

SHARRCEM

a  TITAN Group Company



CORPORATE SOCIAL
RESPONSIBILITY
AND SUSTAINABILITY

2015
ANNUAL REPORT

SHARRCEM SH.P.K.
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CORPORATE
SOCIAL RESPONSIBILITY
AND SUSTAINABILITY
REPORT 2015

This is the 4th CSR Annual Report of Sharrcem SH.P.K. covering the period from the 1st of January to the 31st of December 2015. The report follows the Titan Group reporting standards, aligned with GRI principles and WBCSD/CSI reporting guidelines. All data presented in the report were included in the sample of independent external verification contracted on behalf of Titan Group, (please see website: www.titan.gr / Report 2015).

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

Sharrcem was established in 1936 consisting of one vertical kiln with a yearly production capacity of 4,415 tons. In 2010 Sharrcem was acquired by TITAN Group, following the privatization process in Kosovo.

Located by the southern border, it is the only cement factory operating in the country. In 2010, Sharrcem also became a member of TITAN Group and remains the leading supplier of cement in Kosovo.

Sharrcem is a member of:



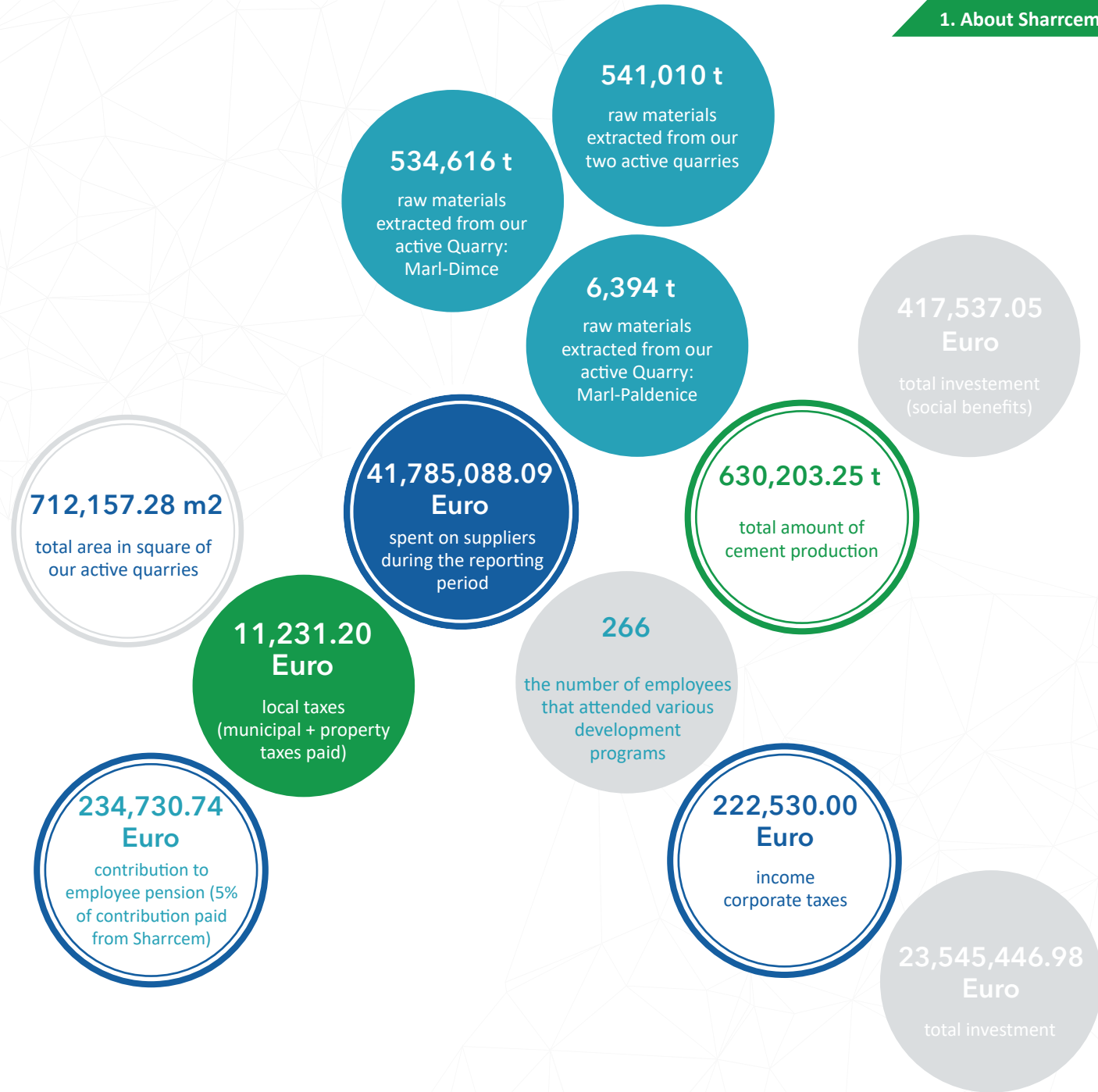
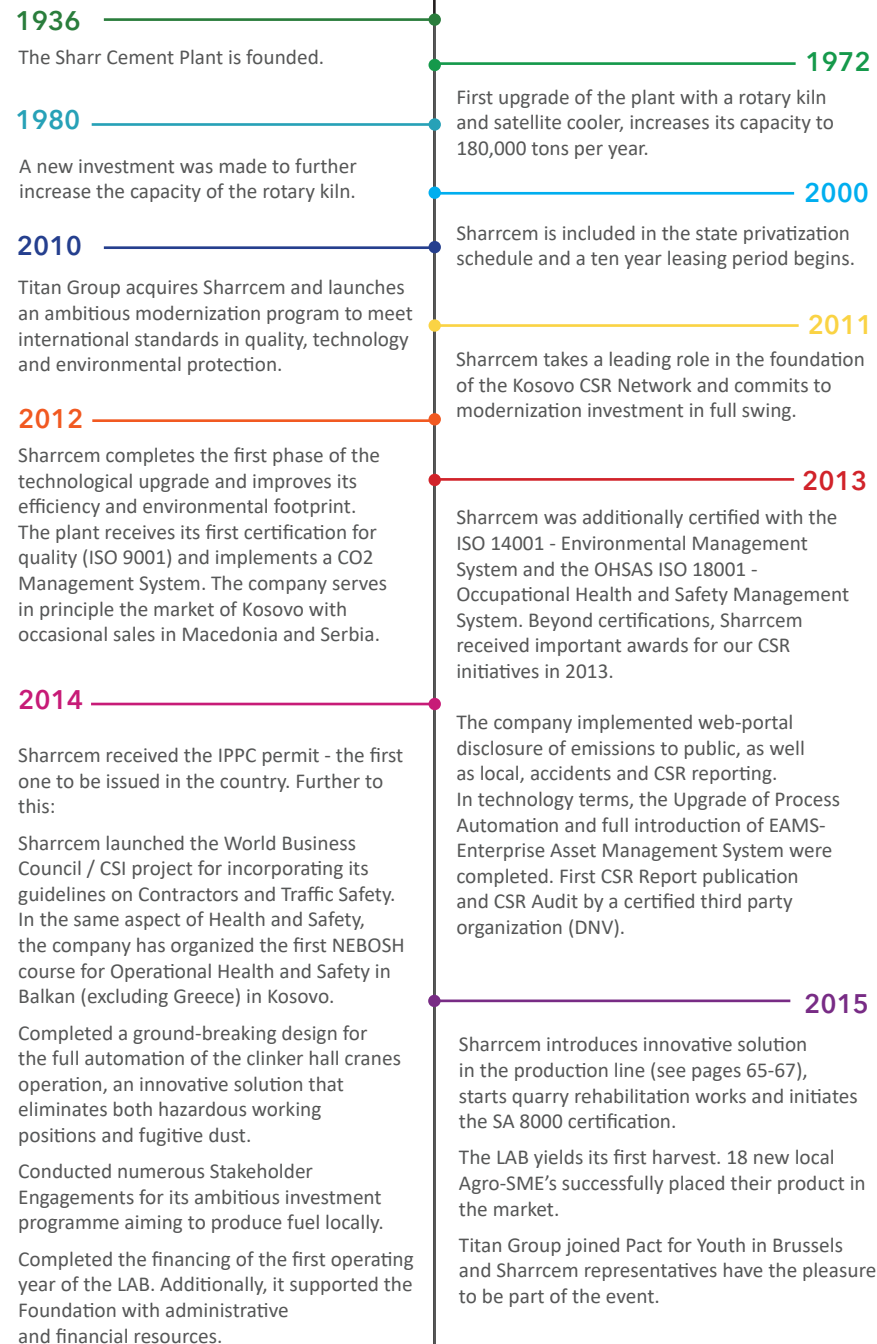
Hani i Elezit

