



Independent  
Project  
Accountability  
Mechanism

## Assessment Report

Titan 2027 Eurobond

EBRD Projects Numbers 48507, 49709 and 52337

Case 2022/03

February 2023

The Independent Project Accountability Mechanism (IPAM) is the European Bank for Reconstruction and Development's (EBRD) accountability mechanism. IPAM independently reviews issues raised by individuals or organisations concerning Bank-financed projects that are believed to have caused or be likely to cause harm. The purpose of the mechanism is to facilitate the resolution of social, environmental, and public disclosure issues among project stakeholders; to determine whether the Bank has complied with its Environmental and Social Policy and the project-specific provisions of its Access to Information Policy; and, where applicable, to address any existing noncompliance with these policies, while preventing future non-compliance by the Bank.

For more information about IPAM, contact us or visit [www.ebrd.com/project-finance/ipam.html](http://www.ebrd.com/project-finance/ipam.html)

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*Unless otherwise indicated capitalised terms used in this Report are those as set forth in the 2019 Project Accountability Policy.*

## LIST OF ABBREVIATIONS

Abbreviation	Long Form
Board	the Board of Directors of the Bank
Case	the consideration of a Request under the Project Complaint Mechanism and, after July 2020, the Project Accountability Policy following its registration
Case Registry	the registry of Cases created in accordance with Section III, paragraph 3.1 of the Project Accountability Policy, which can be found on the <a href="#">IPAM Webpage</a>
Compliance	the IPAM function which determines whether EBRD has complied with its Environmental and Social Policy or the Project-specific provisions of its Access to Information Policy in respect of a Project.
EBRD (or Bank)	the European Bank for Reconstruction and Development
ESP	the EBRD's Environmental and Social Policy in force at the time of Project approval
IPAM	the independent grievance mechanism of the EBRD established as per the 2019 Project Accountability Policy
IPAM Head	the Head of IPAM, responsible for the running of IPAM, the implementation of the Project Accountability Policy and for making the decisions that are the responsibility of IPAM under the Project Accountability Policy
PAP	2019 Project Accountability Policy
Parties	the individuals, entities, and organisations with a direct interest in a Case. Parties may include (but are not limited to): the Requester; their Representatives, if any; the relevant Bank department, team, or unit; the Client; and other Project financiers or other entities responsible for the implementation of a Project
Problem Solving	the IPAM function which supports voluntary dialogue between Requester and Clients to resolve the environmental, social, and public disclosure issues underlying a Request, without attributing blame or fault.
PSD	Project Summary Document
President	the President of the EBRD

## Executive Summary

### The Request<sup>1</sup>

On 25 October 2022, the [Independent Project Accountability Mechanism](#) (IPAM) received a [Request](#) from Mr Ahmed Saad Eldien Mohamed (the Requester), a former employee of the Alexandria Portland Cement Plant, a subsidiary of the Titan Cement Group in Egypt. The Requester suffers from a chronic health condition which he alleges is a result of his exposure to cement while working at the Alexandria Portland cement plant from 1995 to 2018. He specified that his health condition requires permanent treatment. He sought early retirement to avoid continued exposure to cement, which could worsen his condition. In his communication with IPAM, the Requester expressed interest in Problem Solving and Compliance.

### The Projects

The European Bank for Reconstruction and Development (EBRD) has provided funding for three Projects to Titan Cement Group, a vertically integrated cement and building materials producer based in Athens, Greece and subsidiaries in Egypt among other countries.

The first project involves a subscription of EUR 15 million to the EUR 300 million 5NCL Eurobond (48507)<sup>2</sup> maturing in June 2021 issued by Titan Global Finance Plc, a finance arm of Titan Cement Company SA. The EBRD Bond proceeds have been used to improve the energy efficiency and environmental performance at a number of Titan's cement plants in Greece and Egypt. The Project, a category B under the 2014 Environmental and Social Policy, was approved on 8 June 2016 and was completed on 21 July 2020 when the Client made the last payment to the Bank.

