

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT

2016



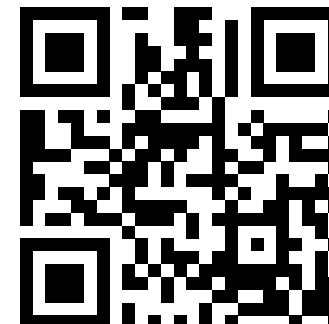
SHARRCEM

a  **TITAN** Group Company

CORPORATE SOCIAL
RESPONSIBILITY
AND SUSTAINABILITY
REPORT 2016



SHARRCEM SH.P.K.
Adem Jashari No. 280
71510 Hani i Elezit
Kosovo
Tel. 00 381 290 385 500
Fax. 00 381 290 385 510
www.sharrcem.com
Contact Person: Arlinda Gudaci
E-mail: arlinda.gudaci@sharrcem.com



SHARRCEM SH.P.K.
**CORPORATE
SOCIAL RESPONSIBILITY
AND SUSTAINABILITY**
REPORT 2016

This is the 5th CSR Annual Report of Sharrcem SH.P.K. covering the period from the 1st of January to the 31st of December 2016. 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: integratedreport2016.titan.gr)

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

“We are definitely committed to remain a good, responsible citizen but will never sustain that we’ve attained the goal.”

EMMANUEL MITSOU
Managing Director

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**ABOUT
SHARRCEM**

About Sharrcem

Located in the southern part of Kosovo, Sharrcem was established in 1936, marking the first manufacturer company of cement in Kosovo.

Due to various technical and financial problems, Kosovo authorities put this company under privatization process, which was followed with acquisition by TITAN Group.

Sharrcem is a member of :



Change Through Innovation

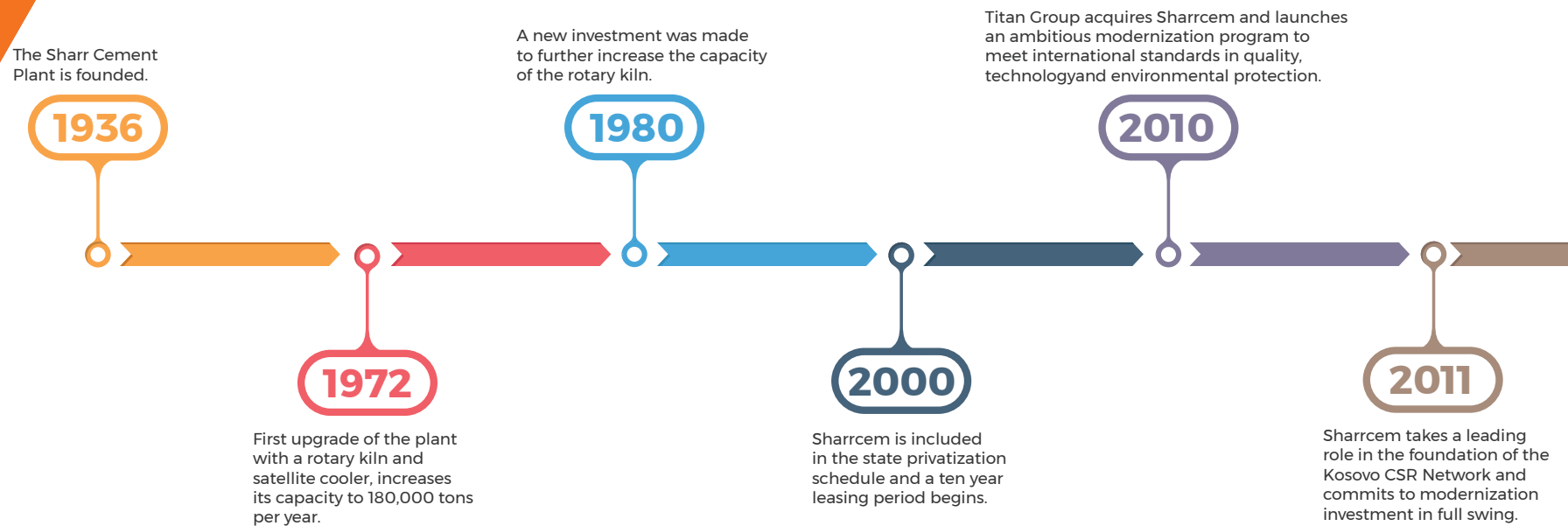
Titan Group investors were fully aware of the current financial and operational standing of the enterprise, therefore run into the conclusion that a significant amount of technical and financial resources needed to be invested in order to overcome these problems and enjoy a credible and sustainable operation as it used to have in the Yugoslav era. TITAN, up to now, has invested significantly in upgrading the production line and technological processes.

Because of these tremendous investments, in 2014, Sharrcem received the IPPC permit – the first to be issued by Kosovo authorities to a company in Kosovo.

In the same year, it founded the LAB Project which aim was and continues to be supporting the small and medium enterprises in technical means mostly.

To date, Sharrcem enjoys an important reputation by the standards it has managed to incorporate in the production process, and is one of the leading company which respects the health and safety of its workforce and make significant investments in tackling issues that are critical to the protection and promotion of a healthy environment for the community.





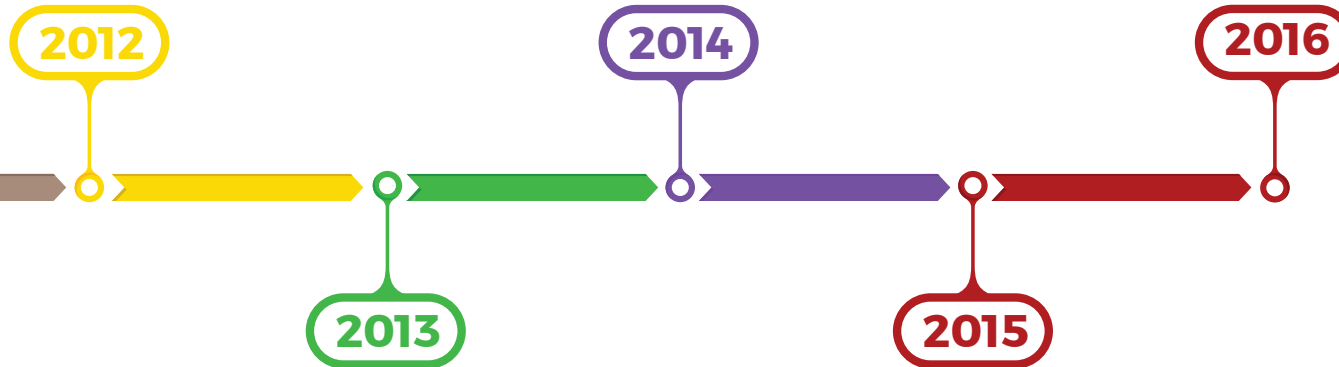
Sharrcem received the IPPC permit - the first one to be issued in the country. Further to this: Sharrcem launched the World Business Council / CSI project for incorporating its guidelines on Contractors and Traffic Safety. In the same aspect of Health and Safety, the company has organized the first NEBOSH course for Operational Health and Safety in Balkan (excluding Greece) 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.

Sharrcem was certified with the SA 8000 standard. This standard supports social responsibility and accountability by ensuring the implementation of reliable systems designed to protect people and community. As well as, during this year two projects were completed. The new Stretch Hood Machine for covering the pallets was installed successfully and the operation started immediately for better customer services, meanwhile the Wastewater Treatment Plant (WWTP) a major investment which aims to improve the water effluents quality as a matter of caring for the environment, the health of Sharrcem employees and nearby community. Besides caring for our employees' safety we also want to ensure their wellbeing as well as their personal and professional development. Apart from other programs, during this year was held the VDZ - online course to train the employees in the cement industry through blended learning methods.

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.



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, accidents 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).

Sharrcem introduces innovative solution in the production line (see pages 65-67), starts quarry rehabilitation works and initiates the SA 8000 certification.

The LAB yields its first harvest. 18 new local Agro-SME's successfully placed their product in the market.

Titan Group joined Pact for Youth in Brussels and Sharrcem representatives have the pleasure to be part of the event.



A large orange circle is centered on the page. Inside the circle, the text "80th ANNIVERSARY OF SHARRCEM" is written in a bold, orange, sans-serif font. The "80th" is on the top line, "ANNIVERSARY" is on the second line, and "OF SHARRCEM" is on the third line. The background of the page is a dark grey-blue color. In the top right and bottom left corners, there are decorative elements consisting of multiple parallel orange lines that fan out from a point, creating a sense of movement and depth.

80th
ANNIVERSARY
OF SHARRCEM



SHARRCEM

CELEBRATING *youth*: OUR FUTURE

The 80th Anniversary of Sharrcem

In order to celebrate the 80th anniversary of Sharrcem, the only cement producer in Kosovo in a distinguished manner, there were many activities developed in different areas, respectively in Pristina and Hani i Elezit. The anniversary celebration was divided into three events so far, one at the local level, one at the central level and the other one was a dinner with our employees in order to celebrate our plant successes.

The event at the local level included the anniversary celebration together with the community of Hani i Elezit, on the 1st of June 2016, where simultaneously the International Children's Day was celebrated.

The event at the central level included the anniversary celebration together with representatives of the Kosovo Government, Embassies, Donors, Partners and Friends, and presentation of CSR and Sustainability 2015 Annual Report.

Event at the National Level

The event at the central level included the anniversary celebration together with representatives of the Kosovo Government, Embassies, Donors, Partners and Friends.

The aim of the event was to celebrate Sharrcem's 80th anniversary and presentation of the CSR and Sustainability 2015 Annual Report, where by it covered the achievements of the company during 2015.

The event was followed by numerous activities such as the presentation of the Annual Report showcasing the most important points during the year, key stakeholders speeches, folk dances from Greek guests and the Hani i Elezit ensemble. In the event, the video "Treasure of the Future" was showcased for the very last and final time until it's presented again when Sharrcem celebrates its 100th anniversary. The event wrapped up with a cocktail gathering followed by the orchestra.

Event at the Local Level

The event at the local level included an all-day event with the children of Hani i Elezit at the main square, where they took part in numerous entertainment activities.

This event was by far the biggest children's festival organized in Kosovo, respectively in Hani i Elezit.

The aim of the event was celebrating the anniversary with the most important generation of the community – the youth who are the miracle of our future.

The most important part of the event was the video called "Treasure of the Future".

The video showed a time lapse throughout the years, reflecting the hope, and the future – all impacted by Sharrcem's contributions, developments and positivity.

Planting of 80 Trees

The colours of the Sharrcem feast shine even brighter when a group of children joined us with their idea of planting 80 trees in the mark of the 80th anniversary of the factory. Eight decades passed by finding Sharrcem still loving nature and the participation of our little ones who expressed their will to contribute to the protection of the environment, pushes us even more to do our job truthfully.

The operation of giant plants such as Sharrcem requires that besides the cement processing procedures on one side, there should be green spaces on the other side, so that the rhythm of nature is also balanced.

The cooperation of our factory with this group of children shows how open we are to every process that aims the improvement of the environment and the living conditions of each resident of Kosovo.

The growth of these 80 trees symbolizes the growth of our success, as by watering the new seeds, we will also water the future for the new generations.





Dinner with Employees

The Sharrcem Plant always had the fate to have in its circle skillful people who are eager to do their job precisely. The contribution of Sharrcem's workers has its mark in every corner of the factory, so we never hesitate to improve their working conditions and also create a cozy ambient for them.

The 80th anniversary was a good reason to invite all of them at a modest dinner and give them the opportunity to be close to each other in a more relaxed atmosphere, which they deserve the most. In order to go with this great flow, we remembered to organize a recreational rewarding game with our workers, where the first three places won smart phones, laptops and wristwatches.

We at Sharrcem are aware that the work of our staff is colossal and thanks to them, our Company is known as a story of success. The 80th anniversary of Sharrcem would have not been so important if this team of people were not in our company!

Event at the National Level



Event at the Local Level



Strategic Review

About Us



Being accountable and credible to our partners and customers are fundamental core values of TITAN

Group that associate it since its very beginning of operation in the market.

Because of these values matter so much to us, during these years, we have achieved to gain the reputation of a leading company that respects the fundamental principles of always seeking to be innovative in production and technological processes; respect the very international standards of preserving the health and safety of our workforce and being socially responsible partners of the community at large by investing in projects that concern the improvement of environment and economic well-being of the community the reside beside our plant and further.

Who we are



TITAN Group's business activities consist of production, transportation and distribution of cement, concrete, aggregates, fly ash, mortars and other building materials. Its property is managed by a joint venture with established partners.

Where we operate



Our companies scope of operation is divergent in terms of geography: we do business worldwide, specifically in 29 different countries, be them Western Europe, Canada, North Africa, USA, Central America, the South-eastern part of Europe etc.

Employing 5,654 employees and having cement plants in 9 different countries, we are organized into four geographic regions: Greece, Western Europe, South-eastern Europe, Eastern Mediterranean and the US.

What we do



With extensive experience in the production of high quality cement, for 110 years now since its foundation, we have spent enormous energy and resources to cope with the business challenges by always seeking to work in diverse environment by trying to operate in a flexible and innovative way as much as possible.

We have always strived hard to invest in the very best technological standards of production by acquiring the most standard technological machineries.

In addition, the research and development is one of our cornerstone aspects where we spend colossal amount of technical and financial resources to make sure our production and technological processes are in line with worlds most advanced manufacturing processes.

Besides that, we conceive the human capital as the most significant element that drives our company to achieve operational success.

Building Our Future Together

In 2015, we achieved strong financial results while we expanded and strengthened collaborations with all our stakeholders, further building solid foundations for a sustainable development and a better future for all.

Common Values and Objectives

Our consistent strategy, the enhancement of our collaboration with all our stakeholders and our focus on geographic diversification continue to strengthen the business and ensure that our operations grow responsibly.

We have managed to navigate the difficult years together, as one Group, sharing common values and objectives. This has given us the strength to build an organization that is more united, ready and capable to face the future with new ambitions.

Continuing to Grow Together

We have clear investment plans that are geared toward growth and sustainable development. Together, we aim to implement them with renewed energy, based on collaboration and team spirit.

The Group continues to expand its collaborative actions, learning from its stakeholders and deepening its partnerships at all levels. This commitment to continuous improvement helps us both to integrate stakeholders' concerns in our strategy and to multiply the value we create and share with them.

Continuing to Grow Together

Continuous improvement remains the driver for everything we do. That's why we have thoroughly reviewed our achievements and the lessons learnt over these years, working as a Group to pursue sustainable growth.

As a result, we have decided to focus more on our local impacts and develop our future plans using a holistic approach that takes full account of the local context.

To this end, we are using the United Nations' Sustainable Development Goals (SDGs) and initiatives such as CSR Europe's European Pact for Youth.

Turnover

€1,397.8m

EBITDA

€216.4m

Profit after taxes

€33.8m

Total assets

€ 2,949.5m

Capital expenditure

€173m

Employees

5,654

Focus on Material Issues

As expectations from business are growing at all levels, focusing on material issues is becoming increasingly important in developing a coherent, inclusive and consistent sustainability strategy.

Stakeholder Engagement

Stakeholder engagement is an important element of our corporate social responsibility policy; it builds trust, improves understanding of the impacts of our operations and addresses stakeholder concerns, while providing input to the materiality assessment process.

The methods for stakeholder communication and interaction vary from operation to operation, depending on local practices. We seek out feedback to help us address and further improve on issues that are of increasing importance to our stakeholders, such as youth unemployment and sustainability of communities, human rights and supply chain.