Change through innovation

A year after acquisition by TITAN Group, Sharrcem significantly upgraded its production facilities, and technological processes. This dynamic innovation was coupled with integration of highest standards at all operating levels.

In 2014 Sharrcem received the IPPC permit – the first one to be issued in Kosovo; in the same year it started the LAB Project. During 2015 Sharrcem continued to increase the production capacity and to be the market leader in the industry.





Strategic Review

About Us

Ethos is the Greek word for “character” or “spirit” and we use it to describe the values at the **core of TITAN’s identity** that guide us to conduct our business with respect, accountability and responsibility.

Who we are

TITAN is an international cement and building materials producer, with more than 110 years’ industry experience. Our companies operate in diverse environments, sharing common values across the Group. Meeting the long-term expectations of our shareholders requires us to act in a flexible and dynamic way, working in close partnership with our suppliers, customers and the communities in which we work.

Our success depends on employing the best available technologies, our systematic research and our constantly updated know-how. Above all, it depends on our highly skilled and experienced people who live the values of the Group.

What we do

TITAN’s business activities are carried out by both wholly owned companies and joint ventures with established partners. These activities cover the production, transportation and distribution of cement, concrete, aggregates, fly ash, mortars and other building materials.

Where we operate

Headquartered in Athens, Greece, the Group employs 5,654 people worldwide and sells products to 29 countries in North Africa, Western Africa, Canada, USA East Coast and Gulf of Mexico, Central America – Caribbean, Balkans and Western Europe. We have cement plants in nine countries and our operations are organized into four geographic regions: USA; Greece and Western Europe; Southeastern Europe; and Eastern Mediterranean.



The European Pact for youth

TITAN joined CSR Europe, in 2004, and also participates in national partner organizations operating in Albania, Greece, Kosovo and Serbia.

Titan signed the Business Manifesto 2020 to help tackle issues such as employability and human rights.

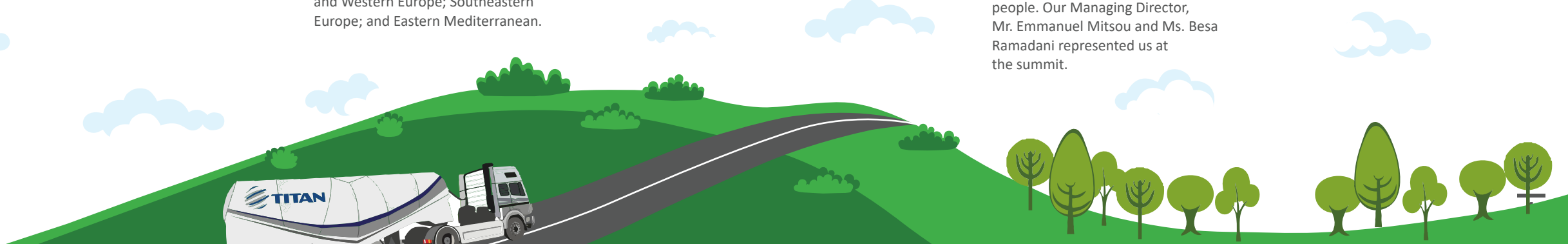
Titan signed the European Pact for Youth, alongside 50 other leading companies, and collaborated to accelerate efforts throughout our operations to provide employment opportunities and address the skills gap.

csreurope.org/pactforyouth

We have also collaborated to:

- Prioritize transparency and respect for human rights, and support the circular economy through innovation;
- Improve the internship programs offered by TITAN Group and strengthen partnerships with the academic community.
- Enhance collaborative actions with all stakeholders for the implementation of the European Pact for Youth.

