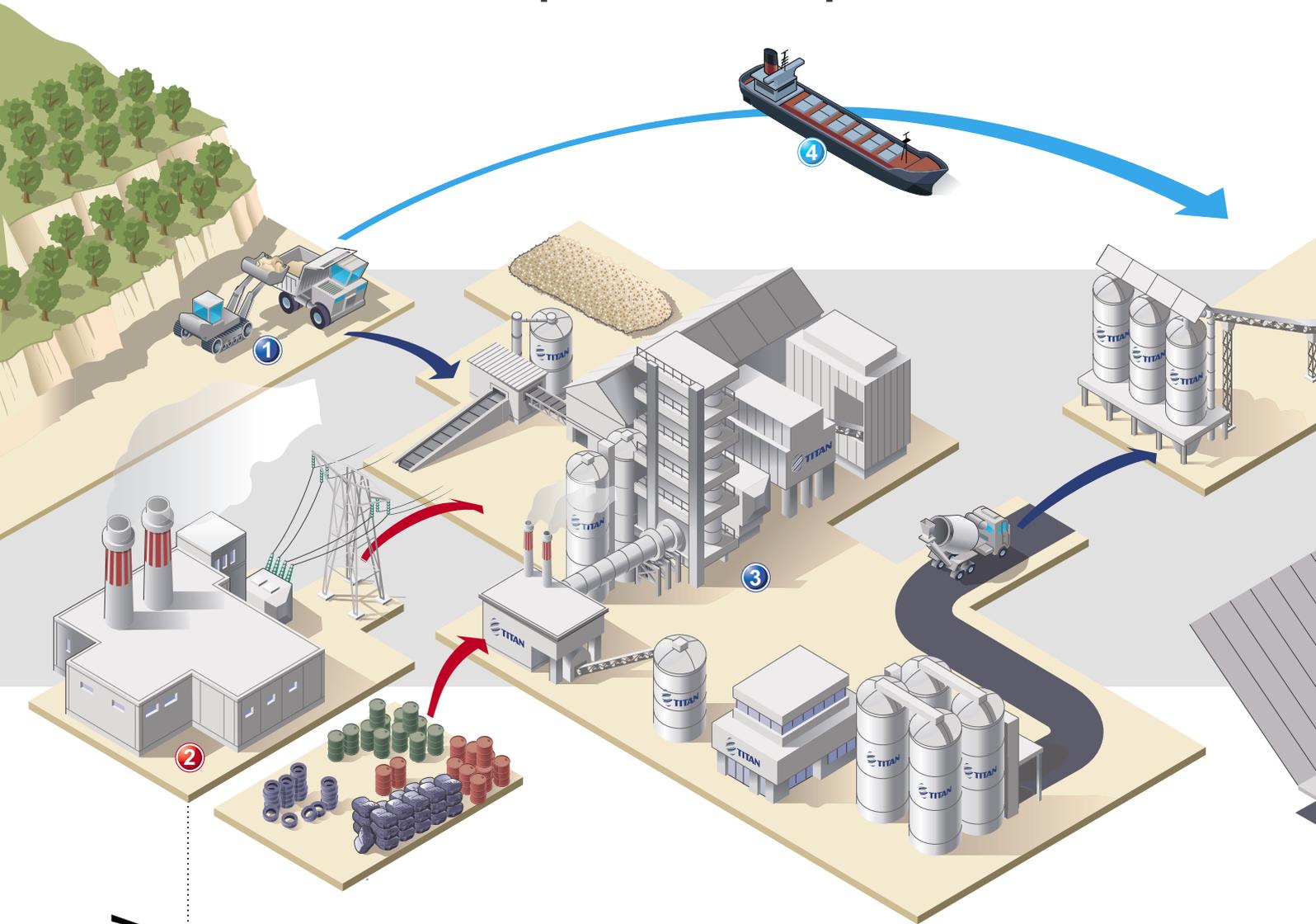
The Titan Group has a production capacity of:

- 4.5 M m³ of concrete, one of the most widely used building materials in the world,
- 14.5 Mt of cement, the material used as a binder in concrete,
- 19 Mt of aggregates: quarry materials (gravel and sand) which are main components of concrete and have various other applications such as rail ballast and road construction. The Group also produces dry mortars and provides waste management and research services to other manufacturing companies.

Titan's customers

The Group services primarily local and domestic needs. Its products are mostly used for the construction of privately-owned buildings, homes, offices, malls etc., while smaller quantities are absorbed by public works and infrastructure projects, including roads, schools, hospitals, bridges, etc. All products used for public works are sold by the Group to private companies operating as contractors for the public sector.

Impacts and Responsibilities

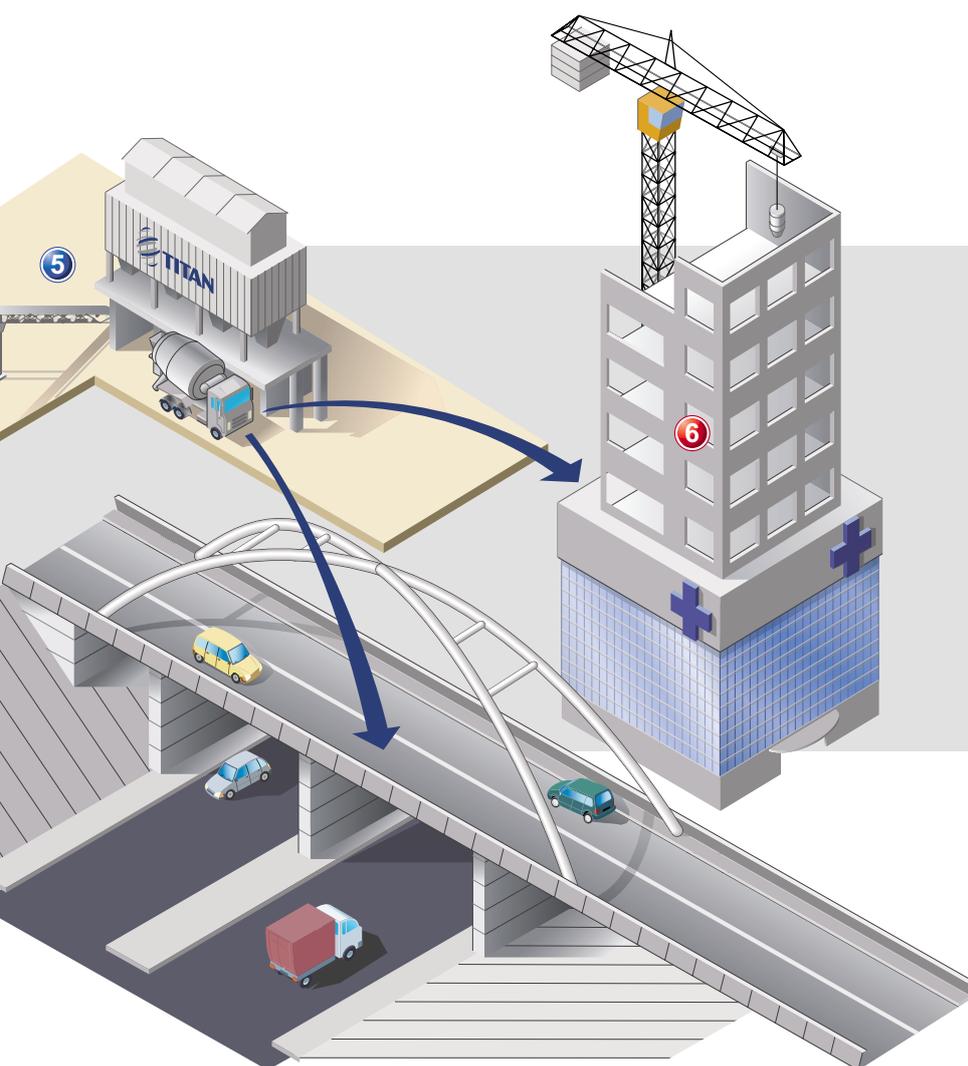


1 Extraction of raw materials

The Titan Group operates 40 quarries, which produced approximately 18 million tons of limestone, 21.4 million tons of aggregates and 261,000 tons of gypsum in 2003. Its main operational impacts on the environment are noise, dust emissions, and alterations to landscapes which are avoided through systematic mitigation techniques and quarry rehabilitation. Other potential impacts are related to biodiversity and water consumption.

2 Use of other raw materials and energy consumption

In 2003, the Titan Group consumed heating energy equivalent to 39 million Joules: besides electrical power Titan also uses alternative fuels, mostly petcocke, coal and heavy fuel oil, and small quantities of waste fuels (such as used tires). Industrial byproducts are also used as substitutes to mineral raw materials in clinker and cement. The use of synthetic gypsum and fly ash from power stations or slags from steel production and third party waste materials helped to reduce environmental impacts.



- Impacts held under control by Titan
- Impacts strongly influenced by Titan
- Impacts indirectly influenced by Titan

3 Cement production

The Titan Group operates 11 cement plants with a capacity of 14.5 million tons, in 2003. The main environmental impacts from this production are related to :

- an estimated total of 8.5 million tons of CO₂ from which 3.5 million tons from fuels and the rest from decarbonization which is associated with the transformation of limestone into clinker.
- emissions of various pollutants from stacks such as Nox, Sox and dust.

4 Transportation

To transport its products, the Titan Group uses mainly trucks, ships and rail. Land transportation is a source of CO₂ emissions while transportation by ships may cause sea pollution.

5 Concrete production

In 2003, the Titan Group produced 4.5 m³ tons of concrete from 67 ready-mix plants.

6 Use of products in construction and end-of-life

In 2003, our products were used in the construction of homes for 13426 inhabitants (based on European standards and averages). Our products specifications and quality may influence:

- construction workers' health
- construction costs and operation schedules
- safety, energy consumption, indoor air quality of the buildings, as well as the quality of the water supply.

The lifespan of buildings can be 10-100 years with an average of 45 years in Europe*. After this time, the constructions are pulled down by specialized companies or rehabilitated. In Europe 28% of the construction and demolition waste is re-used and recycled as aggregates. In Greece, recycling is less than 5%, thus new environmental policies are to be introduced at national level.

* Environmentally Sustainable Building : challenges and policies, OECD Report 2003.

CSR and Sustainability

100 YEARS' COMMITMENT MAIN TITAN INITIATIVES

1922: Employees' insurance against accidents in the workplace

1927: Reduction of working hours for stokers, stevedores, and other technicians

1934: Christmas bonus (equal to one month's pay)¹

1938: Easter bonus (equal to half month's pay)¹

1960: First ever electrostatic kiln-filter in Greece

1960: Occupational physician in all Company plants

1964: Social workers in all Company plants

1969: One month's pay as wedding bonus

1971: Beginning of systematic environmental management including quarry rehabilitation and reforestation

1976: Joint Workers' Committees for Accident Prevention²

1979: Joint Workers' Committees for Working Conditions and Occupational Risks³

¹ introduced by law in 1957

²introduced by law in 1986

³introduced by law in 1984

Trends and challenges

In the global economy, local cement companies are currently experiencing new challenges as consolidations lead to the formation of major groups. In this context, Titan Group's strategy has four main objectives:

- Utilize opportunities for international expansion in the cement sector, through a strong multi-regional presence
- Continue vertical integration in related building materials
- Continuously improve cost, quality and overall competitiveness
- Develop human resources

The new challenges for the Titan Group in the field of Corporate Social Responsibility are related to a series of factors:

- The rapid vertical and multiregional expansion necessitates that newly acquired affiliates both in Greece and abroad be integrated and developed simultaneously.
- Due to great cultural diversities and differences in legislation and administration, it takes time to transfer Group policies and to build relationships with local communities.
- Joint ventures should be established on consensus management. In certain cases, as in Egypt, all initiatives must be filtered through an agreed-upon process that is time-consuming but also effective through a teamwork approach.