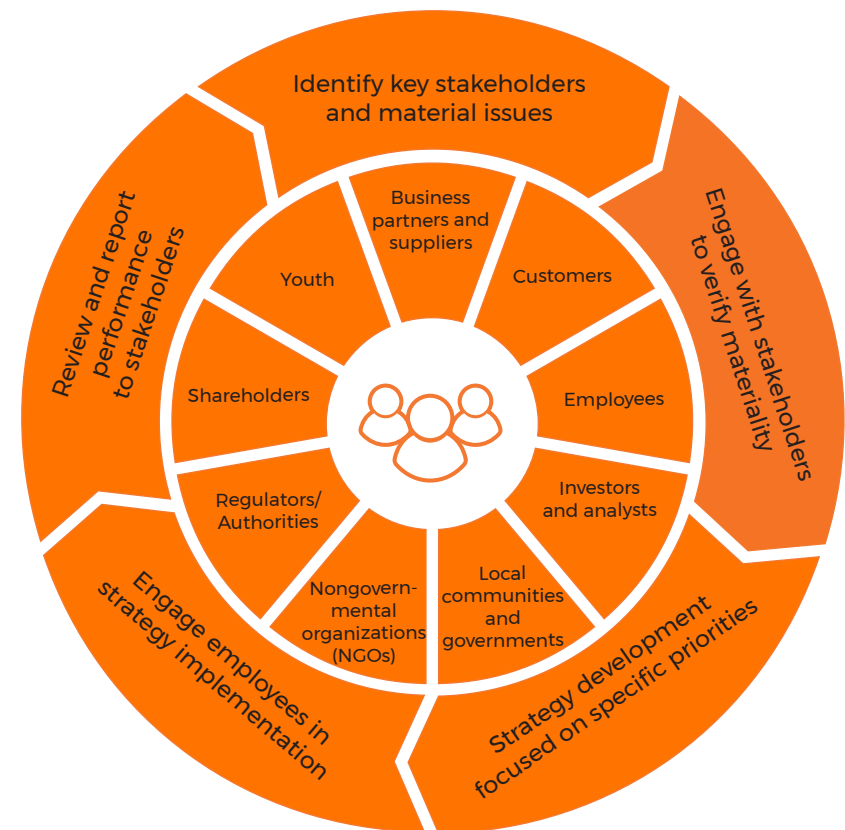
We regard stakeholder engagement as a long-term, ongoing process, enabling mutual understanding, establishing and maintaining good relationships, building consensus on issues of common interest, and activating bilateral and multilateral partnerships to support sustainable solutions at both global and local levels. The following diagram illustrates our ongoing five-step stakeholder engagement process and key stakeholders as defined for the Group.

Materiality Assessment

In 2016, all regional operations except for Antea cement plant (TITAN Albania) and Adocim cement plant (TITAN Turkey) reviewed – and updated where needed their materiality assessments, taking into consideration the outcomes of employee opinion surveys (completed in 2015) and stakeholder consultations (through sustainability initiatives like the Cement Sustainability Initiative, investor roadshows and meetings with local stakeholders).

The results will serve as a basis for the next review of the Group Materiality Assessment in 2017.

For 2016, the Group material issues were determined to be the same as in 2015. We have aligned the outcomes of Group and local materiality assessments with the SDGs and strengthened collaboration through initiatives promoting engagement to “make the global goals local business”, as stated by the UN Global Compact. A special focus has been put on the enhancement of the professional skills of young people through educational and internship programs in line with the commitment undertaken by TITAN as an initiator of the European Pact for Youth



Group Material Issues and the SDGs

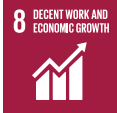










The following table shows how the issues with the highest materiality align with the SDGs that were identified as most relevant for the Group in 2015.

Throughout the Summary Report we have included a selection of case studies and actions that support the implementation of the SDGs.

A similar approach is followed at a local level, encouraging the integration of the SDGs in the materiality process, to facilitate stakeholder dialogue and target setting.

Our most material issues

SDGs most relevant for the Group

Financial liquidity and access to funding				
Environmental management				
Climate change				
Circular economy				

Our most material issues

SDGs most relevant for the Group

Health and safety			
People management and development			
Sustainability of communities			
Social and political risks and instability			
Governance, transparency and ethics			

Engaging with Youth

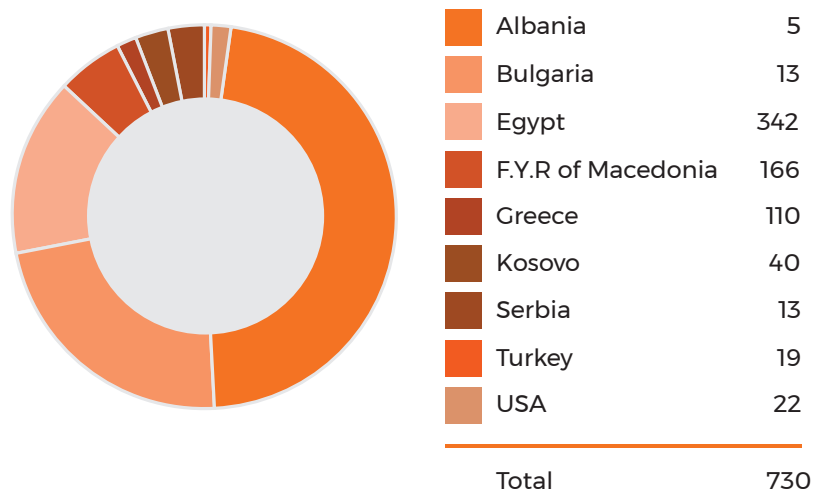
Creating long-term employment opportunities for young people is good for a world that needs to engage and empower youth, cover skills gaps and drive economic growth good for the sustainability of the local communities where we operate and good for the vitality and creativity of our business.

In 2016, we deepened our support for youth by launching new educational and internship programs aligned with our commitment to the European Pact for Youth. The European Pact for Youth is a mutual engagement of business and European Union leaders, aiming to develop and consolidate partnerships in support of quality internships and apprenticeships that safeguard youth employability and inclusion.

Within this framework, our operating companies in Greece, Albania and Kosovo have contributed to the launch of national initiatives, promoting the development of relevant action plans by the end of 2017. We also support RELOAD GREECE, a UK-based organization providing mentoring and training to students of top UK universities, aiming to create new ventures with a positive social or economic impact for Greece. Our activities for youth expand well beyond Europe.

Applying international standards, a systematic mapping throughout our Group operations recorded more than 400 partnership agreements, mostly with universities, aiming to provide opportunities for work-related experience, internships, apprenticeships and training to young people. In total, 730 young people benefitted from internship programs implemented in nine countries during 2016. We will continue to work together with stakeholders to further improve the quality of the internships we provide and expand best practices across the Group through the introduction of a Quality Internships Guide that was created in 2016 and will be launched in 2017.

2016 Internships by country (number of people)



Highlights of our education partnerships in 2016

14%
of internships directed to entry level jobs

402
teachers reached

> 6.000
young people; learners; teachers and staff involved



Our Company

Besides the innovation and technological advancements that contributed to our overall success, social responsibility is another factor that has contributed to making our business successful and credible towards our partners and the community. As a result of these efforts, our company has achieved a great success by getting certified with ISO 18001 (Labour Health and Security Standard) and ISO 14001 (Environment).

Besides these successful activities, we have accomplished to gain the first IPPC license (Integrated Pollution and Prevention Control), this enabling us to serve as a successful business story for other companies.

Throughout these years, we have undertaken numerous community initiatives ranging from protection and promotion of healthy and friendly environment, securing a clean and healthy water access to numerous families, various activities that enabled business to engage successfully in agricultural sector and many other activities which benefited the community at large. Because of these activities, we have achieved to consolidate our position in the market as a company that besides seeking to maximize its profits is very careful to the environment including being socially responsible by helping the community to live a decent life.

Message from the Managing Director

I'm very honored, for one more year to welcome you to the Sharrcem CSR report 2016. One more challenging year during which I feel that the Sustainability projects and actions of the company have attained a point of maturity where the understanding and commitment of all parties related to its operations evolved to being a living standard; we've been proud to notice that sustainability actions and planning is not anymore an issue of negotiation but rather a joint effort with absolute engagement, first and foremost from the side of the community of Hani i Elezit - for which I wish to extend my gratitude to the municipality and Mr. Rufki Suma in person - and furthermore from the one of State institutions, business partners and of course the employees of Sharrcem. 2016 has been a milestone for Kosovo. The Stabilisation and Association Agreement signed between the Republic of Kosovo and the EU marks a clear way for the country's development; in this context, Sharrcem, through the European Investors Council - to which it is a founding member -, was able to participate and promote a number of business and sustainability issues to the responsive and highly collaborative political and social institutions of Kosovo. I'm also proud to report the continuing success of the LAB initiative in the community of Hani i Elezit. In less than three years, 50 new business start-ups have been created in the region, operating in a variety of segments of the agro-forestry sector: greenhouse cultivation, beekeeping, dairy, forest stewarding, to name some. The new farmers and related people, in total 341 of our co-citizens have been trained not only on-the-ground but also in compliance and sustainability standards. At the same time, an initiative for employment of the women of the municipality has been launched by the LAB with promising first steps. I should not omit to extend our gratitude to initiative's specialist partners, the IADK (Initiative for Agricultural Development of Kosovo) and AFS (The American Farming School in Thessaloniki) who for one more year have given ample support not only in technical matters but even in human care and enthusiasm. In this effort to upgrade living standards in our community I would add the Waste Water Treatment Plant that has been installed in the company's premises - however additionally servicing some forty households on its perimeter, an investment that eliminates discharges to the river. The company's clear dedication to environmental protection and operational safety for its people has been recognized at Country level by inviting our Kosovan Managers at the state commissions for Environment and Safety at Work, the highest tables of the state for standards and practiyes. A great achievement which can direct the ambitions of our youngest toward a meaningful career. Furthermore, I wish to highlight one more achievement of the company: Sharrcem, in its strategy and commitment to manage by certified systems, thus putting transparency and reporting in practice, has obtained the Social Accountability SA 8000 Standard international and independent certification



Emmanuel Mitsou
Managing Director

This marks our determination to live and report as a hopefully good neighbour among our peers within and out of the organization respecting the terms of equality and impartiality. We draw pride of the fact that our SA 8000 responsible officer is a Kosovan citizen, a bright example of the values and progressive capacities of the country. Finally, in our strong belief that the essence and future of a company is nothing more than its people, our company has been included in a Group-wide operational training programme conducted by the German Institution VDZ (an international authority in cement process engineering); and I am very happy to note that our young, local engineers and technicians thrived in with extraordinary results.

The company's future is safe in their hands

Sincerely,

Message from the New Managing Director

My name is Thomas Glavas and I have been appointed as the new Managing Director of Sharrcem SHPK since January 2017, consequently having the pleasure to be part of this CSR and Sustainability Report, which is of course referring to our activities during the previous year 2016, but still providing an excellent opportunity for me to be introduced to your good selves.

Furthermore, our Titan Group of companies' established principles and policies remain strong and fully valid, regardless of persons. In this respect, I hope you will find some time to go through this report and I would be more than happy to receive any comments and or suggestions you may have, in order to enable us to address and explore potential future improvements even further.

We, as Titan Group and Sharrcem Company, have in place and operate in full compliance with the European Standards and within the Regulatory Framework, still continuing to invest in our business related fields, with much respect paid to the occupational Health and Safety and to Protection of the Environment, considering same as our first and non-negotiable priority.

Nevertheless, we remain very closely engaged in supporting and assisting the urgent needs of the community and citizens, fully acknowledging the existing burden, mainly arising from the high rates of unemployment, especially among the young people, as well as due to the poverty and the lack of structured support.

This has been a strategic objective for Titan Group in Kosovo, implemented by the basic policy followed by Sharrcem and continuously in place, in order to underline our commitment to meet this aim.

Dear Stakeholders,

On behalf of our Sharrcem personnel and CSR Team, I would like to wish you all a very happy and productive reading, furthermore kindly asking you to consider the public presentation of this report as an open invitation for any kind of opinion, comment or suggestion you may have.

Sincerely.



Thomas Glavas
New Managing Director



**VALUES,
POLICIES AND
ENGAGEMENT**



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 communications

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 care competencies

COMMITMENT TO RESULTS

- Shareholder value
- Clear objectives
- High Standards



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

CSR within Sharrcem

Scope of the CSR Engagement Internal Organization (CSR Committee Member) with Responsibility:

- Implement the established CSR structure within Sharrcem
- Implement the established CSR policies and procedures
- Maintain communication with employees
- Inform, cooperate and monitor the engagement with the local community
- CSR network coordination

Group Reporting and Support

Throughout this year, Sharrcem Task Enforcement Team continued the harmony of precise data gathering and regular reporting in the Group's specialized database platform – CSR Databank, ensuring trustworthiness and reliability to all Stakeholders. In addition, the Kosovo team was highly empowered by the Group Corporate Social Responsibility Senior Manager, Mrs. Maria Alexiou, through numerous customized trainings, meetings and other capacity building activities, confirming professionalism, capability and competence.

Structure, Tasks and Engagements

Sharrcem has established a special Taskforce to represent the company in the CSR Network. Not only that, the reason of its establishment is to implement the company's CSR strategy. In addition to this, its role is to maintain communication and relationship with other stakeholders in order to implement the planned activities jointly and in coordinated manner.

So far, this taskforce was active in cooperation with public institutions to share its experience by participating in workshops and trainings which purpose were to strengthen the effectiveness in tackling issues that concern both the companies and communities alike.

The CSR Databank team, which is appointed by the CSR Committee, is responsible to register the data related to our overall manufacturing operations, as required by the CSR network. This helps the network to better understand the capacities to assist in the project that are best suited to community.



Stakeholders Engagement

TITAN Group's instant response to market needs, by boosting investments in human capital, technological advancement as well as research and development in one hand, and by actively responding to community request for financing and helping them to address many socio-economic issues including those that directly or indirectly affect the environment, has come to a point where a bunch of public and NGO institutions have honored during 2016 with several distinctions and appreciations, such as:

- Municipality of Hani i Elezit;
- Sharrcem Trade Union;
- HANDIKOS;
- University Clinic Center of Kosovo;
- Public Health Center in Hani i Elezit;
- Kosovo CSR Network;
- European Investors Council;
- SOS Children's village;
- Foundation Action for Mothers and Children
- Society of Certified Accountants and Auditors Kosovo (SCAAK)
- Kosovar Occupational Safety and Health Association (KOSHA)
- School for Children with Special Needs



Our Stakeholders

Considering the significant attention we pay to strengthening the current partnerships and establishing new partnerships, we are fully aware that this cooperation is vital to pursue a sustainable socio-economic development of community.

Keeping up with regular communication and coordination is contributing to making better assessment among stakeholders to come up with effective and viable ideas that are sustainable in benefiting the community.

Our stakeholders include:

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

Key-Priorities

Continuous Engagement with Key Stakeholders: Disclosure and Transparency

- BOPAL: Focus on Material Issues of the Community; Board Meetings and Daily Cooperation.
- LAB: Continuous Support; BoD Meetings and Stakeholders Fora.
- Employment: Continuous Cooperation with the Municipality of HIE.
- Contractors: Meetings and Trainings for CSI Guidelines Implementations.
- Kosovo CSR Network: Support and Contribute; BoD Meetings and Events.
- Pact 4 Youth: Events and Awareness Building.
- International Institutions: Continues Cooperation.
- Employees: Trainings and Continuous Improvement.
- Education: MoU with the Universities; Frozen Music Architectural Contest.
- Meet High Sustainability Standards through Certified Systems.
- Continuous Awareness Raising on CSR.
- Energy Recovery under the IPPC Permit.
- Social Accountability: SA 8000, Company Certifications in 2016.
- Contribute in Education at Local and National Level.

