

SHARRCEM

a  **TITAN** Group Company

**CORPORATE
SOCIAL RESPONSIBILITY
AND SUSTAINABILITY**

REPORT

2014



SHARRCEM SH.P.K.

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This is the 3rd CSR Annual Report of Sharrcem SH.P.K. covering the period from the 1st of January to the 31st of December 2014. The report follows the Titan Group reporting standards, aligned with GRI principles and WBCSD/CSI reporting guidelines. All data presented in the report were included in the sample of independent external verification contracted on behalf of Titan Group, (please see website: www.titan.gr / Report 2014).

Sharrcem is owned 100% by SHARR BETEILIGUNGS GmbH of Hamburg, Germany, a member of Titan Cement Group.



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About Sharrcem

Sharrcem was founded in 1936 consisting of one vertical kiln with a production capacity of 4,415 tons per year. Sharrcem was acquired by TITAN Group in 2010, following Kosovo's privatisation process. It is the only cement plant in the country, located by the southern border. In 2010, it became a member of TITAN Group and remains the leading supplier of cement in Kosovo. A year after being acquired by TITAN Group, Sharrcem significantly upgraded its innovations in technology for the production of raw materials and cement and initiated the application of high standards, integrated at all operating levels.

SHARRCEM IS A MEMBER OF:



- Sharrcem received the IPPC permit – the first one to be issued in the country. Further to this,
- Sharrcem launched the World Business Council / CSI project for incorporating its guidelines on Contractors and Traffic Safety. In the same field of Safety, the company has organized the first NEBOSH in Kosovo.
- Completed a ground-breaking design for the full automation of the clinker hall cranes operation, an innovative solution that eliminates both hazardous working positions and fugitive dust.
- Conducted numerous Stakeholder Engagements for its ambitious investment programme aiming to produce fuel locally.
- Completed the financing of the first operating year of the LAB. Additionally it supported the Foundation with administrative and financial resources.

1936 ●
The Sharr Cement Plant is founded.

1980 ●
A new investment was made to further increase the capacity of the rotary kiln.

2010 ●
Titan Group acquires Sharrcem and launches an ambitious modernization program to meet international standards in quality, technology and environmental protection.

2012 ●
Sharrcem completes the first phase of the technological upgrade and improves its efficiency and environmental footprint. The plant receives its first certification for quality (ISO 9001) and implements a CO2 Management System. The company serves in principle the market of Kosovo with occasional sales in Macedonia and Serbia.

2014 ●

1972 ●
First upgrade of the plant with a rotary kiln and satellite cooler, increases its capacity to 180,000 tons per year.

2000 ●
Sharrcem is included in the state privatization schedule and a ten year leasing period begins.

2011 ●
Sharrcem takes a leading role in the foundation of the Kosovo CSR Network and commits to modernization Investment is in full swing.

2013 ●
Sharrcem was additionally certified with the ISO 14001 – Environmental Management System and the OHSAS ISO 18001 – Occupational Health and Safety Management System. Beyond certifications, Sharrcem received important awards for our CSR initiatives in 2013. The company implemented web-portal disclosure of emissions to public, as well as local, accident and CSR reporting. In technology terms, the Upgrade of Process Automation and full introduction of EAMS-Enterprise Asset Management System were completed. First CSR Report publication and CSR Audit by a certified third party organization (DNV).

622,157 t

of raw materials
extracted from
Dimcë

712,157 m²

total area of two
active quarries

8,947 t

of raw material
extracted from
Pladenice

380

the number of
employees that
attended various
development
programs

218,961.21
Euros

contribution to
employee pension
fund

713,989.95
Euros

income corporate
taxes

33,965,098
Euros

Spent on suppliers
during the reporting
period

11,231.20
Euros

of local
(municipal + property)
taxes paid

517,688.95 t

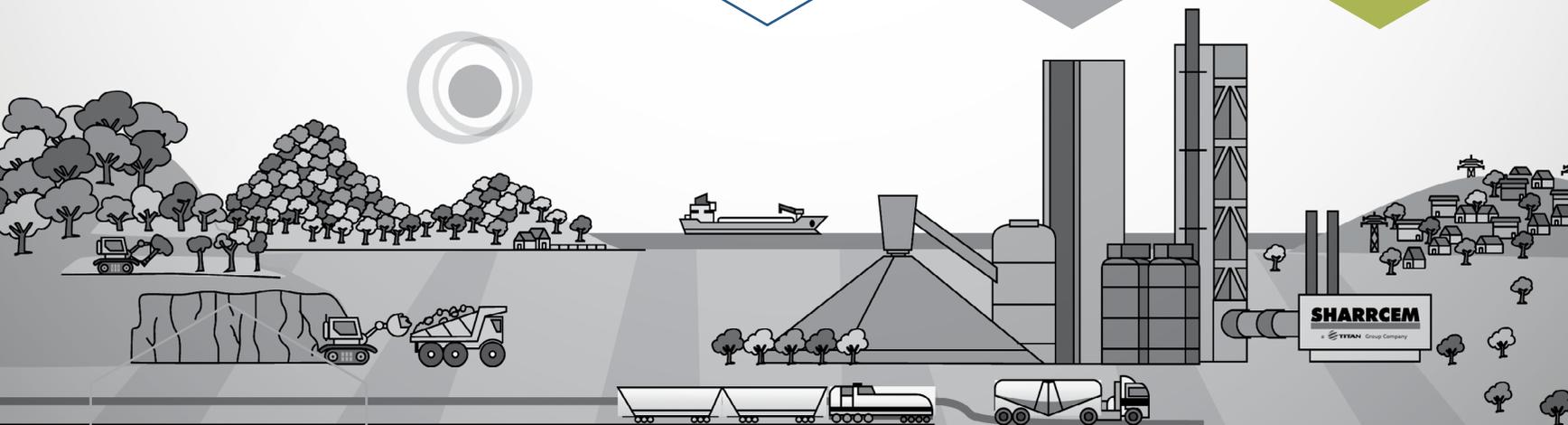
the total amount of
cement production

437,751.50
Euros

Total Investment
Social Benefits

23,541,712.06
Euros

Total Investment





Titan Group in Brief

The Group aim to grow as a multi-regional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

TITAN Group has been in business as an independent cement and building material producer for more than 11 decades. In that time, we have expanded beyond our Greek roots to become a multi-regional business operating in four distinct geographies. Headquartered in Athens, Greece, the Group employs 5,501 people worldwide and sells products to 36 different countries. Our principal products are cement, ready-mix concrete and aggregates. We also produce concrete building blocks and dry mortars, we process fly ash (ProAsh®), and we provide alternative fuel and waste management services through GAEA, our Bulgarian joint venture with American environmental and alternative energy company, Evolution Environmental Group LLC.

TITAN received the first Award in the Process category the national leg of the 2013-2014 European Business Awards for the Environment, in recognition of its on going commitment to the environment through specialised and focused actions that promote sustainable development. TITAN excels in the utilisation of secondary fuels and alternative raw materials in the cement production process, aiming at a decrease in the use of non-renewable natural resources and a reduction of greenhouse emissions, while also significantly contributing to an efficient “circular economy”.

TITAN also received a no classification distinction in the “Biodiversity” category, in acknowledgement of its targeted actions to protect the biodiversity in the areas where it operates.

Titan’s commitment to Corporate Social Responsibility is first and foremost reflected in all of its business activities. The value of synergies gained from working with other companies and stakeholders is a catalyst in enhancing sustainable business development through Corporate Social Responsibility. Within this context, the TITAN Group is actively participating in a number of national, European, international and sector initiatives, frequently as a leader or even as a founder.

- [Hellenic Network for Corporate Social Responsibility](#)
- [CSR Europe](#)
- [The European Alliance for CSR](#)
- [Global Reporting Initiative \(GRI\)](#)
- [World Business Council for Sustainable Development \(WBCSD/CSI\)](#)
- [Global Compact](#)
- [Caring for Climate](#)



TITAN GROUP
GLOBAL LOCATIONS

Our Company

Titan Group considers sustainability to be one of the most important matters of our time.

As such, the Group has successfully embedded social responsibility and sustainability practices into its operations. Additionally, the Group is closely involved in the most up to date sustainability initiatives by being part of WBCSD and CSI.

Directly, with a strong representation in all the task forces of the CSI and co-chairing two of them, the Group is taking a leading role in contributing to the development of the latest practices in sustainable cement production.

Continuing the commitment to operate based on Group Values since 2010, sustainability remains one of the most important components of Sharrcem and the way it operates in the market.

As a result, in 2013 the company proceeded to get certified in ISO 18001 (for Occupational Health and Safety) and ISO 140001 (for Environment) demonstrating the commitment to sustainable development. In 2014, the company was awarded with the IPPC License (Integrated Pollution Prevention and Control), the first of its kind in the country, setting the standard for the heavy industry sector in Kosovo to follow.

To follow up on the commitment and ensure full compliance with all the business units of the Titan Group, the company proceeded to complete a full Audit of its sustainability and corporate responsibility performance initiatives conducted by an independent third party (DNV).

The company continues to develop new ways of decreasing its environmental footprint and increasing the safety culture and community engagements.

For more details, these efforts are reported in the following pages.



Message from the **Managing Director**

Dear Stakeholders,

I am, once again – for the third year now – proud to present, on behalf of Sharrcem employees this exciting 2014 Corporate Social Responsibility report. The great effort of our people made it possible for the company as a citizen to meet some significant milestones during the reported year. These achievements, however, do not reflect merely the in-house commitment; to a very considerable degree, they are fruit of the contribution, consultation and co-operation with the social factor starting with our Community and our Supply Chain to the nation-wide local and international Institutions and NGO's.

If I were to highlight some achievements, I'd start with the LAB: the Foundation of Sharrcem, which, with its own, independent Board of Directors and its brilliant Executive Director, Mr. Hysen Shabanaj, has been able to implement the first stage of the project in full transparency and under impeccable governance and faultless process. Nineteen new farming businesses were established in our Municipality after an open invitation to the citizens, with no complaint of any kind. I consider this a great civic success that paves the way for further developments.

Painstaking efforts and a good deal of time have been dedicated in 2014 to Safety. Sharrcem, under the Group's undertakings to establish as a living culture the guidelines of the World Business Council for Sustainable Development / CSI, has compiled a framework of standards and actions in order to increase safety downstream – to our contractors – and horizontally – toward the road traffic created and related to our activities. New tools have been devised, instructions and

recommendations issued and registries established. The most encouraging development, however, and by far, has been the positive reaction of everyone involved in the process, either employee or external to the company.

We are also very proud that with this year's report, we can announce that Sharrcem obtained its Integrated Pollution Prevention and Control (IPPC) permit from the Ministry of Environment and Spatial Planning. This was the first ever issued in Kosovo and I have to stress that the immense state-of-the-art investment of the company and the excellent co-operation with the Authorities have enabled this very important process to conclude.

More than aligning company's performance with the European standards, this development will (a) permit technological advancements through energy recovery from waste, a major sustainability measure and (b) pave the way for other operators in the country thus fostering the environmental conscience and improving the footprint of various activities.

I should not fail to underline also, the series of Stakeholder engagements conducted throughout the year for one very significant investment project of the company, both in terms of foreign direct investment and the ones of exploitation of local resources versus imported goods that would, quite obviously, enhance the performance of local economy and improve its trade deficit. A plant for local production of fuel to be consumed in the cement kilns has been presented at national and local level in four open fora; the



proposal has been discussed from the angles of business and national economy and environmental and social impact, with the participation of Ministries, Embassies, the World Bank, the EBRD, other Authorities and international Institutions and a significant representative number of non-governmental organizations.

We are definitely committed to remain a good, responsible citizen but will never sustain that we've attained the goal. In a rapidly changing world, we are determined to stay alert, listen to our Stakeholders, communicate in a direct and transparent way and ultimately achieve to carry on and evolve together, for mutual growth and better living conditions.

Sincerely,

Emmanuel Mitsou,
Managing Director.

Our Values and CSR Policy

CORPORATE SOCIAL RESPONSIBILITY

- Safety first
- Sustainable development
- Stakeholder engagement

CONTINUOUS IMPROVEMENT

- Learning organization
- Willingness to change
- Rise to challenges

INTEGRITY

- Ethical business practices
- Transparency
- Open communication

VALUE TO THE CUSTOMER

- Anticipation of customer needs
- Innovative solutions
- High quality of products and services

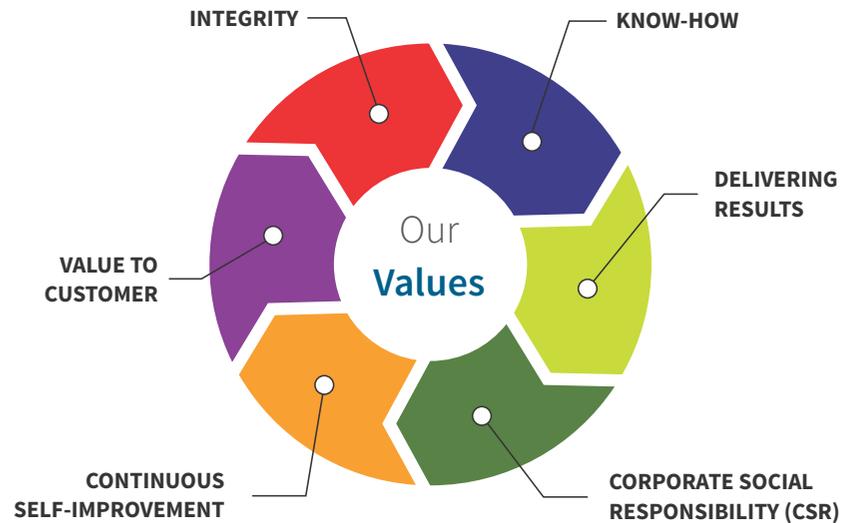
KNOW-HOW

- Enhancement of our knowledge base
- Proficiency in every function
- Excellence in core competencies

COMMITMENT TO RESULTS

- Shareholder value
- Clear objectives
- High standards

TITAN Group aims to grow as a multi-regional, vertically-integrated cement producer, combining entrepreneurial spirit and operational excellence with respect for people, society and the environment.



TITAN Group CSR Policy

To pursue at all times our business goals and create value, in an ethical and socially responsible manner, doing less harm, and endeavoring to do more good"

To achieve our Vision

- Our business practices are guided and based on our Titan Values and our code of conduct.
- Safety is our top business priority aiming to achieve an accident and incident free work environment.
- We are committed to sustainable

growth, integrating human, environmental and social elements into our business decisions.

- We aim to continuously improve our environmental and social performance, measuring our impacts and contributions, and assessing our environmental and social footprint.
- We aim to build trust with all our stakeholders by communicating openly and transparently, and seeking engagement to understand the impact of our operations and their concerns.
- We share our know-how, experience and best practices in areas relevant to

our business to add value and contribute to the well-being of our neighboring communities.

- We value our employees and follow human resources practices that promote equal opportunity in recruitment, employment and development, regardless of gender, ethnic origin, religion etc., respect individuality and are consistent with national laws and international voluntary guidelines, such as the UN Universal Declaration of Human Rights.
- We deal with our supply chain in accordance with our Group and Regio-

nal Procurement Code of Conduct.

- We voluntarily engage in and support partnerships and business networks that promote our business goals and CSR vision, such as the U.N. Global Compact, WBCSD/CSI, the E.U. Alliance for CSR, the U.S.
- We aim to be active in civic efforts and the process to advance the use and benefits of our products and preserve the long term viability and economic prosperity of our industry.
- We encourage and recognize individual initiative and voluntarism in community and civic activities .

CSR within Sharrcem

Scope of the CSR Engagement

Establish CSR Managing Structure

Care for Employees

Developing and Improving the Local Community

Transparent Integration in the Kosovo Society

Investment in Sustainable Environment

Internal Organization

CSR COMMITTEE AND TASK FORCE WITH RESPONSIBILITIES TO:

- ▶ ESTABLISHING THE CSR STRUCTURE WITHIN SHARRCEM
- ▶ ESTABLISH AND IMPLEMENT CSR POLICIES AND PROCEDURES
- ▶ CREATE AND MAINTAIN THE COMMUNICATION WITH THE EMPLOYEES
- ▶ INFORM, COOPERATE AND MONITOR THE ENGAGEMENT WITH THE LOCAL COMMUNITY
- ▶ CSR NETWORK COORDINATION

Task Force Engagements

The Task Force is the body which takes care of the implementation of the CSR strategy and activities as set forth by the CSR Committee on a day-to-day basis. The Task Force is also responsible for CSR related external relations and communications as well as for the overall representation of Sharrcem to the Kosovo CSR Network. Their visits to different institutions and their participation to different trainings/workshops help mainly in sharing best practices and practice some of them within the Sharrcem premises and the community where it operates.

The CSR Committee appoints the CSR Databank team that is responsible for entering data related to the plant, required by the Group on a monthly basis. The people appointed to this group are responsible for entering the data in an accurate and timely manner in close cooperation and verification with their direct supervisors. This is considered to be a meticulous job that ensures the integrity of the information disclosed to all stakeholders.

Gala Dinner / CSR Event, September 05, 2014 Gjakove

Corporate Social Responsibility (CSR) has become an integral component of modern business. It is a driving value that contributes to community outcomes by promoting social interaction outside business activities.

The purpose of the Gala Dinner (CSR event) was to raise Sustainability Awareness in the city of Gjakova by engaging businesses and citizens in an upgraded project for the Central Park of their city.

This is the first CSR activity organized by the Municipality of Gjakova and has brought citizens and businesses together. Best practices have been exchanged between the participants and the event was closed with an exhibition and auction of artworks.

CSR Workshop / Supply Chain and Group Reporting

All users of the CSR Databank are trained on the use of the Platform and the data collection process, recording monthly data directly in the Group CSR Databank. Specific training has been delivered for our people by the team of Group Corporate CSR, Mrs. Maria Alexiou.

Recording data in a dedicated database (CSR DB) and on a monthly basis in turn will assist in maintaining accurate information as well as protect its integrity for the use of all Stakeholders.

Conference on Human Rights and Fight Against Corruption, Thessaloniki, Greece

In view of the global celebrations of Human Rights and the 10th Principle UN Global Compact Anniversary Event, on 9 and 10 December, the Global Compact Network Hellas organized an event for “Human Rights and Anticorruption” on Friday December 5th 2014 at 13.00, in Thessaloniki. The event is alighted with the efforts of Global Compact Network Hellas to promote the respect of Human Rights and the recent UN Global Compact’s Call to Action Addressing Corruption. The event was under the auspices of the Office of the National Rapporteur on Trafficking in Human Beings, coordinated by the Hellenic Network for CSR, Transparency International Greece and American - Hellenic Chamber and hosted by American Farm School at its “Aliki Perroti” auditorium. Due to its high educational value and the networking opportunities, various Business Units of the Group, including Sharrcem have participated in the event.



European Local Networks UNGC Conference, Skopje, Macedonia



Global Compact Network Macedonia



Mrs. Maria Alexiou

The Global Compact Network Macedonia hosted the Annual European GC Local Networks Meeting (ELNM) from 28-30 October 2014 in Skopje. The UN Global Compact (UNGC) was launched in Macedonia December 2004, thus on 2014 marks an important 10 years jubilee which they start to celebrate hosting such an important event. As part of the Forum’s program, the conference held on 28th of October brought together the representatives from the European Local Networks, the business community from Macedonia and the region, representatives from institutions, civil society organizations and other stakeholders. The meeting focused on three key Corporate Social Responsibility (CSR) issues of a great importance for the region: 1) influencing change through responsible supply chains; 2) CSR under scarce resources and 3) the importance of CSR Reporting, where our Group Senior CSR Manager, Mrs. Alexiou covered the Supply Chain topic while three Sharrcem representatives had the occasion to network with various stakeholders and share experience and practices.