- Dialogue and partnership-building are critical factors for effective CSR policies. In Greece and even more so in other countries where the Titan Group operates, partnerships are not the rule but rather an exception at community, regional or industry level. Efforts have been made in this direction, fostering in particular partnership building, networking and communication with stakeholders. Still there is room for further efforts in this field.



1980: Life-long learning programs for all company staff

1985: Launching of new policy to reduce industrial noise-pollution

1988: Annual leave bonus equal to half month's pay in addition to the statutory allowance

1994: Vocational Guidance Programs for personnel children and students in neighboring communities

2000: Co-founding of the Hellenic Network for CSR⁴



2000: Launching of the "F.A.O.S. Accidents Prevention at School" local partnership initiative



2002: Titan's U.N. Global Compact pledge⁵



2003: Membership in the World Business Council for Sustainability Development and its Cement Sustainability Initiative⁶



⁴www.csrhellas.gr

⁵www.unglobalcompact.org

⁶www.wbcسد.org

The business case for a CSR approach

Social and environmental practices beyond compliance with legislation have been an integral part of Titan's philosophy since its establishment, reflecting its founders' guiding principles and values.

Additional benefits can accrue from CSR investments in the short and medium term:

- Effective emission controls through Best Available Technology (BAT) can result in cost reduction when such investments are made by the company on its own initiative and its own time-schedule instead of being imposed by law or competition.
- The use of industrial by-products as substitutes contributes to energy and natural resources savings.
- Rehabilitation of quarries increases reliability and enhances the possibility to acquire new mining licenses.
- Human resources development and good labor relations have a direct positive effect on productivity, increase efficiency, help attract and retain skilled workers and high performance managers.

However, investments for other purposes, beyond compliance with legal requirements, may prove profitable only in the long run.

Such investments (e.g. for the upgrading of social and environmental standards in newly acquired plants) will contribute to better management of potential risks and a proactive approach to forthcoming regulations but may negatively influence business profitability in the short term.

Therefore, managers face dilemmas and need clear guidance from senior management in

order to balance day-to-day priorities with long-term stakes. In the context of the Group's international growth, this process must be formalized, clearly endorsed by the Board and supported by appropriate long-term financial considerations.



Employee children programs

Corporate Values

- ▶ Integrity
- ▶ Know-how
- ▶ Value to the customer
- ▶ Committing to and delivering results
- ▶ Continuous improvement
- ▶ Corporate social responsibility

Code of Conduct

The Code covers the main aspects of CSR. Beyond compliance with local and international regulations and in line with the general application of the Group values, it requires:

- ▶ Application of international standards as defined by International Labor Office
- ▶ Respect for fair competition
- ▶ Prohibition of contributions to political activities, of use or acceptance of bribes and gifts, of facilitation payments
- ▶ Encouragement of long term cooperation with suppliers
- ▶ Support to local communities in the fields of education, environmental protection, and health and safety
- ▶ Full implementation of Titan's environmental policy

This Code must be enforced in all subsidiaries by the managers and communicated to all employees.

To ensure full awareness of and compliance with the corporate values and principles by all employees and third parties, Titan introduced in 2003 a Corporate Code of Conduct. It outlines the Group standards and commitments in relation to its various stakeholders: shareholders, employees, customers, suppliers and local communities. The Code also links policies and systems regarding the environment, health and safety and human resources management at global level.

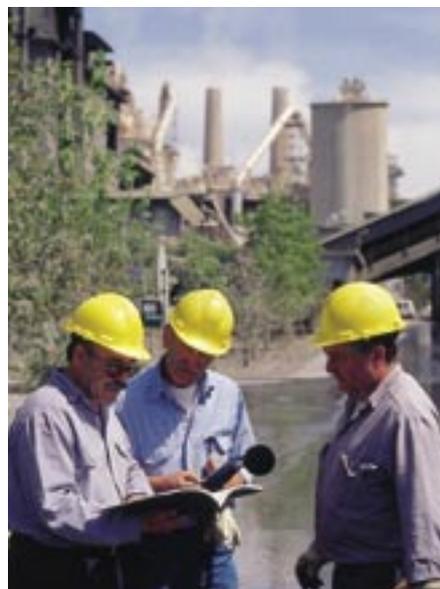
CSR at senior management level

Titan Group CSR structure includes:

- The CSR Committee, consisting of three members of the Board and the HR Group Director, with the CSR Manager operating in an advisory capacity.
- The CSR Department which has the responsibility to support and coordinate the implementation of the CSR strategy and relevant policies at Group level.

CSR at Group level: an on-going process

The international expansion and growing demand for accountability have created the need to formalize our CSR policies. The implementation of CSR programs and initiatives has always been and still is the responsibility of Unit Managers and a group of professionals comprising the Personnel Manager, the Safety Technician, the Occupational Physician, the Environmental Technician, the Social Workers and the Public Relations Manager. In 2003 TITAN went a step further by introducing the CSR structure described above.



Environmental Policy

- ▶ Strict implementation throughout the Group management policy: “caring for society and nature”.
- ▶ Introduction and integration of Best Available Techniques (BAT).
- ▶ Consistent endeavors to mitigate the negative effects of industrial activities on the environment.
- ▶ Continuous awareness and readiness to detect hazards and prevent accidents.
- ▶ Setting high but achievable targets and following up with progress reviews.
- ▶ Pioneering new applications of the latest technological developments.
- ▶ Setting environmental targets in agreement with national and European associations.
- ▶ Providing information in a genuine spirit of collaboration and mutual respect.

Human Resources

- ▶ Be recognized as «preferred employer»
- ▶ Offer continuous learning and development opportunities
- ▶ Pay for performance

Health & Safety

- ▶ Develop common set of metrics for public reporting
- ▶ Establish public reporting for safety record
- ▶ Share information on incidents in order to reduce accidents.

CSR strategy: Implementation

CSR management at Group level includes and links all processes and structures developed at unit level. A new procedure of cross-functional synergies between different specialists was introduced in 2003. It includes internal reporting, evaluation and dissemination of practices, internal communication and employee involvement, sharing of expertise and know-how.

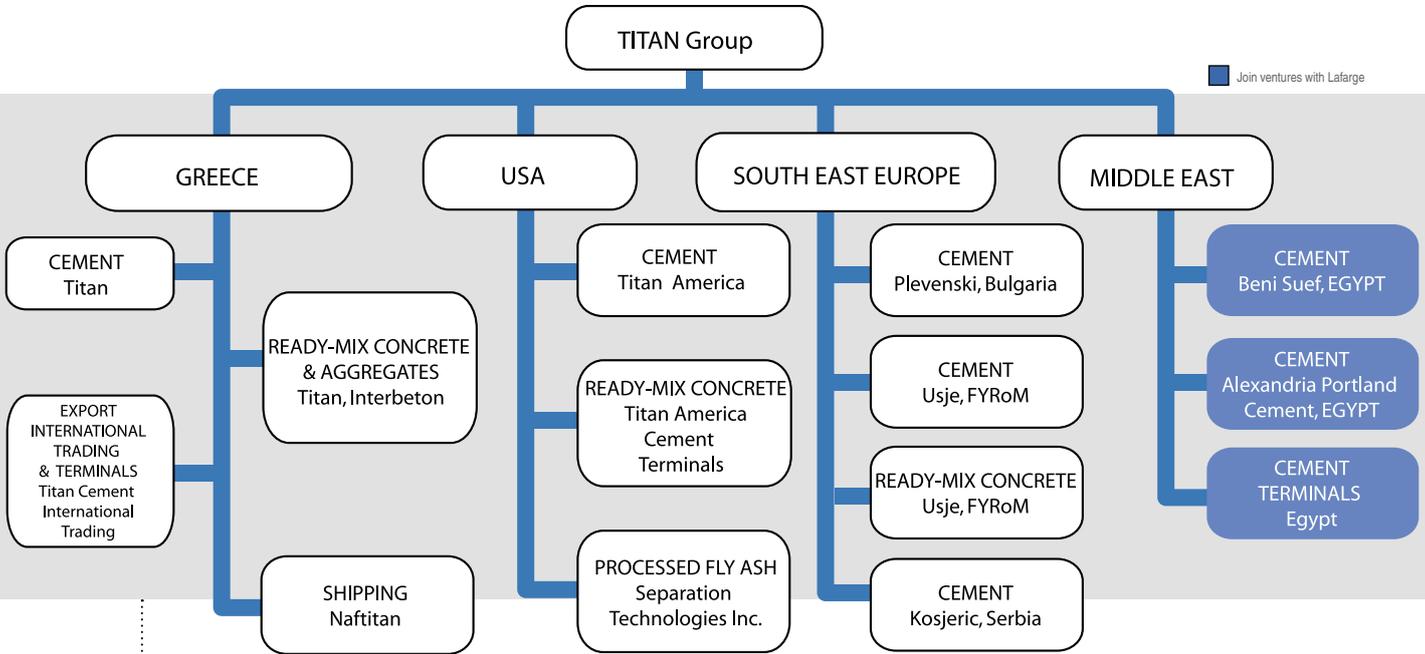
- **Training** - All newly hired employees go through induction programs where Titan's mission, values and Code of Conduct are clearly communicated. For 2004, a new training program, based on Cronos, the training tool developed by Cambridge University, is scheduled for managers at Group level.

- **Reporting** - While keeping each subsidiary's high degree of autonomy, Group performance indicators are currently under development. These indicators will facilitate a coherent way of monitoring how the Code of Conduct is implemented and will help to identify gaps in policy implementation, measure both quantitative and qualitative results and define new tasks and objectives.

- **Auditing** - An Action Plan has been developed so that by the end of 2004 compliance with the Code of Conduct and Group policies will be integrated in the audit process in all Greek business units, while all other units will be integrated in the same system by 2006.

- **Appraisal** - CSR practices are reviewed as part of Titan managers' performance in accordance with the appraisal system during the regular staff assessment meetings.

However, Titan still has a long way to go in integrating sustainability and CSR in all its business operations and creating performance indicators to measure results relevant to both short-term and long-term objectives.



Corporate structure

The operational structure of the Group consists of the corporate headquarters in Athens, Greece, and business units in Greece, the USA, Serbia, Bulgaria, FYRoM and Egypt. Egyptian operations are a joint venture with the Lafarge Group and management is a shared responsibility.