Continued Dialogue

EIC(European Investors Council)

European Investors Council was founded with the purpose of helping the businesses and public institutions to come up with viable plans to socio-economic development.

Consisting of 17 members which are part of European Union and European Economic Area, this organization has contributed to provide the potential investors with information and facilitate dialogue with the public authorities to enable particular investments that the foreign business aim to undertake.

The President of this council is Mr. Emmanuel Mitsou from Sharrcem. Sharrcem has set up a dialog in which numerous meetings and conferences have already take planes.

This dialogue's purpose is to foster coordinated initiatives with the government authorities in order to address various challenges that business face and formulate appropriate plans to eliminate those barriers to business in order to foster business investments as well as create a business friendly environment.

Different kind of events took place within the year.

For more details please referred this link: <https://goo.gl/v8y3U4>



New members:





Disclosure and Transparency

The 4th Stakeholders Forum

On 16th of November, 2016, Sharrcem organized the ceremony to mark the 80th anniversary of its foundation. Numerous personalities took place: The Mayor of the Municipality of Hani i Elezit, Mr. Rufki Suma, the Minister of the Ministry of Trade and Industry, Mrs. Hykmete Bajrami and many other friends and stakeholders that are giving a huge contribution for the factory.

In this event, which was opened by the CEO of Sharrcem, Mr. Emmanuel Mitsou, the participants were given with a presentation of what Sharrcem has achieved throughout these years of operation in Kosovo's market; its future objectives and presented various projects it has financed and implemented as part of accomplishing its social responsibility agenda. In this context, the annual CSR Report 2015 was presented to the participants of this event.

After the speech of Mr. Emmanuel, the floor was taken by the Mayor of the Municipality of Hani i Elezit, Mr. Rufki Suma who elaborated further how beneficial the community projects implemented by Sharrcem are and what possibilities and opportunities those projects have created in easing the peoples' hardship as well as improving their overall well-being.

Mrs. Hykmete Bajrami – Minister of Trade and Industry also expressed her gratitude and acknowledged the tremendous work Sharrcem has done in contributing to overall economic development of the country and how Sharrcem is serving as an excellent example of a serious industrial manufacturer which is an inspiration to other companies to invest in projects that benefit the community at large.





**KOSOVO
CSR
NETWORK**

Kosovo CSR Network

The Kosovo Corporate Social Responsibility (CSR) Network is the first business network established in Kosovo for CSR by its founding members. The Network was founded on April 21st, 2011 by distinguished Kosovar and international business leaders who are determined to increase the public's awareness on CSR and to incorporate CSR best practices into their own companies.

Although currently a relatively small organization, the Network seeks to grow and become a stimulating network which will attract new businesses in promoting CSR across Kosovo.

Kosovo CSR Network has become a member of the European Business Network for Corporate Social Responsibility (CSR Europe), which is another step of the Network to further integrate Kosovar organizations in European structures.

The founding members of the CSR Network believe that it is of crucial importance to have private businesses engaged in promoting best CSR practices.

We have identified the need to inform the public and other private businesses that the CSR concept is not only limited to philanthropy and sponsorships. The CSR Network seeks to fully comply with the Ten Global Compact Principles which is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.

Protection of internationally known human rights, elimination of child labor, promotion of environmentally friendly practices, and elimination of discrimination with respect to employment and occupation, and promotion of anti-corruption values are only some of the areas that the Network seeks to address.

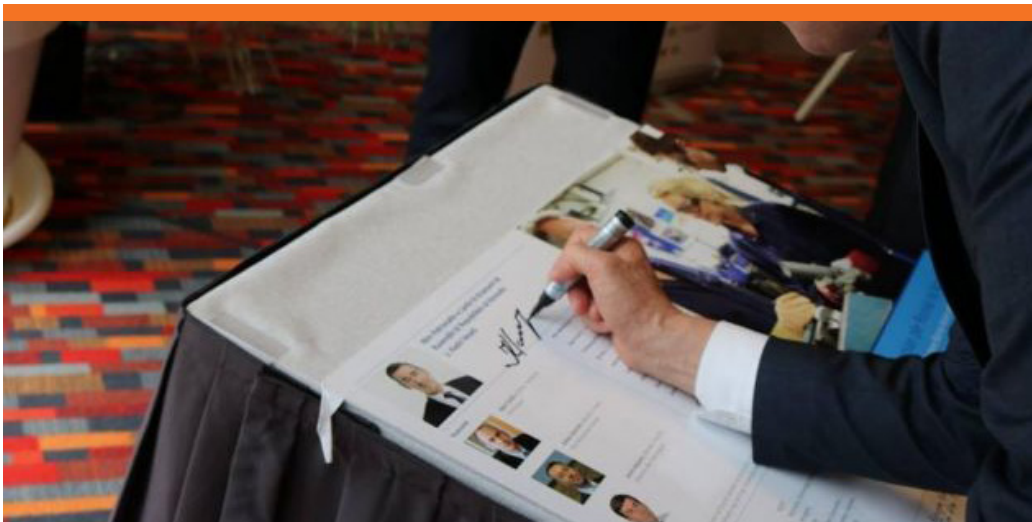


Pact4 Youth

The launch of the European Pact for Youth: an initiative driven by the European Commission and CSR Europe which is very relevant to the socio-economic framework of Kosovo as it tackles both the education and employment challenges of the youth. The Group was among the funding signatories of the Pact in Brussels and we were proud to participate in the launch during the 2015, while during the 2016 the launch of the Pact in Kosovo took place through the Kosovo CSR Network under the patronage of the Speaker of the Assembly.

Worth to be noted, Kosovo was among the first countries to adopt the Pact at a national level and draft an action plan for implementation and reporting to Brussels. Sharrcem as part of Titan Group joined the European Pact4Youth initiative from the beginning, which aims at helping young people acquire professional skills and at boosting employability. Internships have a key role to play in boosting youth employment as they became essential in bridging the skills gap between education and the labor market. Within the 2016 Sharrcem accommodated in its premises almost 40 students and young graduated with no work experience. Even though Sharrcem is a technical oriented enterprise, through its contractors creates opportunities for other more creative areas such as graphic design, journalism, art school etc. in order to give opportunities to other oriented students.

We had the pleasure to cooperate with our contractual partners who work with ambitious young people and give them a chance to follow their dreams and pursue successful careers on different professions. In 2016, a journalist from Hani i Elezit was accommodated at the PR company "Red Mill Agency" in Prishtina as an intern, where she learned to skillfully emerge the world of reporting with technical related issues. This helps to enhance the dialogue between the academic community, business needs and the employment, as well as develop awareness, understanding and capacity in the specific roles and responsibilities in their subject specialisation which will affect their professional development and future career.





**MANAGEMENT
SYSTEMS**

Management Systems

Sharrcem is committed to fulfill the conditions of work, in all aspects, by all parties.

As a result of this commitment, our company is certified by ISO Standards for Quality (ISO 9001), Environment (ISO 14001) and Operational Health and Safety (OHSAS ISO 18001).

As a result of ISO certifications Sharrcem has been awarded the first ever IPPC (Integrated Prevention Pollution and Control) 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. Sharrcem was also certified with the SA 8000 standard. This standard supports social responsibility and accountability by ensuring the implementation of reliable systems designed to protect people and community.

Sharrcem wants to throw a further step, through fulfilling the standard practices of today for the international cement industry, by 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.

Item	MGT System / Certification	Status
All products/cement types	CEM IV/B (P-W) 32.5R	✓
	CEM II/B-M (W-L) 42.5R	} EN 197-1:2000
	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	SA8000	✓
Finance	Voluntary mid-year independent	✓



IPPC





**OUR
WORKFORCE**

Our Workforce

There is no doubt that a company can be successful only if it has the training of its workforce high on its agenda. Besides training, the safety of the labour is another factor which considerably reinforces the belief that a healthy and professional workforce is fundamental in succeeding business wise. Considering this belief, Sharrcem has and continues to invest considerably in providing the best possible conditions of work and safe for its employees. We continuously provide our employees with medical checks to ensure there are fit to perform their daily duties. In addition, we also offer our workforce with the opportunity to advance in their career by enabling them to attend various workshops and seminars.

Besides these efforts, we constantly seek to offer opportunities for internships for youngsters so that they have the chance to deliver their best and potentially become a full-time employee at later stage in our company. In addition, we also support vulnerable social groups who have no previous employment experience so that they can show us their potential talent to perform any particular duty that we consider them able to do so.



Commitment to Safety

We are strongly confident that the safety of our drivers in the supply chain, including those of our contractors, is a cornerstone to have a safe and secure transportation. Given this serious attention that we have in terms of this issue, addressing this important and complex matter was associated with organizing training to ensure the drivers attain the necessary skills and capabilities.

CSI Driving Training

Our initiative to prevent traffic accidents through this program is fundamental in offering our drivers and those of our contractors a safe and secured environment.

We believe that it is of great significance to promoting an integrated initiative, involving drivers, vehicles, and the traffic environment, as well as to pursue driving safety by learning from accidents, respecting traffic rules and providing professional lessons to drivers in order to create a safe and secured environment.

Through this initiative, Sharrcem ensures that contractors drive safely and that, in the event of an accident, they are provided with appropriate assessment and training. Moreover, this initiative summarizes the evidence on the safety value suggesting improvements in program delivery and content to yield beneficial to our employees.

This initiative greatly contributes in the raising of driver awareness, potentially leading directly to improved safety and fewer accidents. Training programs generate real benefits for everyone involved in the operation and administration of motor vehicles.

Moreover, it offers the opportunity to acquire professional level of training and driver safety-skills knowledge. 131 drivers of Sharrcem supply chain have been trained. Main activities included in this initiative were:

- Testing of the driver's knowledge;
- Assess driving competence and attitude;
- Carry out an on-road assessment;
- Training based on the findings in any given time that we assumed necessary base on the operations of Sharrcem;
- Journey hazard management;
- Vehicle maintenance and servicing;
- Pre-start vehicle check list;
- Respecting road signs and rules;
- Creating a driver record;
- Safety letter to costumers;
- Safety brochures;

Establishing good cooperation with police station to control sensitive safety elements which derives from CSI driving safety.



Country Safety Week

The yearly plant tour event to be organized for our Stakeholders became a tradition for us. This year our plant tour was combined with the Authorities/Government, respectively with their planned event. The government in its agenda has the promotional health and safety week and this year happened to take place in October of 2016.

We were chosen by the Health and Safety Inspectorate to visit our plant and share with the rest of the companies in the country our performance and commitment by highlighting our effort, care, and the engagement as a best practice in the country regarding the health and safety.

There was organized an event in our premises, with the detailed presentation given by our Health and Safety Manager to follow with the plant tour in order to provide space to our stakeholders to be able and see closely the process of production, our daily activities in relation to our engagement and commitment towards health and safety. They have been also able to meet with our employees and discuss with them openly. We were honored to welcome the representatives from the Ministry of Labor and Social Welfare, representatives from the Municipality of Hani i Elezit , Police Authorities, and other Stakeholders from different Institutions and Associations.

This initiative included maintaining the established strong cooperation with the Authorities, Community members and other Stakeholders in relation to working on safe and healthy environment.

Moreover, this initiative provides the opportunity of communication on our know-how experience with the external stakeholders, and ensuring that it will bring successful results and evaluated positively by the authorities, community and other stakeholders. .

With this cooperation, Sharrcem aims to develop and continuously improve good relationships with all internal and external stakeholders for mutual respect and understanding.



Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria e Kosovës-Vlada Kosova-Government of Kosova



CSI Driving Courses for Kids

The Children Board of Sharrcem had a chance to visit the Police Academy in the Municipality of Vushtrri where they held a course on CSI driving.

Before the trip to Vushtrri, the children were very eager to learn about the safety in traffic, including the safety of driving in different types of roads such as local, suburban and highways.

The children arrival at the Police Academy seemed to excite the policemen who waited the cheerful kids at the door, and the expression on their faces looked like as if they went back to their childhood,

remembering the birth of their very first desire to become the peacekeepers who they are today.

And the open roads that are driven on in daily basis are the places that need the most peace because a large amount of people pass by in their vehicles, some in a big hurry to send a delivery on time, some to send their kids to school and many many other needs that people have, especially in these days of rapid evolution.

Sharrcem children learned that driving safe is the main priority and by respecting the signs, speed limits and the traffic

police they won't ever have trouble on the road. But they also learned that while driving they have to pay attention to every little detail so that way they will prevent any possible accident.

The little ones expressed their joy by saying that they will pass on to their parents all the information that they learned on safety driving and how they can't wait to one day become just like their new friends at the police station.





People Development within the Plant

We conceive the workforce as the foundation of our success. That's why we continue to invest massively in having as trained and well-equipped with proper skills as possible.

We strongly believe that in order to have a successful workforce as a precondition for a company to succeed, we must continue with our efforts to motivate our employees either with financial benefits when they maximize their commitment to fulfill their duties, or by enabling them to participate in various trainings events, study trips or workshops to broaden their knowledge and skills in order to advance their capabilities in performing their daily duties.

We also conduct continues assessments of our workforce in order to identify the shortfalls and challenges that they face so that we can appropriately address those concerns.

We are currently facing a large portion of our workforce who is going to retire soon - and planning to engage them with the workforce of a younger age in order to facilitate the sharing of know-how so that there is smooth transition once they retire. One of our programmes for people development is VDZ

VDZ- Training Program (On the Job Training, Workshops, Online Courses)

Sharrcem has always shown interest on advancing its employees' professional skills. Trainings, among other educational methods, constitute a significant purpose in achieving those results.

Not only that, by providing the employees with professional and effective training, it directly affects the increase of effectiveness of the company at large.

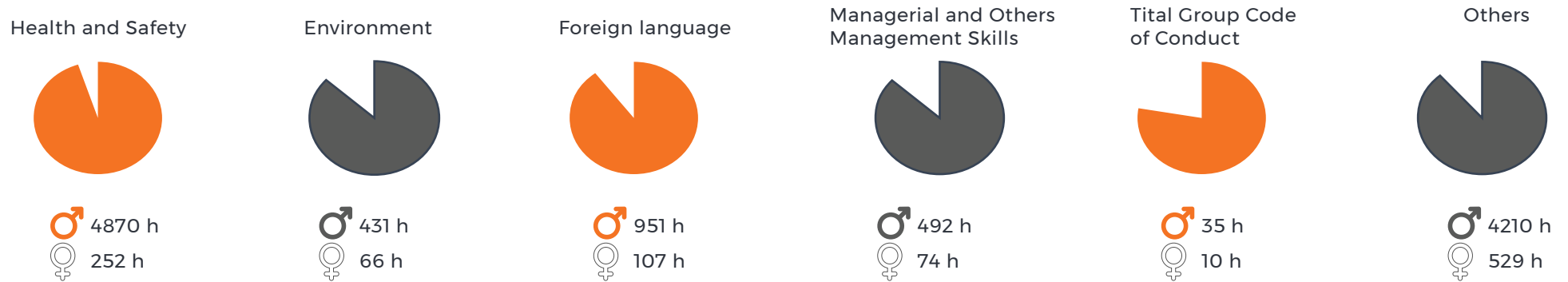
In that context, one of the trainings that Sharrcem provided to its employees was the so-called "The VDZ training program" which aim was to provide advanced technical education and qualification to the personnel.