Stakeholder Forum in Kosjerić

The participation of the Sharrcem CSR Task Force members at Kosjerić Stakeholder Forum which was held in Zlatibor was an extremely useful educational experience. This was the fourth year that Titan Cementara Kosjerić, member of the Titan family released a CSR Report, which is in line with the highest world standards in the field of sustainable operation. The content of the Report was verified by independent third-party auditor Ernst&Young and the Company received the highest GRI assurance rate (A+).

The event was of a high educational value for the Sharrcem CSR Task Force since they had the opportunity to interact with the experienced TCK team and draw useful information about organization optimization and reporting tools.



Stakeholder Engagement

Titan Group's sustainable growth depends on balancing short-term and long-term interests. In line with our strategic priorities, we adapt our policies and practices to local market needs. This means understanding and responding proactively to the need of the individuals, organizations, and businesses with whom we interact.

The Company has been honored during 2014 with several distinctions and appreciations by the Municipality and Schools of Hani i Elezit, the Sharrcem Union, the Kosovo CSR Network, Kosova Blood Bank, Basketball Association, Municipality of Gjakova and the Kosovo Chamber of Commerce.



Our Stakeholders

Creating long lasting relationships with our communities is essential to the long-term sustainability of our business. We are committed to working with all of our stakeholders and understanding their expectations and interests. This in turn creates opportunities to make our business better and align it to the Supply Chain for strong business operations. We keep a list of our stakeholders, - all entities on which our activities have an impact, - and we review and update the list regularly.

We engage with our stakeholders through the media and through events (such as roundtables and conferences) which we either organize or attend. In this way we have regular interaction with them and we are active members of a number of industry and community associations. Quite simple, we intend to always listen and learn. The feedback we receive leads to the decisions we make for our business and helps us tackle important issues which result in forming the foundation of our sustainability actions and reporting.

- **Employees**
- **Supply Chain (customers, suppliers, contractors)**
- **Local Communities**
- **Government**
- **Financial Institutions and International Institutions**
- **NGO's**
- **Academia**
- **Industry and Trade Associations**

Key-Priorities

- Continuous Engagement with key Stakeholders: Disclosure and Transparency
- Focus on material issues of the Community Empowerment of the Independent Local Advisory Board
- Continuous firm support to the LAB project; Examples include: Implementation of phase II Water: Waste water treatment, and contribution to Lepenci Basin Project
- Trainings and continuous improvement
- Employee development and adaptation of CSI guidelines
- Meet high sustainability standards through Certified Systems
- Support and contribute to Kosovo CSR Network
- Continuous awareness raising on CSR within the company, community and beyond
- Energy recovery under the IPPC permit
- Social Accountability: SA 8000 auditor certification in 2015 - and Company certifications in 2016
- Contribute in education at local and national level

Stakeholder dialogue and platform

“EIC (European Investors Council)”

An initiative for the improvement of the business climate in the country, the EIC was established under the patronage of the EU office in Kosovo and with the support of Embassies of EU countries. Its aim is to create a business-based advocacy for the progressive alignment of local policies with the EU legal, administrative and business frameworks that contribute to law enforcement. Other than that, the EIC is also bound to contribute to the economic development of the country by improving the business climate, fostering transparency and full compliance with the law and regulations and boosting the economic growth through increased investment.

The EIC has two permanent working committees and addresses current issues directly to the Government and the EU Office in Kosovo, providing at the same time relevant recommendations. It has been a success of the EIC that, already five recommendation papers have been included in the official Stability and Association Dialogue between the Government of Kosovo



Mr. Shpend Baliija, Executive Director of EIC



and the European Union. The EIC has seventeen founding members which represent a big part of the largest companies that operate in Kosovo. It will soon enlarge to more than twenty-five members since there is a strong interest of the European companies in Kosovo. Sharrcem chairs the first elected Board of Directors of the EIC, which has a two-year term of office.

The founding members of the EIC are prestigious European companies that operate in Kosovo:

1. Baker Tilly Kosovo L.L.C.
2. CROATIA Sigurimi Sh.A.
3. Ecovision Sh.P.K.
4. IPKO L.L.C.
5. Mamidoil Kosovo L.L.C.
6. NLB Prishtina Sh.A.
7. Panax Institute L.L.C.
8. Petrol Oti Slovenia L.L.C.
9. PricewaterhouseCoopers Kosovo Sh.P.K.
10. ProCredit Bank Kosovo J.S.C.
11. Raiffeisen Bank Kosovo J.S.C.
12. Sharrcem Sh.P.K.
13. Newco Ferronikeli
14. TEB Bank
15. Hoffman La Roche
16. Wirtgen Kosova
17. Illyria Insurance sh.a



Stakeholder Engagement Forum I

In an event organized in cooperation with the Kosovo CSR Network and the Kosovo Chamber of Commerce, Sharrcem hosted a Stakeholder Engagement Forum. This event served as a platform for Sharrcem to present its Social Responsibility and Sustainability Policies with a special focus on the creation of the Foundation that will support creation of New Farming Businesses in Hani i Elezit [LAB project], while at the same time engaging the most important local and national stakeholders of the company. The event was attended by representatives of the central and local Government, such as The Minister of Agriculture, Forestry and Rural Development, The Minister of Trade and Industry, The Deputy Minister of Environment and Spatial Planning and the Mayor of Hani i Elezit. Moreover, the forum was also attended by a representative from the Ministry of Labour and Social Welfare, the Chairman of Kosovo CSR Network, the Project Manager - Membership and Stakeholder Relations from CSR Europe, the Kosovo Manager of EBRD the IFC, the Country Manager of the World Bank, Executive Directors of American and German Chambers of Commerce, Greek Ambassador, the Head of Mission from the German Embassy, the Director of REC, the First Secretary / Deputy the Head of Mission Norwegian Embassy, NOA Kos - USAID, Helvetas Swiss Inter-cooperation, and numerous other stakeholders from the donor community, institutions and civil society. The event was a great success. The attendees supported the notion that embracing Corporate Social Responsibility practices is a clear demand of the society toward all businesses operating in Kosovo.

Stakeholder Engagement Forum II

On the 6th of May 2014, Sharrcem organized a Local Stakeholder Presentation to disclose the project titled “Busines Activity Laboratory” (LAB – acronym in Albanian) in Hani i Elezit. Sharrcem continues to make investments, beneficiaries of which are first and foremost the citizens and it has allocated half a million euros for the Laboratory for Business Activities (LAB) project, thus enabling the creation of Small and Medium Enterprises in the field of agriculture. Present at the meeting was the Mayor of Hani i Elezit Municipality, Mr. Suma, the representative from the Ministry of Agriculture, Forestry and Rural Development, Mr. Halit Hoxhaj and Mr. Evangelos Vergos, from the American School of Agriculture in Thessaloniki, who emphasized that positive results are achieved only through cooperation.



This was an open forum and a large audience of citizens attended. It was encouraging to witness the interest of the citizens which was displayed at the Q&A session; the comments and remarks were registered. The overall outcome was very positive and the initiative has definitely gained the general acceptance; a very important point, since the next stage of the project was the open

call for participation.



Stakeholder Engagement Forum III

The Stakeholder forum, organized on December 16th, 2014, in Prishtina, Sharrcem disclosed the Corporate Social Responsibility (CSR) and Sustainability Report for 2013, where the participants present highly valued Sharrcem’s contribution given to the community of Hani Elezit. Achievements for 2013 were presented by the Managing Director of the company, Mr. Emmanuel Mitsou, who said that employment, environment, community and safety are the points which in particular have been developed during 2013.

In continuation, the progress of the LAB project was presented; operational details have been presented by its executive Director Mr. Hysen Shabanaj who also announced that the Foundation will regularly publish its annual report with full disclosure of its operational and social data. Present at this event were Mr. Rufki Suma, Mayor of Hani i Elezit, Robert Wright, Chairman of CSR Network Kosovo, Agron Bektashi, Executive Direc-



tor of the Regional Environmental Center (REC), His Excellency the British Ambassador, Ian Cliff, heads of institutions of Hani i Elezit, including the Independent Local Advisory Board and citizens, who in addition to expressing gratefulness for the

contributions of the company, also revealed their ideas for projects that are in benefit of citizens, demanding and expecting a high support from the company.

Questionnaire

STAKEHOLDER ENGAGEMENT FORUM III Emerald Hotel, Prishtinë

QUESTIONNAIRE FEEDBACK - 2013 CSR REPORT



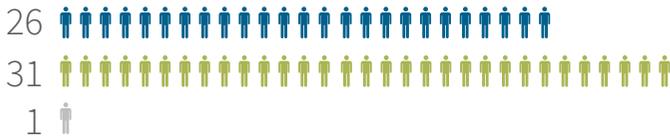
How would you evaluate our level of engagement with the community?



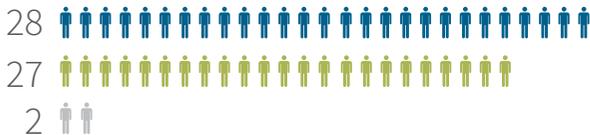
How would you evaluate our activities in the field of Health & Safety ?



How would you evaluate our activities related to the Environment?



How would you evaluate the ILAB project in Relation to the participation of all the relevant Stakeholders?

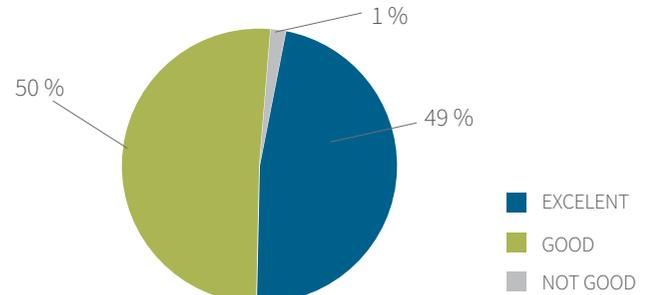


How would you evaluate the LAB project and its activities so far?

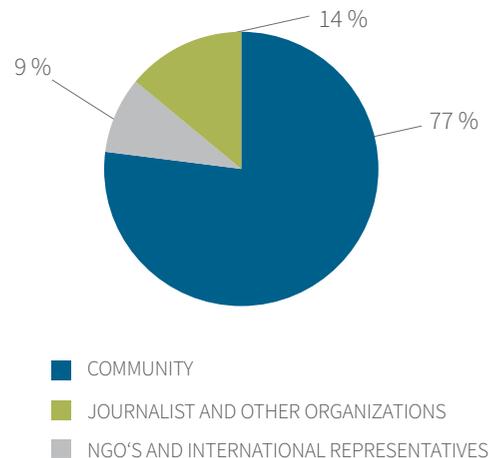


EXCELENT GOOD NOT GOOD

OVERALL ANSWERS



Participants Breakdown





Workshop: “Lignite, Foreign Direct Investment and Sustainable Development“

While the majority of Kosovo’s natural resources remain untapped, their order of magnitude is a great potential and a decisive factor for future development of the country. But the same rich resources can ultimately be either a „curse or a blessing“ according to Mr. Jan-Peter Olters, Country Director of the World Bank. Being ranked the third richest in lignite resource in Europe and fifth in the world, Kosovo was at once able to attract commercial interest for industrial projects in the energy minerals, and with the newly adopted legislation and careful planning business and environment wise, it is certain that these resources can prove to be a blessing for the economy of the country.

„Lignite, Foreign Direct Investment and Sustainable Development“, was held on June 3rd 2014, and organized by „Baker Tilly Kosovo“ and „Regional Environmental Center“. The attendees and participants in the discussion were the leaders and / or the resident representatives of the most important international institutions in the country: IFC, IMF, World Bank, EBRD, Embassies, GIZ, EU Office, ADA, USAID, etc. as well as civil society representatives, media representatives and chambers of commerce.

Roundtable: “World Cafe -Better Leaders, Better People, Better Business”

EYE-Enhancing Youth Employment project has launched the new program called Human Capital Development Initiative (HCDI). HCDI is an exclusive program, designed for leading companies in the Kosovo market with high potential for growth aiming at developing the human capital

with improved performance and profitability of the enterprise.

Through this program Sharrcem representatives attended the Roundtable. Where many correlated topics were discussed.

Useful knowledge from recognized international and regional consultants on strategic development of their company was presented. Opportunities to engage international and regional

consultants in identifying internal needs of the company were discussed.

The EYE project was financed by the SDC-Swiss Agency for Development and Cooperation and is being implemented by Helvetas Swiss Intercooperation and MDA, and CEED Kosovo as a co-facilitator for this Initiative.



Kosovo CSR Network

The Kosovo Corporate Social Responsibility (CSR) Network is a non-profit organization that is active in promoting Corporate Social Responsibility and its best practices in Kosovo. It is the first business network established in Kosovo for CSR, founded on April 21st, 2011 by distinguished Kosovar and international business leaders who are determined to increase public awareness on CSR as well as incorporate CSR best practices into their own companies.

A member of the European Business Network for Corporate Social Responsibility (CSR Europe), the Kosovo CSR Network works closely with international investors and local businesses in promoting best CSR practices, while informing the public and other private businesses that the CSR concept is not only limited to philanthropy and sponsorships.

The CSR Network and its members seek to fully comply and promote compliance with the Ten Global Compact Principles in the areas of human rights, labour, the environment and anti-corruption. Protection of internationally known human rights, elimination of child labour, promotion of environmentally friendly practices, elimination of discrimination in respect to employment and occupation, and promotion of anticorruption values are only a few of the additional values that the Network promotes.

Human Rights / Fighting Child Labor

In 2014, the Kosovo CSR Network supported by the International Labour Organisation, organized a workshop aimed at raising awareness on the issue of child labor in Kosovo and on identifying means of fighting child labor and protecting the rights of children. This workshop engaged multiple stakeholders, including Kosovo's Ministry of Labour and Social Welfare, Kosovar businesses and civil society organisations.

Promoting CSR among start-ups and Young Entrepreneurs

The Kosovo CSR Network was a partner in the Global Entrepreneurship Week in Kosovo, an event organized by the Innovation Centre of Kosovo under the patronage of the President of Kosovo.

The Kosovo CSR Network stressed that CSR is not about the scale of the business and no matter whether you are a young entrepreneur in a start-up, or an experienced CEO in a large corporation, CSR activities are about the positive role of business in society and can be conducted on any scale and by all businesses in various ways.



Enterprise 2020 / CSR Europe

In response to the European Union strategy Europe 2020, the Enterprise 2020 initiative addresses sustainability issues which are increasingly bringing into question our current patterns of living, working, learning, communicating, consuming and sharing resources.

Since its launch in 2010, Enterprise 2020 has become the European movement for companies committed to developing innovative business practices and working together with their stakeholders to provide solutions to existing and emerging societal needs.

The Kosovo CSR Network adheres to the Enterprise 2020 initiative and actively promotes it among its members and Kosovar businesses in general.

Growing Membership

Joining the Kosovo CSR Network is the first step toward fulfilment of a promise each of us gives to society: I shall give back. Due to rapidly raising awareness among businesses in Kosovo it is understandable that the membership in Kosovo CSR Network sees steady growth each year.

Being socially responsible is not just about increasing sales or having outstanding public relations, but also about showing responsible behavior as corporate citizens, toward consumers, customers and all other fellow citizens. Additionally, CSR is about creating and showing good faith, mutual trust with the community and reinforcing the reputation of responsible and respectable companies. All in all, CSR is there to show that business cares about society, and that it is willing to give a helping hand to support the rest of society in climbing the ladder toward a prosperous future.

New Members

First of all, as a member of the Kosovo CSR Network, we become part of a culture and an influenced brand/com-pany on attracting new members to be a part of the Kosovo CSR Network.

Being socially responsible creates goodwill and a positive image for your brand, trust and a good reputation which are some of company's most valuable assets.

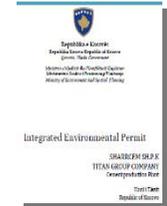


Sustainability through Certified Systems (ISO's)



Following the certification of the company by ISO Standards on Quality (ISO 9001), Environment (ISO 14001) and Operational Health and Safety (ISO OHSAS 18001), in 2014 Sharrcem has been awarded the first ever IPPC (International Pollution Protection & Central) permit issued in the country. This permit, issued by the Ministry of Environment and Spatial Planning, represents a contractual obligation to measure and mitigate the environmental impacts aligned to the local standards and the industry applicable capabilities.

An important aspect is the provision of the usage of Alternative Fuels and Alternative Raw Materials in the cement manufacturing process. As both these alternative resources positively contribute in energy recovery and reduction of waste, they are highly recommended by the international sustainability standards. We envisage that in the near future, with the completion of the necessary legal framework, the substitution of solid fuels and the usage of waste will become a reality. Sharrcem is already prepared for this evolution which is today standard practice for the international cement industry.



ITEM	MGT System / Certification	Status	
All products / cement types	CEM IV/B (P-W) 32.5R	} EN 197-1: 2000	✓
	CEM II/B-M (W-L) 42.5R		✓
	CEM I 52.5N		✓
	MC 5 Sharrmall		✓
CO2 Footprint	CO2 Mgt System according to the WBCSD protocol	Incorporated in EMS ISO 14001	✓
Quality	ISO 9001		✓
Environmental	ISO 14001		✓
Environmental	IPPC		✓
Safety	ISO 18001 / OHSAS		✓
Accountability	SA 8000	Preparation in 2015	
Finance	Voluntary mid-year independent		✓
DNV	Audit		✓

As reported in the environment section of this document, a major milestone has marked the 2014 for Sharrcem. The company obtained the first IPPC permit in Kosovo.

This is an outgoing commitment toward continuous monitoring and reporting of the use of resources and the level of environmental footprint.

The company has also initiated its internal preparations for obtaining the SA 8000 standard on Social Accountability. We plan to conclude preparations in 2015 and achieve this certification in 2016.



Our People



Our employees are the heart and the essence of our company. Their extensive commitment and constant will for improvement are building a sustainable and successful company. Aware of their contributions, at Sharrcem, we strive to increase safety in their working environment, offer development of career opportunities and manage workplace health.

A new generation of engineers and administration officers have enthusiastically joined Sharrcem in the last couple of years. Specific educational plans have been already drafted and put in a place for them. Moreover, the company provides suitable working positions for its staff when needed by changing their location or department. In 2014 Sharrcem mindful of the local needs in health services, has developed and implemented a private Medical Insurance Plan for all its employees and their spouses.

Safety remains our top business priority within and out of the Plant

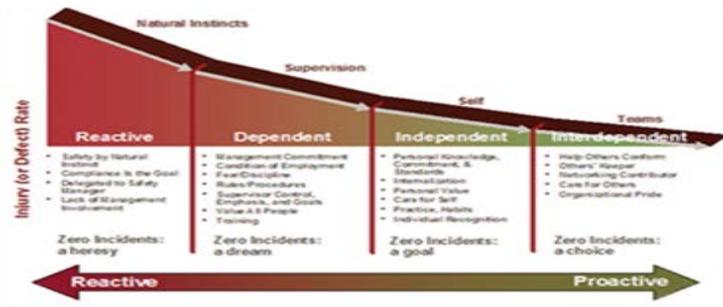


Sharrcem invests in improving health and safety at work

The Sharrcem plant, has proven time and again that health and safety is a priority, and investment in this field is steadily growing. However, we are aware that this is a never ending effort and we strive to remain alert and constantly improve our performance. Currently, Sharrcem is immersed in the implementation of ICSI, a program with the main goal to create a living culture about operational safety.