Titan's Board of Directors sets the worldwide strategy. The main functions of corporate head-quarter include Financial, Legal, Technical, External Relations, Internal Audit, Human Resources Management and Strategic Development.

Each unit operates as a profit center with a high degree of autonomy, but in the framework of the approved budget, the guidelines and the strategic goals of the Group, and with respect to the local conditions.

Corporate Governance: Legal requirements and recommendations		Titan's practices in 2003		
Independence of auditors towards Management	No consulting services provided by the audit company to the audited company	100% of the auditors' fees are related to auditing services		
	Meetings between non-executive directors and auditors	Minimum 2 per year		
Independence of directors towards Management	(Types of committees)	(Board)	(Audit Committee)	(Remuneration Committee)
	Minimum 1/3 non executive Directors	8/14	3/3	3/3
	Minimum 2 non executive independent Directors*	5/14	3/3	2/3
	Number of meetings	12+ GA	4	1
	Attendance rate	11/14	3/3	3/3

(mandatory) (recommended) (▲) Greek Law

*Non-executive members of Board as defined by the recommendation of the Capital Market Commission published in "Principles of Corporate Governance in Greece: Recommendations for its Competitive Transformation", Oct 1999 under section 6,6.3
www.hcmc.gr

Responsible management

Corporate Governance

For the Titan Group, transparency and accountability are prerequisites for an economically sound and socially responsible performance. Traditional corporate governance structures world-wide have been strongly challenged, thus underlining the necessity for independence of board members and auditors. Policy makers have strengthened legal requirements and directives in Greece (Law 3016/2002), where Titan is listed on the Athens Stock Exchange.

The Titan Group had consistently improved its corporate governance ahead of legal requirements placing emphasis on transparency and accountability. Its current organization fully complies with all legal requirements, and additionally provides for:

- greater number of non-executive and independent members on the Board as well as in the Audit Committee
- separation of the roles of Chairman and Managing Director
- direct reporting by the Secretary of the Board to the Chairman

Relationship with Shareholders

Providing up-to-date, accurate and high-quality services to our shareholders are major priorities. For this purpose the Titan Group has established :

- an Investor Relations Department which communicates with domestic and foreign investors and analysts
- a Shareholder Services Department which ensures that shareholders have immediate and equal access to information and assists them in exercising their rights



“ Other Greek companies will always look to Titan to set an example, because it is one of the most successful businesses in the country. There’s no doubt that stakeholders expect more from Titan than from other companies. They also anticipate that it will redouble their efforts to disseminate the good practices, and renew its endeavors to build partnerships, not only with other businesses but also with agencies from the broader environment of civil society. Partnership building is still something of a novelty in Greece, but there is general agreement that it can act as a catalyst for the development and consolidation of Corporate Social Responsibility at all levels. Titan has already taken steps in this direction, and I very much hope that we can all do more and make sure that what we do becomes more widely known, so that it becomes an example for others.

L. Kanellopoulos, Chairman of UNICEF, Greece and former Chairman of the General Confederation of Greek Workers



Main steps

The Titan Group has followed developments in the field of CSR in Europe since 1995 when Mr. J. Delors, then President of the European Commission, introduced the idea of the European Business Network for Social Cohesion (today known as CSR Europe¹) at a Brussels meeting attended by a Titan executive.

Since then:

2000 : Titan, 12 other Greek companies and 3 business associations co-founded the Hellenic Network for CSR whose aim is to promote CSR principles at national level. In 2003, the Hellenic Network had 60 members.

2002 : 6,000 people attended different events dedicated to the propagation of CSR principles and practices by Titan, in the context of the Company’s centenary celebrations.

2002 : The Group joined the U.N. Global Compact.

2003 : The Group became a core member (WBCSD) and joined forces with 10 other cement companies in the framework of the Cement Sustainability Initiative (CSI).

2003 : The Titan Group was invited to present a business case study (concerning a private and public sector partnership program) to the International Learning Forum organized by the UN Global Compact Office in Belo Horizonte, Brazil.

2003 : Global Reporting Initiative² (GRI) principles were adopted as a basis for developing the Group’s reporting system.

2004 : Titan will extend its local partnership programs to other regions in Greece while developing additional tools to further support communication with stakeholders. Titan has undertaken in line with other members of the CSI, to report on common tasks set in the Agenda For Action, in 2006.

¹www.csreurope.org

²www.globalreportinginitiative.org

U.N. GLOBAL COMPACT	WBCSD – C.S.I.	HELLENIC NETWORK FOR CSR
Respect for fundamental human rights	Health and safety in workplace Well-being of local communities	Human resources development Equal opportunities Community involvement Partnership building
Freedom of association and elimination of child and forced labor	Well-being of employees	Improvement of working conditions and labor relations Stakeholder dialogue
Respect for the environment	Eco-Efficiency Eco-Stewardship	Raising awareness and benchmarking

Main Commitments

- Define common standards for measuring performance and for reporting purposes
- Develop benchmarking systems through teamwork
- Support efforts for the development of new CSR management tools for reporting and accountability
- Share best practices, communicate information and results
- Raise awareness on CSR issues among stakeholders
- Support dialogue with stakeholders at all levels
- Promote partnership between the company and its stakeholders

“ Raising awareness is of vital importance, both for businesses and for the public. When both society and individuals express the need for social responsibility, businesses realize that they have to move in this direction so as to help themselves co-exist peacefully. Businesses which have already taken the necessary action – there are bright examples here in Greece – can serve as models to other companies, helping them to implement the principles of CSR. Titan is one of them and is already playing an important part in this area. However, this is a never ending process and Titan with the other companies can increase their contribution even further.

N. Papalexandri, Professor of Human Resources and Management and Vice Rector, Athens University of Economics and Business



ISO STANDARDS	GR	USA	FYRoM	SERBIA	BULGARIA	EGYPT
ISO 9001/2000	☑	☑	2004	2005	2005	1 plant 2006 1 plant ☑
ISO 14001	☑	☑	2005	2006	2005	2006
OHSAS 18001	☑	☑	2005	2006	2006	2006

Responsibilities towards the workforce

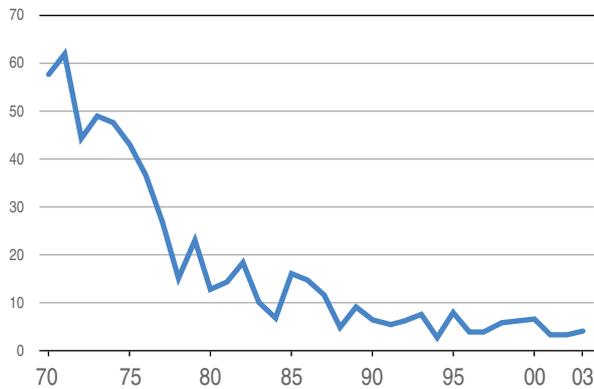
Providing a safe and healthy workplace for our employees and contractors is a major management challenge and responsibility. To continuously improve health and safety standards and make progress towards the goal of zero accidents is a complicated and demanding task. In 2003, the Titan Group was granted certification by the Occupational Health and Safety Assessment Series (OHSAS) 18001 management program at all manufacturing sites in Greece. We intend to apply the same standards at all our other units.

New commitments have been undertaken through our participation in the Cement Sustainability Initiative of the WBCSD regarding Occupational Health and Safety. A common task for all participants in this field is "the development of a common set of metrics for public reporting, the establishment of public reporting for safety record and the sharing of information on incidents to reduce injuries". We plan to apply the same standards at all our units.

Main professional risks

Professional health risks considered as relevant to our operations are mainly related to the inhalation of dust generated during the process - in combination with the macro- or micro-climatic conditions in the regions of our activities - and exposure to noise may lead to hearing problems in the long term. Other possible risks examined are skin irritations in reference to weak chromium.

Recognizing the fundamental importance of health, the Titan Group takes all necessary measures in order to ensure proper working conditions. The services of specialists, medical assistance and annual surveys are used as means to prevent health hazards. Titan is also a member of the European network "Enterprise for Health" which fosters innovative approaches and the sharing of best practices in the field of health and quality of life.



ACCIDENT FREQUENCY RATE AT TITAN'S GREEK CEMENT PLANTS 1970 - 2003

Titan's approach to reducing occupational hazards is a continuous joint effort of its management and its employees. The results of this initiative which started in the 1970's are shown in the accident frequency rate at Titan's Greek plants. Our experience gained in the field of health and safety is applied to our newly acquired plants outside Greece and freely shared with any other business that may request it.

Safety

Having achieved compliance with OHSAS 18001 certification criteria we now intend to reach the same level in risk assessment, H&S performance indicators and best practice in ergonomics which help to minimize hazards and risks in all our operations, particularly in our plants in South East Europe and Egypt. Meeting and exceeding local and international legal safety requirements, as well as globally recognized standards is ensured by transferring to all our units know-how and expertise gained in Greece and the USA. However, last year two fatal accidents occurred involving contractors' personnel, one in Greece and one in Egypt. The accident frequency rate for 2003 at Group level was 8.65 in the cement division and 9.56 in the concrete and aggregates division, while the severity rate

was 0.49 in the cement division and 0.32 in concrete and aggregates. Safety is everyone's responsibility, including our contractors. Titan continuously invests in safety training. In 2003 a major effort focused on training contractors' personnel in OHSAS 18001 standards and raising awareness on road safety. A particular example is the long-term vocational training program on "Defensive Driving" attended in 2003 by all Titan contractors in Greece. Skills and competencies are required to meet qualitative standards that the Company plans to apply in the future for measuring performance of all suppliers of such services. Moreover, implementation of a long term training program for contractors' employees was completed in 2003, in cooperation with the Hellenic Institute for Occupational Health and Safety.

Incentives

An award system has been developed to reward Company units and their staff when meeting the target of zero accidents. Employees from plants which meet this target receive prizes including trips to other countries.