Because ever increasing usage of technological devices in business daily actives has affected the general day-to-day business culture, this training was crucial in offering the employees with the insights of how important is today the usage of the technological tools and to ensure that professional stuff is up-to-date with the newest technology.

VDZ training program - provides information on the latest research results on Cement Industry and supports transfer of the results into practice. VDZ supports cement manufacturers with its learning platform.

We had twenty of our employees who took part of this training program, participating in different type of modules depending on their field of interests. The employees have found this training very productive and efficient for improving their professional skills. They also have been taking online tests, and achieved very good results by completing all the modules.

Hours Training



Employees Members of Trade Union (average 2016)



New hires /2016



Employees leaving /2016



POLICIES AND PROCEDURES

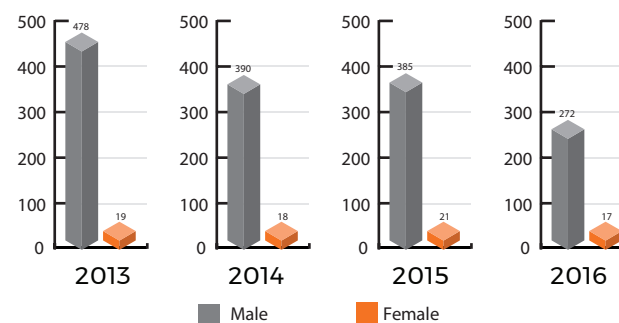
Policies and Procedures 2016 - EC6	Kosovo
Human right issues	SA 8000, Streamlined, (See page 76)
Labour rights and freedom association	SA 8000, Streamlined, (See page 76)
Equal opportunities	SA 8000, Streamlined, (See page 76)
Sponsorship, donations and community involvement	Active to local MoU's / Foundation
Supply Chain / Procurement	Group CoCP
Preference to locally based suppliers	✓
Preference to local residents, when hiring	✓
Hiring local contractors / sub-contractors	✓
Copy of the Groups Purchasing Manual	✓

Benefits provided to full-time employees		2013	2014	2015	2016
Health Check		✓	✓	✓	✓
Labor Insurance		✓	✓	✓	✓
Company meals		✓	✓	✓	✓
Leave paid holidays		✓	✓	✓	✓
Parking		✓	✓	✓	✓
Meal allowance		✓	✓	✓	✓
Gifts	On Religious Holidays	✓	✓	✓	✓
	International Women's Day	✓	✓	✓	✓
	New Year	✓	✓	✓	✓
Education	MBA English Courses Conferences (#)	5 3 12/15 Managers	4 17 10/17 Managers	5 18 12/12 Managers	MBA – 8 English courses – 23 Conferences – 5/4
Trade Union	Ordinary 50% Contribution	✓	✓	✓	✓
	Extraordinary direct contribution	✓	✓	✓	✓
Communication	Fact Sheets	✓	✓	✓	✓
	Billboard	✓	✓	✓	✓
	Suggestion Boxes	✓	✓	✓	✓

EMPLOYEES in Sharrcem a Titan Group Company		2013	2014	2015	2016
Number of full-time employees		502	407	406	289
Number of temporary employees		0	1	0	0
Total number of employees		502	408	406	289
Employees by gender		%	%	%	%
	Female	3.6	3.8	5.2	5.9
	Male	96.4	96.2	94.8	94.1

EMPLOYEES per category	
Senior Managers	5
Managers	13
Administration/Technical	82
Semi-skilled/Un-skilled Labour	189
(%) Local Extended Board Members	33%

Gender Structure



Humanitarian and Voluntary Action – Blood Donation

Sharcem has spent significant amount of energy in organizing events and initiatives that aim to assist communities and in particular specific social groups that are in dire need to get help from subjects that can provide the help. Among these initiatives are also blood donations events. These types of initiatives are in line with our policies to provide assistance to communities. Besides, we aim to promote these types of initiatives in order to encourage others to commit their potential in helping the community. In the blood donor case, we aim to encourage other companies and other stakeholders to organize similar events to provide blood to patients in dire need, alike. Not only that. This commitment is done also to raise awareness to other stakeholders in regards to significance and necessarily to provide blood to patients in need.

Health Checks

Besides other important daily activities, we consider the health and safety of our employees is vital to have a successful business endeavor. Hence, we provide regular health check-ups as preventive measures to eliminate health risks that our employees might be exposed while at work. In addition, we also provide first aid within the company premises. It is worth mentioning that, since 2015, we have also started to provide our personnel with health insurance service.

Long-Term Requitil Program

We constantly seek to improve skills and knowledge of our employees, including fostering communication between management and the rest of employees.

We do this in order to strengthen the transparency and accountability and in order to ease our plan to optimize the operations through restructure and reorganization by organizing consultations with employees and their representatives. A period of three months of consultation with workers representatives with the management was facilitated.

Taking into account the fairness and transparency that associates this requital program, the interested employees who expressed interest grow year by year. Instead of 40 employees who were the initial target of management, in 2015 it grew to 61 - reaching the number to 350, in January 2016. The rejuvenation of our workforce was initiated in order to attract new and high caliber employees that are necessary for our business units to possess as skillful and as professional as possible in order to increase our overall efficiency and productiveness in our business operation.

Health and Safety is Important for Everyone

DIABETI MELLITUS Leasson

Sharrcem objective is to organize as many activities to raise the voice about concerns faced by Kosovar society and to influence key stakeholders to act.

Sharrcem has also dedicated a one day training with an emphasis on the prevention of Diabet. This activity highlights the importance of diabet awareness, and of investing in education and research to address this illness. In an attempt to increase diabet awareness among the society, Sharrcem has targeted itself as missionaries to the community.

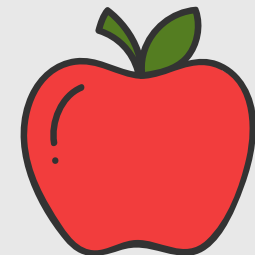
Moreover, Sharrcem initiated the activity with the aim of becoming a voice and recruiter for spreading awareness when it comes to saving lives. These trainings and discussions, targeted all generations, educating them on the necessity and the importance of early detection of diabet.

This campaign served as a means to stimulate everyone's education and interest in detection and cure of diabet. Moreover, it served to inform the general public that education plays a major role in the ease with which information is disseminated. This training particularly targeted contractors of Sharrcem.

**KEEP
ACTIVE**

and

**EAT
WELL**





**HEALTH
AND SAFETY**

Health and Safety

Sharrcem remains committed to providing safety at work, to minimizing work related injuries and accidents. The company takes special care for the health of employees. To properly address this priority the Health and Safety scope includes any operations within the plant, operations by contractors, and also extends to Traffic Safety outside of the plant, as stated in definitions and recommendations of WBCSD/CSI. Sharrcem is also certified with ISO Standard for Operational Health and Safety (OHSAS ISO 18001).

Occupational Health and Safety Performance (OHS)

SharrCem personnel is required to monitor, record, and report Occupational Health and Safety incidents and workplace ambient and conditions (air quality chemical and physical parameters, which are potentially impacted by industrial processes) throughout the reporting period.

Workplace Monitoring

During 2016, Management Force (an external consultant) has continue in the SharrCem perform personal measurements of dust, noise, lighting, chemicals and WBGT at selected points and workplaces in the plant area. For all measurements they provided us

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

2 Maximum limits from IFC Guidelines and the NIOSH Pocket Guide to Chemical Hazards

3 TLV-TWA (Threshold Limit Value-Time Weighted Average): The time-weighted average concentration for a conventional 8-hour workday and a 40-hour workweek, to which nearly all workers may be exposed, day after day, without adverse effect.

In 2016, the limits of noise and dust were exceeded in specific places, like at packing plant, which is mostly impacted from the loading trucks and the value is the average of total (four) series of measurements.

Kosovo Compliance

SharrCem fulfilled all the forms which derive from the Ministry of Labor and Social Welfare Regulation (MLSW) NO. 03/2014 on preparation of Risk Assessment document containing data on which the Risk Assessment is based and record keeping for Safety and Health at Work.

One inspection was performed by the local Labor Agency on 20th of September 2016. Not any non-conformity was observed.

About the Frequency Issues

In 2016, limits of dust and noise were exceeded at certain areas in the plant. On the other hand, the maximum noise level was reduced compared to the previous year by 2.63 dB (A), from 98.1 dB (A) to 95.47 dB (A).

About the Other Monitoring Parameters:

1. Asbestos: No source of asbestos has been identified anywhere in the plant and therefore no such measurements were performed.
2. Particulates: Measurements have been made.
3. Silica: Measurements have been made.

Workplace Monitoring Parameter	WBG/IFC Maximum(2) Threshold Limit Value (TLV- TWA)(3)	SharrCem Performance Annual average	Local Limits and Units (in Kosovo)
Workplace Respirable Air Concentrations			
Asbestos (if present)	0.5 mg/m ³	not present	not present
Carbon monoxide	40 mg/m ³	<5.72 mg/m ³	N/A
Nitrogen dioxide	6 mg/m ³	<0,94 mg/m ³	N/A

Workplace Monitoring Parameter	WBG/IFC Maximum(2) Threshold Limit Value (TLV- TWA)(3)	SharrCem Performance Annual average	Local Limits and Units (in Kosovo)
Workplace Respirable Air Concentrations			
Particulate (inert or nuisance dust) maximum	10 mg/m ³	11.56 mg/m ³	not present
Particulate (inert or nuisance dust) maximum		0.34 mg/m ³	N/A
Silica, crystalline (as respirable dust)	0.1 mg/m ³	<0.01mg/m ³	N/A
Heavy industry (no demand for oral communication)	85 dB(A)	85 dB(A)	N/A
Maximum noise level		97.05 dB(A)	85dB(A)
Minimum noise level		76.025 dB(A)	80dB(A)

Notes:

Sample Collection and Analysis Frequency = Quarterly

About the Other Monitoring Parameters

1. **Asbestos:** No source of asbestos has been identified anywhere in the plant and therefore no such measurements were performed.

2. **Particulates:** Measurements have been made.

3. **Silica:** Measurements have been made.

Incident Statistics Monitoring

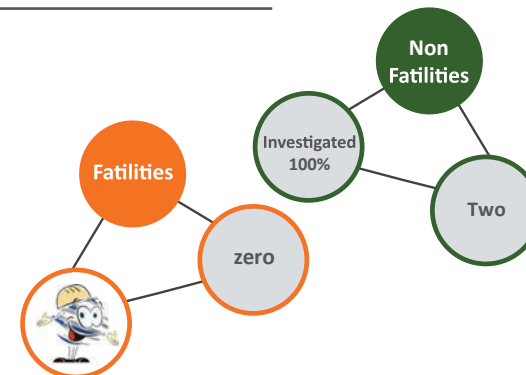
Number of Lost Times Injuries

During 2016, there were 2 Lost Time Injuries (LTIs) related to directly employees while no contractors related LTIs took place. In the same period, 204 Near Misses were reported related both to direct employees and contractors. Investigated 100%. Corrective/preventive actions were performed as a result. During 2016 we had a PFO at Packing Plant. The involved party is unrelated to the plant; the incident occurred because the driver did not secure his vehicle by the handbrake and/or chokes.

Report TOTAL Numbers for each Parameter	This reporting period		Reporting period 1 year ago		Reporting period 2 years ago		Reporting period 3 years ago	
	Direct employees	Contractor employees	Direct employees	Contractor employees	Direct employees	Contractor employees	Direct employees	Contractor employees
Employees (average)	345	85	405	43	485	119	497	362
Man-hours worked	717,839	178,037	800,952	88,817	915,984	247,865	929,668	761,680
Fatalities	0	0	0	0	0	0	0	0
Non-fatal injuries	2	0	3	0	0	0	0	0
Workdays lost due to Non-fatal injuries	31	0	62	0	103	0	0	0

KPIs	2010	2011	2012	2013	2014	2015	2016
Lost time Injuries Frequency Rate (LTI FR) for directly employed personnel	0	0	0	0	2.18	3.75	3.05
Lost time Injuries Severity Rate (LTI SR) for directly employed personnel	0	0	0	0	115.72	77.41	47.21
Lost time Injuries Frequency Rate (LTI FR) for indirectly employed personnel	0	1	0	0	0	0	0

KPIs	2016
Number of "Near Misses" (Directly employed)	186
Number of "Near Misses" (Indirectly employed)	18
Total Number of "Near Misses" (Directly and indirectly employed)	204
Total Number of "Near Misses" properly investigated	204
Number of "Corrective Actions Taken" based on all Near Misses	108



Life and Fire Safety

The Danube Fire Safety Verification	Mandatory Frequency	Date(s) Performed	Observed Deficiencies	Corrective Actions and Schedule for Implementation
Fire Drills	Minimum three (3) / year	20.05.2016 02.06.2016 26.08.2016 27.11.2016 23.12.2016	None	For 2017, four (4) drills are planned to be performed
Inspect and certify fire detection and suppression electrical and mechanical	Every two months Inspection from Company Elektra	12.01.2016 12.03.2016 12.05.2016 12.07.2016 13.09.2016	None	Continue in 2017 with controlling of fire detectors every month
Inspect, refill/recharge portable fire extinguisher	Minimum two (2) inspections/year from certified company "Zjarri"	18.05.2016	None	Continue with the same schedule in 2017

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; safety walks; facility & activity inspections were performed by managers (5 Leading Indicator Tool).
- Compulsory safety SharrCem Health Management Handbook for employees exposed to Noise and Dust/ Silica Crystalline
- Specific & induction training for all persons accessing the plant
- Certification of Emergency Crews
- Disinfection Deratisation and Disinfection
- Painting of SharrCem and Terminal Roads
- Fitness test of PPEs by 3M Company
- Installation of Fire Suspension Equipment at Heavy Oil Pumps

- Establishment of safe work instructions/emergency procedure
- Internal H&S Audit Checklist tucked place in November, 2016
- Eurocert Audit for recertification with OHSAS 18001 took place in November, 2016
- Risk Assessment reviewed preventive corrective measures are proposed, Improvement score more than 10%.
- CSI Final Driving Safety Status Score is (92 %) whereas CSI CSM Status Score is (98 %)
- Activities for detailed LOTOTO from 17th on the list, 15th LOTOTO procedures are completed
- Safety signs all around the plant.
- ATTEX at Pet Coke system
- Work place measurements in and personal measurements performed in quarterly bases
- Automatic Fire Suspension were installed at the Heavy Oil Pumps
- Hydrant System at Quarry has been installed

- Direct connection between H&S system and Maintenance System IRS - Incident Reporting System a system for digital reporting of Near Misses and Safety Reports
- LOTOTO software for reliably and effectively monitoring of the most important safety procedures (isolation of equipment)
- Entra_v2 - A software tool that controls the access and presence of employees in the plant; the tool is interfaced with Coswin.
- 360o Company assessment from the Group.
- Activities related to fire safety operations.
- Workplace monitoring (noise, dust, lighting, earthing, IR measurements)
- Annual medical check-up for company's personnel.
- Working instructions for significant activities (during routine and maintenance activities.
- Improvement of lighting all around the plant.
- Technical deficiencies identified at the electrical installation - (IR) measurements
- Earthing measurements
- A fire detection system is being developed. Five drills performed
- Three main Fire Fighting emergency Tools: Fire Extinguishers; Alarming System; Hydrant System are contracted to be maintained by certified