The second project was the Titan 2027 Eurobond (52337)<sup>3</sup>. The EBRD subscribed EUR 15 million to the 7-year, EUR 250 million senior unsecured Eurobond issued by Titan Global Finance Plc, the finance arm of Titan Group. The Bank's proceeds are being used for the partial refinancing of the Titan Eurobond activities in Greece only. The Eurobond was expected to mature in June 2021. The Project was approved on 7 July 2020 as a category B under the 2019 Environmental and Social Policy and is currently active.

The third EBRD project is the 7NCL Titan Eurobond (49709)<sup>4</sup> as part of a Greek Corporate Bond Framework which is supporting the development of the local capital market in Greece by facilitating access of Greek corporates to the debt capital market. The Project was approved on 31 October 2017 and is currently active.

### IPAM Process

In accordance with the [2019 Project Accountability Policy \(PAP\)](#), the Request was registered by IPAM on 25 November 2022 under [Case 2022/03](#), triggering the start of the Assessment stage which concluded in early February 2023. During that period, IPAM undertook an in-depth analysis of the Request, reviewed the additional documentation provided by the Parties, held online meetings with the Bank's Project team, representatives of the Client and the Requester.

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<sup>1</sup> The Request is available at: [2022/03\\_Request ENG](#)

<sup>2</sup> Project Summary Document for 5NCL Eurobond (48507) is available at: <https://www.ebrd.com/work-with-us/projects/psd/5ncl-eurobond.html>

<sup>3</sup> Project Summary Document for Titan 2027 Eurobond (52337) is available at: <https://www.ebrd.com/work-with-us/projects/psd/52337.html>

<sup>4</sup> Greek Corporate Bonds Framework is available at: <https://www.ebrd.com/work-with-us/projects/psd/greek-corporate-bonds-framework.html>

## Conclusion and Next Steps

Based on the activities undertaken during the Assessment stage, IPAM determined that the Request does not meet the registration criteria set out in paragraph 2.2 (b) of the 2019 PAP for any of the three Projects cited. Thus, IPAM recommends the Board to approve the closure of this Case on a no objection basis as per paragraph 2.3 (c) (ii) of the 2019 PAP.

Please note that this determination is not a judgment of the merits of the Request or the concerns raised.

This Assessment Report will be made available to the Requester, Bank Management and the Client, and will be disclosed in the virtual case file for [Case 2022/03](#) in both English and Arabic. Upon receiving the non-objection of the Board, IPAM will end the processing of this Case.

## 1. Background

### 1.1. The Request<sup>5</sup>

On 25 October 2022 the [Independent Project Accountability Mechanism](#) (IPAM) received a [Request](#) from Mr Ahmed Saad Eldien Mohamed (the Requester) a former employee of the Alexandria Portland Cement Company (the Company) in Egypt, which is a subsidiary of the Titan Cement Group. The Requester alleges that he is suffering from a chronic health condition because of his work at the Alexandria Portland Cement Plant from 1995 to 2018. He specified that due to his health condition, he has been under permanent treatment and had to seek early retirement to avoid further exposure to cement, which could worsen his condition.

In his Request, the Requester acknowledges that at the time of his retirement in August 2018, he received compensation from the Alexandria Portland Cement Plant, but claims that it has proven to be insufficient to cover the medical costs as his health condition has worsened over time and requires more expensive treatment. He further alleges that at the time of retirement, he was pressured to accept the amount offered by the company despite the fact that he was seeking higher compensation to cover medical costs. In his communication with IPAM, the Requester expressed interest in Problem Solving and Compliance.

### 1.2. The Projects and their Current Status

The EBRD has been involved in three projects with the Titan Cement Group, a vertically integrated cement and building materials producer founded in 1902 in Athens, Greece. Titan has operations in 14 countries, production facilities in 10 countries and employs over 5,300 people worldwide.

The EBRD has subscribed the amount of EUR 15 million to the EUR 300 million 5NCL Eurobond (48507)<sup>6</sup> maturing in June 2021 issued by Titan Global Finance Plc (the Client), a finance arm of Titan Cement Company SA. The EBRD Bond proceeds have been used to improve the energy efficiency and environmental performance at a number of Titan's cement plants in Greece and Egypt. The Project was approved on 8 June 2016 as a category B under the 2014 Environmental and Social Policy and has been complete on 21 July 2020 when the Client made the last payment to the EBRD.