The “Involvement for Continuous Safety Improvement (ICSI)” program was initiated in 2013 in cooperation with the Management Force, a specialist adviser with the scope to enhance the awareness of workers about the importance of health and safety at work, by using their own capacity and contribute in creating a safe working environment.

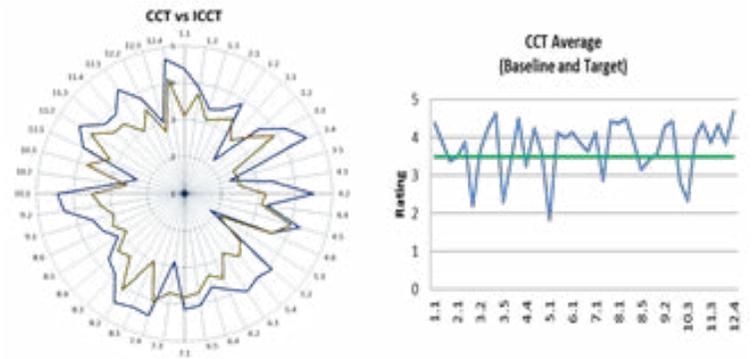
Through this program, Sharrcem intends not only to be in compliance with all local legislation and guidelines relating to Health and Safety at Work, but also to instil maximum commitment in maintaining health and safety under continuous improvement; an important development toward the independent and interdependent Safety Evolutionary Stage as elaborated by the Bradley Curve.



In other words, we have the ambition of making Health and Safety a common denominator in all actions of all employees and above all, create an environment in which each and all of us are responsible for our safety and that of our colleagues. The „Involvement for continuous safety impro-

vement (ICSI)” programme consists of three initial phases, each one aiming to create a team of “Safety Ambassadors” from within the workforce of the company, under the guidance of the Adviser.

The first phase started in October 2013 and ended on 26 June 2014. With the formation of the first Company Culture Team (CCT1) comprised of Nexhmedin Luma, Deputy Production Manager, Musli Bushi, Head of Raw Mill Department, Pasion Suma, Head of Process Automation, Zena Fida, CCR operator, Gezim Vlashi System Administrator for the Asset Management System, and Mustaf Bajramliu, Exchange Coordinator.



After nine months of work, the team concluded its tasks by issuing a log of assessments and initiatives and a full performance report.

In continuation of the very successful CCT1, the next teams have been established in 2014: in February CCT2, which completed its assignment by September 2014 and in October CCT3 which continued its works in 2015, both under the supervision and guidance of Management Force.

The most important outcome and our new challenge is that our safety champions, the members of the three CCT’s will have, now, to steer CCT4 (to be formed and put in action in 2015), in the first purely internal attempt to propagate the culture and behavior acquired by the programme.

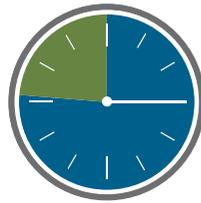
HOURS TRAINING

Health and Safety



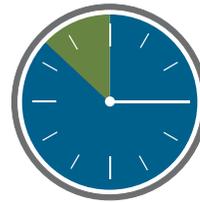
2413 h 
26 h 

Environment



287 h 
59 h 

Foreign language



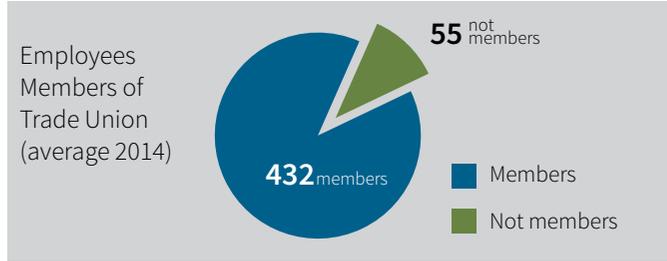
332 h 
90 h 

Others



3206 h 
469 h 

Benefits provided to full-time employees		2013	2014
Health check		Yes	Yes
Labor Insurance		Yes	Yes
Company meals		Yes	Yes
Leave paid holidays		Yes	Yes
Parking		Yes	Yes
Meal allowance		Yes	Yes
Gifts	On Religious Holidays	Yes	Yes
	International Women's Day	Yes	Yes
	New Year	Yes	Yes
Education	MBA	5	4
	English Courses	3	17
	Conferences (#)	12/15 Managers	10/17 Managers
Trade Union	Ordinary 50% Contribution	Yes	Yes
	Extraordinary direct contribution	Yes	Yes
Communication	Fact Sheets	Yes	Yes
	Billboard	Yes	Yes
	Suggestion Boxes	Yes	Yes



Policies and Procedures

Policies and Procedures 2014 - EC6	Kosovo
Human rights issues	SA 8000, Streamlined, (see page 15 and 22)
Labor rights and freedom of association	SA 8000, Streamlined, (see page 15 and 22)
Equal opportunities	SA 8000, Streamlined, (see page 15 and 22)
Sponsorship, donations and community involvement	Active two local MoU's / Foundation
Supply Chain / Procurement	Group CoCP
Preference to locally based suppliers	
Preference to local residents, when hiring	
Hiring local contractors / subcontractors	
Copy of the Group's Purchasing Manual	
New Hires / 2014	16 Total (14 Male, 2 Female)
Resignations / 2014	103 Total (100 Male, 3 Female) (thereof 1 expat)

No incidents in 2014



Health Checks Blood Donation

Similar to previous years, Sharrcem continues with the traditional health care services for our employees. In these services employees benefit by completing a full examination to make sure that their health is in good condition.

This kind of preventive care, we believe creates the platform for foreseeing any hidden health issues and for ensuring that the employees are aware of their situation and take the best care for their health. We also continue to employ a full time primary care physician at our premises that offers primary care and first aid services to all our employees.

As in the past, the company organized a blood donation drive where employees were encouraged to donate blood for the community.

The event was organized on site and after donation the donors were treated to a free lunch at company's cafeteria.

The collected blood is held by state blood bank. Moreover, in case of an emergency, the blood is used by people in need. The event took place on



4th of June 2014. This year we had 40 donors, 37 of them were male and 3 were female. 37 were from previous year and 3 of them were new donors.

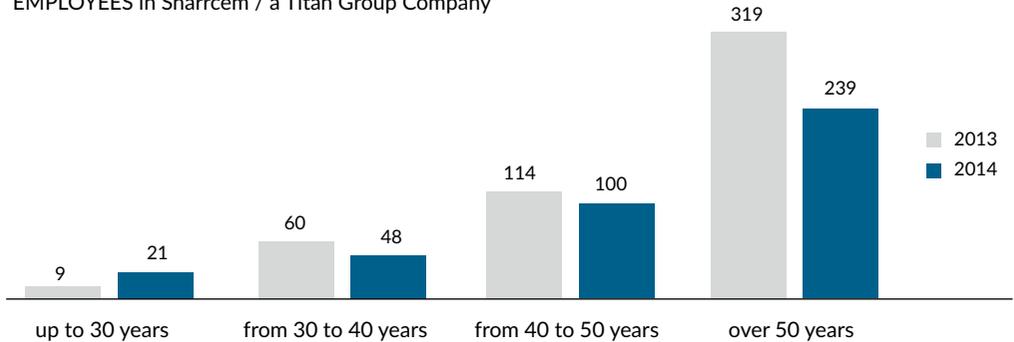
Employees per category

Senior managers	7
Managers	14
Administration/Technical	82
Semi Skilled/Unskilled Labor	305

Gender structure

	2013	2014
Male	478	390
Female	19	18

EMPLOYEES in Sharrcem / a Titan Group Company



EMPLOYEES in Sharrcem / a Titan Group Company

	2013	2014
Number of full-time employees	502	407
Number of temporary employees	0	1
Total number of employees	502	408
Number of employees by Gender	%	%
female	3,6	3,8
male	96,4	96,2

MONTHLY SALARIES

	Kosovo	Sharrcem	
Minimum	130 - 171.6 € (1)	350 €	(1) World Bank
Average	400 - 450 € (2)	790 €	(2) Company Estimation

Local Managers / Extended Management Board

Expats	7
Nationals	7
(Thereof locals)	7
TOTAL	21

Health and Safety

Operational Health and Safety is an absolute priority for Sharrcem. The Health and Safety scope includes besides all any operation within the plant, the concepts of contractors and Traffic Safety outside the plant, according to the definitions and recommendations of WBCSD/CSI. In 2014, the company established methods and instruments to enable such activity, – in addition to 2nd year of running of ICSI programme on Safety Culture.

Kosovo Compliance

According to Mining Safety Regulation No. 06/2011, Article 95 of the Labor Law no.03/L-212, Law No. 04/L-161 on Safety and Health at Work and Regulation No. 2004/1 on Hygiene Measures and Technical Safety at Work, Sharrcem sh.p.k. - Hani i Elezit compiled and approved the Regulation No. 506 dated 06. 11. 2014 on Mining Safety at Quarry. An inspection was performed by the local labour agency on 20.10.2014 due to an incident that happened in the Packing Plant. The incident was investigated and preventive/corrective actions were performed (Health and Safety Improvement Report S/N 006 dated 12.09.2014. Exceeding of limits in both dust and noise (in some areas) were recorded in 2014. Maximum noise level was reduced compared to the previous year by 11.80 dB (A), from 109.9 dB (A) to 98.1dB (A)

ABOUT THE FREQUENCY ISSUE:

During 2014 Sharrcem increased the frequency of measurement of dust and noise at the working place to a quarterly basis.

ABOUT THE OTHER MONITORING PARAMETERS:

- Asbestos: No source of asbestos has been identified anywhere in the plant thus, and therefore no such measurements were performed.
- Particulates: Measurements have been made without excess of ELV
- Silica: Measurements have been made without excess of ELV

Workplace Monitoring Parameter	Sample	WBG/IFC	Titan Danube	Local
Workplace Respirable Air Concentrations	Collection and Analysis Frequency	Maximum ² Threshold Limit Value (TLV - TWA) ³	Performance inWBG/IFCunits	Limits and Units (in Kosovo)
Asbestos (if present)	Quarterly	0.5 mg/m ³	not present	-
Carbon Monoxide	Quarterly	40 mg/m ³	<28,63 mg/m ³	N/A
Nitrogen dioxide	Quarterly	6 mg/m ³	<0,94 mg/m ³	N/A
Particulate (inert or nuisance dust) maximum	Quarterly	10 mg/m ³	18.76 mg/m ³ (1)	N/A
Particulate (inert or nuisance dust) minimum	Quarterly		1.08 mg/m ³	N/A
Silica, crystalline (as respirable dust)	Quarterly	0.1 mg/m ³	<0.08mg/m ³	N/A
Heavy industry (no demand for oral communication)	Quarterly	85 dB(A)	84.8 dB(A)	N/A
Maximum noise level	Quarterly		98.1 dB(A)	N/A
Minimum noise level	Quarterly		74.33 dB(A)	N/A

Occupational Health and Safety Performance (OHS)

Sharrcem personnel is required to monitor, record, and report occupational health and safety incidents and workplace conditions (air quality and physical parameters, which are potentially impacted by industrial processes) throughout the reporting period.

The company continues to implement best practices in:

- Protection of workers from risks arising from different factors to health in relation to work
- Prevention of diseases caused by working conditions.
- Providing a suitable job for every employee based on their physiological and psychological condition.

Workplace Monitoring

During 2014, Management Force (an external consultant) was awarded by Sharrcem a project to perform measurements of dust, noise, lighting, chemicals and WBGT at selected points and workplaces in the plant area. For all measurements they provided:

- Details of methodologies applied to perform the measurements and equipment used for this purpose.
- Measurement results.
- Suggestions/proposals on improving health and safety and the protection of employees.

Incident Statistics

Monitoring

Number of Lost Time Injuries

Number of Lost Time Injuries (Directly employed) during the 2014 was two (2). In the same period of year 2014, (61) Near Misses were reported related both to directly employed and indirectly employed.

Workplace Monitoring Parameter	This reporting period		Reporting period 1 year ago		Reporting period 2 years	
	Direct employees	Contractor employees	Direct employees	Contractor employees	Direct employees	Contractor employees
Report TOTAL numbers for each parameter						
Employees	485	119	497	362	502	Not Available
Man-hours worked	915,984	247,865	929,668	761,680	911,233	Not Available
Fatalities	0	0	0	0	0	0
Non-fatal injuries ⁴	106	0	0	0	0	0

1. Fatality details for this reporting period



2. Non-fatal injuries details for this reporting period

Detailed data is available in the archive of the company. In 2014 there were two non-fatal injuries.

KPIs	2010	2011	2012	2013	2014
Lost time Injuries Frequency Rate (LTI FR) for directly employed personnel	0	0	0	0	2.18
Lost time Injuries Severity Rate (LTI SR) for direct employed personnel	0	0	0	0	115.72
Lost time Injuries Frequency Rate (LTI FR) for indirectly employed personnel	0	1	0	0	0

Near Misses

Number of "Near Misses" (Directly employed)	46
Number of "Near Misses" (Indirectly employed)	15
Total Number of "Near Misses" (Directly and indirectly employed)	61
Total Number of "Near Misses" properly investigated	61
Number of "Corrective Actions Taken" based on all Near Misses	61

Life and Fire Safety

Significant Occupational Health and Safety Events

In addition to the events reported in the previous section, the following significant Occupational Health and Safety actions were materialized during the reporting period.

- Scheduled audits were performed by the subcommittees.
- Compulsory safety specific and induction training for all persons accessing the plant.
- The development of an Estates and Facilities Management of Contractors Policy, and site rules.
- The improvements to the Departments Risk Assessment Policy.
- 121 actions completed (findings from inspection of activities and facilities).
- The introduction of a Work at Heights Procedure.
- The introduction of a permit to work Procedure.
- The introduction of a Method of statement Procedure.
- The introduction of LOTO Procedure.
- The introduction of confined space Procedure.
- Implementation of IFC and DNV recom-

The following table presents the activities of Sharrcem Fire Safety operations

Fire Safety Verification Activities	Mandatory Frequency	Date(s) Performed	Observed Deficiencies ⁵	Corrective Actions and Schedule for Implementation ⁶
Fire Drills	Minimum three (3) / year	26.01.2014 23.05.2014 20.08.2014	None	For the 2015, four (4) drills are planned to be performed.
Inspect and certify fire detection and suppression electrical and mechanical systems.	Every two month Inspection from Company Elektra	11.12.2014	None	Continuation with the same contract in 2015
Inspect, refill/recharge portable fire extinguisher	Minimum two (2) inspections/ year from certified company "Zjarri"	April, 2014 October, 2014	None	Continuation with the same schedule in 2015

* During 2014 (3) fire drills were performed.

- mendations.
- ICSI program development (launching of third generation).
- CSI Driving safety Status 67% implemented.
- CSI initial contractor Safety 100% implemented.
- Establishment of safe work instructions/ emergency procedure.
- 360o company assessment.
- Activities related to fire safety operations.
- Workplace monitoring (noise, dust, lighting, earthing, IR measurements)
- Compliance with Kosovo legal requirements
- Annual medical check-up for company's personnel.
- Working instructions for significant activities (during routine and maintenance activities) are under development.
- Improvement of lighting all around the plant.
- Technical deficiencies identified at the electrical installation - (IR) measurements
- Earthing measurements
- Weekly safety training to personnel was implemented.
- NBOSH course for 14 candidates
- A fire detection system is being developed.
- Three drills performed
- Three main Fire Fighting emergency
- Tools: fire extinguishers; alarming system; hydrant system are contracted to be maintained by certified companies
- A digital system to accurately record presence in the plant of own employees and contractors is linked with the payroll application.
- Health and safety trainings: In this reporting period, the realized trainings and topics are given below:

Sharrcem Employees

Description of training	Number of employees that attended
ICSI	106
NEBOSH Training	6
Permit to Work	12
Risk Assessment	18
Electrical Safety	29
PPE (Personal Protective Equipment)	69
Hot Work	15
Fire Fighting	59
Fire Drill	55
Oxy Acetylene Cutting	8
Operations in the Transformer Station	13
Evacuation Plan Training	13
Lotto Training	26
Bridge Crane Safety	12
Chemicals Safety	21
Preventive Measures with the Incident with Fire	12
Analyzing the Serious LTI that happened in Usje "Drilling at Quarry"	7
CO2 System	22
First Aid Training	55
Safety Excavation	9
Working at Height	13
Managing of Waste	29
Electrical and Mechanical Hazards	39
Manual Handling	10
Ergonomics Safety	6
Method of the Statement	11
Training of Cleaners	2

Contractors Employees

Description of training	Number of employees that attended
Working at Height	26
Safety in the Traffic	24
Safety Excavation	8
Safety during manipulation with Forklifts	6
Methodology of the works in Sharrcem	5
Lifting of Weights	7
Hot Work Training	6
Safety Scaffolds	5
Managing of the Wastes	5
NEBOSH Training	8
Training of Cleaners	2

The employees involved in the OH&S 18001 were comprised of committees consisting of 7 members and subcommittees consisting of 7 members. The employees have also a seat at the Management Board. Through the ICSI scheme 8 participated in Safety Boards.

Man Hours Health and Safety Trainings



NEBOSH

NEBOSH International General Certificate (NEBOSH-UK) is the most widely recognized Occupational Health and Safety qualification globally. The International General Certificate is designed for HSE professionals working in all industries around the world. The course covers all the basic essential elements of Health and Safety and provides solid grounding for an individual who is starting a career in Health and Safety.

Course Eligibility:

NEBOSH IGC is designed for anyone who wishes to gain fundamental knowledge and understanding about the Health and Safety responsibilities and requirements of an organization.

Course Objectives:

NEBOSH aims to improve delegation ability to identify hazards and recommend appropriate action by:

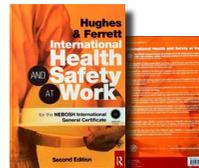
- Developing the ability to investigate accidents and make cost effective recommendations.
- Developing a practical understanding of safety legislation.
- Developing an assessment of human and organizational problems and possible solutions.

NEBOSH training was very beneficial for Sharrcem employees. They were able to gain a lot of information regarding health and safety at the workplace.

We hope that the knowledge obtained in the NEBOSH training will be shared in the Sharrcem plant with all employees.

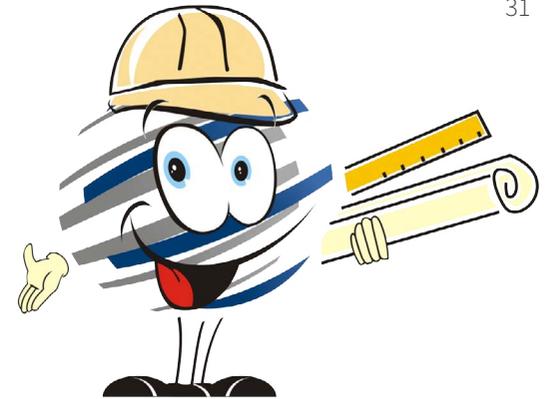
How long did it take to achieve this qualification?