We as Sharrcem were lucky enough to participate at this very important event to consolidate the collaboration and efforts of the business community for providing better opportunities for young people. Our Managing Director, Mr. Emmanuel Mitsou and Ms. Besa Ramadani represented us at the summit.



Our Company

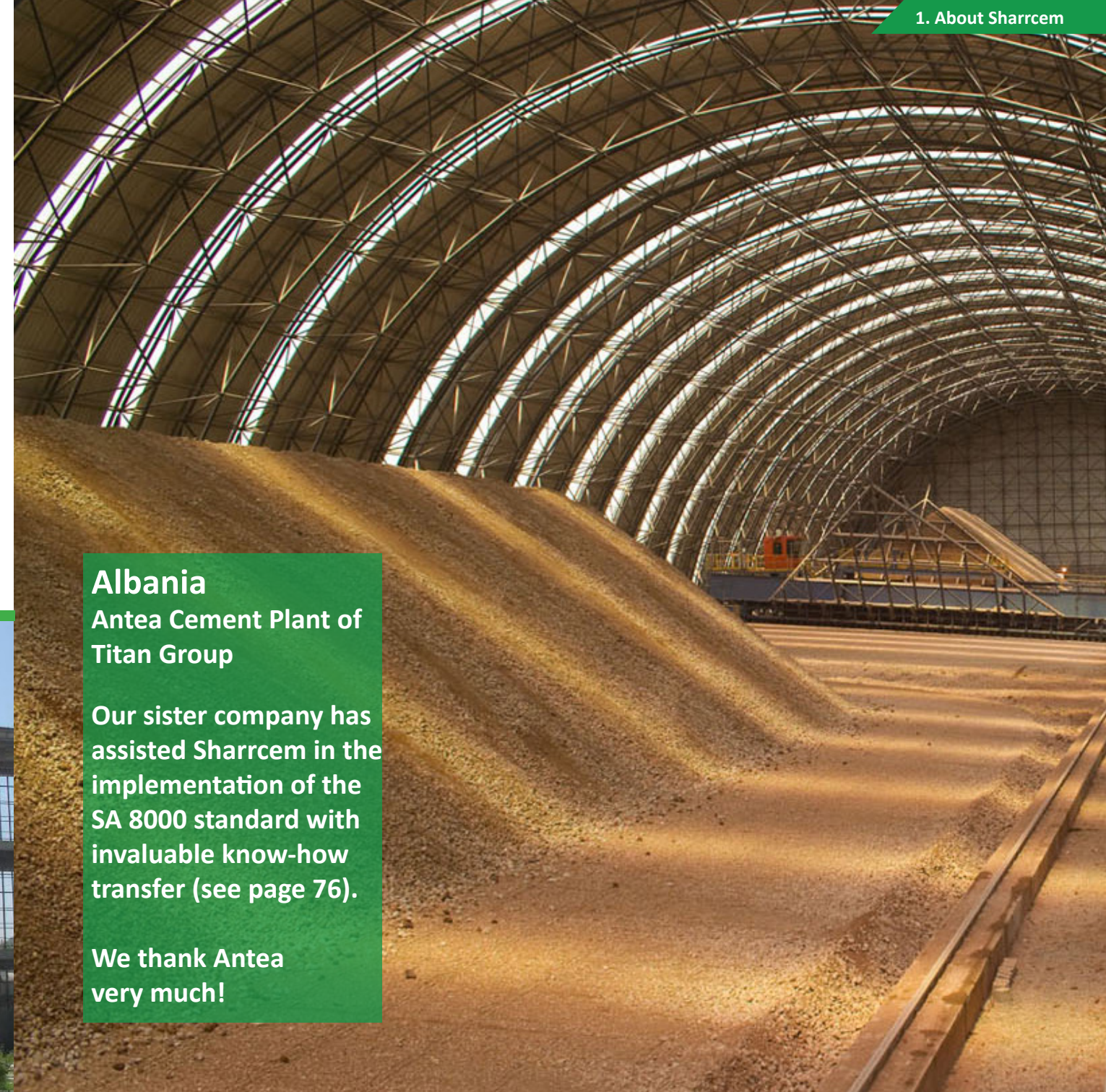
Social responsibility and sustainability practices are integral components of the work of Titan Group; therefore terms of sustainability initiatives are incorporated in the daily agenda of the Group. Moreover, the Group is active part of WBCSD and CSI.