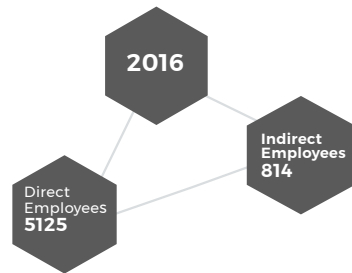
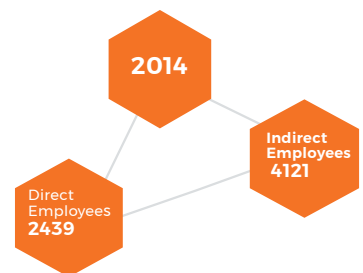
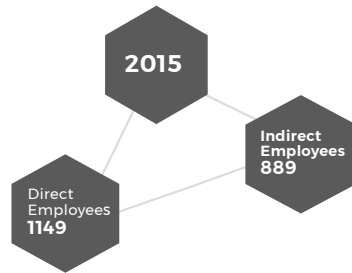
SHARRCEM EMPLOYEES

Description of training	Number of employees that attended
Atex Safety Training	37
Basic First Aid	8
Certification of Emergency Groups	31
Cleaning of the Belt Conveyors	5
Cleaning of the Petcoke Complex	8
CO ₂ Energization System	6
Confined Space Training	213
Conveyor Cleaning	4
Cooler-Coating Demolition and relining	11
Crusher-Change of Hammers	3
CSI Driving	2
Dangerous Chemicals	21
Demolition of the Kiln Ring	3
Demolition of the Rings	8
Drug and Alcohol Awareness	4
Emergency Preparedness	2
Electrical Hazards	43
Electrical safety	29
Emergency Preparedness	1
Emergency Training	16
Emptying the ball charge in the ground	5
Explosion Training for the Preventing Serious Accidents	1
Failure of Process Automation Computer	6
Falls From Height Training	5
Ferrous Sulfate	24
Filling of the Mill with Balls	4
Fire Drill and Training	80
Fire Extinguisher Usage	5
Fire Fighting in Petcoke Area	11
Fire Safety Training	118
Health and Safety and Labor Law	26
Health And Safety Training	10

Description of training	Number of employees that attended
Health and Safety and Labor Law	2
Health And Safety Training	4
Hopper Unclogging And Cleaning Training	4
Hot Work	260
Ignition	8
Incident From Zllatna-Acids	17
Induction Training	13
Inlet And Outlet Silo Cleaning	12
Inspection And Unclogging	28
Inspection And Unclogging Of Clinker Crusher	9
Job Safety Analyses	12
Lift Rescue Operation	150
Lototo Training	7
Maintenance Of The Cooler	4
Maintenance Of The Kiln, Inspections And Demolition	7
Manipulation With Central Pumps	123
Musculoskeletal Disorders	107
Noise And Dust Training	48
Safety Office	5
Ohsas System 18001 Training	55
Operation In The Main Substation	19
Operation Of Automatic Packer	158
Ppe (Personal Protection Equipment) Training	126
Quarry Blasting	6
Raw Materials Pilling And Driver Safety	11
Recharging The Mill	12
Rescue Operation In Elevators	37
Risk Assessment	20
Safe Operation With Lifting Equipment's	26
Safe Work Method Statement	28
Safety Inspection	22
Safety Interlocking	20

SHARRCEM EMPLOYEES

Description of training	Number of employees that attended
Safety Walk Training	30
Securing The Load On The Truck	1
Stacker Reclaimer Training When Starting A New Pile	2
Training With Emergency Team	13
Truck Unloading	3
Unclogging And Cleaning Of Chain Conveyor	7
Unclogging The Outlet Of Silos Containing Coarse Material	18
Uncontrolled Start Up Of Equipment's	6
Usage Of The Hydrant Pump	87
Use Of Auxiliary Drive	8
Woma Pump	12
Working On Fuel Tanks	10
Working With Ferrous-Sulfate	11



CONTRACTORS EMPLOYEES

Description of training	Number of employees that attended
Certification Of Emergency Groups	6
Chemical Safety	1
Confined Space	47
Conveyor Cleaning	5
Csi-Driving (Lectures And Testing)	1
Dangerous Chemicals	129
Electrical Safety	1
Emergency Training	1
Falls From Height Training	2
Fire Safety	44
Fire Drill And Training	23
First Aid	6
Induction Training	48
Musculoskeletal Disorders	27
Near Miss-Unsafe Act And Condition Reporting	48
PPE Training	12
Rescue Operation In Elevators	4
Securing The Load On The Trucks	8
Truck Unloading	6
Working At Height	10
Working With Ferrous Sulfate	5



**OUR
ENVIRONMENT**



Our Environment

Considering our decisive commitment towards attaining friendly environment posture, our company has already been firm that the environment, alongside our overall business operation, constitutes a cornerstone of our success. Further, achieving to realize our vision also means that community that lives around our premises is not endangered by negative environmental effects.

We are certain that in order to continue to preserve our credibility and success, the investments in promotion and protection of our environment represent one of the cornerstones of our business culture and that we want to make sure that our investments will continue to pursue upgrading infrastructure, but also in making sure that as many stakeholders as possible pursue a similar goal in this crucial endeavor.

From the beginning of our operation, we were aware of the impact that our business setup entails and that we needed to take into the consideration the air pollution; therefore one of our first priority was to include the environmental management plan in our working strategy.

However, taking into account our readiness to tackle negative environmental effects, we are convinced that together with other stakeholders' commitment in this regard will undoubtedly lead to more coordinated and swift resolve in making the community feels secured that their lives are not in danger from environmental hazards. In this respect, we have achieved to establish numerous partnerships with international organizations as well as universities in order to share the mutual experiences and knowledge.

Environment in our Company

Guided by the TITAN's commitment to "do less harm and do better", managing and improving our environmental performance is a key to foster sustainability, even during exceptionally difficult economic circumstances. 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, and continuously seek to improve and promote best practices in our plant by engaging our stakeholders and reporting publicly on compliance, performance and progress.

We also 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, issued in May 2014, from the Ministry of Environment and Spatial Planning and is ongoing to perform all the obligations coming from compliance plan - requirements.

Summary 2016

In the wake of the annual meeting of Company Environmental Committee (CEC), which was held on January, 2016, the environmental performance indicators, annual reports, environmental programs and reports were discussed.

The following are listed the briefly described activities that were undertaken throughout the 2016 period:

Regional Environmental Center in coordination with Kosovo Environmental Protection Agency and the Ministry of Environment and Spatial Planning, organized a workshop titled "Building an Operational Pollutant Release and Transfer Register in Kosovo" which was within the framework of the project "Supporting the Establishment and Advancement in Western Balkan Countries and Moldova, where Sharrcem, as a leading heavy industrial company, took place in this workshop;

We have a significant attention towards protection of the environment, and we are the only company in the Kosovo territory to have implemented the Environmental Management System ISO 14001; ISO 9001; OHSAS 18001 and more recently SA 8000. In addition, the company was awarded with the IPPC License (Integrated Pollution Prevention and Control), we were paid a visit by the officials of the Ministry of Environment and Spatial Planning, which has developed a project of containing the hazardous effect of air pollution, a project which was supported by the Japanese International Cooperation Agency. Sharrcem has received the IPPC permit - first of its kind to be issued by the authorities to a company operating in Kosovo's market. They paid a visit to us to observe and see what is our current standing in regards to our commitment and investments that we have done throughout these years of our company's operation. In addition, they were interested to see our environmental emissions monitoring system as well as they were briefed by our staff in charge related rehabilitation projects that were implemented.

TAIEX Instrument financed an event called "TAIEX ECRAN Capacity Building Workshop on Compliance with Environmental Legislation, in which Sharrcem was represented by the Environmental Manager, Mr. Halil Berisha.

This workshop was organized and financed within the implementation framework of the Environment and Climate Regional Accession Network, which aim was to provide the necessary support to the inspection bodies to increase their effectiveness by promoting compliance with the environmental requirements and standards.

In addition to this, participants in the workshop were provided with lessons as to how to better understand the legislation in place including implementing and identifying the issues which are considered important to address. This workshop including training of inspectors and permit issuing authority alongside policy makers and legal experts).

We were also subject to internal audit on September, by a third party advisor who did and audit inspection of our Environmental Department, Electrical Department Quality Department Production Department, Quarry Department and Mechanical Department. During this audit, no non-conformity was concluded.

Environmental Management System recertification audit was held on November, hosted by an external certification authority of EUROCERT. The recertification audit was conducted according to ISO 14001:2004. During this audit, actions taken on the findings that we delivered in the previous audit and the continued improvement of Environmental Management System were assessed.

Community Projects

We are convinced that establishing partnerships with stakeholders is not enough in declaring the promotion and preservation of environment as a success story. Our commitment reaches beyond this. We have made huge investments in installing high-quality technology to ensure that we are in line with the best European standards. In this context, the Environment Management System Sharrcem EMS ISO 14001 was put into operation so that we have a through analysis as what are the great factors that are contributing negatively to the environment as well as how we can tackle these challenges through undertaking of proper actions.

In order to make sure that this system is properly functioning, the Environmental Management System surveillance audit was conducted on December 8 - 9. The audit was conducted based on EN ISO 14001:2004 standard, and was hosted by external certification body EUROCERT. During the audit, actions taken on findings identified during the previous audit, the implementation of the Environmental Management System and its continuous improvement were assessed.

In terms of investments in meeting the required environmental standards, we have achieved to get the IPPC (Integrated Pollution Prevention and Control) permit issued by the Kosovo authorities.

It entails obligations and procedures to measure and mitigate the negative environmental effects. We are the first company in Kosovo to have attained to get this permit, thanks to our constant efforts to upgrade our infrastructure in line with the best European standards of environmental preservation.

The Ministry of Environment and Spatial Planning payed an inspection visit to our facilities regarding the progress in implementation of IPPC-compliance plan requirements. Upon their request, as part of their activities to review the best practices of Member States IMPEL's (The European Union Network for the Implementation and Enforcement of Environmental Law), to confirm that Sharrcem plant meets all the criteria needed in the framework of this activity, on 4 November 2015 we organized a visit in Sharrcem with participation of 6 experts from different member states of IMPEL and 14 officials from the Ministry. During this inspection visit, we held a presentation from Sharrcem's site, and short toured the panel around the plant. On November 10, Sharrcem was also visited from the Parliamentary Committee on Agriculture, Forestry, Environment and Spatial Planning Environment of the Assembly of Kosovo, headed by one of its members of the Committee, Mr. Shaip Muja.

Apart from overview process conducted by public authorities, we annually have regular meetings with our company's Environmental Committee in order to analyze, discuss and approve the environmental programs, action plans and annual environment performance indicators.

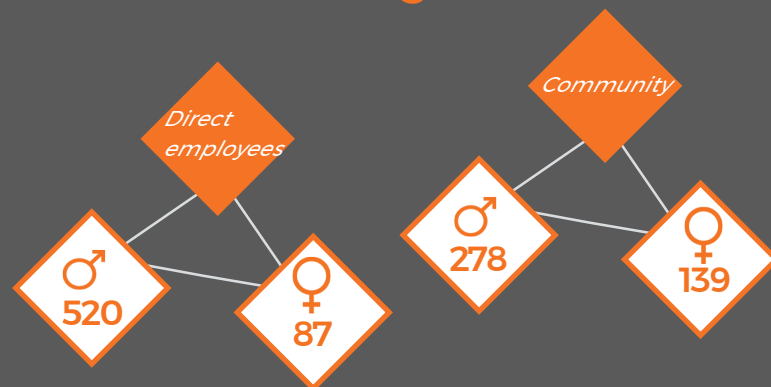
Environmental Performance Indicators and Programs

Indicators for 2016

The values in the table below are given based on the Annual EPI's and KPI's Report. The information of emission level obtained from the continuous monitoring of emissions from kiln and raw mill stack, clinker cooler stack and cement mill 1 and 2 stack. The CO₂ emissions are calculated according to the Titan Group WBSCD - CSI CO₂ protocol version 3.0.

EP - INDICATORS	2014	2015	2016
CLINKER PRODUCTION [t/Y]	371,051.42	357,140	415,062
CEMENT PRODUCED [t/Y]	517,689	630,203	711,883
NOX, [mg/Nm ³]	367.8	409.54	296.66
SOX, [mg/Nm ³]	4.27	7.93	65.32
DUST- Kiln , [mg/Nm ³]	6.52	2.31	3.42
CLINKER COOLER -DUST[mg/Nm ³]	1.53	0.36	1.96
CEMENT MILL 1 and 2- DUST, [mg/Nm ³]	3.99	5.36	2.84
TOTAL CO ₂ EMISSION [t CO ₂ /Y]	341,373	320,030	376,662
SPECIFIC CO ₂ EMISSION [kgCO ₂ /t clinker]	920.01	896.09	907.48
SPECIFIC CO ₂ EMISSION [kgCO ₂ /t cement]	626.12	572.28	593.51
KILN SPECIFIC THERMAL ENERGY CONSUMPTION (STEC),[kcal/kgclink]	903.11	865.39	884.1
SPECIFIC ELECTRICAL ENERGY CONSUMPTION (SEEC), [kWh/t cem]	118.7	100.70	101.2
SPECIFIC WATER CONSUMPTION, [l water/t cement]	175.62	141.76	247.23
ALTERNATIVE FUELS (HEAT BASIS) [%]	na	na	na
ALTERNATIVE RAW MATERIALS(OVERALL), [%]	13.12	16.16	15.26
CLINKER / CEMENT RATIO, [%]	66.35	67.93	69.16

Environmental Training Hours



The trainings in relation to the environment for the community was the main task for the department during the 2016. The staff of the department in question, within the framework of their training plans, has organized different training activities for the students. The training provided was focused on education awareness raising in this field.

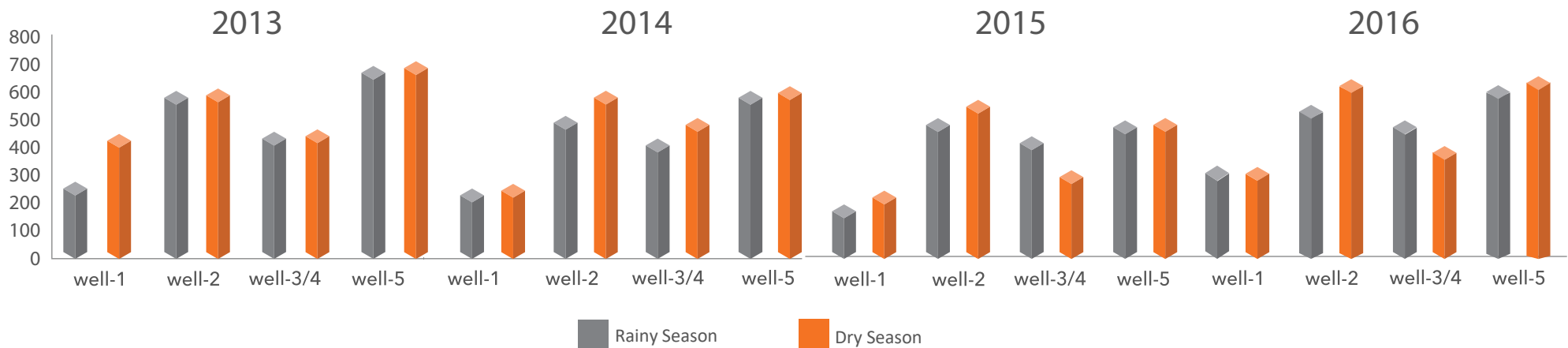
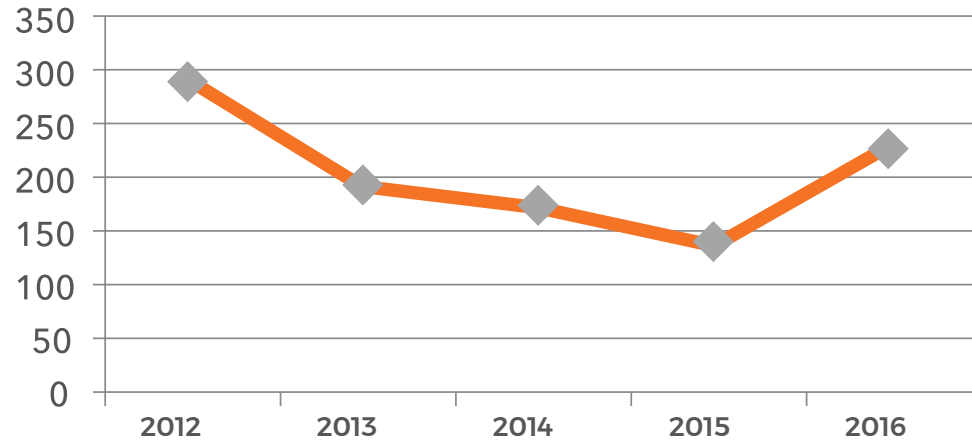
Waste Water Treatment Plant

Aquifer Sustainability

The company conducts a systematic (monthly) monitoring of aquifer level by piezometer level gauges.