The course lasted for 10 days of classes + 2 days of exams. Candidates who participated in the training were from different countries:



Assessment Method:

IGC1: Examination; **IGC2:** Examination; **IGC3:** Practical Content



Participants	14
TITAN USJE - MACEDONIA	1
TITAN ANTEA - ALBANIA	2
TITAN TOKAT - TURKEY	1
CONTRACTOR N.T.P. LURI	1
CONTRACTOR KRAS SH.P.K.	1
MUNICIPALITY	1
SHARRCEM - KOSOVO	6
CONTRACTOR N.T.SH ELEKTRA	1



IGC 1:

Management of International Health and Safety
Foundations in Health and Safety
Health and Safety management system 1— Policy
Health and Safety management system 2— Organizing
Health and Safety management system 3—Planning
Health and Safety management system 4 — Measuring, audit and review

IGC 2:

Control of International workplace hazards
Workplace hazards and risk control transport hazards
and risk control musculoskeletal hazards and risk control
work equipment hazards and risk control
Electrical safety
Fire safety
Chemical and biological health hazards and risk control
physical and psychological health hazards and risk control

IGC 3:

International Health and Safety
Practical
Application

Long-Term Requitat Program

APPRECIATION

OFFER

RELATED
POLICIES

PROCESS

POST
EVENT

1. RATIONALE

Sharrcem had a contractual obligation of keeping its workforce employed for 3 years – expiring on 31.12.2013 – according to the privatisation SPA provisions. The company has decided, to further extend the validity of all contracts for one more year (2014) in consideration of the hardship of the community in which it operates in terms of unemployment and local economy. As of early 2014, the company has elaborated a socially conscious and strictly voluntary programme based on three pillars: (a) offering requital plan to the employees over 60 years of age, (b) secure an adequate monthly income for those that would accept the offer up to their official retirement date and (c) keeping them covered by private medical insurance despite the termination of employment.

2. OFFER

- A requital plan for a group of employees. Eligible Group: 82 employees who reach (or are above) 60 years of age in January 2015. Any other employee wishing to join the plan could be accepted under proof that he is eligible for requital (≥ 30 years of service) and with a cap at the level of the youngest of the Eligible Group.
- The employees would receive by age subgroup from 100% of their basic salary (for the 64+ sub-group) to 70% of the same (for the 60<X<61 sub-group) plus a cash bonus of 4 such salaries.
- The agreement with employees will be made on December 2014 and the payments will start in January 2015.
- The bonus (cash payment) will be paid all at once to all employees in January 2015.
- The employees who are in retirement age in 2015 will receive the total compensation in January 2015.
- The rest of the employees of the Eligible Group will receive compensation on monthly

payments till retirement under the Annex contract agreed with the insurance provider. The latter would extend the medical coverage for them up to retirement.

3. PROCESS

The company has started the discussions with the Trade Union of Sharrcem employees as early as May 2014. The issue was well known since the previous year (see point 1, above). The discussions were conducted in a completely amicable and professional manner without the least deviation from such environment.

The company has also offered a comprehensive and advantageous plan for outsourcing plant activities. The plans (requital and outsourcing) were detailed in October 2014 and tuned to the above exposed offer in December 2014. There were 11 meetings dedicated to these negotiations, one of them involving not only the Trade Union and management representatives but also the whole group of concerned employees. As a result, an agreement has been reached calling the Eligible Group for enrolment on December 15. 100% of the employees, 82 in number, included in the Group accessed to the offer on this date.

4. POST-EVENT RESULTS

There was not a single complaint received to-date by any of the members of the Group or from any other employee. On the contrary, a good number has expressed their appreciation for the overall outcome.

The Trade Union has expressed in written and by commemorative gifts its appreciation for the process and the quality of the requital plan. To a common arrangement, a meeting with the Group was held on 18 December, where the Mayor of the Municipality, the Trade Union and the management of Sharrcem addressed the members of the Group in recognition and appreciation of their contribution to the company through the years.



The Mayor has also expressed the satisfaction of the Municipality during this meeting and by a written speech addressed to the management.

5. OTHER MITIGATING MEASURES

Due to the vulnerable conditions in which the citizens of Kosovo in general are exposed, the company has:

- Secured monthly revenue for the households of the ex-employees of the Eligible Group; in case of death the revenue will be transferred to the legal heirs,
- Initiated an alternative plan in 2014 for generation of employment in the Community of its operations; this plan is already implemented (as Lab for Business or LAB) and has already provided assets and training for 19 new farming SME's which have been established. The bearer of the responsibility is an independent board, governed by IFC principles. The ex-employees are prompted to encourage young unemployed family members to enroll in the programme which is open to the citizens of the same community. LAB will continue in 2015 supporting and funding new start-ups, and
- Adopted as early as 2013 an internal policy of giving hiring priority to the local population for any opening for employment. In this respect, the requital plan will certainly ease the way for a number of younger job-seekers.



Our Environment

We aim to continuously improve our performance by increasing our understanding of the significant challenges that Sharrcem faces towards environmental sustainability. We try to establish effective environmental management in order to measure and monitor our performance.

We continuously seek to improve and promote best practices in our plant by engaging our stakeholders and reporting publicly on compliance, performance and progress. We promote our commitment through training and integration into business processes.

Moreover, Sharrcem is the first company in the country that has obtained the IPPC permit in May 2014 from the Ministry of Environment and Spatial Planning.

For the track record, no fine was issued to the company in 2014.



ENVIRONMENT|AUDIT



Verification Visit by DNV-GL

The CSR Independent Auditor DNV-GL (det Norske Veritas – German Lloyd) as part of the verification of Titan’s Corporate Social Responsibility (CSR) Report 2013, visits to a sample of sites have been carried out. The aims of the site visits are to:

- Understand the level of awareness of Titan’s CSR-related policies and processes;
- Identify the CSR issues considered material at each of the sites;
- Review the management of material CSR issues by each site;
- Review CSR-related data management processes;
- Review CSR-related data reporting processes (to regional/HQ levels); check the accuracy of a sample of CSR-related data.

These visits provide the verifier with valuable information on how CSR issues are managed at site level, significantly enhancing the value of the verification process (and the robustness of the assurance statement). This also provides an opportunity for the verifier to raise awareness of CSR issues and the CSR report at the site. HQ will also benefit from having an independent review of CSR management and reporting at the sites visited, identifying strengths and opportunities for improvement.

DNV-GL visited Sharrcem plant on 11th and 12th of March 2014 by 4 verifiers with knowledge of Titan’s CSR management processes and experience in the cement sector.

The visiting DNV-GL team:

- A project manager and CSR expert
- An environmental expert and CSI expert
- An environmental expert and CSR verifier
- Health and Safety expert and CSI expert

All recommendations from DNV findings related to the environmental issues are completed and Sharrcem did its part for the A+ rating of the Group.

Internal Audit

On the framework of regular surveillance of the Environment Management System (EMS) –ISO 14001 implementation, Second Surveillance audit from external certification body “EUROCERT” from Greece was organized on 20th’ and 21st’ of October 2014.

No non-conformity was observed.

IPPC ISSUING PROCESS

IPPC I / THE EU DIRECTIVE

The Directive 2008/1/EC of the European Parliament and the Council of 15 January 2008 concerning integrated pollution prevention and control (IPPC Directive) requires industrial and agricultural activities with a high pollution potential to have a permit. This permit can only be issued if certain environmental conditions are met, so that the companies themselves bear responsibility for preventing and reducing any pollution they may cause.

Integrated pollution prevention and control concerns new or existing industrial and agricultural activities with a high pollution potential, as defined in Annex I to the Directive (energy industries, production and processing of metals, mineral industry, chemical industry, waste management, livestock farming, etc.).

Mandatory environmental conditions

In order to receive a permit an industrial plant must comply with certain basic obligations. In particular, it must:

- use all appropriate pollution-prevention measures, namely the best available techniques (which produce the least waste, use less hazardous substances, enable the substances generated to be recovered and recycled, etc.);
- **prevent all large-scale pollution;**
- prevent, recycle or dispose of waste in the least polluting way possible;
- use energy efficiently;
- ensure accident prevention and damage limitation;
- **return sites to their original state when the activity is over.**

In addition, the decision to issue a permit must contain a number of specific requirements, including:

- Emission limit values for polluting substances (with the exception of greenhouse gases if the emission trading scheme applies - see below);
- Any soil, water and air protection measures required;
- Waste management measures;
- Measures to be taken in exceptional circumstances (leaks, malfunctions, temporary or permanent stoppages, etc.);
- Minimization of long-distance or trans-boundary pollution;
- Release monitoring;
- All other appropriate measures.

Sharrcem has initiated the process since 2013 by applying to the Ministry of Environment and Spatial Planning according to the provisions of Law no.03/L-043 on Integrated Pollution Prevention and Control. In the process, further to the technical documentation and set of Limit Values, a series of activities were undertaken, as displayed below:

IPPC II / PUBLIC HEARING

The public hearing was the final phase of the Integrated Environmental permit review.

The hearing was organized with the citizens of the Municipality of Hani i Elezit, representatives of the Ministry of the Environment and Spatial Planning, the Environmental Manager from USJE, the Environmental Manager from Antea and representatives of Civil Society (NGO's "REC" from Prishtina and "Ajri" from Kaçanik).

The hearing was very successful in terms of exchanging information and establishing a common platform of communication so that local stakeholders are duly informed and have the possibility of addressing any environmental issue of their interest.

IPPC III / STUDY VISIT

In order to discuss and record the way that Titan Group companies operate for the protection of the environment, and even more, to take the long experience of Group plants in implementing actions and processes according to the requirements of the EU IPPC Directive, Sharrcem has proposed a close observation of the practices. With the aim of understanding more closely with the management practices of a cement factories of Titan Companies, and to exchange the experiences regarding implementing of the integrated environmental permit, a study visit was organized for representatives of the Ministry of Environment and Spatial Planning and the Sharrcem professional staff in some of Titan's factories in Greece, starting from 30th of March, until 3rd of April.



IPPC IV / ISSUANCE OF PERMIT

After a long, meticulous and stringent process of reviewing the application by the Ministry of Environment and Spatial Planning, on May 30th Sharrcem received the Integrated Environmental Permit which was presented by the Minister of Environment and Spatial Planning, Mr. Dardan Gashi in person, to the Management of Sharrcem.

The Mayor of Hani i Elezit, Mr. Rufki Suma also participated in the event. Furthermore, Minister Gashi, speaking for the media, stated that Sharrcem sets a good example for environmental responsibility and expressed confidence that it will be followed by more and more companies in Kosovo, thus minimizing the footprint in the country. Mr. Suma considered the IPPC permit not only a success but also a milestone for the Municipality of Hani i Elezit.

STUDY VISIT, MARCH/APRIL 2014

(Places visited)

- Athens Titan HQ
- Titan Kamari Plant
- Titan Patras Plant



Ioannis MASTORIS	Sharrcem SH.P.K.
Halil BERISHA	Sharrcem SH.P.K.
Shkurte GASHI	Sharrcem SH.P.K.
Besa E. RAMADANI	Sharrcem SH.P.K.
Nezakete HAKAJ	Ministry of Environment
Adem TUSHA	Ministry of Environment
Naim ALIDEMA	Ministry of Environment

(Meeting identification dates)
 HQ Meeting, 31th of March
 Kamari, 31th of Mar. and 1st of Apr.
 Patras, 2nd of Apr.

WATER

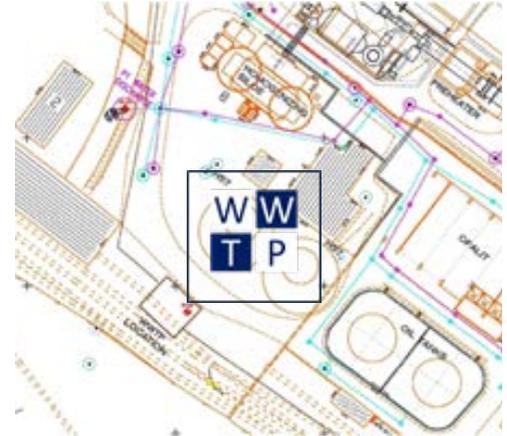
1. WASTE WATER TREATMENT IN THE PLANT

In order to improve water effluents quality, in 2014 SharrCem starts with the project design for the Waste Water Treatment Plant. According to the project, SharrCem shall connect the two existing discharge points into one flow of water within the network, in order for the outfalls of water (discharges) to be treated by the new water treatment plant. In SharrCem's (WWTP) Waste Water Treatment Plant will be including also a part of the community of Hani I Elezit (approximately 40 households which are currently excluded from the municipal network).

Project Goal

The project goal is to install new wastewater treatment plant for processing the waste water of the existing emission point P1, P2, P3 and new P4 from local housing surrounding the plant. The plant should be placed at lowest point and the discharge will be into the recipient by making further basic design of it.

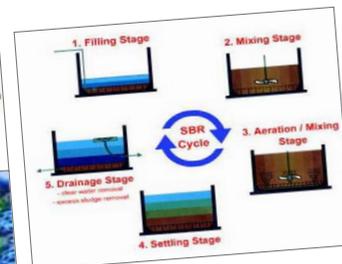
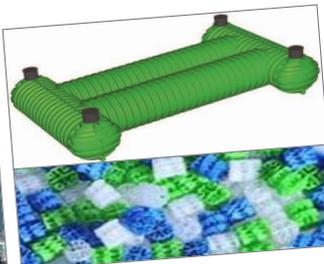
Quality of the effluent should be secured with different hydraulic demands on the plant in interval from 100% to 60% from the capacity. Technology chosen: Sequencing batch reactors (SBR)



W W T P Installation of a Waste Water Treatment Plant

- Last year the design phase was completed for the treatment of plant's and part of the community waste water. **(100m³/day)**.
- The Location for setting the WWTP is chosen close to the emission points of the plant, which provides eventual expanding of the sewage system, in case this is required in the future.
- The best technology chosen; **Sequencing Batch Reactors (SBR)**.
- The total investment cost for SBR technology of WWTP is around **190k€** *and will service the needs of an additional 40 households in the vicinity of the plant.*

☐ Time schedule : 2015/2016



2. WATER BALANCE AND MONITORING

Following the most valid international Standards, Sharrcem monitors constantly the total consumption of water used in the plant. It ranks at a very good level according to such standards, with less than 200 litres per ton of cement produced. In 2014 the Specific Water Consumption was 175.62 lt/t of cement.

- Water withdrawal by source

- Groundwater
- Collected Surface water
- Drinking bottled water

- Water used by destination

- Process water
- Maintenance operations water
- Water used for the environment
- Drinking and hygiene water
- Losses

- Water discharge by destination

- Surface water (the company has no other point of discharge)

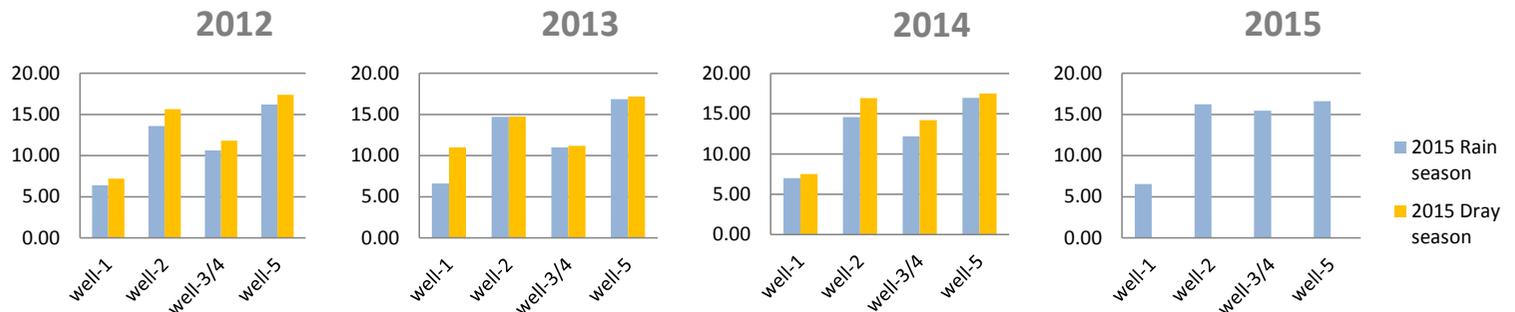
Specific Water Consumption for cement production lt/tCement



3. AQUIFER SUSTAINABILITY

The company conducts a systematic (monthly) monitoring of aquifer level by piezometer level gauges installed in the wells. With this frequency we have the possibility of monitoring real trends without any seasonal distortion.

This is an important undertaking since the company following the results of its Hydrogeological Study, has stopped water intake from the river Lepenci, substituting the source with water intake wells. After 5 years, we can see that the underground water conditions remain unchanged.



Water parameters	Unit	ELV according to the UA_16/2012_MSH	Well 1	Well 2	Well 3&4	Well 5
			Average 2014	Average 2014	Average 2014	Average 2014
Odor	comparison	no abnormal change	without	without	without	without
Chloride	mg/l	250	34.10	12.46	7.91	15.90
Turbidity	NTU ⁷	10	0.83	1.67	0.98	2.61
pH	1-14	6.5-9.5	7.37	7.47	7.46	7.51
Residue after evaporation	mg/l	1250	419.56	367.67	433.00	410.67
Iron ion (Fe)	mg/l	0.2	0.05	0.32	0.16	0.49
Manganese (Mn)	mg/l	0.05	0.01	0.00	0.00	0.01
Aluminium (Al)	mg/l	0.2	0.01	0.03	0.00	0.01
Sulphate (SO ₄)	mg/l	250	95.91	64.31	66.04	49.44
Nitrogen of Ammonium (N- NH ₄)	mg/l	0.4	0.02	2.00	2.00	0.75
Nitrogen of Nitrite (N-NO ₂)	mg/l	0.2	0.01	0.03	0.09	0.71
Nitrogen of Nitrate (N-NO ₃)	mg/l	10	5.55	0.10	0.98	0.04
Total Copper (Cu)	mg/l	2.0	0.01	0.02	0	0.01
Fluoride(F)	mg/l	1.5	nd	nd	nd	nd
Streptococcus with excrement origine	no/1ml	10	0.00	0.00	0.00	0.00

4. UNDERGROUND WATER QUALITY

Systematic sampling (on monthly basis) monitoring all parameters.

A database is maintained with the registration and log-books of all Chemical analysis conducted for the underground water.

The origin of pollutants in case of excess of European Limit Values is regularly investigated so as to secure that there is no connection with the manufacturing activity in the plant.

AIR EMISSIONS

1. PROGRESS OF IMPLEMENTATION OF THE THREE-YEAR ACTION PLAN FOR FUGITIVE DUST REDUCTION

The following actions were taken in 2014 within the 3-year plan in place:

- Preparation for Installing the New Bag Filter at the Raw Mill preparation unit (all facilities are in place, installation started in January 2015).
- Partial cladding of storage for clinker and cement additive materials (east side in front of the kiln and clinker cooler).
- Increasing the capacity of the de-dusting bag filter 491 BF1 in clinker transport, by replacement of bag filter fan.
- A mobile Vacuum dust extractor has been commissioned to the packing plant.

2. INSTALLATION OF CONTINUOUS DUST MONITORING DEVICES

Following the international BAT, the commitments undertaken by the IPPC permit and the general environmental policies of Titan Group, in November 2014 Sharrcem has installed a continuous monitoring system at the stack of cement mills (CM 1 & 2). This system provides continuous information about dust emissions in the air and in case of exceeding it enables immediate reactions. The measurements are transmitted at real time to the CCR (Central Control Room) operators.

3. FINAL (DETAILED) DESIGN FOR THE CLINKER HALL

Sharrcem has finalized an innovative complete solution for the lasting problem of dust at the clinker storage hall. The solution provides for a tightly closed building with unmanned automated operation. The cranes will be pre-programmed and, by a system which detects in precision the relief of the stored clinker stockpile – actually “reading” the surface, will move, load and unload the material for continuous feeding of the Cement Mills.

This way, there will be no dust emission from the site, while 16 positions of risky jobs will be eliminated. Sharrcem will train the current operators of the cranes for the needs of the new installation, one of the first implementations in Europe.