Being part of all working groups and CSI's and serving as a co-leader in two of them, the Group has taken a leading role in contributing to the development of the latest practices in sustainable production of cement. Since 2010 sustainability has

continuously added value to the Group. In 2016 the Group shall strengthen the commitment to sustainability, by being certified with ISO 18001 (Health Security and Labor) and ISO 140001 (Environment).

In 2014, Titan Group became the first company to receive the IPPC license (Integrated Pollution Prevention and Control) in the corporate history of our country, becoming a standard setter and an example for others. During 2015 we undertook numerous corporate social responsibility activities including

community support activities, environment, safety and health support activities, charitable and philanthropic activities and also signed memoranda of cooperation, for support of education, employment, awareness raising, culture, etc. To make sure that all units of Titan Group are committed to sustainability, the Group conducted a full audit in this field. These results testify to the Groups commitment towards the preservation of nature, and towards improvement in levels of community safety and citizen engagement.



Albania Antea Cement Plant of Titan Group

Our sister company has assisted Sharrcem in the implementation of the SA 8000 standard with invaluable know-how transfer (see page 76).

We thank Antea very much!



MESSAGE FROM THE MANAGING DIRECTOR

Message from the Managing Director



Dear Stakeholders,

It is my honor to welcome you to our CSR report of the year 2015, the year that witnessed 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. Our mother company, Titan Group was among the funding signatories of the Pact and we were proud to participate in the launch of the Pact in Kosovo through the Kosovo CSR Network under the patronage of the Speaker of the Assembly on November 2015. 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.

I would also – with great satisfaction - greet the compilation by Sharrcem team of the first complete Social Impact Assessment (SIA) report in Kosovo, presented in 2015 to the ICMM, referring to a future quarry. This SIA, which follows the World Business Council for

Sustainable Development (WBCSD) guidelines, could be used as a starting point both by the administration and private sector, toward a systemic approach of the environmental and social impacts through transparency, disclosure and monitoring. In the reporting year, within the company boundaries, I wish to stress the significant and registered progress in the full spectrum of Operational Health and Safety, which extends to employees and contractors alike. Furthermore, I am pleased to report a Group BAT (a best technique) conceived and engineered in Kosovo Sharrcem, by which an Integrated Assets Management System (IAMS) has been put in place gathering under one system, with a very advanced degree of automation, all manageable data from plant access to safety, to maintenance and procurement, a tool that has gained acclaim of Titan Group. Finally, it would be a great omission not to state the noteworthy progress of the new generation of Sharrcem employees. I can proudly report that the younger employees, be it engineers, economists, ICT graduates or else, having assimilated not only their specific trainings but also their assigned responsibilities have already shown remarkable capacity to become in short a solid management team.

Dear Stakeholders

As we always sustain, good citizenship be it individual or corporate, is not a one-off distinction; it is a constant struggle in an ever changing environment to bring along a positive balance and ultimately contribute to the general well-being. At Sharrcem we

remain devoted to this task and this report is our open address to our fellow citizens for interaction and improvement. Therefore, thank you for going through this document and for your eventual feedback. In this report, already by tradition, you will find the information of all stakeholders' engagements held by our company and in this context I would highlight the very positive contribution at the level of business dialogue of two national fora with which Sharrcem is very active, the European Investors Council and the Kosovo CSR Network.

Further to that, our company has initiated its certification with the Social Accountability International Standard (SA 8000) by completing the first step of certification of two internal auditors for its full certification by early 2016: one more step in our continuous commitment to manage through certified system, so as to safeguard good governance and transparency. At local level, always honored by a stable and fruitful cooperation with the municipal authorities and community institutions, I am happy to report one more year of generation of forming SME's, of increased agricultural production and of involvement in new activities (grapes, medicinal aromatic herbs, cows for milk production), all carried out by the well-established and reported LAB foundation.

Sincerely,

Emmanuel Mitsou, 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.