The second EBRD Project with Titan Cement Company SA is Titan 2027 Eurobond (52337)<sup>7</sup>. The EBRD has subscribed the amount of EUR 15 million to the 7-year, EUR 250 million senior unsecured Eurobond issued by Titan Global Finance Plc, the finance arm of Titan Group. Titan Cement Company SA incorporated in Greece and its parent company Titan Cement International SA incorporated in Belgium are the guarantors of the Notes. The Bank's proceeds will be used for the partial refinancing of the Titan Eurobond activities in Greece only. The Eurobond was expected to mature in June 2021. The Project was approved on 7 July 2020 as a category B under the 2019 Environmental and Social Policy and is currently active.

The third Project where EBRD is providing funding to Titan Cement Company SA is 7NCL Titan Eurobond (49709)<sup>8</sup> as part of a Greek Corporate Bond Framework which will support the development of the local capital market in Greece by: a) signalling the Bank's commitment to

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<sup>5</sup> The Request is available at: [2022/03\\_Request ENG](#)

<sup>6</sup> Project Summary Document for 5NCL Eurobond (48507) is available at: <https://www.ebrd.com/work-with-us/projects/psd/5ncl-eurobond.html>

<sup>7</sup> Project Summary Document for Titan 2027 Eurobond (52337) is available at: <https://www.ebrd.com/work-with-us/projects/psd/52337.html>

<sup>8</sup> Greek Corporate Bonds Framework is available at: <https://www.ebrd.com/work-with-us/projects/psd/greek-corporate-bonds-framework.html>

develop the local corporate bond market; b) launching a dedicated framework to respond quickly to emerging demand; c) building market capacity thereby adding to depth and liquidity; d) supporting access to finance through the capital markets for Small and Medium Enterprises and midcaps; and e) demonstrating to potential investors the viability of new issues. The Project was approved on 31 October 2017 and is currently active.

### 1.3. Case Processing to Date

The Request was registered by IPAM on 25 November 2022 as given the information publicly available to IPAM at the time of registration, established in paragraph 2.2 (b), and none of the exclusions set in paragraph 2.2 (c) of the PAP applied. The registration of a Request is an administrative step<sup>9</sup> establishing that the following criteria have been met:

- all mandatory information has been provided;
- issues raised relate to specific obligations of the Bank under the Environmental and Social Policy and/or the project-specific provisions of the Access to Information Policy; and
- it relates to a Project that the Bank has approved;
- the Request has been submitted before or within 24 months of the date in which the Bank has ceased to have a financial interest in the Project.

## 2. Assessment Stage

Immediately after registration, the Request was transferred to the Assessment Stage as established in paragraph 2.3 of the PAP, to:

- develop a clear understanding of the issues raised in the Request;
- discuss the Problem Solving and Compliance functions with the Parties, their scope, and outcomes;
- assess the Parties' willingness to engage in each function;
- consider the updated status of other grievance resolution efforts, if applicable; and
- make a final determination with three alternative outcomes:
  - the Case could proceed to Problem Solving, based on the agreement of the Requester and the Client; or
  - the Case would be transferred to Compliance Assessment if no agreement to pursue Problem Solving is reached and the Requester would have expressly asked for this; or
  - the Case would be closed.

The Assessment stage has a standard duration of 40 business days from the date of the Request Registration which might be extended to ensure robust processing or if translation of documents is required as per the PAP. The Assessment was initiated on 26 November 2022 and was finalised at the beginning of February 2023.

In line with the approach established in the PAP (see paragraph 2.3 (b)), IPAM determined that for the purposes of the Assessment of this particular Request, it deemed unnecessary to conduct a visit to the Project site in Egypt and conducted a desk based review of relevant Project documents and supporting documentation provided by the Requester. In addition, IPAM engaged virtually with the Bank's Project team, representatives of the Client and the Requester.

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<sup>9</sup> Registration of a Request does not involve a judgement on the merits, truthfulness or correctness of its content. Nor does it have the effect of suspending the Bank's interest in a Project.



### 3. Summary of the Parties' views

This section provides the views of the Requester, the Client and Bank Management as captured by IPAM during the meetings. Prior to finalising this Report, to insure that the information included herein is accurate, IPAM shared with Parties relevant sections from the Report and considered their comments when finalizing it.