CONCEPT and DESIGN (2013/14)

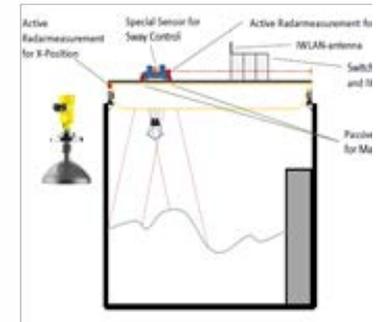
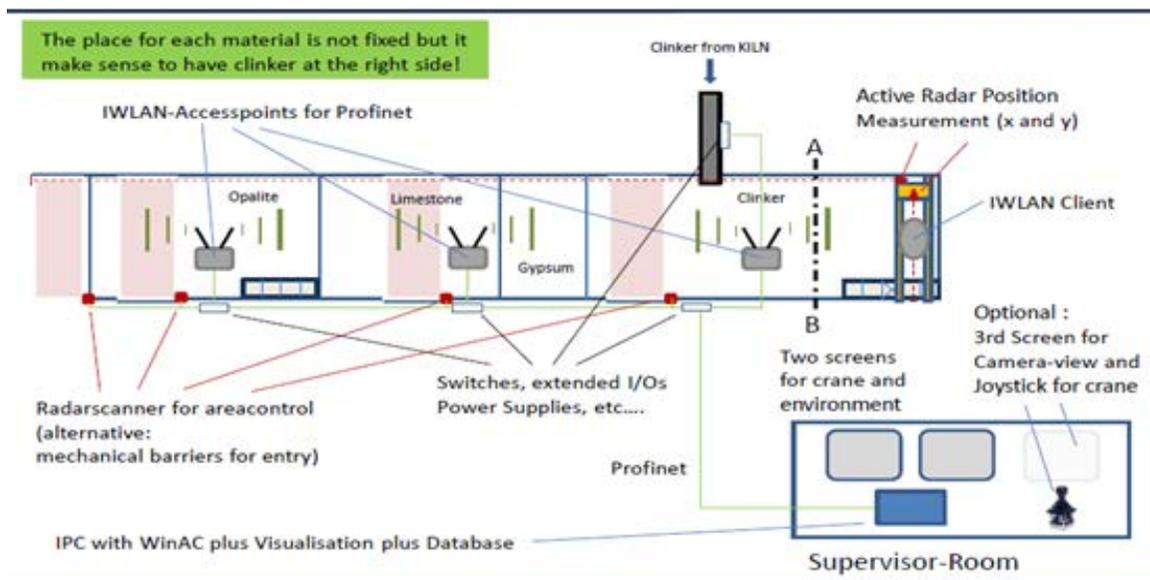
- ▶ Complete cladding of the gallery, including the storage areas of clinker and additive raw materials – reduction of fugitive dust.
- ▶ Installation of sensors and processing system to detect and digitalize in 3D the stockpile volume of all different materials in the hall
- ▶ Automated crane remote operation by processors installed in the CCR and removal of the crane cabins.

Step 1 (2015/16):

- ▶ Replacement and redesign of rail support system for elimination of any vibrations that could jeopardize the usage of an automatic scanning system.
- ▶ Civil works for creation of new separated walls for each material and cover the storage perimeter.
- ▶ Configuration of remote operation / sensors / automated process controls

Step 2 (2016):

- ▶ Supply and Installation of New control room and electrical cabinet (programming PLC Scada CCR controls).
- ▶ Installation of instrument and mechanical parts for crane.
- ▶ Installation of level indicators on hoppers and scanning of storage material surface.



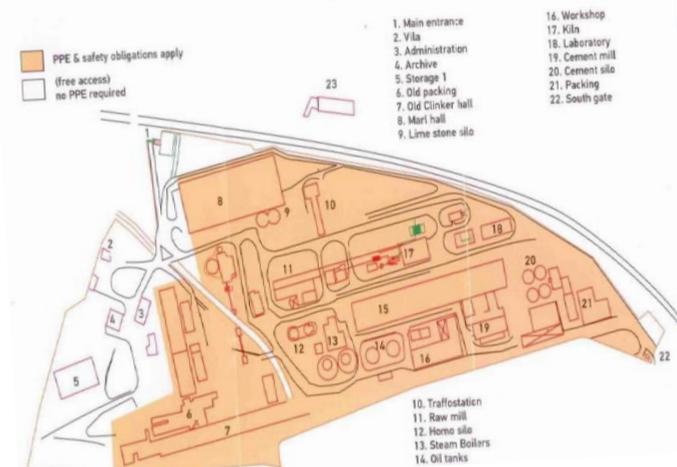
NOISE EMISSIONS

Noise emissions control

Sound level measurements on quarterly basis

- ✓ These measurements include constant noise level measurements, using an integrating sound level meter. According to "ISO 1996: Acoustics Description and Measurement of Environmental Noise" standard, 6 points were selected to be measured (4 points around the Plant and 2 points in the Quarry). Measurements took place in two periods:
 - ✓ L day & L night is the A-weighted long-term average sound level as defined in ISO 1996-2: 1987, determined over all the day periods of a year (Directive 2002/49/EC-Law No. 02/L-102) and IPPC requirements.

	WBG/IFC Maximum Levels	Maximum Levels /IPPC
Daytime (07:00-22:00 hours)	55dB(A)	60dB(A)
Night time (22:00-07:00 hours)	45dB(A)	50dB(A)



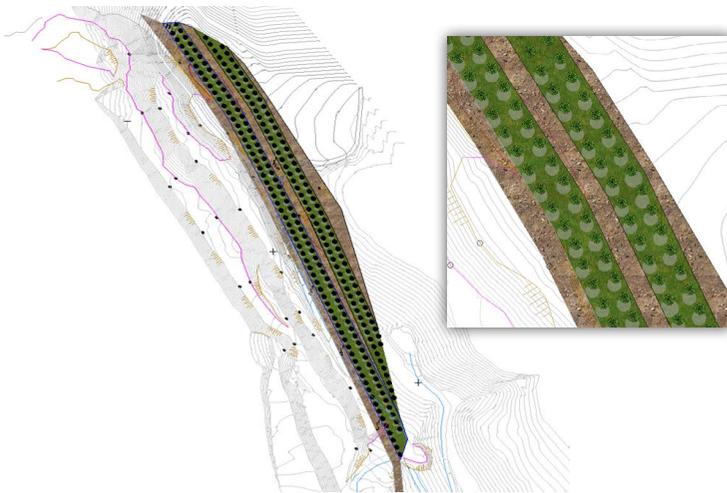
Sharrcem has started since 2012 to monitor the noise emitted by its own operations. This includes the plant equipment and the quarry operations. In 2013 a plan for the reduction of noise has been drafted and put in place. In implementation of this plan, the following works have been concluded in 2014:

- ▶ Installation of noise silencers in the bag filter fans at:
 - Cement Silos,
 - Sharmall and Cement Packing Stations,
 - Homo silos,
 - Cement mills 1 and 2,
 - Fly ash silos at cement mill 1 and 2.
- ▶ Enclosure of CEM 1 and 2 buildings.
- ▶ Enclosure of raw mill building.
- ▶ Green barriers at the perimeter of houses and properties in the Dimcë quarry to reduce noise from road transport.

QUARRY REHABILITATION

In 2014 for the following production output → the following volumes of raw materials have been used from our quarries:

PRODUCTION DATA	RAW MATERIALS EXTRACTION DATA
Clinker Produced 371,051t	Quarry Dimcë Marl 622,157 t
Cement Produced 517,689 t	Quarry Paldenicë Marl 8,947 t
Clinker/Cement Ratio 66.35	Total 631,104 t



ANNUAL REHABILITATION PROGRESS FOR DIMCE QUARRY



CONTINUOUS RE-CULTIVATION PLAN APPROVED

The highest benches of the western quarry front are ready for the initiation of the re-cultivation plan which has been drafted and approved in 2014.

- ▶ To date approximately 3,4Ha of the old depleted quarry area has been restored with backfilling and levelling and has been already returned to local families.
- ▶ In spring of 2013, more than 200 trees were planted and created a green belt along the border of the new residential areas and also the western quarry boundaries.

Operations phase:

- ▶ Progressive rehabilitation of depleted benches with soil application and trees planting plus green at eastern quarry boundaries.
- ▶ Species to be used : Robinia pseudoacacia – Bagrem (indigenous).



Rehabilitation activities according to the 5 year plan continued in 2014 by refilling the 300 m² of areas with 22800 m³ of overburden from period of January – September 2014 to create flat surfaces to be returned to the community and/or previous owners.

Because of the necessity of reducing the noise and dust from mining activities in Dimcë quarry, A problem we are facing in the quarry is the disorganized way of erection of buildings, often without any approval from the municipal authorities. This leads to phenomena where, citizens build their houses close to the operating borders of the mining activity. This of course represents increased hazard and obstruction of certain operations. However, understanding the socio-economic hardship of the citizens, Sharrcem has undertaken a project of creating a green barrier along the sensitive (households) buildings adjacent to the quarry by planting a green noise barrier of 140 seedlings, with height of 2.5m along a line of 70m.

ENVIRONMENT MODULES

Point Source Air Emissions

As required, Sharrcem has been continuously monitoring main air emissions at main emission locations. Monitoring took place while the facility was operating during the reporting period.

Monitoring results of air emissions during reporting period as well as the local maximum levels in the corresponding local units are given in the tables below.

Point Source Air Emissions Kiln and Raw Mill Stack

POINT SOURCE AIR EMISSIONS PARAMETERS	COLLECTION FREQUENCY	WBG/IFC MAXIMUM LEVELS	SHARRCEM PERFORMANCE ANNUAL AVERAGE	KOSOVO MAXIMUM LEVELS
(WBG/IFC UNITS)	SHARRCEM PERFORMANCE	50 MG/L	7.3 MG/L	80 MG/L
ANNUAL AVERAGE		<400MPN PER 100ML	>6000 MPN PER 100 ML	6000 TC PER 10 0ML
IPPC PERMIT MAXIMUM LEVELS	MONTHLY	10 MG/L	5.3 MG/L	10 MG/L
	MONTHLY	6.0-9.0	8.1	6.0-8.5
NITROGEN OXIDES (NOx)	CONTINUOUS	600MG/Nm3	367.8 MG/Nm3	800 MG/Nm3

Heavy Metals from Kiln and Raw Mill Stack:

TOTAL HEAVY METALS (Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V)	ONCE PER YEAR	0.5 MG/Nm3	0.320 MG/Nm3	0.5 MG/Nm3
Cd+TL	ONCE PER YEAR	0.05 MG/Nm3	0.003 MG/Nm3	0.05 MG/Nm3
Hg	ONCE PER YEAR	0.05 MG/Nm3	0.011MG/Nm3	0.05 MG/Nm3

Point Source Dust Emissions Clinker Cooler Stack

POINT SOURCE AIR EMISSIONS PARAMETERS	COLLECTION FREQUENCY	WBG/IFC MAXIMUM LEVELS	SHARRCEM PERFORMANCE ANNUAL AVERAGE	KOSOVO MAXIMUM LEVELS
(WBG/IFC UNITS)	SHARRCEM PERFORMANCE	50 MG/L	7.3 MG/L	80 MG/L

Point Source Dust Emissions Cement Mill Stack 1 and 2

POINT SOURCE AIR EMISSIONS PARAMETERS	COLLECTION FREQUENCY	WBG/IFC MAXIMUM LEVELS (WBG/IFC UNITS)	SHARRCEM PERFORMANCE ANNUAL AVERAGE	IPPC PERMIT MAXIMUM LEVELS
DUST	CONTINUOUS	100 MG/Nm3	1.53 MG/Nm3	20 MG/Nm3

Regarding the potential alternative raw materials use, iron and alumina additive analyses were performed in 2014, in central laboratory RDQ in Athens.

The results of analysis show that Hg contribution from this typical has no potential to significantly deteriorate stack emissions.

LIQUID EFFLUENT

Starting from 2014, Sharrcem has increased the frequency of the measurements on a monthly basis as per IFC requirements. The analysis of all samples is made strictly by certified laboratories in Kosovo. Sharrcem collected representative samples of liquid effluent at two (2) discharge points during 2014, namely P1 and P2. Monitoring took place while facility was operating in monthly basis.



Liquid Effluent Water Outfall P1 (Dimcë Stream)

LIQUID EFFLUENT PARAMETERS	COLLECTION FREQUENCY	WBG/IFC MAXIMUM LEVELS	SHARRCEM PERFORMANCE ANNUAL AVERAGE	KOSOVO MAXIMUM LEVELS
(WBG/IFC UNITS)	SHARRCEM PERFORMANCE	55dB(A)	58,1 dB(A)	59 dB(A)
ANNUAL AVERAGE	IPPC ELV	45dB(A)	58,6 dB(A)	49 dB(A)
BIOCHEMICAL OXYGEN DEMAND (BOD5)	MONTHLY	50 MG/L	23.29 MG/L	80 MG/L
COLIFORM BACTERIA	MONTHLY	<400MPN PER 100ML	<165.56 MPN PER 100 ML	6000 TC PER 100ML
OIL AND GREASE	MONTHLY	10 MG/L	10.54 MG/L	10 MG/L
pH	MONTHLY	6.0-9.0	7.87	6.0-8.5
TOTAL SUSPENDED SOLIDS (TSS)	MONTHLY	50 MG/L	35.66 MG/L	150 MG/L

Liquid Effluent Water Outfall P2 (other local streams-collectors, connected to Lepenci River)

LIQUID EFFLUENT PARAMETERS	COLLECTION FREQUENCY	WBG/IFC MAXIMUM LEVELS	SHARRCEM PERFORMANCE ANNUAL AVERAGE	KOSOVO MAXIMUM LEVELS
(WBG/IFC UNITS)	SHARRCEM PERFORMANCE	55dB(A)	58,1 dB(A)	59 dB(A)
ANNUAL AVERAGE	IPPC ELV	45dB(A)	58,6 dB(A)	49 dB(A)
BIOCHEMICAL OXYGEN DEMAND (BOD5)	MONTHLY	50 MG/L	36.39 MG/L	80 MG/L
COLIFORM BACTERIA	MONTHLY	<400MPN PER 100ML	109.33 MPN PER 100ML	6000 TC PER 100ML
OIL AND GREASE	MONTHLY	10 MG/L	11.40 MG/L	10 MG/L
pH	MONTHLY	6.0-9.0	8.01 MG/L	6.0-8.5
TOTAL SUSPENDED SOLIDS (TSS)	MONTHLY	50 MG/L	22.86 MG/L	150 MG/L

Water Permit

According to article law on water in Kosovo (Rr. Nr. 2004/24) and article 90 of law for administrative procedure (Nr. 02/L-28), from 04.03.2014 Sharrcem was issued a Water permit for use of water from 4 wells, for plant activities, this is also included in the IPPC permit.

As of 2012 the old liquid fuel storage tank has been removed. One smaller state-of-the-art tank has been installed with zero spillage recorded.

AMBIENT NOISE

Starting from 2014, Sharrcem has increased the frequency of measurements on a monthly basis as per IFC requirements.

The analysis of all samples is made strictly by certified laboratories in Kosovo. Sharrcem collected representative samples of liquid effluent at two (2) discharge points during 2014, namely P1 and P2. Monitoring took place while the facility was operating on a monthly basis.



AMBIENT NOISE PARAMETERS PLANT PERIMETER	COLLECTION FREQUENCY	WBG/IFC MAXIMUM LEVELS (WBG/IFC UNITS)	SHARRCEM PERFORMANCE ANNUAL AVERAGE	MAXIMUM RECOMMENDED VALUE ACCORDING TO THE IPPC
NEAREST RESIDENTIAL, INSTITUTIONAL OR EDUCATIONAL RECEPTORS DAYTIME (07:00-22:00 HOURS)	QUARTERLY	55dB(A)	64.85 dB(A)	65 dB(A)
NEAREST RESIDENTIAL, INSTITUTIONAL OR EDUCATIONAL RECEPTORS NIGHTTIME (22:00-07:00 HOURS)	QUARTERLY	45dB(A)	63.42 dB(A)	50 dB(A)
NEAREST RECEPTORS OUTSIDE PROPERTY BOUNDARY	QUARTERLY	70dB(A)	N/A	N/A

AMBIENT NOISE PARAMETERS PLANT PERIMETER	COLLECTION FREQUENCY	WBG/IFC MAXIMUM LEVELS (WBG/IFC UNITS)	SHARRCEM PERFORMANCE ANNUAL AVERAGE	MAXIMUM RECOMMENDED VALUE ACCORDING TO THE IPPC
NEAREST RESIDENTIAL, INSTITUTIONAL OR EDUCATIONAL RECEPTORS DAYTIME (07:00-22:00 HOURS)	QUARTERLY	55dB(A)	55.63 dB(A)	65 dB(A)
NEAREST RESIDENTIAL, INSTITUTIONAL OR EDUCATIONAL RECEPTORS DAYTIME (07:00-22:00 HOURS)	QUARTERLY	45dB(A)	50.93 dB(A)	50dB(A)
NEAREST RECEPTORS OUTSIDE PROPERTY BOUNDARY	QUARTERLY	70dB(A)	N/A	N/A

Note: High noise level especially night levels in perimeter of the plant are well above the limits in most control points, but it is also clear that plant itself is not the only source, and high noise levels are heavily influenced by the traffic noise from the cross roads.

NOISE CONTROL STUDY IN VICINITY OF SHARRCEM CEMENT PLANT AND MARL QUARRY

“Environmental noise” is usually described as a noise caused by unwanted or harmful outdoor sounds created by human activities, which is imposed to the nearby environment and causing nuisance and disturbance.

This includes noise emitted by transportation means (road, rail and air traffic) and from industrial activity sites, such as those defined in Annex I to Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (Directive 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise).

On these premises, Sharrcem decided to commission a full noise control study to identify the detailed impact of its operations. The study has been completed and an action plan has already been put in place.

OBJECTIVES OF STUDY

Basic objectives of study are:

- Identification and inventorying of noise sources within the factory and marl quarry;
- Developing noise dispersion model in vicinity of cement plant and marl quarry;
- Verification of noise dispersion model and determining the noise impact of Sharrcem plant to recipients in vicinity of cement plant and marl quarry;
- Proposing noise control measures in the vicinity of Sharrcem plant;
- Development of scenarios by modelling of defined control measures and selection of an optimal solution.

To achieve these objectives, an expert team from the Faculty of Natural and Technical Sciences according to the Agreement signed with Sharrcem, a Titan Group Company, 15-minute measuring of noise were performed at levels in 1/3 octave band nearby noise sources (in industrial area of cement plant and close to marl quarry)

METHOD USED

Based on measurements of noise level and identification of noise sources in the Sharrcem cement plant and marl quarry a Noise Dispersion Model in industrial area of cement plant and in the vicinity (at recipients) of Sharrcem cement plant and marl quarry were performed.

Noise dispersion models and noise maps in the vicinity of Sharrcem cement plant and marl quarry were performed using most sophisticated Software for Noise and Air Pollution Modelling, SoundPLAN 7.2. production by company Braunstein +

Berndt GmbH / SoundPLAN International LLC.

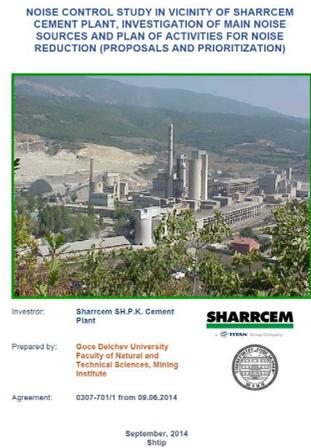
Noise maps are used for assessment and monitoring of noise adverse impact effects and can be useful in planning and decision-making on noise reduction measures.