Papalexopoulos Dimitris, Group CEO

No producer of construction materials can avoid having some impact on the environment and the communities in which it operates. At TITAN, we are determined to keep the adverse impact to a minimum, pursuing the principal “Do Less Harm”, while at the same time endeavoring to “Do More Good” by supporting and contributing to the wellbeing of our employees, local communities and society as a whole.

Continuous learning and self-improvement; listening to and communicating with our stakeholders; transparency and accountability in our policies, decisions and performance will continue to guide our CSR actions in the future.

We are measuring our social and environmental footprint at all locations where the Group operates, taking mitigating action, evaluating what has been achieved so far and setting new targets.

It is our firm belief that Corporate Social Responsibility, fully integrated into the pursuit of business objectives, will – in the long term – add value to our business and be appreciated and rewarded by our stakeholders.

Titan Group CSR Policy

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

- Our business practices are guided and based on our Titan Values and our code of conduct.
- Safety is our top business priority aiming to achieve an accident and incident free work environment.
- We are committed to sustainable growth, integrating human, environmental and social elements into our business decisions.
- We aim to continuously improve our environmental and social performance, measuring our impacts and contributions and assessing our environmental, and social footprint.
- We aim to build trust with all our stakeholders by communicating openly and transparently, and seeking engagement to understand the impact of our operations and their concerns.

- We share our know-how, experience and best practices in areas relevant to our business to add value and contribute to the well-being of our neighboring communities.
- We value our employees and follow human resources practices that promote equal opportunity in recruitment, employment and development, regardless of gender, ethnic origin, religion etc., respect individuality and are consistent with national laws and international voluntary guidelines, such as the UN Universal Declaration of Human Rights.
- We deal with our supply chain in accordance with our Group and Regional Procurement Code of Conduct.
- We voluntarily engage in and support partnerships and business networks

that promote our business goals and CSR vision, such as the U.N. Global Compact, WBCSD/CSI, the E.U. Alliance for CSR, the U.S.

- We aim to be active in civic efforts and the process to advance the use and benefits of our products and preserve the long term viability and economic prosperity of our industry.
- We encourage and recognize individual initiative and voluntarism in community and civic activities.

CSR within Sharrcem

Scope of the CSR Engagement



Internal Organization (CSR Committee Members) with responsibility:

- Implement the established CSR Structure within Sharrcem.
- Implement the established CSR Policies and Procedures.
- Maintain the Communication within the Employees.
- Inform, Cooperate and Monitor the Engagement with the Local Community.
- CSR Network Coordination.

Structure, Tasks and Engagements

Sharrcem has established a special Task Force to ensure the implementation of the CSR strategy and activities as set forth by the CSR Committee.

The Task Force represents Sharrcem in the Kosovo CSR Network and also develops and maintains the communication and Implementation of joint efforts with all External stakeholders. The Task Force has cooperated with local and central institutions and has participated in trainings/workshops in order to both share the best practices and also to expand and improve the CSR practices within the Sharrcem premises and the community where it operates.

The CSR Committee also appoints the CSR Databank team that is responsible for entering data related to the factory, required by the Group on a monthly basis. The people appointed to this group are responsible for entering the data in an accurate and timely manner, in close

cooperation with their direct supervisors, who are responsible to verify/fact check the information. This is a meticulous job that ensures the integrity and transparency of our operations and disclosure of information to all stakeholders.