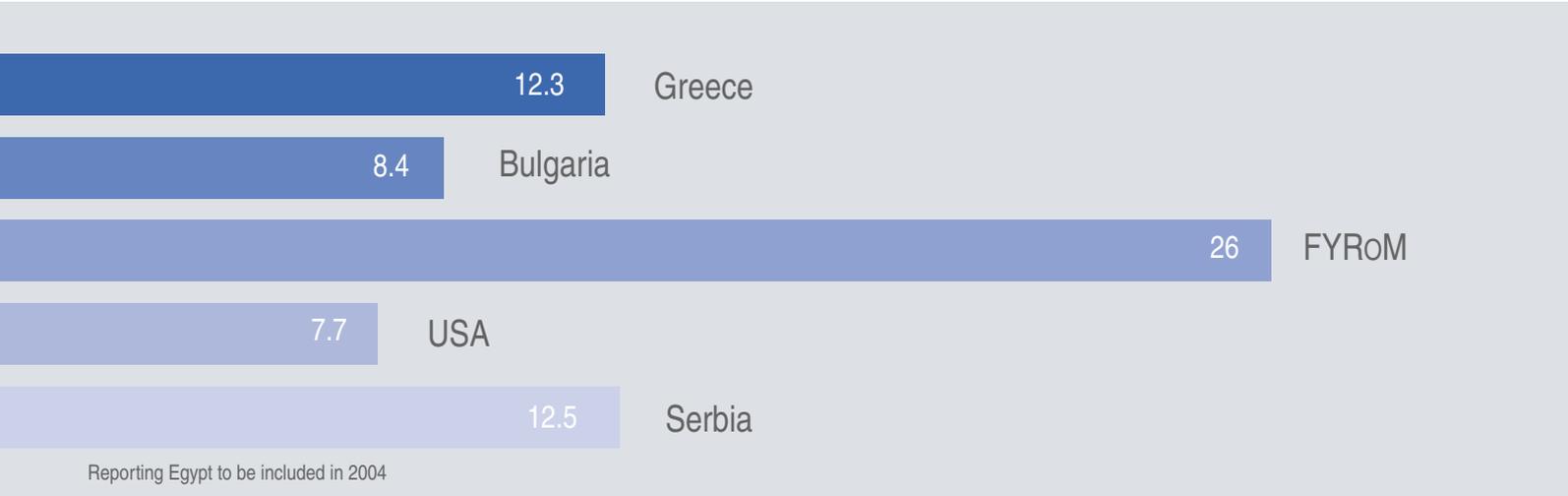
Blood donation program

“ For many decades measures for health care, accident prevention and improvement of working conditions are daily practice in all Titan facilities. On-going training in health and safety, the workplace physician and the safety officer, joint committees for health and safety – were all introduced by Titan long before they were required by legislation, thus paving the way for similar improvements across the whole of Greek industry. The Company's impressive work in these areas has been acknowledged in the form of awards and distinctions conferred by the European Union, the British Royal Society for the Prevention of Accidents (ROSPA), the Hellenic Institute for Occupational Health and Safety and various Greek agencies.

V. Makropoulos, Chairman of the Hellenic Institute for Occupational Health and Safety

”

TRAINING IN MANHOURS PER EMPLOYEE IN 2003
(excluding contractors)



Human resources management

A major Group strategic objective is to have the organizational and manpower capability necessary for constant improvement of business performance. Human Resources Management aims to attract, develop and retain the best people, with policies which have made Titan a preferred employer, ensure continuous learning and professional development and reward performance. Management through performance evaluation, following a process of dialogue, training and development reviews, is a key tool for effective policy implementation.



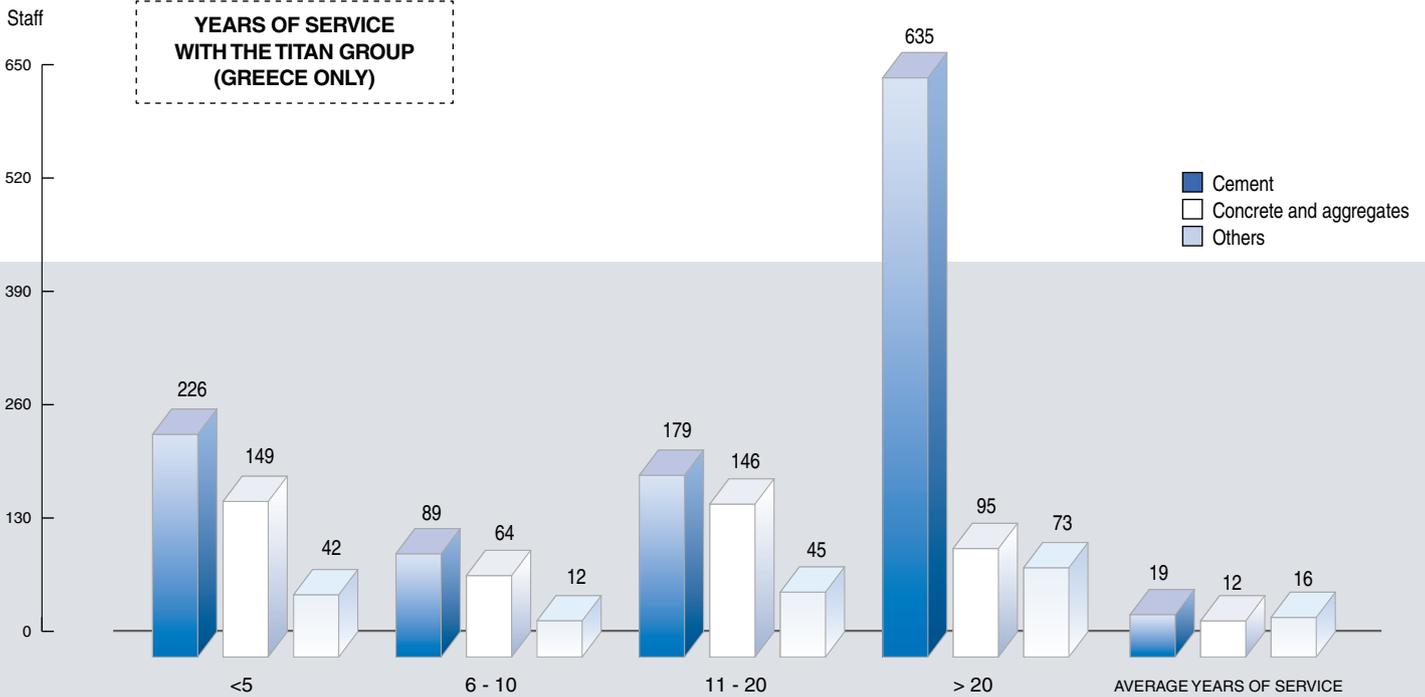
Employee development courses

Communication - Employee involvement

Special emphasis is given to employee communication and employee involvement. This is accomplished through procedures for good communication between management and all personnel. Employee workshops and "open days", Company magazines ("Titans", "In Touch") and Intranet are among the tools used for this purpose. Employees are also actively involved in decision-making on the critical issue of health and safety.

A characteristic example of employee involvement is the Blood Donation Program which started as an employee initiative in our plants in Greece. The Company has fully supported this initiative and has assisted its adoption in other regions.

Another example is related to the pilot testing of alternative fuels. When the Group decided to proceed further, a special team, consisting of the plant manager and the occupational physician, representatives of the Joint Employee Committees for Health and Safety and the plant Union was formed to take part in the process. They visited plants abroad that already used such fuels and participated in seminars so as to become better acquainted with all issues relevant to this particular process.



Employment

Employment at Titan is characterized by long-term duration of service and low turnover. Efforts are made to develop skills locally in order to enhance local employability.

Career development

Titan's growth is based on the abilities and efforts of our employees, whatever their position in the Company hierarchy. Training and development are considered an essential part of our operations. Development plans are designed through a structured process that evaluates individual performance and assesses each employee's future potential with his/her direct involvement of the employee concerned. Programs of life-long learning and training help employees acquire the knowledge and experience required to meet specific needs. Succession planning is also incorporated in this process in order to offer our employees the opportunity for professional development and career advancement.

Tracking employee satisfaction

Titan regularly conducts surveys to measure the impact of its policies on employee satisfaction. The results of these surveys help the Company to continuously improve its human resources policies.

In 2003, the European Commission rewarded 100 organizations having the best workplace environment, based on the quality of working conditions and in particular on Corporate Social Responsibility practices.

The survey was conducted with anonymous questionnaires to a random sample of employees. The whole process was based on an analysis of corporate policies and employee judgements, involving 1,000 public and private companies, and approximately 210,000 employees in all E.U. member states. Titan ranked 6th in Greece and was among the 100 best companies rewarded by the E.U.

Titan's score in each of the five areas surveyed was as follows :

1. Credibility 83%
2. Respect 77%
3. Fairness 70%
4. Pride 82%
5. Camaraderie 76%

Strikes

Strikes on Titan-related issues are rare. Employee participation in national strikes organized by the General Confederation of Greek Workers for issues related to decisions or state labor policies may occur.



I would identify good reasons for reporting on human rights (...) It's true that it is a difficult task (...) But we need to have reporting on human rights because it is one of the areas in which public expectation is growing (...) It is in a company's interest to maintain a close watch on human rights, even if only to keep up-to-date themselves. From cases I have seen, I know that the worst thing that can happen to you is to get caught unawares by a journalist or activist reporting on a negative situation in one of your plants. Reporting, even if there is no explicit pressure to do so, will help you control the situation and figure out what can be done should a problem arise. Reporting is a positive exercise - even just to keep a record of what's going on.



Alan Christie, President CSR Europe (European Business Network for Corporate Social Responsibility)

Fair compensation and freedom of association

Our policy is to offer our staff competitive compensation, both fixed and variable, based on performance and on a fully developed performance appraisal system. For clerical and technical / production employees pay increases are the result of collective bargaining with unions which in Greece is a normal annual procedure. Contacts and direct communication between the Company and employee representatives contribute to a climate of mutual trust and respect.

Financial and social benefits

Financial incentives and benefits for all categories of employees are basic elements of Titan's policy. The Group provides stock option and bonus schemes for its Directors and Senior Managers, a profit-sharing plan and a pension plan for all employees, as well as a productivity scheme for plant personnel. A wide range of social programs, and cultural and recreational events are organized on an annual basis to foster relations among employees and their families. Special grants help employees' children in their University studies, while vocational guidance programs have been set up to support employees' children.



Human rights

The Titan Group is firmly committed to implementing national and international rules and regulations that safeguard fundamental human rights and the protection of minors. Any conduct threatening the dignity of individuals, leading to discrimination of any kind or entailing any form of forced labor is regarded as unacceptable. All our contractors and associates are obliged to comply with the same regulations.

Equal opportunities and diversity

The Titan Group, through its values and policies, aims at providing a working environment in which all people are treated with respect and dignity. Equal employment opportunities are respected and all kinds of discriminatory practices, including harassment, are prohibited. Only in our subsidiary in Florida, USA, were four claims reported to the Equal Opportunity Authority in 2003, none however has become a legal case.

Private security services

Private security services are used only in very special cases such as guarding explosives stock rooms in quarries. Security services are carried out by contractors and their personnel. With the exception of Egypt, where our site has already been attacked three times with machine guns, in no other case do guards carry firearms. No claim has ever been registered regarding misuse of security services. Titan understands that such misuse could be a concern, therefore contracts with all suppliers will be revised in 2004 in order to add a reference to the U.N. Code of Conduct about the use of security services.

CASE STUDY: VOCATIONAL TRAINING FOR LOCAL COMMUNITIES

Employment is identified as one of the most critical issues for all people and mentioned as the main positive social impact of any business activity. Vocational training combined with practical experience can offer new employment perspectives. Thus Titan, apart from being the co-founder of the Institute for Industrial and Vocational Training, organizes regularly technical vocational training programs for citizens in neighboring communities. Last year an intensive training program was organized in Patras for 15 young people of whom more than half have been employed after the program was completed.

CASE STUDY: DRYMOS THEATER

Contributing to the growth of the Drymos community, near our Thessaloniki plant, the Company financed in 2003 the construction of a municipal open-air theater in the area.