SoundPLAN Software is a leader in the field of noise mapping. SoundPLAN as software for noise modelling and mapping is quite flexible in the management and control of multiple scenarios and models of noise and offers fast and reliable transformation of these models into noise maps. The basic model for noise mapping consists of



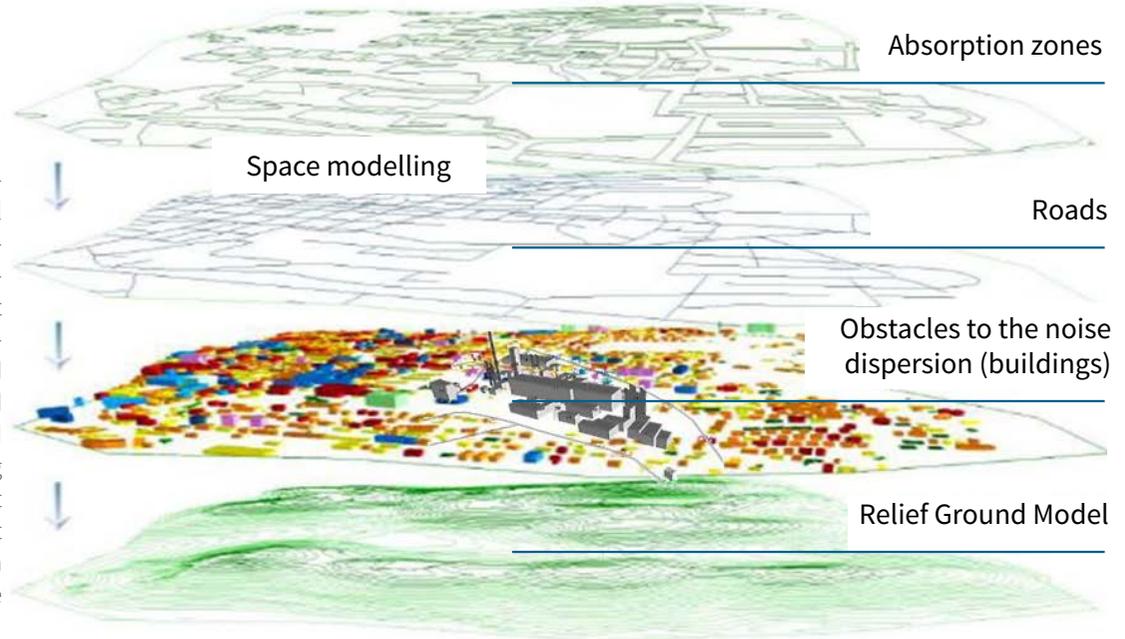
four main components:

1. Making a Digital Ground Model (DGM);
2. Obstacles to the noise dispersion (buildings);
3. Roads;
4. Absorption zones.



MEASUREMENT METHODOLOGY

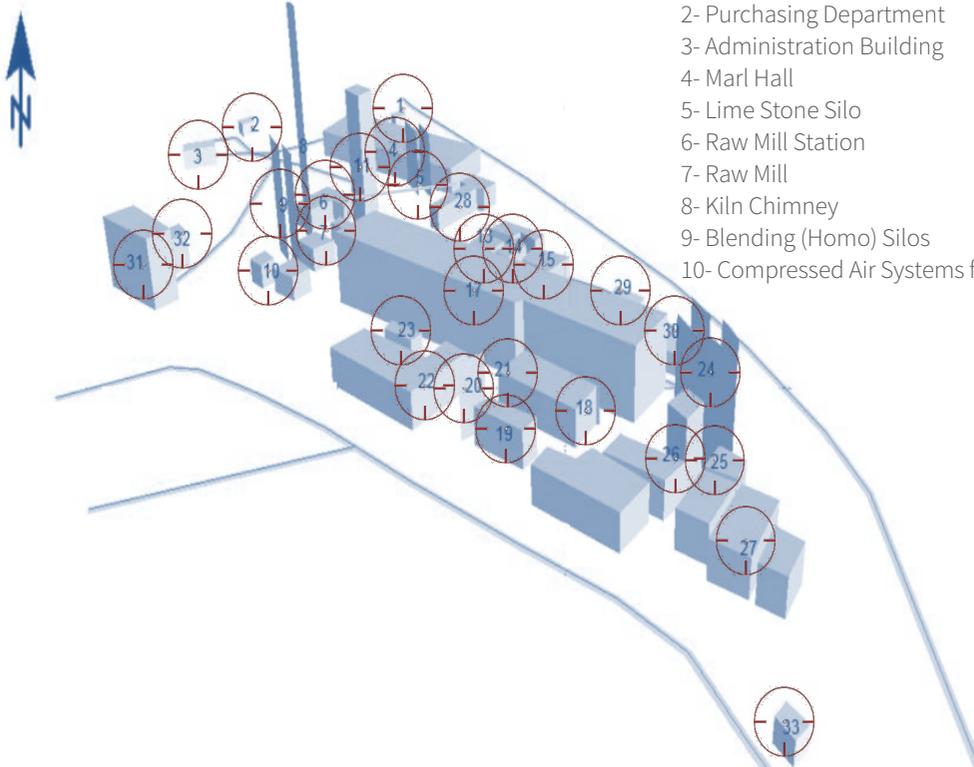
15 minute measurement of noise sources level in the cement factory and marl quarry were performed in one-third frequency octave band, and close to recipients in the vicinity of the cement plant and quarry. In addition 24-hour measurements of broadband noise level and in one-third octave band are performed with Sound Level Meter CR: 831C and Carrying Case SK: 250, which according to IEC 61762 presents measurement instrument from Class 1. Measurement kit is equipped with a data logger, data is synthesized by specialized software Deaf Defier © 3.3.



MEASUREMENTS

In all 33 points of measurement modeling has been established:

- | | |
|---|--|
| 1- Main Entrance | 11- Pre-heater Cyclone Tower |
| 2- Purchasing Department | 12- Rotary Kiln |
| 3- Administration Building | 13- Clinker Cooler |
| 4- Marl Hall | 14- Main Operative Center |
| 5- Lime Stone Silo | 15- Petrol Coke Unloading Station |
| 6- Raw Mill Station | 16- Compressor for Petrol Coke Transport |
| 7- Raw Mill | 17- Clinker Hall |
| 8- Kiln Chimney | 18- Cement Mill 1 |
| 9- Blending (Homo) Silos | 19- Substation for Cement Mill 2 |
| 10- Compressed Air Systems for Homo Silos | 20- Ash Silo for Cement Mill 2 |
| | 21- Cement Mill 2 |
| | 22- Workshop |
| | 23- Pump Station |
| | 24- Cement Silos |
| | 25- Compressor Station |
| | 26- Cement Packing Plant |
| | 27- Palletizing Plant |
| | 28- Substation |
| | 29- Kitchen |
| | 30- Laboratory |
| | 31- Old Clinker Hall |
| | 32- Old Packing |
| | 33- South Gate |



RESULTS AND ACTIONS

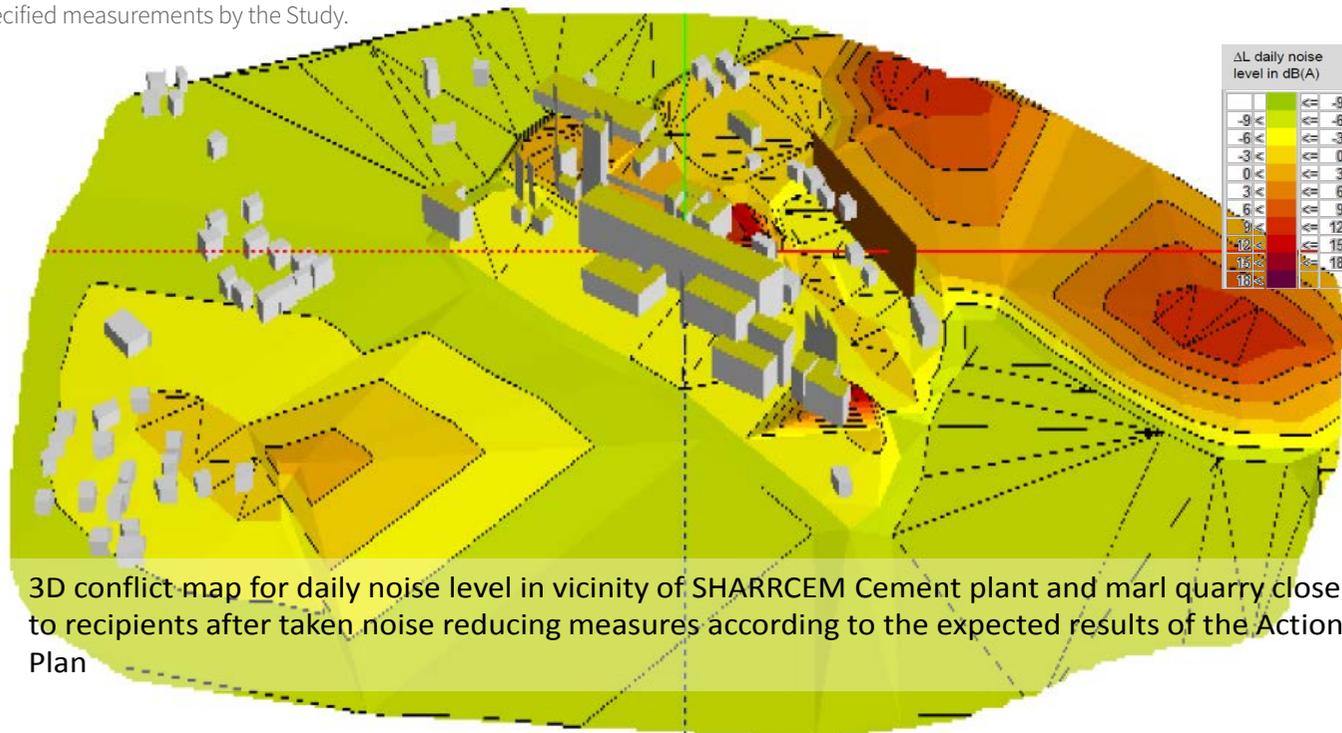
The measured values of noise level close to receivers in vicinity of the marl quarry and cement plant for all three disturbance indicators, daily, evening and night noise levels (Ld, Lv, Ln) clearly showed that daily noise levels are within maximum allowed (recommended) value for day noise levels according to Sharrcem IPPC Permit, excluding measurement point 4 and small breach for measurement points 3,6 and 7. Evening noise levels exceeds the maximum allowed (recommended) values at measurement points 1, 2 and 5, while night noise levels exceeds maximum allowed (recommended) values at all measurement points.

As already mentioned, traffic noise from roads in the vicinity of these measurement points, European route E-65 and M2 motorway have significant impact on high noise levels at recipients, which can be observed from graphs of one-third frequency octave band of noise level on these measurement points.

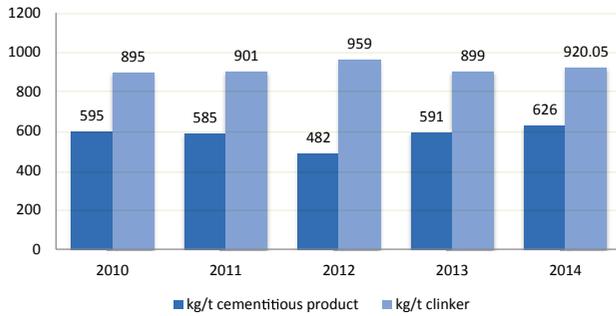
However, given that Sharrcem plant presents an example of sustainable development company that continually invests in cleaner and safer production technology through implementation of various projects in the field of environmental protection and safety of its employees, one of the study goals was to develop scenarios for noise level reduction in the vicinity of a cement plant and marl quarry. Scenarios were developed by applying different levels of noise control measures defined in the study, and taking into account the cost efficiency and viability of the applied noise reduction measures.

A concrete action plan has been drafted and is already under execution in order to achieve the specified measurements by the Study.

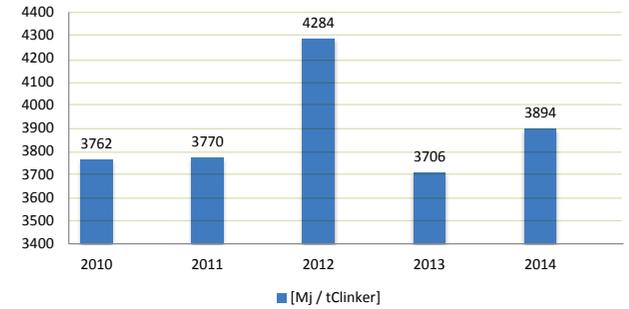
ACTION	QTY
Setting doors on openings at raw mill facility and on cement mill No.1	3
Setting acoustic louver on ventilation openings in raw mill facility and on ventilation openings at BOGE compressor station for blending silos	2 m ²
Setting windows profile 4/12/6: 4 mm glass/12 mm air gap/ 6 mm glass with noise isolation index Rw = 35 dB on HAVI and BOGE compressed air systems for blending silos	21 m ²
Setting silencers on Bag filter fan for cement mill 1 & 2, bag filters fan in Packing plant	4
Setting silencers on kiln chimney fan and fan 361 BV2 M1 from raw mill, Fan 441 FN1.M1 from kiln and clinker cooler- bag filter fan and Bag filter fan 441BF1 in blending silos	5
Setting Reducing elbow on outlet of Bag filter fan for cement mill 1 & 2, bag filters fan in Packing plant and Bag filter fan 391 &392 BF1 in Blending silos	6
Construction of Silent Protector Noise Wall along transportation routes in marl quarry	700m ²
Closing blowers in blending silos in acoustic enclosures	2



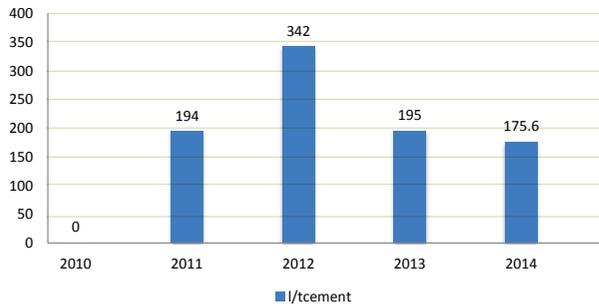
Specific Gross CO2 Emissions



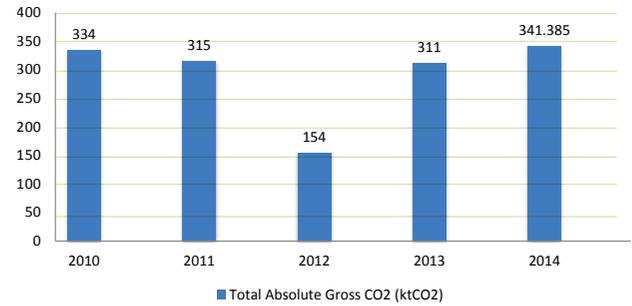
Specific thermal energy consumption [Mj / tClinker]



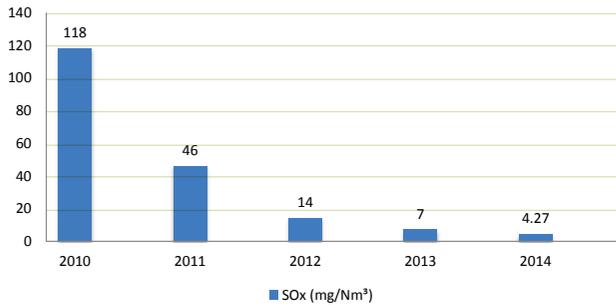
Specific Water Consumption | water/t cement



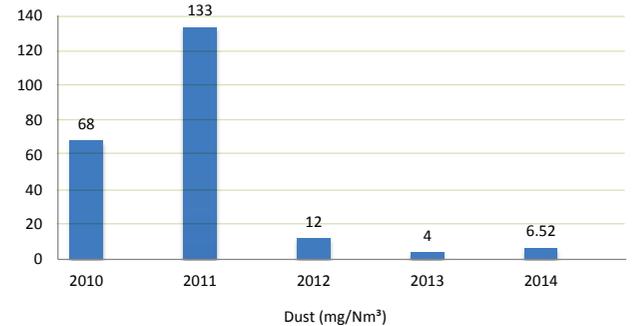
Total absolute CO2 Emissions



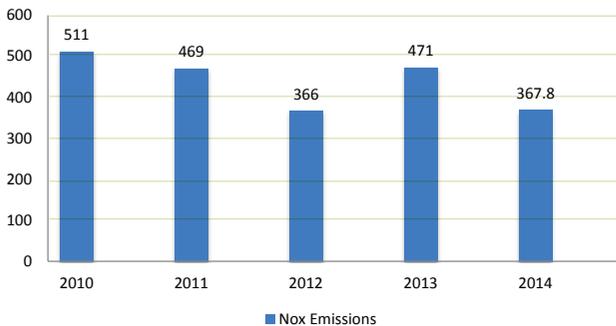
Sox Emissions SOx (mg/Nm³)



Dust Emissions Dust (mg/Nm³)



Nox Emissions (mg/Nm³)



Kiln Fuels Consumption

petcoke	39558.38 t
heavy oil	393.95 t

Kiln Fuels Consumption

Thermal Energy Consumption: 1,445,442 GJ
 Electrical Energy Consumption: 61,468 MWh
 Water Consumption: 90,915 m³/an
 • single source: underground water drills (5)
 • zero industrial water discharge

Investments

Upgrading of EAM System (Coswin)

Sharrcem has been chosen as one of the two pilot plants for implementation of group's standard maintenance management system (GS-MMS). This is a great challenge and opportunity to reach maintenance integration, through:

- Direct connection with safety procedures
- Communication between LOTO software and Coswin platform
- Efficient planning and monitoring of man hour and spare part costs
- Implementation of a wireless system for quicker, more efficient and reliable inspection routine (PDA)

Link between Scada, Vibration monitoring equipment and Coswin platform for prompt data transfer and vibration analysis.

In addition to GSMMS procedures, in cooperation with ICT department, we created a Hybrid system which connects six different software packages for effective monitoring of all maintenance activities. Those packages are: Coswin, SUN ERP, EntraV2, Produx, LOTO and QlikView.

This system is necessary for a Business Unit, since through this, the reality of a department is reflected (statutory, financial, interventions), in our case Maintenance. In order to have an optimal operation without stoppages and without damages, we are trying through this system to increase the equipment availability and reliability, hence production capacity as well.

Benefits of upgrading of EAM system:

- Safety Improvement by interconnection between LOTO and Coswin (this way, no work can start before LOTO procedure has been fulfilled)
- Correct personnel communication prior to the work

- Creation of reports and KPIs very effectively and quickly
- Immediate response on problem solving
- Automatic information transfer to all responsible persons
- Elimination of thousands of printouts with automatic data gathering in the DB
- Quick and correct personnel allocation to the job (in cooperation with Entra V2)
- With the implementation of QR coding, we eliminate any possibility of mistakes and we ensure the physical presence at the equipment.