#### 3.1. Requester

During the Request Registration and Assessment, from October 2022 to February 2023, the IPAM team communicated frequently with the Requester through emails and virtual platforms. In addition, IPAM translated from Arabic and reviewed a number of supporting documentation provided by the Requester in connection with the issues he raised with IPAM.

During these conversations, the Requester indicated that he joined the Alexandria Portland Cement Company (a subsidiary of the Titan Cement Group) in 1995 as a chemist and progressed through different positions during 23 years, to the level of Section Head of the Laboratories and Quality Control Department. He further explained that he had a responsible role in the Company and remained dedicated and loyal, despite the pressure and stress faced and lack of promotion towards the end of his career.

He further elaborated that in 2015 he was diagnosed with chronic pulmonary fibrosis, which according to his doctor, was caused by his exposure to cement at his workplace. He added that in 2018, his health condition worsened, and the doctors advised him to avoid any more exposure to cement as this could further endanger his health. Thus, the Requester explained that he asked the Company to grant him an early retirement which was approved in August 2018. He specified that he was 48 years old at that time.

The Requester explained that at the time of his early retirement, the Company paid him a one off end of service compensation, calculated for the years of his service and his last salary. He added that the money received turned out to be insufficient to cover the costs of the treatment and oxygen tanks that assist his breathing. He further explained that the cost of treatment has been increasing and his health condition has further deteriorated. Nowadays, his treatment includes several medications some of which are not manufactured in Egypt with multiple doses a days, with a monthly cost that cannot be covered by his state pension.

The Requester is further claiming that when he retired, he was asked to sign a resignation letter and a settlement agreement provided by the Company, which had a clause committing not to claim any further entitlements or compensations, or take any lawsuits against the Company.

The Requester additionally explained that in 2020 he contacted the Titan Cement Group and Alexandria Portland Cement Company and asked for help with his treatment, but received no response. He added that he was hoping that the Company would offer him some sort of advisory job to be able to earn money to continue with his treatment.

The Requester informed IPAM that he initiated a legal proceeding against the Alexandria Portland Cement Factory raising the same issues as presented in his Request to IPAM, but the court rejected his claim in both the first instance and appeal. He explained that the court rejected his claim because he submitted it too late after his separation from the company and due to the fact that he has signed a resignation letter.

When asked about his expectations from the IPAM process, the Requester explained that he hopes to restore his rights and be compensated by the Company for his medical expenses. He also added

that in his view, the concerns he is raising are connected with the EBRD's responsibility under the projects it had with the Titan Cement Group, as in line with the Bank's Environmental and Social Policy, EBRD Clients have a corporate social responsibility towards their employees.

The Requester shared with IPAM that in September 2022 he submitted a similar complaint to the office of the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation (IFC). The CAO did not register the complaint, as it did not meet the criteria for registration. Specifically, the complaint was received by the CAO after the 15 month limit allowed by the CAO Policy to accept complaints related to exited investments.

Finally, during IPAM's engagement with the Requester, he confirmed interest in both Problem Solving and Compliance and specified that he was hoping for a quick and positive resolution of his concerns.

### **3.2. Client**

IPAM engaged with representatives of the Titan Cement Group and Alexandria Portland Cement Company virtually on 21 December 2022 and exchanged several written communications with them afterwards.

The Client confirmed that the 5NCL Eurobond Project (48507) has covered Titan's activities in Greece and Egypt including the Alexandria Portland Cement Company, but specified that this Project was completed in 21 July 2020 when they fully repaid EBRD's participation. Additionally, they indicated that the Titan 2027 Eurobond (52337) and 7NCL Titan Eurobond (49709) Projects are currently active, but only cover activities in Greece and not in Egypt.

The Client confirmed that the Requester is a former employee of Alexandria Portland Cement Company in Egypt, which is a subsidiary of the Titan Cement Group. They further added that the Requester was a knowledgeable employee and demonstrated a good work performance from 1995 to 2018. They confirmed that they are aware of the Requester's health condition and that in 2018 he resigned at his initiative. They added that the Requester asked for separation, despite the Company's offer to continue working and benefiting from medical insurance given his health issues. In their view, the Requester insisted on resignation as he was aware that due to his long service within the Company, he would get a good leaving package.