Integrating with the community

Good relations with neighboring communities are as important as the licence to operate a plant. The Titan Group has traditionally put special emphasis on respect and trust with local communities. In most cases, initiatives taken by the Group in the form of donations or assistance to local people are carried out discreetly. Indicative of this kind of initiative are Titan's donations to the Fire Department and the Thriasio Hospital in Eleusis, the Byzantine Monastery in Skopje, a range of public works projects, replanting schemes, children playgrounds and libraries.

Company sponsorships include the support of many local and national cultural institutions, such as the Thessaloniki Concert Hall, the Drymos open-air theater near Thessaloniki, the archaeological museum and site in Eleusis, the Vorres Museum in Athens, etc.

In 2003, the Titan Group launched a new policy aimed at adding value to community projects, while at the same time promoting the partnership approach. Its basic tenet is that any financial donation made by the Group must be accompanied, wherever possible, by the provision of the appropriate know-how and resources – both human and material. This new policy is more complex and more demanding. It requires a careful selection of policy objectives and thorough screening of groups and individuals to be involved in each initiative, but leads to added value of our donations.

Three key areas have been identified as critical to our policy in community involvement : Education, Environment, Health & Safety.

Since 1967, in all our major business units, blood banks were set up by our staff with the full Company support. Volunteers donate blood for fellow employees, their families, as well as residents of neighboring communities. Moreover, they organize events to encourage blood donation and introduce new volunteers to the annual blood donation program run by the Company. The first Blood Bank which was established in Patras is today linked to a Non-Profit Association with 4,500 blood donors.



Drymos open-air theater, Thessaloniki, Macedonia-Greece

CASE STUDY : FYRoM

The Titan Group started operations in FYRoM, in 1998 through the acquisition of a cement plant near the city of Skopje. One of the main Group tasks was to modernize it, so as to minimize emissions, and to create a green belt around it. The management has followed a policy of “open doors” for schools and universities interested in learning more about the Company and the cement Industry.

The tasks set for 2004 include: cooperation with local authorities for the protection of the river Vardar, water recycling and development of a system aimed at providing customers with technical support and training.

CASE STUDY : “THE POST-GRADUATE STUDENTS’ FORUM”

The Post-Graduate Students’ Forum is a partnership-building initiative between the business and the academic community, aiming at providing a platform of meaningful dialogue for post-graduate business students. The Forum was launched in 2002, as one of the events marking the Company’s centenary and its commitment to Corporate Social Responsibility.

The one-day conference consisting of two sessions, each one focused on issues selected by the students themselves, was attended by 160 students and was hosted on Company premises at Kamari so that participants had the opportunity to tour the plant and see how a heavy industry operates.

The post-graduate students were from the Attica region (nine MBA Programs). The second Forum held in 2003 in Kamari with the participation of 220 students, confirmed the value of this initiative. The third one is scheduled for May 2004 in Kamari. Thessaloniki next year will host the first Post Graduate Student’s Forum addressed to students in Northern Greece.

Supporting local development

Local partnership program: “F.A.O.S. : Care – Education – Organization – Participation”

F.A.O.S. is a non-profit association devoted to promoting accident prevention and raising accident prevention awareness in junior high schools of the Prefecture of Achaia, Greece. It began as an initiative by the Titan Group and now involves the Directorate of Secondary Education of the Prefecture of Achaia, the departments of Environmental and Health Education, representatives of the Federation of Industries of the Peloponnese and Western Greece, and the Western Greece Center for the Prevention of Accidents in the Workplace. The aim of this program -based on voluntary participation- is to raise awareness and train the educational staff in accident prevention, improve safety at school facilities and enhance cooperation between the public and the private sectors.

During its first phase, conferences were arranged to inform the educational community of Achaia of our intentions. Information leaflets were distributed to students, teachers and parents. A team of experts carried out inspections at ten schools to identify and eliminate sources of potential hazards. The F.A.O.S. Association then turned to local

industries for their financial support to cover the needs identified by experts. The success of this pilot project led to the decision to extend it to all schools in Achaia. Meanwhile plans were drawn up to transfer know-how and experience acquired in Achaia to other regions. A similar partnership initiative in Thessaloniki will be officially launched by Titan in 2004.

Institute for Industrial and Vocational Training (IVEPE)

The Institute was co-founded in 1980 in Athens by Titan and other Greek industrial companies. Its aim is to provide vocational education and training for middle-ranking staff on the latest developments in technology and their applications in industry.

Its successful operation in Athens led to the creation of branches in other parts of the country. In 1996 IVEPE was certified as a Center for Informal Continuing Vocational Education and in 1997 as a National Vocational Training Center for all subject fields. IVEPE provides education in the following fields:



F.A.O.S. partnership program

Technical and Technological Training, Information Technology, Management, Quality, Environment, Production Management and Production Control and Special Subjects.

Titan's contribution, besides the financial support that was necessary in the first years, consists of voluntary services offered to IVEPE by Company's senior executives in administration and programming.



In matters of principle and social responsibility, implementation is everything. You can't sell principles to other people if you haven't tried and tested them in practice and demonstrated their consistency. This is a vital requirement for future business executives. The best course for Titan to follow is to promote as energetically as possible the measures it is already taking! The experience acquired in making these principles work needs to be shared – especially with young people who are currently shaping their business philosophy and who, thanks to the natural enthusiasm of youth, are always highly receptive to ideas and attitudes of this kind.

N. Papalexandri, Professor of Human Resources and Management and Vice Rector, Athens University of Economics and Business





Artimes quarry rehabilitated, Achaia-Greece

RESPONSIBILITIES TOWARDS STAKEHOLDERS, AS DEFINED BY THE GROUP'S CODE OF CONDUCT

- **Shareholders:**
Protect their investment, through transparency
Ensure a satisfactory return on their capital
- **Customers:**
Provide quality products and services tailored to their needs
Support them with the necessary technological, environmental
and commercial experience
- **Employees and Associates:**
Respect their rights and give emphasis to employee development
- **Society:**
Contribute to the prosperity and progress of society as a whole, with emphasis
on education, health and the protection of the environment

Value to customers

Titan constantly seeks ways to improve service and value for customers since their satisfaction constitutes one of its key priorities. In the early days, cement was distributed in jute sacks which, after the customer had used the contents, were returned to the plant to be re-used. The introduction of robust paper bags instead of jute sacks, as well as automatic weighing and delivery to customers in special bulk trucks were significant Titan innovations in an effort to make things simpler for customers and meet their needs.

Research laboratories are available to assist our customers, to recommend the right concrete mix at the lowest cost for any application – even if that entails smaller quantities of cement. In concrete plants the weigh-lists record the precise proportions of product constituents, ensuring that the customer will know the exact synthesis of concrete mix used in every part of the construction.

Sharing our experience and know-how with customers is a daily job. Technical support may also include consultation on environmental issues, the planting of trees at depleted sites, etc.

In 1999 Titan was presented with the European Industry Association's High Quality Award for Products and Services. Our customer services system was granted ISO 9001: 2000 certification in 2003.



Pennsuco underwater quarry, FL-USA

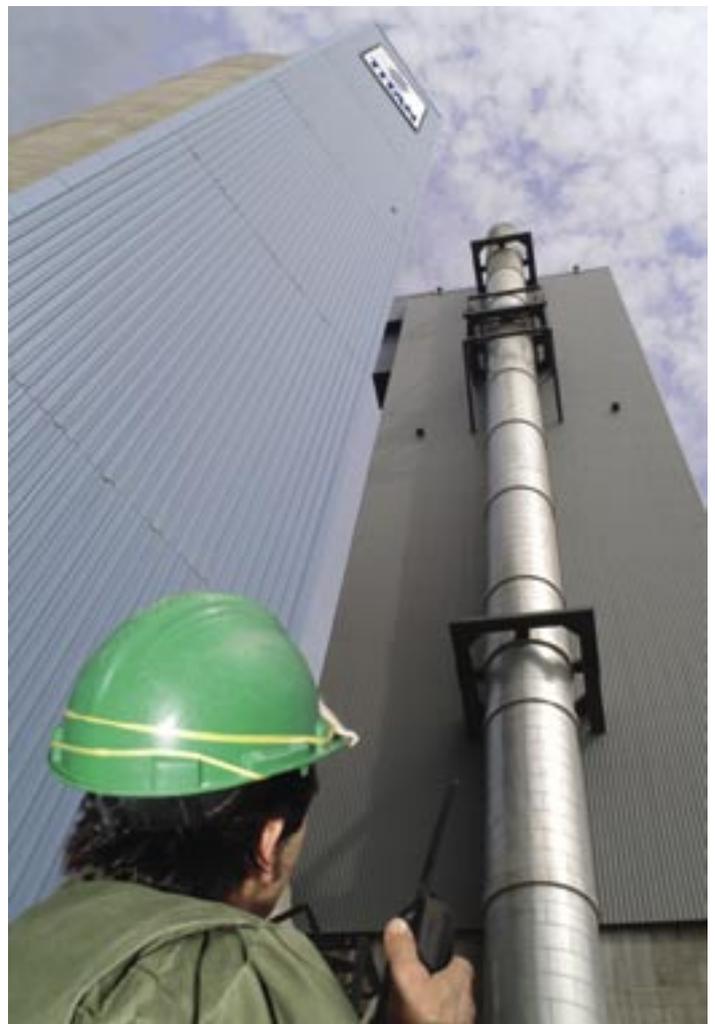
SHAREHOLDERS:

Titan was listed on the Athens Stock Exchange in 1912, however the founding family still owns approximately 50% of common stock. Historical data for the rest of the shareholders are not older than ten years, as ownership by name of listed shares in the Athens Stock Exchange was introduced in 1995. Ever since, the large percentage of the free float has been owned by Greek and foreign institutions. The low beta of the stock (0.91 over the last 10 years and 0.78 over the last 3 years) is indicative of the relation of the non-core shareholders with the Company.

Long-term relationship with suppliers and contractors

Integrity, reliability and professionalism are the critical factors in building and retaining a good relationship between the Titan Group and its suppliers. The long-term cooperation with most of our suppliers (more than 10 years on the average) is indicative of the success of our efforts in this respect. Suppliers provide a variety of services, such as extraction and loading of materials. Contractors transport raw materials from quarries to plants and products from plants to customers.

A survey is conducted by Titan every other year to assess and improve cooperation with suppliers. In the latest survey launched in December 2003 CSR topics were included, so as to increase social responsibility awareness among suppliers, contribute to better communication and explore the possibility of cooperating with suppliers in community involvement, environmental protection and health and safety programs.





Artimes quarry, Achaia-Greece

TOTAL AREA USE FOR MINING BY TITAN IN GREECE

- Owned / managed for mining operation: 720 ha
- So far restored: 170 ha
- Used for extraction: 520 ha
- Not yet mined: 30 ha

1 ha : 10.000 m²

Impacts and risks

Traditional quarrying activities have various environmental impacts such as landscape alterations, dust emissions, noise, and the associated risks for the surrounding ecosystems. These impacts are mitigated through appropriate selection of quarries and raw material substitution wherever possible as well as through the application of modern mining techniques and effective environmental protection techniques.

Quarries selection

The Group policy is to select quarries in areas where not only a mining licence can be obtained, but there are no public objections of any kind. In 2003, the Group operated 40 quarries, extracting 21.4 million tons of aggregates and 18.1 million tons of cement raw materials.