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 six (6) years we can see that the underground water conditions remain unchanged.



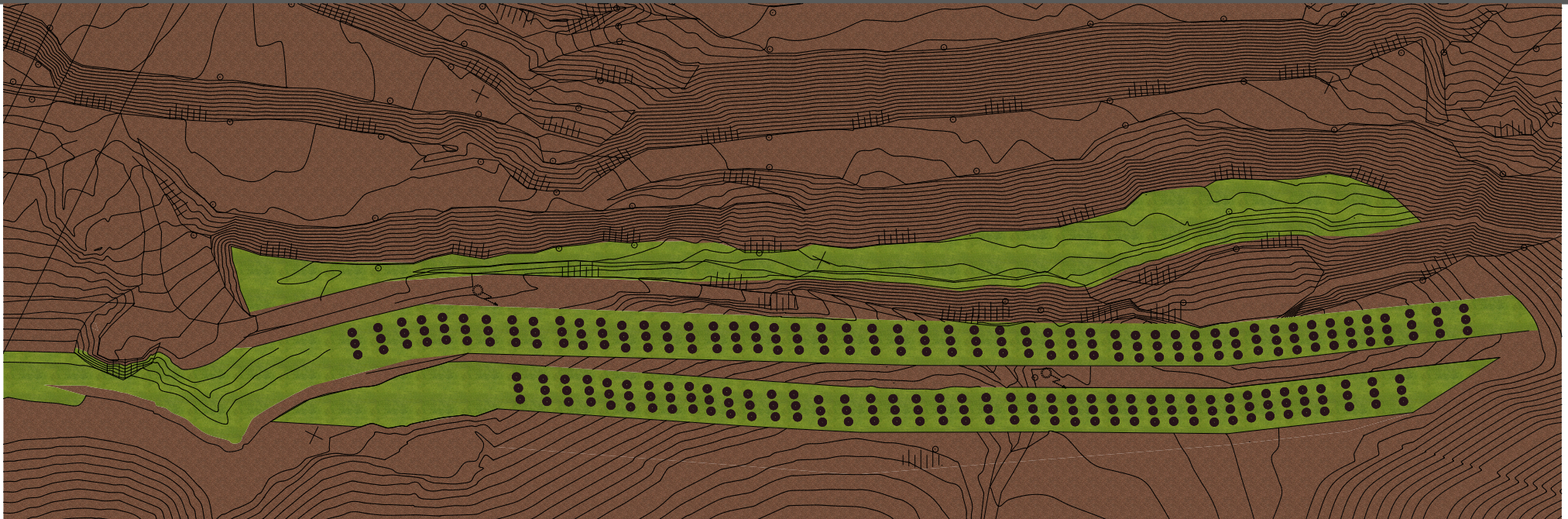
UNDERGROUND WATER QUALITY MONITORING

WATER PARAMETERS	UNIT	ELV according to the UA_16/2012_MSH without any abnormal change	WELL 1 Average 2016	WELL 2 Average 2016	WELL 3&4 Average 2016	WELL 2 Average 2016
Odour	comparison		without	without	without	without
Chloride	mg/l	250	37.87	17.63	11.92	15.60
Turbidity	NTU ⁷	10	0.66	0.96	1.46	0.33
pH	1-14	6.5-9.5	7.32	7.63	7.35	7.68
Residue after evaporation	mg/l	1250	514.53	419.13	408.04	523.68
Iron ion (Fe)	mg/l	0.20	0.06	0.15	0.18	0.27
Manganese (Mn) m	mg/l	0.05	0.01	nd	0.04	0.05
Aluminium (Al) m	mg/l	0.20	0.01	nd	91.76	nd
Sulphate (SO ₄) m		250	105.92	72.19	56.46	93.71
Nitrogen of Nitrite (N-NO ₂) m	g/l0	.200	.010	.070	.640	.11
Nitrogen Nitrate (N-NO ₃) m	g/l1	05	.841	.070	.972	.09
Total Copper (Cu)	mg/l	2.0n	dn	dn	dn	d
Fluoride (F)	mg/l	1.5n	dn	dn	dn	d
Coliform bacteria	MPN/100ml	00		00		0

Dimce Quarry Rehabilitation

The rehabilitation works started in 2015, by planting a number of 170 trees as well as by depleting benches with soil application. The same procedure continued in the following year: an irrigation system was installed followed by the implementation of second and a third phase of depletion of benches E-470 & E-460, respectively, with convenient soil application as well as additional 350 trees planted. The rehabilitation plan started prior to the 15 mine life plan, which is going to last for the period of 2016-2020.

The realization of such rehabilitation plan can serve as a living example of good practice for 'reviving' the land and rebuilding the space. Although of great importance, we have thought about leaving the natural resources in a state compatible with the surrounding environment by taking into account the needs of community as well. Practical quarry rehabilitation plan and restitution of the land will deliver important environmental and social benefits that would outweigh the long-term costs, while these kinds of investments will boost our company reputation as a socially responsible partner of community. We believe that such investments will also serve as an example to other companies that want to maintain their reputation high.





International World Water Day

Considering that we have significant attention towards environment, particularly investing the necessary resources to keep the water clean, we have proceeded with a financial investment of the so-called The Wastewater Treatment Plant, which primary aim is to improve the water effluents quality. With other words, the objective is to make a sustainable solution. Through this project, we have assisted the community by providing them with a new sewage water system and treatment in our company premises. The wastewater treatment plant/WWTP is projected in accordance with the parameters or waste water quality discharge according to the IPPC requirements and Administrative Instruction UA 30/2014 for emission limit for waste water discharge from the WWTP and EU Regulation 91/271/EEC. Moreover, this project is going to have to take the consent of the Ministry of Environment and Spatial Planning which will provide the IPPC permit. It will be prepared by a licensed expert, and in order to make sure this project was successfully implemented, we thought that it is of great importance to involve the community by organizing a public hearing which provided them with the opportunity to give their inputs. The project is fully operational since March, 2016.

Let's Do It Kosova

Sharrcem responded positively to the organization named "Let's do it Kosovo" request to join forces to clean the areas around and inside the territory of Hani i Elezit municipality. We provided them T-shirts, trash nylon bags, hats, gloves and other equipment necessary to implement this activity successfully. In this initiative, the company personnel were joined by the activists of this organization, the personnel who work in the municipality administration, students, pupils, and their faculty. We did a tremendous job achieving to collect garbage in almost every corner where our activity took place. We are very happy to join these kinds of initiative as our commitment towards healthier environment is one of our primary objectives. We hope that these types of initiatives continue and also hope that other companies will join.

We are also confident that through the development of this campaign, the achievements would be that numerous citizens all over Kosovo will have developed a consciousness on waste disposal and collection.

With the preservation of the environment, there will be important opportunities for a transition to a green economy that would create more job opportunities, including better health. More importantly, environmental protection reduces environmental risks, such as water + soil pollution, inappropriate waste management, etc.

In addition, Sharrcem held many joint meetings with representatives of the Municipality of Hani i Elezit, and other stakeholders to discuss opportunities for further support to the "Let's do it Kosova" campaign. This initiative resulted in a huge interest of citizens, company representatives and students of all levels to engage in waste collection around certain areas such as schools, roads and parks. The campaign lasted two days. To conclude, Sharrcem is highly devoted on raising awareness about the problem that lack of a waste management system brings the environment. We strongly believe that each and every one of us should engage to protect our environment.



Ministry of Environment and Spatial Planning (MESP) and Japanese International Cooperation Agency

MESP is developing a project for the control of air, with the support of the Japanese International Cooperation Agency. In the framework of this project was the visit to the leading industrial companies operating in the country, which executes the emissions monitoring system into the air, and also the implementation of the environmental standards. Therefore Sharrcem was chosen as an example company; the one that received the IPPC permit.

During the visit, the delegation had the chance to visit in person the equipment's of environmental emissions monitoring system, reporting and also rehabilitation projects implemented by Sharrcem and they were introduced to the high level standards offered by a company that operates within the Kosovo territory.



Ministry of Environment and Spatial Planning (MESP) and TAIEX ECRA

Sharrcem attended the event of TAIEX ECRAN Capacity Building Workshop on Compliance with Environmental Legislation, with the aim: increasing the effectiveness of inspection bodies and capacity building regarding to the compliance with environmental legislation through better understanding of implementation issues and identification of targeted solutions (training of inspectors and permit writers in cooperation with law drafters and policy makers).

The above initiative/team delegation have chosen Sharrcem as the only company in Kosovo territory to have implemented the Environmental Management System ISO 14001; ISO 9001; OHSAS 18001 and more recently SA 8000. In addition, 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.



INVESTMENTS

Investments

Automation of Raw Material Handling in Clinker Hall

In order to reduce the dust emissions, increase crane capacity and avoidance of difficult and potentially unhealthy work positions, to be in compliance with IPPC regulations, Sharrcem has invested in Automation of Raw Material Handling in Clinker Hall. This means that the current hall will be closed to be in full compliance with IPPC regulations and the Crane for the Raw Material Handling will operate in Automatic mode. During this year, the new crane has been order from a manufacturer (DEMAG Cranes) which is very well-known worldwide. The crane is on manufacturing process and will be ready on the first months of 2017 to be assembled on Sharrcem site. The assembly of the crane is scheduled to be finalized on April 2017, while during June the crane will operate on Automatic mode. The total investment cost will reach 1 million EURO.

Following the installation of the Automatic Crane, the second part of the project has to be materialized. This is related to the closure of the wide openings along building circumference. This is the only viable solution for resolving the most significant environmental issue of the plant. Total investment for the second part will reach 360 thousand EURO, while the scheduled period for the completion of this job is the fourth quarter of 2017 and beginning of 2018.

Upgrading of Electrical Substation

One of the biggest project which is very important for all Hani i Elezit community due to this is the main and only electrical substation for supplying with electrical power is Replacement of 6kV switchgear. The upgrade of this substation will lead to reduce or even eliminate power stoppages and failures. The cells have been ordered during this year and they are produced by a well-known worldwide manufacturer (ABB). The schedule for the delivery of the new cells and replacement of them is January-February 2017 during the winter period due to the need for complete stoppage that can only take place during this period. This project is mainly related to safety and reliability of electrical equipment. The total investment cost will reach approximately 1.36 million EURO. As an additional to the Replacement of 6kV Switchgear, Installation of automatic fire extinguishing and video surveillance system took place as a project.

This project is required to ensure that even in the case of fire the consequences will be limited. The project includes new technology equipment in conjunction with video surveillance system that can enable 24/7 monitoring of the area without the presence of an electrician inside the 6KV area and automatic fire extinguishing which will react immediately. Therefore, the waiting time and delays from firefighting brigade will be avoided. The cost of this project is about 50 thousand EURO.

Projects Done During the Year

Installation of New Stretch Hood Machine for Better Customer Service

Up to December 2016, the palletized bagged cement were covered with nylon manually by hand, by our or contractor employee. In order to offer better services to customer and safer condition, we have invested on new machinery. The project was been finalized on December 2016. Meanwhile, Sharrcem can offer to customer pallets of 2 tons, which will save time for both parties. The total investment was 175 thousand EURO.



Inspection Cage and Kiln Access Ramp

Occupational Health and Safety is top priority for TITAN Company. Therefore, Sharrcem always take care for their employees by providing best PPE, equipment and working tools. In order to avoid any incident on the kiln the Safety Inspection Cage will help and allows personnel to move safely inside the kiln and offer a safe haven against falling debris. The frames on the cages are easily adjusted for uneven terrain as well as wheels to easily move over coating. Kiln Access Ramps get personnel and equipment in and out of the kilns safely. Each ramp is custom designed by certified professional engineers and increases safety by ensuring safe passage in and out of the kiln. Total investment is about 57 thousand EURO.



Improvements on Quality Control

In order to provide the best cement to customer, we care a lot for the quality of cement and all the raw materials from which cement is produced. Due to this, a new Electric Fusion Machine has been installed during this year. In 2016, complete sample preparation & matrix effect of daily samples was made possible due to the installation of this machine (EFM). This machine aids the laboratory in assessing qualitatively, with greater speed and accuracy, all materials: Clinker, Cement, Gypsum, Pyrite, Bottom, Ash, Limestone, Clay, Tuff etc. Due to this, higher accuracy is in place.



New Blowers Installed at Homo and Storage Silos

The raw meal transport in homo silo, takes place with pneumatic transport with the use of two positive displacement lobe blowers. Both blowers have been operating for more than 40 years and fatigue in conjunction with difficult working conditions have caused damages that cannot be repaired accurately.

As a result the mill could not reach full capacity, due to insufficient air capacity for pneumatic transport.

In order to resolve the issue we have purchased two new blowers, with less energy consumption and the ability to work as spare for homo silo aeration and also provide Low Pressure air in other parts of the plant. The benefits from this investment will be: Lower noise levels and Lower power consumption.