Raw Mill Upgrade

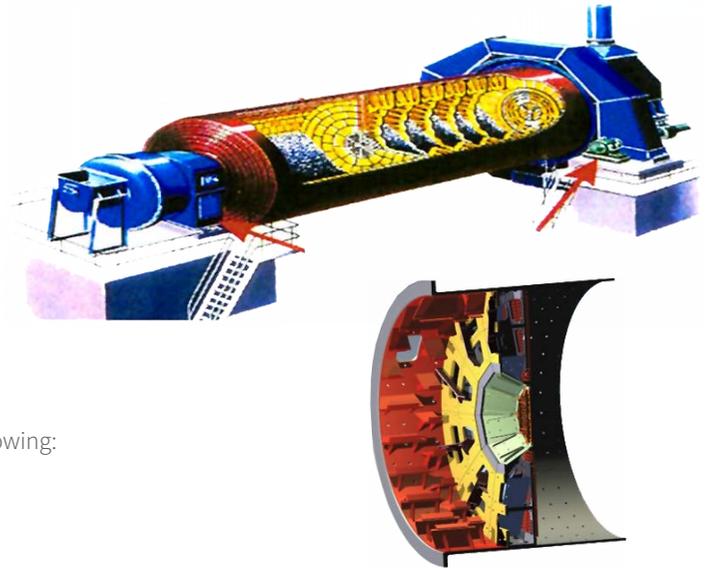
Displacement of inlet diaphragm

The existing drying chamber of the ball mill was too short even for the current throughput and a considerable bottleneck for a target throughput of 130tph grinding capacity. Following ThyssenKrupp's audit, the recommendation for increase of the mill's production capacity was to extend the drying chamber, for about 45cm, so from 1.25 to 1.7m

New grinding media composition

The ball charge of the mill was also adjusted based on the related report as following:

- From the first chamber we reduced the proportion of $\varnothing 90$ & $\varnothing 80$ mm.
- The load of second chamber was adjusted based on the report to $\varnothing 25$ mm
- Because of that the remaining of $200\mu\text{m}$ decreases from 8% to 4%.



Kiln Upgrade

Installation of bypass kiln feeding line for independency of fuller pumps “increase kiln availability”

Kiln feed was fed to the preheater via two separate pneumatic transport pumps (Fuller), one for each top cyclone. This installation led to kiln stoppages whenever one of the two feeders had any malfunction.

With this intervention the two previously individual feeding branches are connected, thus resulting in elimination of kiln stoppages if one of the feeders is not in operation.



Quality: Concrete Laboratory

With the aim of offering expertise to our customers and disseminate the compliance of the construction market with the European Norms, Sharrcem invested in the setup of a Concrete Quality Laboratory within its plant facilities.

More specifically, the lab consists of the following equipment:

- Concrete compression press / Aggregates density machine / Air measuring device / Laboratory benches / Curing tanks with temperature control / Pan type concrete mixer / Vibratory table.

Concrete test results for samples are made and cured using EN-standards, and perform specialized testing according to EN-197, to assist our customers in:

1. The consistency of materials of concrete.
2. The specification of concrete.
3. Production control procedures in RMC and construction.
4. Technical support and consulting, for concrete mixture dosing and technical specifications of construction projects.

Renovation of the new offices at the workshop

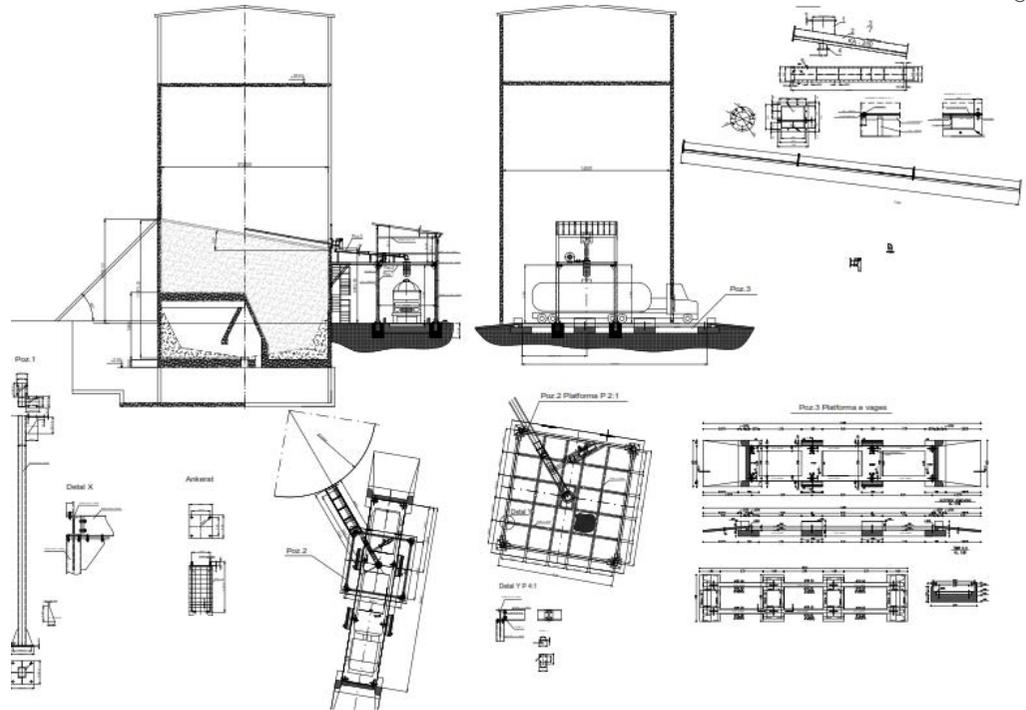
Due to the large number of Maintenance and Production staff in the Laboratory offices and having in mind the need of space for Laboratory equipment and activities, there is a need of finding space for Maintenance and Production staff. Six offices, four toilets and a kitchen for personnel on the first and second floor in Workshop building were renovated. So, some technical personnel from Laboratory offices moved on to new offices creating more space and better working conditions for all personnel.

Upgrading of raw mill silo at old plant for PC 52.5 (bulk loading)

In order to improve our services and meet the needs of our customers, to have sufficient volumes of cement of type PC 52.5 for bulk loading, the need appeared for a project to upgrade the raw mill silo.

What has been done?

- A new platform for bulk loading has been installed
- The existing bag filter has been repaired (replacement of bags with new, new fan for filter has been installed)
- The opened area (surface) has been closed with corrugated and polycarbonate sheet.
- The existing stairs have been repaired
- The platform has been reinforced
- A bridge between loading platform and silo has been upgraded
- A slide gate for discharge system has been installed
- A new loading below has been installed
- A blower for aeration inside silo has been installed



PRIVATE PROPERTY UPGRADE

In the reporting year, responding to the de facto vicinity of our quarry to urban properties, we continued to satisfy the needs of the landowners in order to improve the usability of their land.

In this case, we have constructed a retaining wall which, by refilling and compacting, also executed by Sharrcem, provided a perfect stable and levelled surface, suitable as much for construction as for agricultural exploitation.

The work falls under the on-going private infrastructure improvement action plan of the company with which a number of roads, utilities and other improvements have been constructed and arranged up-to-date.

Demolition of the old clinker transporter 491-CV3

Due to its old construction and the clinker transport upgrades already put in place, the old clinker transporter 491-CV3 has been rendered completely redundant.

For Safety and lean-operations purposes, the equipment has been dismantled and removed in full compliance with our OH&S requirements and disposal regulations.

New Bag Filter for the Raw Mill

Watchfulness and know-how lead to continuous interventions which in turn, add-up to a constant improvement of environmental performance. A new conductive bag filter has been designed and installed in the Raw Mill section increasing at the same time the line's efficiency.

Our Community

Sharrcem continues to support the community at the local level through different programs and activities, with our skills, facilities and resources. The implementation of different internal and external projects aims at improving its corporate responsibility and social footprint. In our community, unemployment remains still the biggest problem. Sharrcem continues to engage with the community which helps to implement the plans for a better social and environment footprint.

Sharrcem takes all necessary measures by ensuring that our company finances the projects for the community in a very transparent way and based on the company principles. Paying attention to the biggest problem plaguing our community, Sharrcem has created one project which was the main Sharrcem CSR project for the creation and development of the agriculture sector that created new jobs. As a result, in the community, new jobs for 19 families were created this year. (For more information please refer to pages: 60, 61, 62, 63 and 64).

Our Community - Our Responsibility



Community Activities

First Aid Box

The cement producer company Sharrcem, has taken the initiative to organize a project that deals with the care and maintenance of children's health in the municipality of Hani i Elezit. Given the importance of the children for the future of the country and their community, their health and safety are of particular importance. Being aware of this fact, Sharrcem in its project involved the primary school in the municipality of Hani i Elezit, where exactly 1638 students of this school benefited from this project.

The main activity during the project was provision of first aid facilities for emergency cases. Provision of these tools will contribute in the reduction of the risk for fatal results or accidents in the primary school in the municipality of Hani i Elezit. Children in this school now are feeling more secure and are happy to have been given the opportunity to be educated in such an environment.

Management and staff of the primary school in the municipality of Hani i Elezit have welcomed the initiative taken by the company Sharrcem. Considering the low budget and other administrative barriers, it has been impossible for them to undertake such an initiative. Therefore, the provision of such a service for the children of this municipality will be in the benefit of the entire community. In this case, Sharrcem has proven once more its commitment to contribute to the community of the area where it operates, taking care of the future of this community through the children that are its future.

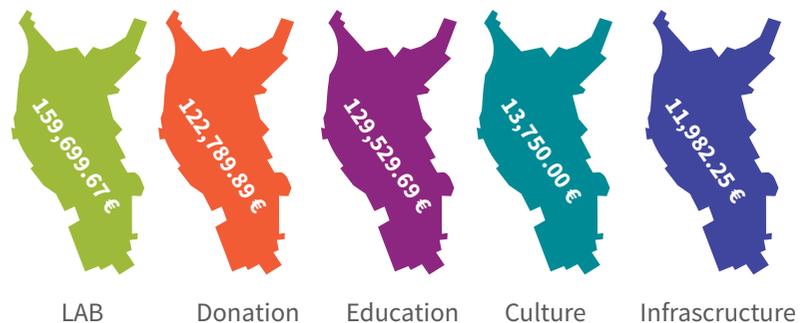
Sharrcem organizes „Local Football League“

Cement producing company Sharrcem in cooperation with the NGO „Sfi-da“, has taken the initiative to organize „Local Football League“ in the municipality of Hani i Elezit. The purpose of this initiative is to prevent negative phenomena that may occur within the community of this municipality as a result of unemployment, lack of activities for young people and other factors. The focus of this initiative are mostly the young people, who during their leisure time are more likely to become prey to negative traps and persons who can exploit the capabilities of these youngsters. Besides this reason, this initiative also aims at creating a suitable environment for companionship for these youngsters, thus creating the conditions and spirit of cooperation between them.

Young people play a key role in the development of community, so it is the duty and obligation of every member of this community to support them during their physical and social development. Sport will not only affect their physical development, but it will also assist them in developing their social skills as companionship and cooperation. The second objective of this initiative is the group of unemployed people who also need support, and activities that will help them fulfil their free time. In this case it is worth noting that participants in this event will have the opportunity to be informed and accompanied by new individuals, who will be able to help by providing or informing them for new employment opportunities, to which otherwise they would not have access.

This initiative has been welcomed very well by the youth of the community, based on the large number of those who have joined this initiative, being a group of 180 young people, while others who want to join are welcome. Sharrcem has been and continues to be a supporter of the community in the area in which the company operates. Especially youth as the future of the country deserves attention, support and the right motivation to be the key factor in the development of the country.

Breakdown of social contribution in 2014



Country Kosovo

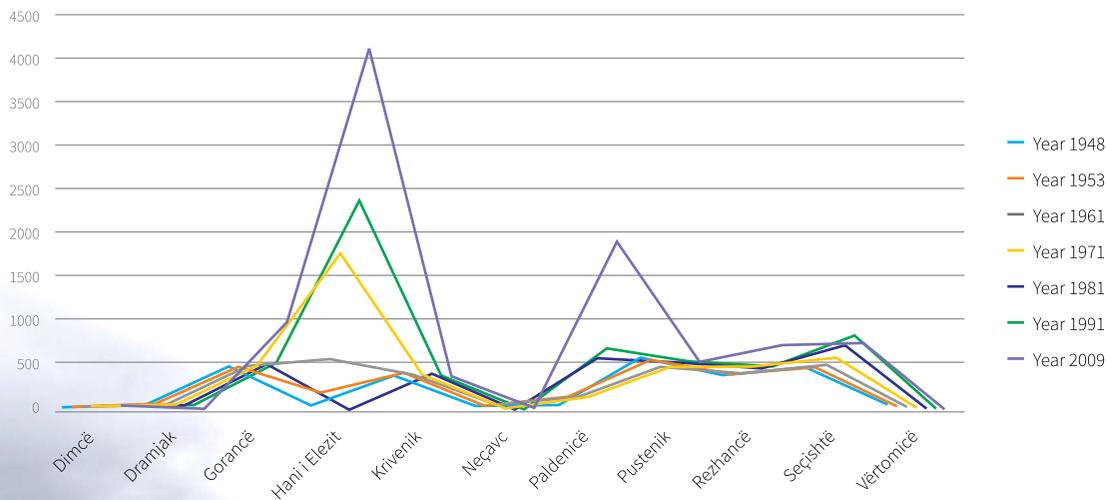
Unemployment rate	30.9 %	
Vacation days per year	22 average	
Parental leave	12 months	
Age of retirement	65 years old	
Unemployment rate:	Men	Women
	28.1 %	40.0 %
Youth unemployment rate:	55.3 % in general from 15-24 years old (no data available by gender)	



Total population in the surrounding community by gender: **10651**



Population by settlement and year of registration



Poverty rate



Communication and Collaboration

Communication plays a pivotal role in our company. It directly impacts the success of our business and the way we operate in the cement industry. We strive to communicate and cooperate through different ways. The main role of our company is to have regular meetings with the representatives of the municipality, local businesses, and community for different engagements and activities.

Visit of Ambassador Cliff to the Municipality and at Sharrcem

In July 2014, the Municipality of Hani i Elezit suggested to HM Ambassador of the UK Ian Cliff to visit Sharrcem as it is considered to be a successful company in the cement industry in Kosovo. There were many issues discussed; however, the most important ones were the collaboration with the Municipality and the aims of the project Laboratory for Business Activities (LAB). After their visit, there was an open discussion held with the main topic being employment. The LAB project and its aims were also explained in detail. Moreover, we discussed about future collaboration and cooperation to support the local community of Hani i Elezit. At the end, the Ambassador Cliff said that he is willing to support any activities that will enhance growth and wellbeing of society.

Scholarship Program



Sharrcem supports advanced education of youth in Hani i Elezit Municipality. During 2014, Sharrcem through its CSR engagement constantly reviewed projects that are of benefit to the community where it operates. Being aware of the fundamental importance of education in community development, Sharrcem provides a full scholarship covering 100% tuition, and accommodation for a student from Hani i Elezit. Application for this scholarship was open from 26 July to 08 August, 2014 for all students of Hani Elezit. Believing that the development of the local community, and close cooperation with relevant stakeholders is key to a joint success between two parties, Sharrcem took the initiative by offering a full scholarship to a qualified student from Hani Elezit, for a university Degree Program in the agri-business sector in American Agriculture School and College Perrotis in Thessaloniki, Greece, to support advanced education of the youth of the Municipality of Hani i Elezit. There were many requirements for the selection of the scholarship winners such as, a good GPA of three years of high school, good knowledge of English, good communication skills, good knowledge of computer programs, and participation in community interest.

To be as transparent as possible in the selection of the student, Sharrcem CSR Committee in cooperation with the Municipal Education Directorate of the Municipality of Hani i Elezit appointed a professional committee to review all applications, and to select the winner of the scholarship. This committee is composed of Irfan Qajani, Director of Education, Culture, Youth and Sports in Hani Elezit, Ajete Berisha, Chief of Personnel in the Municipality of Hani Elezit, Ziber Xhoni, Director of High School „Dardania, Hysen Shabanaj, Executive LAB Director, and Enver Curri, Chairman of the CSR Committee of Sharrcem, as well as the Production Manager at Sharrcem. After reviewing all applications and documents sent by the students of Hani Elezit, the Commission decided that the criteria set were met by the student Haziz Vila. The CSR Chairman Enver Curri, wished that the selected student, Vila, will get the best from this program, and was very glad for the fact that the municipality of Hani i Elezit has well prepared youth, who are able to attend international education. “I am very confident that the selected student will pick the best in this prestigious program, and upon completion will return to contribute to his community, making us feel proud of him”.



Ms. Ajete Berisha

Chief of Personnel, Hani i Elezit

Scholarship Program by the Community

Once I was informed by the Director of the Department of Education in the Municipality of Hani i Elezit that I am proposed as a member of the Joint Commission of Sharrcem and the Municipality for the selection of the candidate for bachelor degree studies at the American School of Agriculture in Thessaloniki, Greece, it was my pleasure to respond positively to this invitation. The interview took place at the premises of LAB, fulfilling all the conditions required for a well-prepared interview. The selected candidate showed maturity, interest, and satisfied all the criteria for being a beneficiary of this scholarship. For me as a member, it was a pleasure to be part of this committee. Considering that students are the future of the country and are the category that need the most support, I congratulate the company for this great initiative for the community and hope that it will become a tradition and will continue in the future.

Social Contribution / Various Activities

Published its second annual CSR report for 2013



<http://sharrcem.com/wp-content/uploads/2014/12/CSR-Report-2013-English.pdf>

Monitoring and Engaging with the Local Community / Benefit Programs

- ILAB
- LAB
- Children's Board

ILAB

- Developing and Improving the Local Community
 - Local Advisory Board of Hani i Elezit decide about PRIORITIES

LAB

- The Laboratory for Business Activity - LAB of Hani i Elezit aims to educate the local community in entrepreneurship
- Create and develop SME's, especially in the sectors of forestry, agriculture and dairy production. (more details please refer to the pages: 60 to 64).

Children's Board

- Building Awareness
 - Health and Safety
 - Environment

Continuously working to improve local supplier relationships and provide technical assistance for them

Our effort for improving the relations with local suppliers and contractors are systemized through Internal Policies, Purchasing Manual Procedures, ISO's and the Group Code of Conduct for Procurement, which also relates to Human Rights issues and corruption. We continue our communication and collaboration in order to develop the mechanisms and make sure we are in compliance with the highest standards. Within the organization we have the criteria for justifying the significant suppliers.

C1 - Expenditures: (paid by Sharrcem) above 50.000 € for Local Suppliers and 100.000 € for all others (any non-local supplier) and international suppliers, please refer to the below explanation.

C2 - Framework Contracts in Place: with assignment which derived according to Management Decision or through valid process of tenders, according to the Group Policy and Sharrcem Purchasing Manual

C3 - Business Continuity (Risk): depending on the impact of the suppliers' business, (for services) on Sharrcem processes, or the availability of stocks of purchased (raw and other), materials, availability of storage for semi-final (clinker) and final products (cement), etc.

Method of defining "Significant Suppliers"

Our approach classifies automatically as Significant the suppliers which match the criterion C1. The suppliers that do not match C1 shall be evaluated by a management committee as follows: for the ones that fall under definition C2, their know-how, governance, H&S organization, response-time and reliability shall be the criteria; for the ones that fall under C3, the criticality of the material/service supply on the plant operations is added to the criteria of C2.

Explanation on mapping

Total (ALL) Suppliers = International + National + Local

National Suppliers = All Kosovar Suppliers/Contractors without Local (Hani i Elezit)

Local = Suppliers who comply with the basic criterion C0, being the basis of registration of their business (business registration, paying taxes including VAT, and also providing employment) in the community of Municipality of Hani i Elezit, including the below listed districts:

ILAB - Sharrcem again this year continued with Independent Local Advisory Board (ILAB), which is a body comprised of stakeholders from the local community such as the Municipality, NGO's and Citizens designed to independently invest Sharrcem's community development fund where they find the greatest needs.

LAB - Sharrcem continues to invest in the community. The "Laboratory for Business Activity" (LAB) was launched in 2014. Sharrcem's management developed a project to facilitate the creation of new small and medium sized enterprises in the Municipality of Hani i Elezit.

This investment is focused in the sector of agriculture. LAB aims to create new businesses which it will then support through development and mentoring programs, thus not only creating new businesses, but also helping them become sustainable and grow.