Raw material substitution

To reduce raw material consumption, the Group has used as substitutes for many years by-products and waste from various industries such as steel mills or power plants, in line with the industrial ecology concept. This practice has helped many manufacturing companies to reduce their disposal problems and has contributed to the mitigation of overall environmental impacts.

Over the last decade, more than 5 million tons of by-products and waste of third parties have been utilized in such a way.

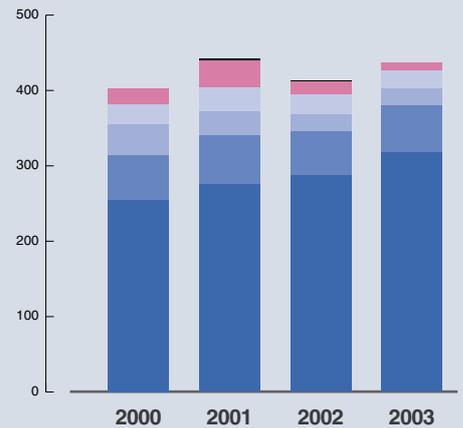
“ *What is demanded from companies is to show respect for legislation, which covers in great detail all aspects of its operations including the treatment of its workforce and the protection of the environment...As for the adverse impact of their operations, I have to say that Titan has taken all necessary precautions to prevent, or at least reduce to the absolute minimum, any nuisance or damage to the environment. This is one of the main reasons why Titan enjoys such a good reputation throughout the region, a reputation acquired without any deliberate attempt to foster a positive image among the local people.* **”**
Mrs. A. Katsibardi, Council Member of Viotia Prefecture

TITAN CONSUMPTION OF BY-PRODUCTS (tn/yr) (GREECE)
x1000 tons / year

- Fly ash
- Pyrite ash
- iron lamination scale
- Blast furnace slag
- Rea gypsum
- Bottom ash



Aquifer at the Patras plant, Achaia-Greece

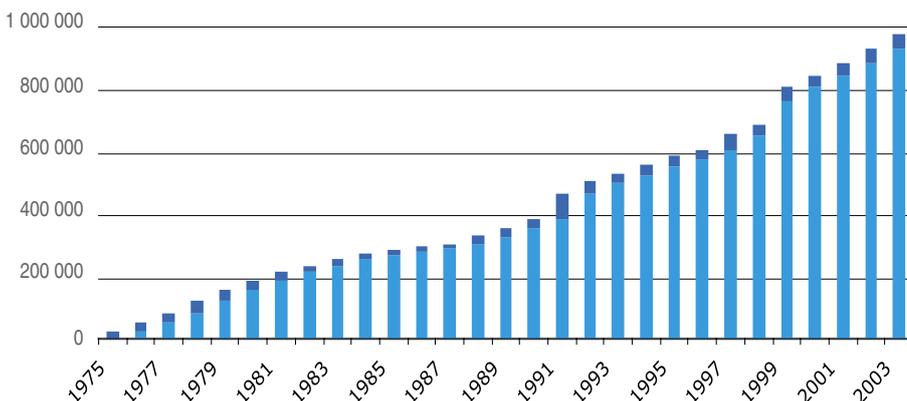


Quarry rehabilitation

Titan Group quarries have a rehabilitation plan, which in most cases is integrated with the exploitation plan. The most common practice is the reforestation and revegetation of land with local flora. Apart from quarry reforestation and revegetation, in response to local community requests, some quarries have been converted into water reservoirs after their depletion.

A special case is the quarry in Pennsuco, USA: The Company cooperates with local authorities on a restoration plan which will turn the site into a wetland to be used for agricultural or leisure purposes.

NUMBER OF TREES PLANTED IN GREECE (1975-2003) (cumulative)



Mitigation of quarrying impacts

Various methods are used in order to ensure proper and sufficient reclamation and mitigation of land disturbance. Titan has planted trees in its Greek operations ever since 1975.

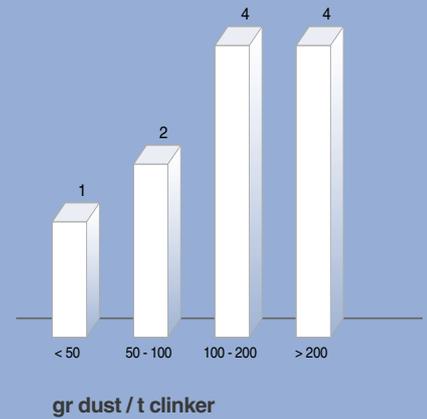
The "restoration" of natural landscape and the upgrading of local ecosystems are further examples of environmental performance to which Titan is committed. Extensive planting, with trees from Titan's nurseries, constitutes a contribution to the neighboring communities. More than 950,000 trees have been planted and flourish to date.

At the Patras and Milos nurseries 45,000 trees were produced in 2003, a number sufficient to cover our annual re-forestation needs in Greece.

At the same time more than 4,000 trees were donated last year to municipalities and customers. Since 1998 additional methods, such as hydro-seeding, have been applied to 80 acres.



ENVIRONMENTAL PERFORMANCE INDICATORS (EPLs)
DUST EMISSIONS
YEAR 2003



Measurable impacts

Titan's main local environmental impacts are related to cement production, quarrying operations and, to a lesser extent, transportation. Cement production's main impacts are related to emissions, especially main stack emissions.

To reduce these impacts the Group has made processing improvements and applied various environmental protection devices for many years, ever since the first electrostatic kiln-filter was installed in Greece in 1960. Environmental indicators in accordance with ISO 14001 Standards were introduced in 1998 to track performance in all cement plants.

Other environmental risks

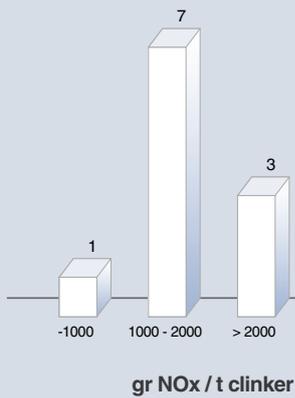
In general limited environmental risks are related to the operation of cement plants. Furthermore the Titan Group has never been associated with any products containing asbestos. Systematic audits regarding asbestos are conducted at all new sites to be acquired by the Group. Only in one of our recently acquired

plants, asbestos was detected in its range of products. Production was immediately discontinued and the area was thoroughly decontaminated. Since the clean-up, in 2001 the certified asbestos levels are zero.

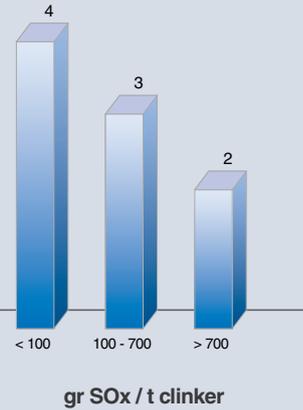
Why report ?

There is no single way to sustainable development. Each company must choose its own way to meet its commitments to stakeholders. Titan has been an early starter regarding reporting on CSR, as an expression of social concern and an effort to enhance communication on broader aspects of business activities with shareholders, employees and society at large. When our first social report was issued, no enterprise was required to report publicly on social issues. Today, social and environmental reporting is considered a significant tool which can and must be used both to measure a company's performance in a long-term perspective and enhance its social responsibility.

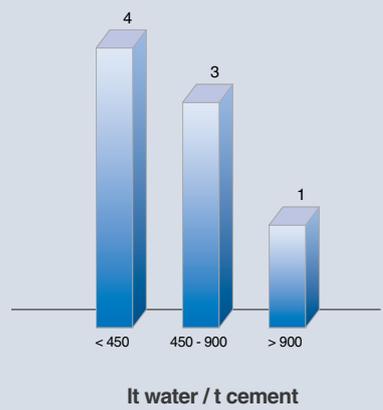
ENVIRONMENTAL PERFORMANCE INDICATORS (EPLs)
NOx EMISSIONS
YEAR 2003



ENVIRONMENTAL PERFORMANCE INDICATORS (EPLs)
SOx EMISSIONS
YEAR 2003



ENVIRONMENTAL PERFORMANCE INDICATORS (EPLs)
WATER USAGE
YEAR 2003



Dust

Dust is released from stacks. There is also fugitive dust emitted from operations such as quarrying, material handling, etc. Titan monitors dust emissions in all plants. Continuous plant upgrades and modernizations, result in emission levels well below regulatory limits.

In addition to designing all new installations with modern emission-control technology, Titan is currently in the process of replacing old electrostatic precipitators with latest technology bag filters. Such is the case in the two kilns in the FYRoM plant, and in one kiln of the Patras plant. The new kiln lines, constructed in Thessaloniki and Pennsuco last year, are equipped with bag filters. Since 2000, stack dust emissions in Titan's Greek plants have been reduced by up to 75%. Similar performances at our newly acquired plants in other countries are expected.

Emissions

Nitrogen oxides (NOx)

NOx emissions are generated by fuel combustion at high temperatures and are a potential contributor to the formation of acid rain and smog. Titan has invested heavily in low NOx solutions through modernization of old kiln lines. The use of alternative fuels has also contributed to the reduction of NOx emissions.

Sulphur oxides (SOx)

SOx stack emissions are usually detected when there is sulphur in the raw materials. SOx is the main gas responsible for acid rains. Reduction SOx emissions is achieved by optimizing kiln operating conditions and controlling raw material and fuel chemistry through secondary measures, such as lime injection.

Micropollutants

Micropollutants include heavy metals and Persistent Organic Pollutants (POPs) such as dioxins and furans. There is still much debate on the magnitude of their impacts, because their bioaccumulation may be a potential threat for ecosystems and human health.

The average emissions of such substances are linked to the quality of raw materials and fuels burned in the kilns. Titan has developed specific guidelines and quality procedures on types of wastes and management practices to be used at plants.

Water consumption

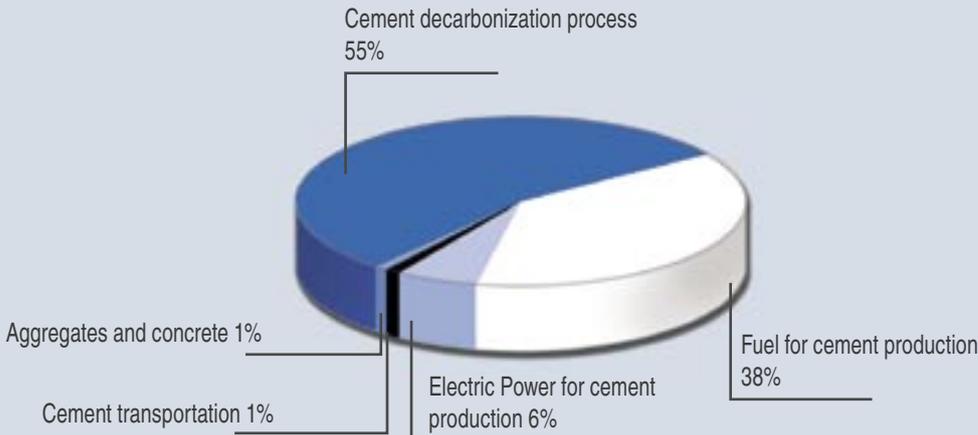
All Group plants with the exception of Pennsuco, which is currently modernized, use the dry process. However, any water used for conditioning tower spraying and equipment cooling is systematically measured. In a continuous effort to reduce water consumption, the Group is gradually installing closed cooling systems and recycling methods.