Total investment: 150k€



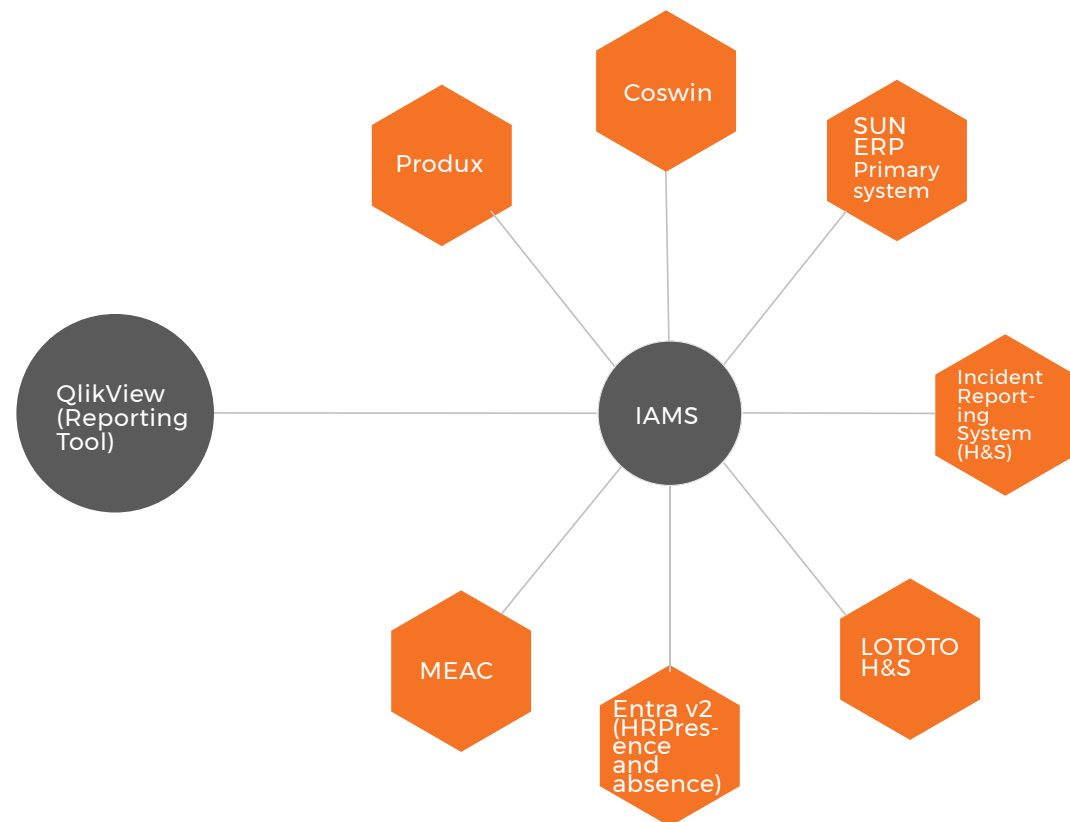
Integrated Asset Management System (IAMS)

At the time the Sharrcem was handed to TITAN Group, the maintenance was not in compliance with current technological requirements. It caused several shortcomings which yielded dramatic operational costs to the enterprise. Right after the process of acquisition by TITAN Group was completed, we began a phase of massive investments, part of which were also the automation of the maintenance processes.

To date, Sharrcem has in place an efficient Management Systems, with the full support of the management, the plant maintenance is going into a fully automated mode, which will ultimately make Sharrcem the first plant of the TITAN Group to have applied systematization.

Integrated Asset Management System is a hybrid system composed of different software applications, including:

- **Coswin** – An enterprise Asset Management tool/software which include processes of work orders, projects, purchases, warehouse items etc. It was designed and implemented in accordance with GSMMS and purchasing procedures.
- **SUN ERP** – system for financial recording and reporting.
- **Entra_v2** – a software tool that controls the access and presence of employees in the plant; the tool is interfaced with Coswin.
- **Produx** – A KHD software for managing the production process. Produx is also interfaced with Coswin, so whenever an alarm is triggered from any sensor of a machine, it automatically generates a work request so the responsible engineer is informed straight away.
- **LOTOTO** – is software that has been installed in various plants and its function is related to monitoring the safety procedures (the level of isolation of equipment).



- **QlickView** – a business intelligence tool which consolidates relevant data from multiple sources into a single application, in our case from Coswin and SUN. The main function of this tool is to gather information from all the above and drafts reports and KPI depending on the management needs.
- **IRS (Incident Reporting System)** – a system which identifies by digitally reporting the near misses and safety issues. The reason why we developed this application is to help us being more efficient in reporting incidents and to manage them effectively. With this tool, we can quickly record initial incident data through our smartphones from anywhere. This incident data reporting helps us to quickly investigate and act upon right away.
- **MEAC** – this is a tool which main function is to monitor the level of dust emissions from the chimneys. It provides accurate data in order for us to undertake the necessary measures in compliance with the European Environmental norms and regulations - thus enabling us to prevent hazardous effects in the environment.

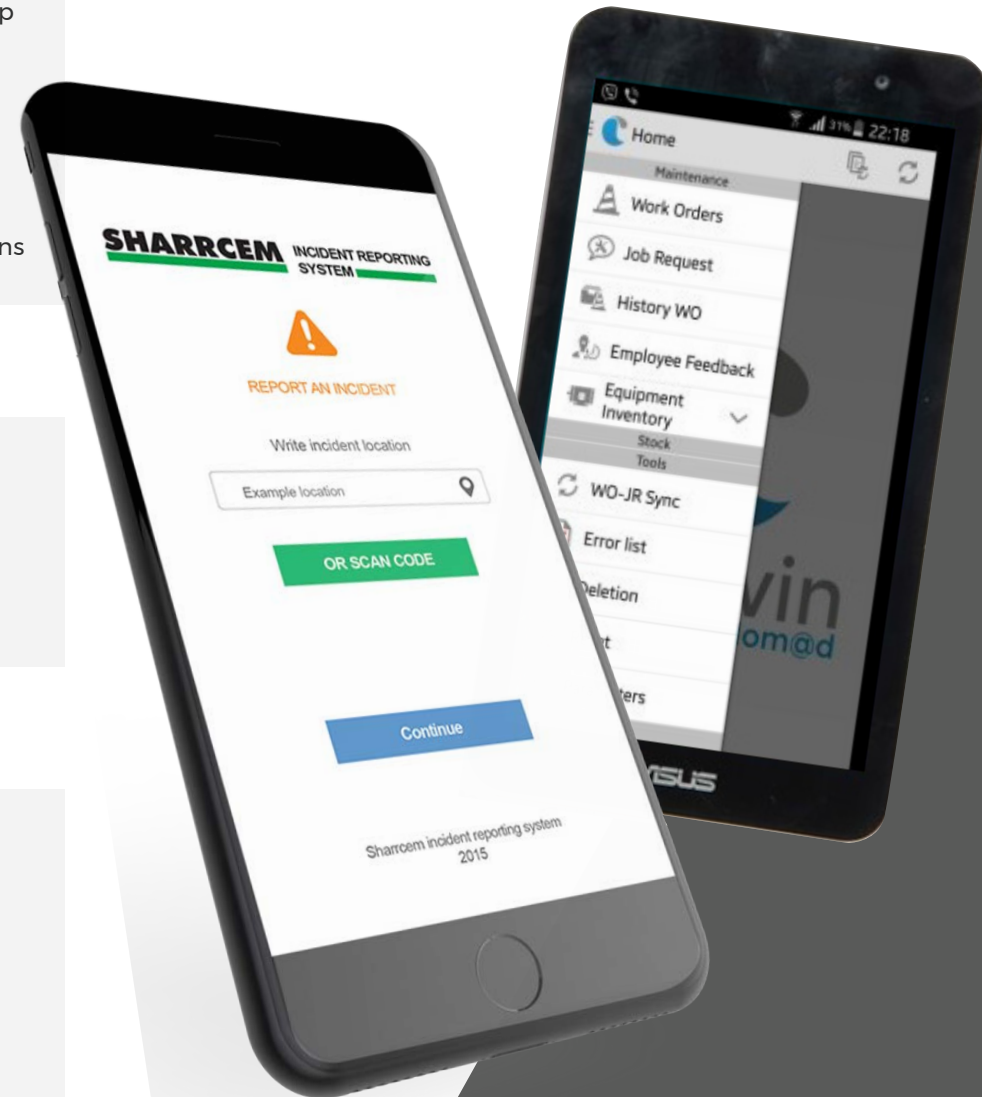
How it Works

- The main achievement of the system is the automation of information transfer and data input to all involved personnel.
- Maximum equipment availability is achieved by effective planning of preventive and predictive maintenance.
- Through this system we can achieve optimum equipment operation with minimum unexpected stoppages and failures.

What are the Benefits?

Through this integrated system we have:

- Reliable monitoring of cost and man-hour
- Redundancy of equipment
- Reduction of human mistakes, since the majority of information transfer will take place automatically.
- Integrity of information
- Elimination of “small” different monitoring files in Excel and Word or other applications that each separate department is using for monitoring purposes
- Reliable communication between departments
- Elimination of thousands of printouts through PDA/Table applications.





**OUR
COMMUNITY**

Our Community

Being close to the community is one of key priorities of our work. In this regard, in 2016, Sharrcem has initiated many activities, to support and develop the community and to better understand their needs and requirements.

We consider it our moral obligation and daily duty to make life better for the society.

The focus of activities undertaken in 2016 was on improvement of environment, safety and health, citizen awareness, youth engagement, as well as acceleration of joint activities with stakeholders, charitable activities, cultural activities and most importantly creation of new jobs.

Sharrcem has contributed in creation of new sustainable jobs in the agriculture sector through the creation of small and medium enterprises, which has been recognized as a very important project for the community.



Health and Safety




Culture and Education




Employment

Internal Policy for Local Hiring

Employees Academic Development



Environmental Protection




Responsible Procurement

Internal Policy for Local Suppliers



Frozen Music: Empowering Youth through Education

In the wake of assisting youngsters to find ways to increase their professional and educational capabilities, Sharrcem has launched a project called "Frozen Music". Through this project, Sharrcem aims to provide students and young professionals with the opportunity to study abroad by offering them financial assistance to seek university degrees at European universities. Besides, awards of this competition include, besides scholarships, also: international study visits, facilitation of networking and internships, acquisition of digital equipment, books and Autocad and Archicad training.

This particular project was about inviting the young professionals and students to deliver their work in regards to Kosovo's development. So it a competitive process whereby participants have the opportunity to present their projects and ideas in terms of how they tent to solve a particular problem in areas such as: urban planning, architecture, civil engineering etc.

Sharrcem, in cooperation with CSR Kosovo Network and other partners such as: Al Trade, UBT, Procredit Bank, the University of Prishtina - the Faculty of Civil Engineering and Architecture, European Investors Council, in 14th of November 2016, in a solemn ceremony presented all the projects of students and young professionals that were awarded with various prizes. The number of award-winning participants was 25.

Sharrcem believes that these initiatives constitute a cornerstone to having a brighter future for the youngsters in pursuing their professional dreams. It wants to make sure that it is fully in line with its values aiming to share to others as well to inspire other companies to get on board and support these initiatives that undoubtedly yield beneficial in the longer run.

Project Initiator and Contributors

This project was an idea of Kosovo's cement manufacturer Sharrcem, which contributed with funding, expertise, suggestions and engaging a network of partners listed below:



New Year's Gifts

The New Year's gifts activity has become a yearly tradition for Sharrcem. In addition to serving as a means of sharing the holiday spirit, it engrains our core values: philanthropy and sharing with the community.

The company has distributed 900 gifts to children, on New Year holiday. The value of these donations reached thousands of euros, but to us, the value of sharing the joy with children, is priceless. Year-round, caring for others is always firmly embedded in Sharrcem's culture. The beneficiaries included 700 children of company's employees and 200 children identified by Handikos - the association of paraplegics and paralyzed children of Kosovo.

The packages contained numerous gifts such as: toys, dolls, notebooks, candy, etc. Sharrcem will always support its employees and their families. Sharrcem cares about the community, and this is

SOS Children's Village

Sharrcem also engages in contributing to the community by providing donations to create better living conditions for the community. A project with SOS Children's Village focused on supporting the children's village orphanage through the purchase of season's greetings cards prepared by children of the orphanage.

Through the purchase, Sharrcem also supported the initiative for encouragement of others in contributing for something positive. Sharrcem is thrilled to support this initiative each year, not only to be able to support financially those in need, but also to bring happiness to many children in the eve of New Year.



No.	Municipality	Total Estimated Population	International Migration			National Migration			The general Balance of Migration at the Municipal Mevel	Total Population and Pigration
			Immigration	Migration	Balance of International Migration	Immigration	Migration	Balance of National Migration		
34	Hani i Elezit	9,830	24	28	-4	46	52	-6	-10	9,820
Total		1,771,604	13,072	22,012	-8,940	9,273	9,273	0	-8,940	1,762,664

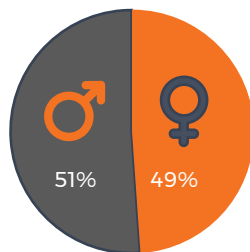
No.	Municipality	Total Estimated population	According to Permanent Residence in the Municipality			Total Population and Natural Growth
			Birth / Birth Rate	Deaths / Mortality	Natural Growth	
34	Hani i Elezit	9,830	145	43	102	9,932
Total		1,771,604	30,069	9,202	20,867	1,792,471

No.	Municipality	Total Estimated Population	Natural Growth	Balance of International Migration	General Growth	Total Population of Kosovo
34	Hani i Elezit	9,830	102	-10	92	9,922
Total		1,771,604	20,867	-8,940	11,927	1,783,531

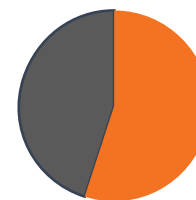
Country Kosovo

Unemployment rate	32.9 %
Poverty rate	29.7 %
Vacation days per year	22 average
Parental leave	12 months
Age of retirement	65 years old
Unemployment rate:	Men 40.7 % Women 56.4 %
Youth unemployment rate:	57.7 % in general from 15-24 years old (no data available by gender)

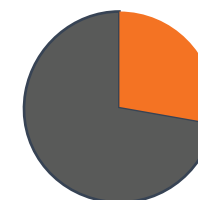
Total Population in the Surrounding



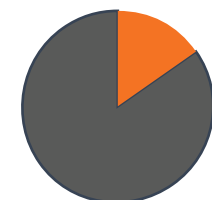
55% 1 euro a day



55% Less then 60 cents a day



17% 2 euros a day



Mutual Cooperation

Communication is an integral concept of our Business Management Strategy. It has also engaged support in numerous activities aimed to support and develop the community. Through successful communication Sharrcem has managed to build substantial cooperation with partners and the community.

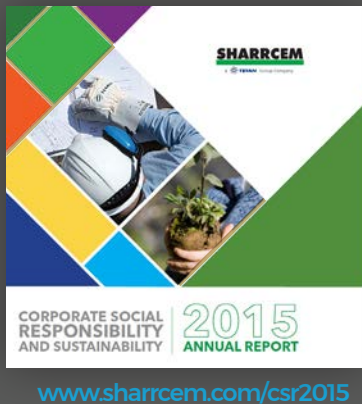
During 2016 Sharrcem was part in many forums and business groups contributing to improvement of knowledge sharing, transparency, and public awareness raising.

Sharrcem is always committed to promote a mutual partnership with various business groups by taking part in different forums and workshops that tend to improve the communication among various stakeholders, to share knowledge and experience, transparency, as well as awareness raising campaigns. Sharrcem considers communication as a cornerstone in dealing with its day to day activities. With communication, we have achieved to broaden and strengthen current partnerships and establish new successful partnerships with other partners.



Community Engagement

Published its Forth Annual CSR Report for 2015



Children's Board

Building Awareness

- Health and Safety
- Environment

BOPAL

• 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.

Supply Chain

Sharrcem became the first company to have received the Certification from Eurocert accounted to the SA 8000 Standard of the Social Accountability. Sharrcem has successfully finished the certification process and on 25th of April, 2016 and as a result it received the certification SA 8000:2008 from Eurocert, which is a certification authority of Social Accountability International.

The expectations of attaining the aforementioned certification yields to the direct contribution that it will yield in terms of sustainability and development of the company. As a result, we will have a better trained and healthier workforce, fewer workplace accidents, higher product quality and increased productivity, more efficient and effective monitoring mechanism etc.

In addition to the above listed benefit, there was undoubtedly a better pay, more reasonable working hours, fairer advancement opportunities, more training, more participation in workplace management and design. Not only that; consumers will have an opportunity to be able to purchase in ethical way. Moreover, we expect to have more opportunities for cooperation among businesses, public institutions and trade unions.

Total number of significant contractors and subcontractors: 58

Percentage of local significant contractors and subcontractors: 45 %

LAB

The Laboratory for Business Activity - LAB of Hani i Elezit an initiative of Sharrcem launched in 2014. The basic aim of this project is the creation of new small and medium enterprises in order to reduce unemployment and poverty. In line with its CSR values, Sharrcem has promised to always be close to the community offering various opportunities for positive impact.