Children's Board - Sharrcem has also continued to cooperate with the local elementary school to support safety, environmental and cultural education of the kids. This program shows the best education for children, which tries to ensure a clean environment, as well as road safety, schools and so on.

The Children's board has proposed a project regarding first aid boxes. Children are part of different sports games, activities occurring which may result to injury of children and that in the absence of first aid box they should hasten to reach the health centre. Injuries may also occur in the classroom, hall etc.

The Children's Board has expressed the opinion that a first aid box is needed in school facilities. We supplied all villages in Hani i Elezit and every school with first aid boxes.

Among their many duties, schools are responsible for providing safe drinking water to students and staff, but because of their inability and absence of drinking water, the children's board came out with a project to supply drinking water in schools and health centre in Hani i Elezit.

The school recognizes that drinking water is essential for health and wellbeing. Moreover, it recognizes the links between mental and physical performance, pupil behaviour and drinking water regularly throughout the day.



The Children's Board
Hani i Elezit

Drawing for Environment and Safety

Children's drawings for the calendars of 2014

Just like last year, this year also Sharrcem designed calendars with the help of local children. The company took again the initiative, by inviting children from the school „Ilaz Thaci,“ of the Municipality of Hani i Elezit to become part of the calendar for 2015 with their drawings.

Third grade children of this school took part in the competition organized by Sharrcem, which enabled their drawings with themes on environment and safety at work, to be published in Sharrcem's calendars for 2015. The committee consisted of some teachers and two representatives from Sharrcem company, one from the Safety department, and the other one from the Environment. They selected 24 best drawings to be part of the company's calendar for 2015. The drawings selected were

12 of those that had environment as theme, and the other 12 that had the safety at work. The school's principal and the class teachers thanked Sharrcem for their best efforts in initiating such organizations which show the skills of children in various activities. They wished to further enhance mutual collaborations in organizing various activities, part of which will again be the students of the school „Ilaz Thaci.“

Sharrcem representatives appreciated the participation of all children in this organization, and expressed satisfaction that through such initiatives, they have the opportunity to include children of the municipality of Hani i Elezit in Sharrcem's activities. The calendars with children's drawings, which are drafted and designed by Sharrcem, have been delivered to various stakeholders.



Highlights

Sharrcem re-constructs the road to „Lagjja e Re“ in Hani i Elezit

Creating conditions and a suitable environment for the citizens of Hani i Elezit is one of the main objectives of Sharrcem in the framework of social responsibility. Sharrcem is open to contribute in any way to improve the lives of citizens in the municipality of Hani i Elezit. This company tries to find quick and lasting solution to the problems of the citizens of the municipality, by making the right investments that lead to the resolution of their concerns. Infrastructure is yet an important part for the community of any country. A good infrastructure besides simplifying the lives of citizens, it also contributes to the improvement of their lives in many aspects such as the social, economic, and educational aspects.

„Lagjja e Re“ street in Hani i Elezit was damaged by bad weather and heavy rain. At the request of the municipal assembly of the municipality of Hani i Elezit, Sharrcem has taken the initiative to construct the road. The work for the construction of the road ended fast, and in a professional manner. It is worth mentioning that during the process of the construction of the road high-quality materials that can prevent problems in the long term in this road were used.

This initiative is one of the many steps Sharrcem has undertaken to improve the lives of the citizens in the municipality in which it operates. The purpose of this company is not only to benefit individually from doing business in this municipality, but at the same time to contribute to the well-being and improving the lives of the citizens in the municipality.

The road Gorancë – Glloboqicë

Repair of the damaged/unusable road connecting two large villages in the Municipality of Hani i Elezit. Important connecting road between Gorancë and Glloboqicë needed intervention as it was in a very bad condition.

Work done from 18/10/2014 till 23/10/2014 related to the laying of limestone and leveling of the road ensured a higher quality of the road and increased safety standards for the travellers.

By this project we aimed to improve safety and infrastructure. Safer and nicer conditions for the pupils of the schools and other members of the community.



Donations

Academy for Kids

Basketball Federation of Kosovo and Basketball Club - Sigal Prishtina

Sharrcem understands that unemployment among the young population of Kosovo is both an economic and social burden. Youngsters, however, if immersed in a healthy environment of teamwork and fair play, will have a good chance to develop their social skills and responsibilities instead of having to cope with idleness. Sports can be a great contributor toward this development.

In the context of the CSR Network, Sharrcem has supported the Basketball Sports Academy under the Basketball Association of Kosovo, which develops programmes to attract kids in the world of sports and fair competition. Further to that, and after the recognition of the juveniles and juniors of the Academy, in a joint action with Sigal Insurance, a member of the CSR Network as well, the support was extended to Prishtina club youth.

The installations for the kids have been significantly upgraded and the kids' championship to a great extent has been possible for the 2013-14 season thanks to this support.



Sharrcem and the continued support of SOS Children's Villages

Sharrcem within its projects to support specific groups of society who need support and assistance, has supported and assisted the children of SOS Children Villages in Kosovo, aiming at different ways to provide care and help, improving and creating the best possible conditions for them. The company has helped these children by buying postcards made by them.

By supporting this project with postcards, Sharrcem has contributed to the creation of funds that would be used for the welfare of these children.

By supporting this project, Sharrcem stressed the importance of the initiative taken by the children of the SOS Children's Village, and also supported this community by helping them financially and making them happy during the holiday season. In the wake of the supporting activities for this community group, Sharrcem purchased two paintings in the auction, and has actively raised awareness for this group among businesses individuals in its network. These children are an important part of our society, and as such should not be forgotten and neglected.

Supporting such projects will lead only to the improvement of their lives, a thing that in the long term will have a positive impact on the society. It

is great to see how motivated and how thankful the children there are, and their appreciation is what makes us proud and encourages us to do more.

Sharrcem with the support provided to these children has emphasized once again their importance for the society. This company through its social projects aims to contribute to the development and improvement of living conditions for the citizens of Kosovo.

The company does this by including in its projects all social classes, thus providing general contribution for all of Kosovo.

Fundraising

Our fellow humans in Serbia and Bosnia were suffering the tragic consequences of the catastrophic events during the month of June 2014. The Titan Group has decided to back all Titan family fundraising campaign with the aim to bring relief to the suffering people. The Group will par-

ticularly double all the funds raised within the Titan Group by our employees. The Group, together with our company in Kosjeric, Serbia have taken additional steps to provide further aid in works and materials for said communities, (see attached announcement). This is the time that we have to show that human respect and solidarity is above any separating argument. Such

support shall prove that human values can and must always prevail. A fundraising box for the contributions was placed in the Personnel Office of our company.

The Sharrcem CSR Team invited the employees of the company to make an effort in contributing to the fundraising box.



The “Laboratori për Aktivitete të Biznesit – LAB” project aims at contributing to the economic development of the municipality of Hani i Elezit through the sustainable use of the natural agro forestry resources of the area in line with the Titan Group CSR strategy. Unemployment still remains one of the biggest problems for most of the residents in Hani i Elezi, especially for farmers in rural areas. Hani i Elezit area suffers from high unemployment and poverty rates ranging in between 70% and 50% respectively. Agro forestry sector remains one of the most promising sectors for economic growth and job creation in Kosovo. As such, LAB will focus on supporting potential agro-business sectors that will facilitate and generate income and create new jobs. The project is monitored by an Independent Board of Directors which consists of local, national and international stakeholders from the private, public and NGO sectors.

The Board operates under governance principles and mechanisms established by IFC Advisory Services. Sharrcem contributed and continues to support extensively offering administrative and logistical support to LAB through their CSR team as well as management. The municipality of Hani i Elezit has also provided support in all needed areas creating a close cooperation between LAB and Sharrcem, which has strengthened the relationship between the three parties.

Local stakeholder engagement is a forum organized in order to present the objectives of Sharrcem for the establishment of LAB that will provide opportunities for economic development and employment to Hani i Elezit residents.

Additional multilateral and bilateral meetings with different interested groups of stakeholders have been organized in order to promote the program objectives and ideas during the presentation. Many citizens who attended the forum welcomed this project and expressed their willingness for future cooperation.

Public invitation for applications in LAB for training and start-up investments in:

- Small fruit cultivation (Strawberries and Raspberries)
- Greenhouse cultivation
- Beekeeping
- Mushroom cultivation

Development of the application form and guide for filling the application form, as well as setting the scoring criteria for the selected sectors were established. A total of 71 individuals showed interest to apply, 23 of them applied to participate; Out of 23 farmers who applied, 19 applications were approved.

LAB signed two contracts with Initiative for Agricultural Development in Kosovo, (IADK) and with “Perrotis College American Farming School” for executing LAB project activities and providing LAB with Technical and Advisory Services; (See Annex 6). IADK is an organisation established in 2004 in Mitrovica, which is engaged in rural development, for creation of better socio-economic conditions in rural areas, reduction of unemployment and imports, production of healthy foods, rational use of natural resources and environment protection in Kosovo.

The American Farm School of Thessaloniki, Greece, is an independent, non-profit educational institution founded in 1904 to serve the needs of Greece and the surrounding Balkan areas. Today major educational divisions include the Primary School, Secondary School, the Perrotis College of Agriculture, Environment and Life Sciences, and Adult Education and Research.



LAB Laboratori për Aktivitete të Biznesit

All necessary forms of procurement with the LAB logo in order to improve the visibility of the project have been developed. Visited 23 individuals who applied for support; Selection of beneficiaries based on the scoring criteria developed for all sectors; Publication of the list of beneficiaries;

Depending on the phase of implementation, within the corresponding sector, training has been provided to all 19 farmers.

LAB Board of Directors conducted five meetings, the main topics of discussion were LAB planning objectives, developments, implementation, funding requirements, staffing and other relevant decisions that would support achieving planned objectives for 2014. (See Annex 3)

Signed Agreement for donation of funds. The required foundation has estimated a 121,100.00 € grant representing 90% of the investments with a 10% participation by the beneficiaries which is 12,110.00 € creating an overall budget of 133,100.00 € for 2014.

(for more details please visit: www.lab-ks.org).



Parallel activities included signing a Memorandum of Understanding with the Municipality of Hani i Elezit to offer training and courses to the citizens of Hani i Elezit, especially students of the elementary and high schools. Courses in IT, English Proficiency, Microsoft Office products etc. to be offered for free to all interested parties.

Sharrcem's contractor, Baker Tilly Kosovo, through their CSR contribution offered business consultancy services to the farmers free of charge, training them on business registration and financial management and has offered future trainings and consultancy services based on the needs of beneficiaries.



Parallel Activities

Under the umbrella of LAB project, we initiated a subproject called parallel activities. The target group was the youth of the community. Additionally, the subproject will focus on education and social contribution by raising awareness regarding the importance of environmental protection, health and safety, language education, and computer literacy.

Moreover, it is organized in cooperation with LAB project by using their facilities and equipment in conjunction with our human resources.

An MoU was signed outlining the scope of cooperation between the three parties, (Sharrcem, LAB and Municipality, respectively education department). The expected outcomes are the education and development.

Trainings were held in three subjects: IT, Environment and Health & Safety. Each group of students have learned new things about these three subjects with great importance for the future and life.

They are thankful that they had the opportunity of attending this course of so much value. We also have opened a Facebook page group for them in order to feel free to comment on whatever they want to know.



Cooperation and support from Titan Group Company „Sharrcem“ for the Education of Hani i Elezit Community

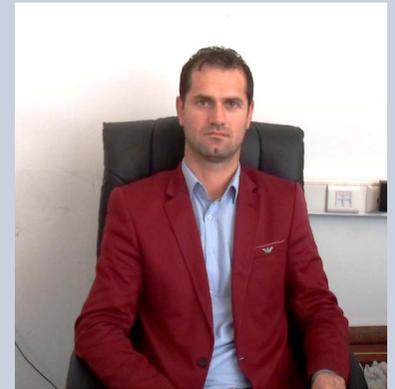
Cooperation and support for education in the municipality of Hani i Elezit by Titan Group Company "Sharrcem" started in 2012, initially with the establishment of a student board consisting of 7 members, talented students and selected ones. This board was mainly dealing with project proposals and conceptual designs in the interest of education and community of the Municipality of Hani i Elezit. Many ideas and conceptual project proposals were supported by Titan Group Company "Sharrcem" Hani i Elezit.

Among accomplished projects, I want to include the latest and the greatest ones completed in 2014.

1. Financing and maintaining of the courses with the students of 9th grade in the Municipality of Hani i Elezit, in the fields of information technology, environment, health and safety, this course was organized into four groups which included over 150 students. Fourth group in the field of information will be done by 2015.
2. Implementation of the project, supply of the schools in the town of Hani i Elezit with drinking water and refrigerator, a project that began to be realized in April, 2015.
3. Financing and education of the most distinguished student at the municipal level, supported by the most influential company in the Republic of Kosovo, Titan Group Company "Sharrcem" Hani i Elezit, who continues his studies in Greece in the field of agriculture.

Based on this, we conclude that the cooperation and support of Titan Group Company "Sharrcem" in education sector is very important. It includes support of the students, projects, and directly affects the awareness of professional orientation.

We hope in the future to have a stronger financial support, without forgetting the excellent work done by the board of the students of the school with ideas, suggestions and projects. At the end, our special gratitude goes to the General Director of Titan Group Company "Sharrcem" Mr. Emmanuel Mitsou, as well as the staff who is responsible for the projects in the community that have supported us so far.



Mr. Irfan Qajani
Director of Education, Culture, Youth and Sports

The Department of Continuing Education and Extension Services of Perrotis College, American Farm School provided technical advisory services to LAB (TITAN - Sharrcem) for the agrofood sector from 2014 to date according to the signed agreement of 30 July 2014. More specifically, relevant scientific personnel from the aforementioned department and the institute were involved to consulting activities, and training as listed below:

1. Trips to Hani i Elezit (HIE): Five (5) two-day trips with the scope to: Participate in the initial general community assembly; Meet and discuss on the development program with LAB authorities in charge; Visit and discuss with candidate at the program, farmers.
2. Site visits to farms involved in the program,
3. Soil and water sampling for analysis and result delivery with advising in relation to analysis results for establishing new cultivation ventures related to viticulture and aromatics/pharmaceutical plantations. This subject remains to be further explored.

In addition:

1. Organization and execution of a 4-day study visit and training in entrepreneurship and technical subjects related to agrofood sector in Thessaloniki for HIE farmers participating in the development program, and LAB authorities accompanying the visiting group.
2. Delivery of requested written reports and feasibility study related to the establishment of a dairy farm,
3. In progress requested report and feasibility study for turkey meat production.
4. Planning to request by LAB a visit to HIE in July 2015 to: Discuss the evolution of the existing farm establishments; Observe and discuss about the new dairy operation; Discuss further on the establishment of new plantations and turkey meat production as mentioned above; Sum up and evaluate up to date AFS's involvement to the project; Discuss with LAB and TITAN-Sharrcem further grounds of collaboration through extending the contract;

Other:

In conclusion, we believe that the project was an overall CSR successful initiative of TITAN-Sharrcem that provided new perspectives to the people of HIE for regional sustainable rural development. Besides, LAB authorities were proven throughout the course to be capable of organising and managing innovative entrepreneurial activities in the complicated agrofood world. Further on, AFS feels blessed of being part of the equation, either through consulting, and/or as a beneficiary institute in providing College level education to a sponsored LAB student from HIE, Haziz Vila, who holds leadership traits. We look forward to continuing the relationship to further exploring new future opportunities along with the company, and its foundation.



Mr. Evangelos Vergos, Ph.D.

*Associate Dean of Continuing Education
and Extension Services, Perrotis College
Director of the Center for Agricultural
Innovation and Entrepreneurship*



AT THE AMERICAN FARM SCHOOL & PERROTIS COLLEGE



Study Visit at AFS

In March, some of the Sharrcem CSR Committee members together with the General Manager of the project LAB visited AFS in Thessaloniki, Greece.

Additionally, the visit was a highly educational experience. In the tour, both Sharrcem and LAB representatives had the opportunity to interact with the experienced AFS individuals and exchanged information about their activities.

Moreover, LAB representatives also had the opportunity to learn about the latest AFS's practices which are already implemented in LAB. Overall, the visit was very beneficial and educational which led to useful information for us.

Dear readers

Being the Executive Director and the official start of the activities of association “Labor tori për Aktivitete të Biznesit” (LAB) Hani i Elezit for a year, I take this opportunity to express my thanks and appreciation for excellent working relationships with the management of Sharrcem SH.P.K and Titan Group in implementation of the project objectives which aim to contribute to the economic development of the Municipality of Hani i Elezit through the sustainable use of the natural agro forestry resources of the area in line with the Titan Group Corporate for Social Responsibility (CSR) Strategy - Sharrcem Sh.P.K.

This unique long term strategy initiated by Sharrcem Sh.P.K. management for establishment of the foundation (Agreement for Donation (AD) concluded on 6 February 2014) awarded to LAB, aims supporting individual farmers living in rural areas to create start-up businesses in agro-forestry sectors especially by investment in livestock farming, greenhouse cultivation, cultivation of small fruits and berries, beekeeping, mushroom cultivation, collection of wild forest fruits and forest maintenance and biomass production for heating.

Project created 19 new economic activities, Small and Medium Enterprises (SME's) is a significant contribution, helping farmers to generate self-employment and income security for their family as well as expending their start-up businesses. Additionally, the initial investments have generated strong interest among the community which led to the establishment of confidence in the program. Importantly, the transparent and rigorous selection process used in farmer selection has sent a powerful message to the founding community in regard to this program which is a serious initiative and great example of a positive change. Moreover, through establishing of farmers own businesses, they will ensure self-employment and income sufficient for family needs and expanding their start-up businesses. That is why I am very pleased with the cooperation and what has been achieved so far. Nevertheless I consider that there are still huge needs to determine for support in order to expand investments and continue to practice the principles of success and strategies that we gained during the first year.



Mr. Hysen Shabanaj

Laboratory for Business Activities
LAB
General Manager



In 2013, IFC provided advisory support to Sharrcem on how to establish LAB foundation supporting local economic development in one of the poorest municipalities in Kosovo. This was a challenge that from the outset proved worth pursuing.

IFC supported the company to introduce sound governance structures in the foundation which was a key element to establish trust and legitimacy in the local community disillusioned with previous donor-supported projects resulting in studies and recommendations, without follow up in their implementation. IFC developed a comprehensive governance structure of the foundation and supported the stakeholders in implementing it. This included establishment of a two-tier board, comprising smaller operational Board of Directors and a widely inclusive Council of Stakeholders, which proved an optimal structure for achieving both efficiency and inclusiveness in the decision making process. IFC assisted the foundation in developing the key performance indicators for the first three years; setting the criteria for selection and oversight of its CEO, and establishing sound transparency and disclosure practices, all adapted to best NGO governance practices.

The cooperation with Sharrcem was exemplary. The company had not only clear vision for its CSR work, but also courage and stamina to implement it through regular contacts with the local community and wider stakeholders. The openness and professional honesty of Sharrcem management and its CSR task force was infectious and planted the seeds for the successes of the whole undertaking. The LAB Foundation shows that CSR can be highly transformative and foster local entrepreneurship. It is one of the few examples I have come across in the Balkans where CSR activities fully reflect the definition of this much debated, but rarely sufficiently understood concept which should result in business benefits both for the company and the local community. This effort should be replicated throughout and beyond Kosovo. And Sharrcem should guard its integrity, thus allowing it to achieve lasting value.



Mr. Kiril Nejkov

Deputy Regional Program Manager
IFC Europe and Central Asia
Corporate Governance Program



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SHARRCEM



a  **TITAN** Group Company