Waste management

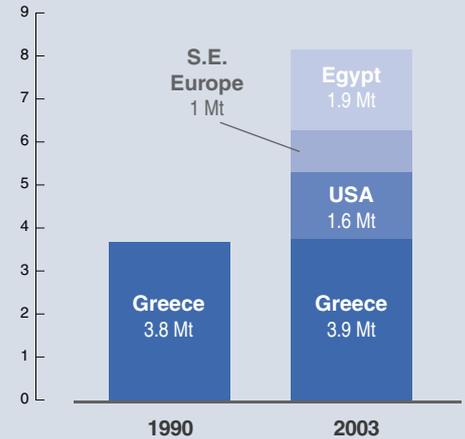
The Titan Group runs a waste management and recycling program. All industrial waste, consisting mainly of packing materials, is collected for disposal by licensed contractors. Titan is a founding member of the Hellenic Recovery and Recycling Corporation (HERRCO).



REPORTED DIRECT EMISSIONS (IMPACT OF OTHER EMISSIONS BASED ON ESTIMATES)



CO₂ EMISSIONS AT GROUP LEVEL



Why report on CO₂ emissions ?

Titan's position on climate change

The cement industry is a contributor of Green House Gas emissions (GHG), representing 5% of all carbon dioxide (CO₂) emissions and 3% of all GHG emissions worldwide. In this context Titan recognizes the industry's responsibility and supports the development and enforcement of international guidelines such as the Kyoto Protocol to mitigate emissions. As a member of WBCSD's Cement Initiative, the Group decided to report its direct gross emissions according to the WBCSD/ WRI protocol for cement.

Where do Titan Group emissions come from ?

Our plants direct CO₂ emissions have two direct sources:

- "Decarbonization", which is the process of transforming raw materials (mainly limestone) into clinker, the main component of cement.
- Fuel consumption, since most fuels burned in the kilns (coal, oil and petcoke) have a high carbon emission factor.

In 2003 the Titan Group emitted 8.5 million tons of CO₂ from these direct sources, contributing to 0.6% of the cement industry's global CO₂ emissions* and 0.019 % of all man-made CO₂ emissions.

* China's contribution is not included in the worldwide cement industry CO₂ emissions

Titan performance for the period 1990-2003

A Company policy for CO₂ emissions reduction was first applied in Greece and resulted in a drop of 6.7% from 1990 to 2003. This reduction is attributed to two main factors:

- Improvements in the energy efficiency of our processes through continuous investments in modernization have helped our plants curtail their fuel consumption, thus contributing both to emissions mitigation and cost savings.
- The use of by-products and industrial waste as substitutes for raw materials and clinker, has made it possible to avoid emissions related to the decarbonization process which also reduce the quantity of clinker produced per ton of cement.

SPECIFIC CO₂ EMISSIONS (GREECE ONLY)
(Kg of CO₂ / Ton of cement)



“ The members of the CSI take the issue of climate change very seriously. Both the Kyoto Protocol and the European Union project will be key drivers for CO₂ emission reductions. I acknowledge that even the best techniques available may not be able to reduce total CO₂ emissions because the demand for cement grows stronger, especially in developing countries. However, it is possible to reduce the amount of CO₂ per unit of cement: one strategy promoted on the CSI agenda is to use alternative fuels and materials. But national standards and legislations might not be encouraging this type of practice. For example it is encouraged in Japan but discouraged in the US. It depends on the fact that some countries define cement based on chemical and physical properties and others based on the application. Also, some practices considered safe and acceptable in some countries (such as using old tires as fuel) are regarded with distrust in others. Therefore, the effectiveness of the CSI agenda on climate change will be very dependant on the governments policies and priorities.

Howard Klee, WBCSD’s Cement Sustainability Initiative (CSI) coordinator

Two other means have been used to mitigate the impact on climate change;

- Improvements in the electric power consumption efficiency (which is not taken into account in the reporting of our direct emissions)
- The use of waste-based fuels such as tires and refinery sludge, as alternatives to traditional fuels. Such fuels, considered as climate neutral in the calculation of net emissions (because they help reduce the consumption of virgin fossil fuels), could serve as a lever to further reduce the Group’s emissions. However, the influence of these means on our performance has not been significant, yet.

To improve its performance in this field Titan is also closely and systematically monitoring Research & Development progress, both at European and international levels.

ECO-SERVE

ECO-SERVE is a consortium covering almost all EU countries with a strong representation in the cement and concrete industry. Its main objective is to develop the use of alternative fuels and raw materials in clinker production and the use of blended cements.

Internal program on alternative fuels and materials

Potential impacts on human health and ecosystems are an issue in the agenda of stakeholders’ dialogue, although using waste from other industries as raw material is a key service that cement industries can provide to Society. Research will answer many critical questions while all pilot-testing results are measured and verified.

As a member of the Cement Sustainability Initiative, Titan is committed to an open, constructive dialogue with stakeholders which aims to investigate risks and benefits associated with the use of waste materials in cement kilns and to develop common guidelines to be used by companies across the world.

In addition to participating in joint efforts with others companies, Titan’s R&D department is engaged in its internal program of alternative fuels.

Acquisition of STI

The Group’s industrial ecology approach is expected to develop further through the acquisition in 2002 of Separation Technologies Inc. (STI).

STI, a US-based company owns a specific process allowing the separation of high carbon fly ash waste from coal-fired plants, on one hand, into low carbon fly ash, which could be

safely added to concrete and, on the other, into unburned carbon to be used as a fuel.

How does “tackling climate-change issue” challenge the business model of the cement industry?

World Cement production accounts for 5% of total CO₂ emissions. Current mitigation practices consist mainly of using alternative raw materials and fuels to reduce the amount of CO₂ per unit of cement produced. This policy has reached a wide consensus in the industry and as a member of the WBCSD Cement Initiative we fully support it. This policy is effective enough to meet the Kyoto Protocol objectives. In the long run, however, the growth in cement consumption worldwide, especially in emerging economies, will lead to an increase of overall CO₂ emissions that our current mitigation approach will not be able to counterbalance.

Therefore, there is growing expectation for our industry to invest in R&D in order to develop new groundbreaking climate-friendly materials and / or processes that could help to overcome this dilemma, (as in the case of certain car manufacturers and oil companies currently trying to develop green cars and alternative energy sources). However, such programs would be highly capital intensive and could only show returns in the long run – if solutions could be found. Consequently, the depreciation period of such investments would substantially exceed that of a normal investment.

“ As an entirely Greek-owned company, Titan must face international competition while doing its utmost to preserve the values and principles which have guided its conduct here in Greece over the last hundred years and more. In my own view the greatest challenge in these circumstances is the gradual and painstaking process of transmitting and adapting these same principles and values to the new regions of the world, and, remember, these are places with different conditions, often with different customs and regulations, different social attitudes, needs and expectations.”

L. Kanellopoulos, Chairman of UNICEF, Greece and former Chairman of the General Confederation of Greek Workers

“ Titan needs to be able to rely on its local managers to gain acceptance of the company's policies locally». (...)One major initiative that companies like Titan have to implement when moving to developing countries is investing significantly -and up front- in local education program. This helps raise awareness of the need for higher standards. It is important for local people to understand that employees will be treated better, but, in return, the expectations placed on them will also be higher.(...) The whole idea is to work with the community and not only in the community.”

Alan Christie, Vice President of CSR Europe

Our foreign investments

The strategy aiming at the Group becoming a strong regional force in the building materials sector has led to numerous acquisitions with significant value creation potential. To realize this potential, the Group has relied on its ability to restructure and integrate new acquisitions quickly and effectively applying a two-way process. The new business unit is integrated into the Group business processes and corporate culture, while the Group also adapts to a new environment and a different culture. Titan's corporate philosophy in the integration of acquisitions follows four main directions:

- 1) strategy;
- 2) reorganization;
- 3) integration of policies, procedures and processes;
- 4) introduction of programs that induce the corporate culture and spirit.

Reorganization involves the creation of an organizational structure in line with current business practices of our sector, essentially staffed with local managers, while a minimum of three key positions are held by Group managers acting as the nucleus for management for a period of 3-5 years. These positions are usually CEO, Plant Manager and CFO. By the end of that period the business unit is expected to be fully integrated and managed totally by local staff.

Continuous improvement and people development projects are a crucial component of the restructuring and integration process which aims at transferring the corporate culture to the business unit. This is achieved through three programs: PROGRESS, KMM and PDR.

PROGRESS is a program designed to periodically assess plant performance and business unit performance, set targets for improvement and design action plans for implementation.

To fulfill its purpose the program sets three main objectives involving three levels of responsibility between the Business Unit, the regional management and corporate functions. (Our total capital investments on modernization in 2003 was more than 220 million Euros).

NEW SKILLS AND STRUCTURE DEVELOPMENT

COUNTRY	SAFETY TECHNICIAN	WORKPLACE PHYSICIAN	SOCIAL WORKER	EMPLOYEES COMMITTEE	INTERNAL AUDIT (SA8000)
GREECE	✓	✓	☑	✓	✓
U.S.A.	☑	☑	not applicable	☑	✓
FYRoM	✓	☑	☑	2004	2004
BULGARIA	✓	✓	2005	2004	2004
SERBIA	✓	☑	2005	2004	2004
EGYPT	✓	✓	2006	2005	2004

✓ required by law

☑ not required by law"

KNOWLEDGE MANAGEMENT MENTOR (KMM) is a program designed to promote the culture of preserving, advancing, documenting and disseminating the Group's core competencies. KMM includes the creation of cross-Group peer teams led by an expert who acts as a mentor guiding the business units in the integration and people development processes for the particular area.

PROCESS DEVELOPMENT REVIEW (PDR) is a program by which the Group, through performance appraisals and

succession planning at all levels, identifies its people development requirements and prepares specific action plans for managing this process.

For all three programs, objectives at all levels are integrated in the HR processes of personnel performance appraisal, rewards, career and succession planning. The down-sizing of overmanned business units is part of the restructuring process if improved performance is to be attained. Conscious of its social responsibility, the Titan Group clearly

prohibits down-sizing through layoffs. Down-sizing is achieved through voluntary-leave programs and/or retraining and assisting specialized groups of employees to set up private service businesses.

In many cases a multi-year contract with the business unit provides the core activity on which they can build in their effort to succeed as private entrepreneurs. In some instances such programs are supplemented with specially designed voluntary-leave compensation packages.

Is it possible to grow without giving in on corporate values?

Current concentration trends in our industry have led us to develop an external-growth strategy, especially in post-communist and emerging economies, namely Serbia, Bulgaria, FYRoM and Egypt. By becoming a regional player, Titan is able to transfer its skills, technology and standards to its newly acquired companies, improving their productivity and competitiveness and therefore strengthening their future prospects. This, however, is accompanied by risks and dilemmas:

Joint venture agreements, if not properly designed or if concluded with the wrong partner, could jeopardize our ability to maintain our corporate values in the long run.