Such is the LAB project whose objective is to provide jobs for the unemployed in the community. Results to-date since 2014: 50 jobs were created through this program. Through LAB project Sharrcem tries to positively affect the community, in improving the socio-economic situation in the Municipality of Hani i Elezit.



BOPAL

Through "BOPAL" (ILAB) Sharrcem aims to deepen cooperation and communication with the community where it operates. The scope of the BOPAL is to detect and prioritize the needs of the community and to accordingly allocate, community development funds for improvement of the community living standards in three main directions: safety, environment and education.

BOPAL board is made up of different community stakeholders, two representatives of Sharrcem middle management and residents of Hani i Elezit. This Board is responsible for understanding the needs of local stakeholders for financial support by the company.



Children's Board

Young people are a very important part of the community and Sharrcem emphasizes the importance of this group in society. Through the initiative of the Children's Board in collaboration with elementary schools, Sharrcem has supported the education of children in the fields of security, environment and culture. Sharrcem particularly contributes to awareness raising of children to have a clean and safe environment, through numerous recreational activities. One of many project activities is also associated with teaching the children how to use the first aid box, which children might need during different activities at home, school and neighborhood.

The company has supplied all the villages and schools in Hani i Elezit with first aid box. Sharrcem also cares for the sensitization of children in topics of nature as well as, drinking water and its importance. To address the problem of lack of drinking water Sharrcem has invested to supply drinking water to schools and health centers of Hani i Elezit. In the framework of security, Sharrcem together with children in primary schools, and in cooperation with the Police Station of Hani i Elezit has organized awareness raising activities for the International Day of Security.



Drawing for Environment and Safety / Awareness through Collaboration



Children's Drawing for the Calendars of 2017

Besides undertaking various initiatives which aim to increase awareness for community in regards to environment and safety, Sharrcem launched another event which encourage youngsters from 3rd grades of Ilaz Thaçi primary school to express their talent by drawing anything that they wished which related to environment and safety. The committee consisting of teachers and two representatives from Sharrcem had to select 24 best drawing that will be used as themes in the company's yearly calendars.

These types of initiative, although modest in nature, contribute vastly to engaging the children in building up their potential apart from their daily school activities. We aim to keep the pupils active because we believe that the working culture is fundamental for them to having a brighter future. The calendars with the drawing themes done by those pupils were then disseminated to various stakeholders as gifts.





A Walk in the Nature with the Children of Hani i Elezit

Sharrcem, in collaboration with the Youth Council of the Municipality of Hani i Elezit, organized a walking in nature trip to express its willingness for preservation and promotion of healthy environment. In this occasion, besides the representatives of Sharrcem, were the children from the kindergartens of Hani i Elezit. About 100 of children took part in this initiative which main focus was to familiarize them with the benefits of preservation of healthy environment. In addition, various lectures were given by the Sharrcem Environmental Department. These lectures draw a high interest among the children by making them raise different questions as well as answered questions raised by the manager.

The student who answered questions best was a 5-year old Florian Kuka who stated "I am very happy that I have visited the nature and through my knowledge, I won these gifts. Now I know that I should care about the environment, and I will always help my mother water the flowers together". After the walk, children were provided with different gifts besides food and drinks. Educators of the kindergartens expressed their gratitude towards Sharrcem for enabling this initiative which they considered of paramount significance considering the necessity of children acquiring the basic knowledge about the essence of promotion and protection of a healthy environment.

Sharrcem is going to continue its mission in assisting the community to enabling a healthy environment.

Alongside these initiatives, Sharrcem is going to carry on with investments that aim to raise awareness of the community towards protection and promotion of healthy environment.

Hygiene Lessons

Good habits tend to last a lifetime if they are taught in the early days of childhood. Teaching children about such behaviors was always the main goal at Sharrcem, so one of the steps towards increasing their awareness for the personal hygiene started with our oral hygiene courses.

This year, Sharrcem's Children Board paid a visit to the local clinic "QKMF" in the Municipality of Hani i Elezit, where they got more familiar with the benefits of keeping their teeth and mouth always clean. The curiosity of the little boys and girls about the oral care was answered by the medical staff at the QKMF "Menduh Kaloshi".

But we love eating chocolate", shouted the youngsters - "too bad we should give up on the lovely sweets" they whispered desperately to each-other. In the midst of laughter and spreading their knowledge, the medics told the kids that they can enjoy their favorite snacks but should always brush their teeth after they eat, especially before sleep.

The visit was beautifully ended when the children promised to always keep their smiles big and white!



Playground for Children

One of the projects implemented by BOPAL is the much awaited construction of the children playground in the Municipality of Hani i Elezit.

Until now, the toddlers of Hani i Elezit used improvised corners to play their favorite activities, which didn't give the little ones their deserved playful areas.

And what can be more relaxing for kids than a colorful park where they can go and enjoy the diverse games such as swings, slides, and playhouses.

BOPAL is always interested in investing on youth advancement and they believe that such an important task starts by making them feel happy and active, just like the feelings you get when you're in a playground.



BOPAL

LAB - Laboratory for Business Activities



In 2016, LAB continued the successfully tested support for sectors from the previous years and developed new sectors pursuing the strategic goals of the LAB Project and the Titan Group CSR strategy. Results to-date: within less than three years, 50 new start-ups have been created in agroforestry sector (Greenhouse, Small Fruits, Beekeeping, Mushrooms, Livestock, Vineyards, Forestry - Utilization of Wood Biomass for Energy, Poultry and Medical and Aromatic Herbs).

There was the women participation to benefit from LAB program within this year, where some of them benefited. For all beneficiaries within the corresponding sector, relevant theoretical and practical training was arranged in preparing them to engage more effectively in the implementation of project objectives. Moreover, 36 various types of thematic vocational training were provided as well as similar field practical trainings in order to improve knowledge in sustainable intensive agriculture and farming with standards. 204 beneficiaries and other individual farmers benefited directly attending thematic, theoretical and practical seasons in horticulture and farming, The Livestock, Beekeeping, and Medical and Aromatic Herbs sectors were implemented during the 2016.

In order to provide improved services and close monitoring of needs in technical and advisory services for the existing start-ups and those approved for support in the third year, LAB along with the BoD has taken the decision to extend the agreement with the Initiative for Agricultural Development of Kosovo (IADK), Vushtrri - Kosovo and Perrotis College and the American Farm School (AFS), Thessaloniki - Greece in order to fulfill its strategic objectives.

In order to use the great potential for more women involvement in gaining access to LAB support, "OBERON" an NGO from Greece has been contracted to provide services to assist in the establishment and operation of a "Women Artisans' Network" in Hani i Elezit. In order to sustain the investment, LAB continues to monitor and mentor all beneficiaries, providing necessary practical advice enabling them to properly handle production as well as provide post-harvest practice and marketing,





LAB Partners, Board Members and Friends

Lab (Laboratory for Business Activity), through its years of functioning, has achieved considerable results in implementing its strategies and objectives. In addition, it has established partnerships with various stakeholders that played a crucial role in accomplishing its goals.

The IADK in Vushtrri Municipality and AFS in Thesaloniki were among the partners who provided assistance in terms of organizing workshops and seminars. Besides, the LAB was governed under the governance principles drafted by IFC Advisory Services.

The Municipality of Hani i Elezit played a crucial role as well: it has provided its availability to the project. Baker Tilly, a very well-known consultancy company, including Red Mill Agency was among other partners which contributed to implement the project goals. Their commitment was pro-bono.

More specifically, Baker Tilly contribution to the project was offering its services in financial advice, by supporting farmers with business counseling in regards to business registration processes as well as in financial management.

Red Mill also played a vital role in assisting the project by engaging in offering its services in promotional writings, organized numerous events and provided trainings to the project staff and farmers.



NEW OPPORTUNITIES FOR AGRICULTURE





Study visit at LAB

In 2016, the LAB project welcomed a delegation from the Titan Group of Bulgaria where they were enthusiastic on hearing more of our personal experiences and knowledge.

The aim of this visit was to inform them about the unconditional dedication of the LAB staff towards creating better conditions for our partners, where they expressed their will to apply such a project in Bulgaria too.

Their stay at Sharrcem boosted our confidence to not only seek an even higher qualification for the LAB, but to also remember the importance of a sincere and transparent relationship with great influential enterprises such as The Titan Group in Bulgaria.



Trainings

Number of participants

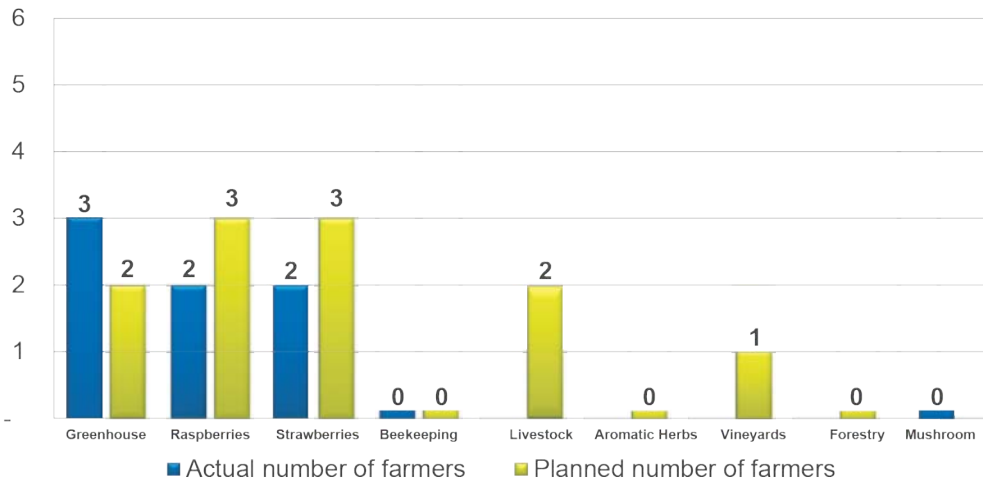


Training sessions

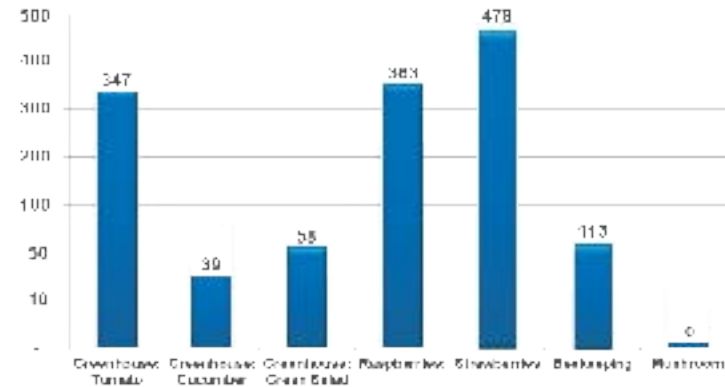


- Greenhouse
- Raspberries
- Strawberries
- Beekeeping
- Mushrooms

Employment



Working Hours



Quantity Production and Value of Sales by Sector

Sector	Quantity Produced in Kg /Lit
Greenhouse (Vegetables)	38,124
Raspberries	9,109
Strawberries	8,323
Beekeeping	208
Medical Herbs	2,030
Livestock	22, 730
Total	80,524





The Task Force readiness for Support

Since we consider everyone in our personnel a great asset to contribute to Sharrcem CSR activities and in order to create a decent space for everyone to take part in the decision-making process, Sharrcem has established a special Taskforce to represent the company in the CSR Network. Not only that, the reason of its establishment is to implement the company's CSR strategy. In addition, to this, its role is to maintain communication and relationship with other stakeholders in order to implement the planned activities jointly in a coordinated manner.

So far, this taskforce was active in cooperating with public institutions to share its experience by participating in workshops and trainings whose purpose was to strengthen the effectiveness in tackling issues that concern both the companies and communities alike.



**GRI
DISCLOSURE
TABLE - ALL**

EC - Economic Performance

#	INDICATOR	DEFINITION	PAGE IN THIS REPORT
1	EC1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	12
3	EC6	POLICY, BUSINESS PRACTICES AND PERCENTAGE OF LOCAL SUPPLIERS IN TOTAL NUMBER OF COMPANY SUPPLIERS	80
4	EC7	PROCEDURES FOR LOCAL EMPLOYMENT AND PERCENTAGE OF TOP MANAGEMENT FROM THE LOCAL COMMUNITY	48, 49
5	EC8	INVESTMENT IN THE LOCAL COMMUNITY	43, 44, 45, 51, 58, 62, 67, 70, 76, 77, 80 - 91

EN - Environment

#	INDICATOR	DEFINITION	PAGE IN THIS REPORT
6	EN1	MATERIALS USED BY WEIGHT AND VOLUME	12
8	EN3	DIRECT ENERGY CONSUMPTION BY PRIMARY SOURCE	63
9	EN8	TOTAL WATER CONSUMPTION BY SOURCE	63, 64
10	EN16	TOTAL DIRECT AND INDIRECT EMISSION OF GASES WITH "GREENHOUSE EFFECT"	63
11	EN20	NOX, SOX AND OTHER SIGNIFICANT AIR EMISSIONS	63
12	EN21	WASTE WATERS	64
14	EN23	TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS	63
15	EN28	MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NONCOMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	63

LA - Labour

#	INDICATOR	DEFINITION	PAGE IN THIS REPORT
16	LA1	TOTAL WORKFORCE	48, 49
17	LA2	TOTAL NUMBER AND RATE OF EMPLOYEES TURNOVER	48
18	LA3	BENEFITS PROVIDED TO FULL-TIME EMPLOYEES	49
19	LA6*Add	EMPLOYEES INVOLVED IN MUTUAL BOARDS AND OCCUPATIONAL HEALTH AND SAFETY	56
20	LA7	INJURIES AT WORK	55
21	LA10	TRAINING HOURS	48, 57, 58, 63
23	LA13	WORKFORCE STRUCTURE	49

HR - Human Rights

#	INDICATOR	DEFINITION	PAGE IN THIS REPORT
25	HR4	TOTAL NUMBER OF DISCRIMINATION INCIDENTS AND PERFORMED CORRECTIVE ACTIVITIES	48

SO - Society

#	INDICATOR	DEFINITION	PAGE IN THIS REPORT
26	SO1	APPLIED PROGRAMS AS FOR LOCAL COMMUNITY INVOLVEMENT, IMPACT ASSESSMENT AND DEVELOPMENT PROGRAMS	80

PR - Product Responsibility

#	INDICATOR	DEFINITION	PAGE IN THIS REPORT
29	PR2* Add	NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATOPMS CONCERNING PRODUCTS	40
30	PR3	TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY PROCEDURES	40
31	PR4*Add	TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS	40

1. Strategy and Analysis

#	DISCLOSURE	PAGE IN THIS REPORT
1.1	GENERAL MANAGER MESSAGE	26, 27
1.2	KEY IMPACTS	10, 11, 12

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2.4	LOCATION OF THE ORGANIZATION'S HEADQUARTERS	5
2.6	NATURE OF OWNERSHIP AND LEGAL FORM	5
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3. Report Parameters

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SHARRCEM

a  **TITAN** Group Company

+381 290 385 500

+381 290 385 510

Rep. Office Prishtina:

+381 38 777 011

contact@sharrcem.com

Adem Jashari, No. 280, 71510 Hani i Elezit, Kosovo

Rep. Office Pristina:

Tringë Smajli, No. 21, 10000 Prishtina, Kosovo