The Client explained that before separation, they hired a medical expert who assessed his health condition and proposed the compensation amount based on market prices at that time. The Client indicated that in their view, they have paid him way above what was required by the local laws in Egypt. They specified that the allocation paid to the Requester at the time of separation amounted to his most recent salary calculated for five years. They specified that the offer was gladly accepted by the Requester who confirmed his consent with the deal by signing the separation documents.

The Client further confirmed that the Requester approached them in 2020 asking for a job within the Alexandria Portland Cement Company and then asked for additional compensation due to his continuing health condition. Since his requests weren't satisfied, the Client confirmed that he initiated legal proceedings in local courts of Egypt. They specified that the court issued a final decision in favour of the Company, which in their view, prompted the Requester to approach the IFC and EBRD's independent accountability mechanisms.

Finally, the Client indicated that the Requester was awarded what was due to him, and that they are certain that all the decisions made by the Company are in line with local legislation, which was reconfirmed by the court's decision.

### 3.3. EBRD Management

IPAM held a virtual meeting with EBRD management on 21 December 2022 and had written email communication afterwards. Bank management provided an update on the three Projects EBRD had with the Titan Cement Group. In the view of Bank management, all three projects with Titan group have been carried out in compliance with the ESP and they provided their perspective on the matters brought to the attention of IPAM. The team also shared Project related documents that were reviewed by IPAM during Assessment.

Bank management explained that the 5NCL Eurobond (48507) was approved on 8 June 2016, aimed at improving the energy efficiency and environmental performance at a number of Titan's cement plants in Greece and Egypt, including the Alexandria Portland Cement Company. They specified that the Project is complete as of 21 July 2020 when the Client fully repaid EBRD's participation in the Project. The team shared with IPAM relevant project documentation confirming the date when the Bank exited this Project.

Bank management added that Titan 2027 Eurobond (52337) and 7NCL Titan Eurobond (49709) are currently active, but clarified that both Projects only cover Titan's operations in Greece, not in Egypt. The team shared with IPAM relevant Project documentation confirming their statements.

The Project team informed IPAM that they were not in a position to share a perspective on the issues raised by the Requester, as in their view these are not connected with the EBRD's responsibility under the three Projects listed above.

## 4. Assessment Determination

During the Assessment stage, as required by the PAP, IPAM checked whether the Request effectively met the registration criteria established in its paragraph 2.2. Given that there were three transactions related to the Client, IPAM has checked whether the registration criteria was met for each one of them.

In relation to **5NCL Eurobond (48507)**, full repayment was completed on 21 July 2020, paragraph 2.2 (b) iii of PAP states that a Request will be registered by IPAM, if it relates to a Project that the Bank has approved and the Request is submitted during the time when a project is active, or within 24 months of the date when the Bank ceases to have a financial interest in the Project (i.e., as a result of full repayment, prepayment, disposal or otherwise).

The Request was submitted on 25 October 2022, almost 27 months after the date of Project completion. Therefore, the Request fails to meet the registration criteria in relation to Project 5NCL Eurobond (48507).

It is worth noting that EBRD does not disclose the dates of completion of Projects and therefore, neither the Requester nor IPAM could have confirmed this through publicly available information at the Registration stage.

**Titan 2027 Eurobond (52337)** and **7NCL Titan Eurobond (49709)** are currently active. However, neither of the two supports activities in Egypt. Therefore the issues raised by the Requester are not related to these Projects and do not meet the criteria for Registration.

## 5. Conclusion and Next Steps

Based on the activities undertaken during the Assessment stage, IPAM determined that the Request does not meet the registration criteria set out in paragraph 2.2 (b) of the 2019 PAP for any of the three Projects cited. Thus, IPAM recommends the Board to approve the closure of this Case on a no objection basis as per paragraph 2.3 (c) (ii) of the 2019 PAP.

Please note that this determination is not a judgment of the merits of the Request or the concerns raised.

This Assessment Report will be made available to the Requester, Bank Management and the Client, and will be disclosed in the virtual case file for [Case 2022/03](#) in both English and Arabic. Upon receiving the non-objection of the Board, IPAM will end processing of this Case.