In line with our business objectives, priorities and values, we have also to consider and respect local corporate culture.

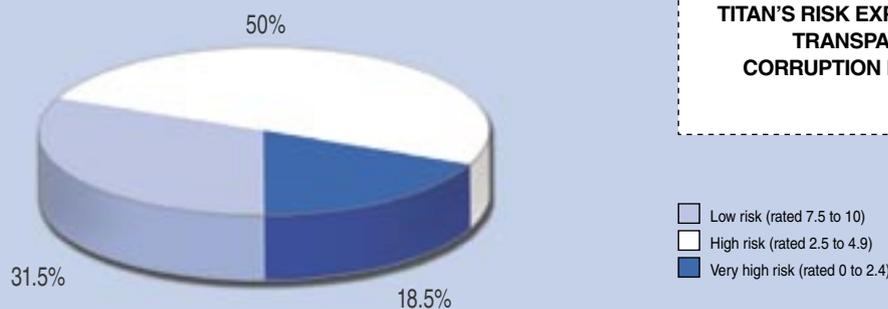
In most cases, newly acquired plants have productivity levels, social practices and environmental standards below the standards we apply in Greece and want to establish globally. In the short term, this obliges us to restructure the newly acquired companies while accepting at the same time double standards within the Group. Indeed, the local social and environmental standards can only be upgraded progressively if we want to maintain a sound economic situation.



Patras plant, Achaia-Greece

Business Risk Management is a Group-wide system introduced in 2003 to enable management to identify and determine the significance of risks, including both opportunities and threats. Risks have been categorized into Strategic, Operational and Financial.

Strategic Risks are reviewed so as to assist the Executive Committee and the management of the Group in its decision-making process. Operational and Financial Risks affect every day operations and financial transactions of each of our business units and are reviewed to ensure that appropriate steps are taken to minimize them. Gross risks in each of the Group sectors are reviewed at a corporate level. A plan was developed in 2003 to fully assess the effectiveness of controls and report on Group exposure to risks.



TITAN'S RISK EXPOSURE TO BRIBERY, BASED ON TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTIONS PER COUNTRY INDEX 2003

■ Low risk (rated 7.5 to 10)
■ High risk (rated 2.5 to 4.9)
■ Very high risk (rated 0 to 2.4)

Preventing bribery and corruption

Business investment decisions and day-to-day operations can be challenged by risks of bribery especially when dealing with representatives of the public sector or in countries where such practices are endemic. Increasing pressure is put on companies by international conventions and organizations to seriously address this issue. As a signer company of the Global Compact, Titan supports the addition of the proposed 10th Principle related to corruption.

Risk exposure analysis: Transparency International, the leading anti-corruption international organization, underlines two aspects of risk exposure: the country risk and the industry risk. Regarding country risk, the main part of our operations is run in countries with moderate to very high risks according to the Transparency International Perception Index. Regarding specific industry risks, compared with the construction sector, the cement industry is less exposed to bribery as it does not have major customers in the public sector. Bribery is related mainly to the authorization process for opening or extending a quarry or a plant. The industry is also exposed to the risk of various forms of "petty corruption" such as facilitation payments.

Our objectives: Given the risk level in the countries where we have started operations recently and the current development of new initiatives and management tools, we aim at strengthening our policies and the means of enforcement. We have based our approach on the Code of Business Principles for Countering Bribery developed by Transparency International and Social Accountability International.

Preventing anticompetitive behavior

A sensitive industry: In recent years, several alleged cases of collusion have put the whole cement industry under scrutiny by anti-trust bodies and international trade organizations. In addition to individual anti-competitive behavior, several factors could restrain competition among companies: Cement, aggregates and concrete are bulky products, which means that long distance road transportation leads to significant price increases. As a result, when a cement plant is located in an area accessible only by road without local competition, it benefits from a kind of "natural advantage". Cement and concrete are considered commodities by most customers. This reduces producers' capability to differentiate their offer through quality.

At the same time, a price decrease in a market does not generate significant increase in the overall demand. In this context price wars could be very damaging for producers, leading to a sharp reduction in productivity investment and therefore in products quality in the long run. Furthermore, the industry is by nature highly capital-intensive and has therefore undergone an important concentration movement. Today, six groups account for approximately 35% of the world market.

Our policies and performance: According to our policy, employees must not give bribes, in cash or in kind, to any individual or agency, in an attempt to facilitate or expedite Group business. Nor should our employees promise or imply that any form of contribution might be forthcoming to any public official. Moreover the Titan Group must not be involved in any political activity. Its assets and resources cannot be used to support such causes. It is very difficult, however, to set relevant indicators to follow performance on this topic. No law suit or external claim for a breach in this policy has been reported to us so far.



“ Whenever job losses have occurred, Titan has implemented a range of actions to help relocate people in the region and upgrade the medium level of competence by hiring and promoting local management. It is important to demonstrate the effort put into training local employees. This is beneficial both in the medium and long term for the community and for future development. Titan needs to make sure that people understand the big picture. **”**

Alan Christie, Vice President of CSR Europe

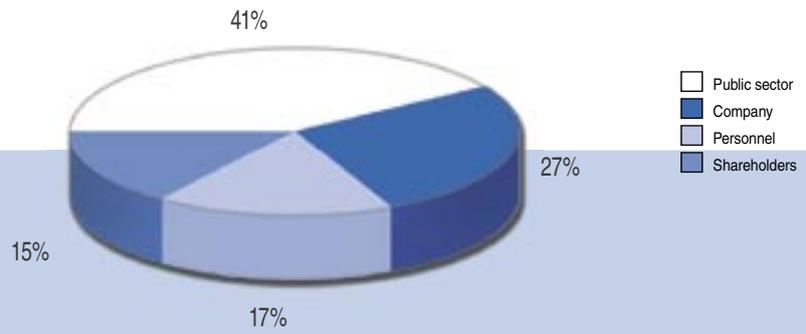
Analysis of Titan’s impact on employment

Investments in countries with different socio-economic background and the utilization of best available technologies must be followed by restructuring and upgrading of employees’ skills to ensure viability and competitiveness.

At Titan, decisions about restructuring are always managed in a responsible manner. Efforts are made to assist employees to find new opportunities through responsible Voluntary Early Leave Social Plans.

Key criteria used for the implementation of a Voluntary Early Leave Plan include : age and physical condition of the employee, years of service, years to retirement, local community practices and re-employment opportunities.

DISTRIBUTION OF THE SOCIAL PRODUCT GENERATED BY TITAN TO STAKEHOLDERS IN 2003 (GREECE)



External evaluation of our CSR performance

Dimension scores:	Company score (%)	Average score(%)	Best score (%)	Lowest score DJSI STOXX (%)
Economic dimension	52	51	70	52
Environmental dimension	35	46	72	47
Social dimension	64	48	68	36

TITAN GROUP RATING BY DOW JONES SUSTAINABILITY WORLD INDEX*, 2003

*Sustainability Dow Jones World Index, benchmarks and rates with Best in sector.

How do socially responsible investors evaluate us ?

Since the late '90s, activity and interest in socially responsible investments (SRI) are continuously increasing, while sustainability indices performance is improving. SRI tackles not only the established issues of ethics, environmentalism and sustainability, but also corporate governance and shareholder activism. The Titan Group, looking for external evaluation of its performance in CSR and compare with other companies in the sector, has been rated by the FTSE4GOOD Index in 2002 and the Dow Jones Sustainability World Index in 2003.

Moreover, when KEMPEN CAPITAL MANAGEMENT and SNS Asset Management launched in 2003 the KEMPEN/SNS Smaller Europe SRI Index, the first index to track the performance of SRI smaller companies in Europe, the Titan Group was rated among many of European companies and included in the 68 ones to form the index.

The Quantitative Techniques Division of HSBC Bank plc in Edinburgh is used to calculate and maintain the index.

Other external evaluation of performance

The first qualitative survey in Greece was conducted in 2001 by the Hellenic Network for CSR. Titan was the only Company without a "consumer" product that was identified as a socially responsible company.

Other national surveys, aimed at measuring corporate fame, including CSR as a key factor, have ranked Titan in 2003 among the best 20 companies at national level. Moreover, Titan's Shareholders' Department has been rated first in quality level of services provided to shareholders and analysts at national level.



New production line in Thessaloniki-Greece

Titan Sustainability and CSR Report 2003

CROSS-REFERENCES WITH GRI GUIDELINES

GRI Core indicators	Not relevant to the business	Partially covered (Greece)	No reporting system	Confidential information	See annual report or website	Nothing to mention on this topic
Social performance	PR3	LA1; LA3; LA5; LA6; LA9	LA4; LA2; LA10; all HR sections; PR1; PR2	LA2; LA7	LA11	LA8
Environmental performance	EN9; EN12	EN3; EN8 EN10	EN4; EN6 EN7; EN11		2,9	EN13
Profile & Economic performance	EN15; EN16	EC2; 3,13; EC8; EC10	EC4; EC8; EC9; 3,11; 3,12	EC6	EC3; EC7; 3,8	3,2

Titan's experience in social reporting

Titan published its first Social Report in 1983. This year's report is fundamentally different from previous ones both in structure, content and form. Our Sustainability Report was prepared with external assistance from UTOPIES¹, a French consultancy specialized in CSR. It is a first step in the direction of meeting national and international reporting requirements and to progressively conforming with Global Reporting Initiative Guidelines².

Following GRI principles, this report aims at:

- introducing stakeholders' concerns and expectations, thus supporting a more interactive communication process with stakeholders in future reports
- setting the framework for benchmarking at both industry and national levels
- providing information for assessing performance on key CSR issues
- describing future tasks and objectives

The changes in 2003 called for the introduction of new elements in this report compared with previous years:

- a broader geographic perspective because of Titan's steady international expansion

- a more detailed reference to Titan's direct and indirect responsibilities
- a close-up on Titan as an active participant in issues related to the cement industry
- a close-up on Titan as a main supporter in Greece of transparency regarding environmental issues
- a step further towards stakeholder consultation

Verification and main priorities for next year

Being in an early stage of CSR and Sustainability reporting. Titan has not yet resorted to external verification bodies. Consultation has been requested to organize internal process accordingly. Titan still has to keep developing all the reporting tools necessary to meet the international standards acknowledged by the Group:

- in-depth internal auditing and benchmarking
- fine-tuning of data to be collected
- regular stakeholder consultation

To improve our performance, we invite you to give your feedback on our website www.titan-cement.com.

¹www.utopies.com

²www.globalreportinginitiative.org

Contacts:

Ms. Maria Alexiou, Corporate Social Responsibility Manager

Mr. Nikos Analytis, Member of the Board of Directors

Mr. Nellos A. Canellopoulos, Member of the Board of Directors,
Group External Relations Director

Mr. Spyros Xenos, Group Public Relations Manager

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Mr. Alan Christie, Vice President CSR Europe (European Business Network for Corporate Social Responsibility)

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