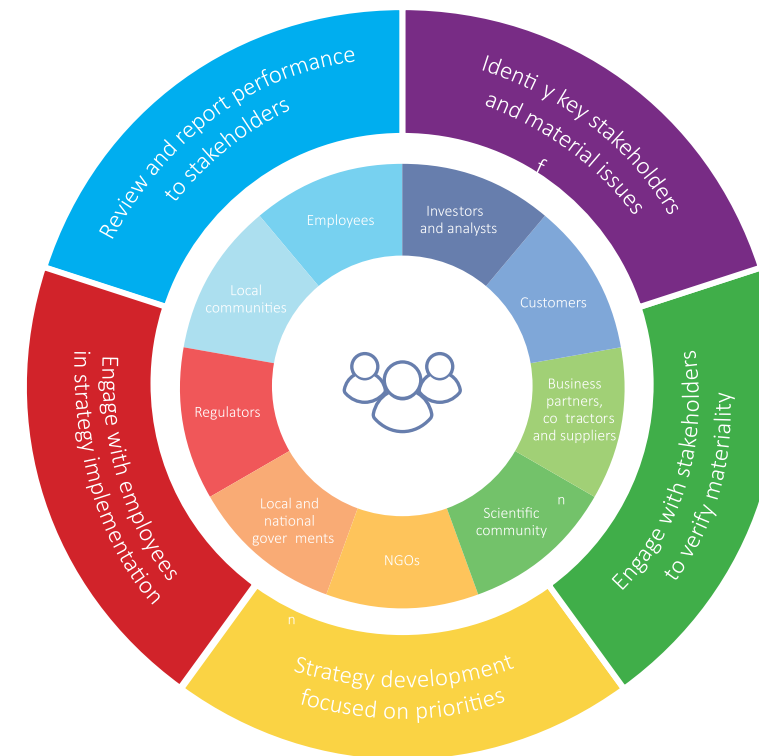
Group Reporting and Support

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.

Stakeholder Engagement

Titan Group's sustainable growth depends on aligning its strategic priorities, policies and practices with local market needs.

This means understanding and responding proactively to the need of the individuals, organizations, and businesses in the communities where we work. To recognize its work in this respect the Company has been honored during 2015 with several distinctions and appreciations by: Municipality of Hani i Elezit, the Sharrcem Trade Union, HANDIKOS, University Clinique Center of Kosovo-QKUK, Public Health Centre of Hani i Elezit-QKMF "Dr. Menduh Kaloshi", Kosovo CSR Network, European Investors Council, SOS Children's Village, German-Kosovo Chamber of Commerce and German Embassy of Kosovo.



Our Stakeholders

Our good performance is a result of an active engagement with all our Stakeholders. Our goal is to further consolidate our relationship with our stakeholders, by understanding and aligning the expectations and interests of each party toward a long term sustainable economic and social development.

Regular communication and interaction with all stakeholders in our daily operations and through reaching out to community activities, both as initiators or supporters, has enabled us to better understand and respond to their requirements, integrating them in our daily decision making.

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

- ILAB: 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)

Seventeen investors from European Union member states and EFTA countries founded The European Investors Council (EIC) to foster investment plans in Kosovo and to responsibly contribute to the development of an efficient business environment which is the cornerstone for a sustainable growth of the economy and the improvement of social indicators.

The EIC is created to give a voice to the European investors with the aim of lifting the systemic deficiencies of the business environment and increasing the foreign direct investments which in turn would realize Kosovo's potential by building competitiveness and capacity for citizens and businesses alike.

The founding members of the EIC are prestigious European companies that operate in Kosovo. The President of the Council is Mr. Emmanuel Mitsou from Sharrcem Factory.

Sharrcem as one of the largest contributors to the economy of Kosovo was part of many initiatives of the business community and beyond, with a commitment to contribute to the development of a much better

climate of doing business in Kosovo. Sharrcem is setting up a dialogue platform with the government of Kosovo to address specific issues on specific sectors.

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

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



ECOVISION Sh.p.k



NLB Prishtina



New Members:



Disclosure and Transparency

The main objectives of the event:

In order to accelerate the joint efforts on promotion of sustainable development and community engagement, Sharrcem and stakeholders organized the Stakeholder Forum.

The focus of the forum was:

- To promote economic development through sustainable utilization of the region's natural agro-forestry resources;
- To present achievements of the Laboratory for Business Activities (LAB) project and to promote its first point of sale;

Panelists:

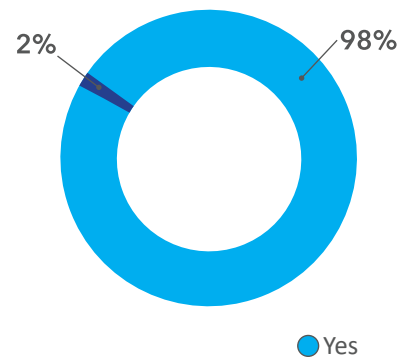
- **Mr. Rufki Suma**, Mayor of the Municipality of Hani i Elezit
- **Mr. Memli Krasniqi**, Minister of Agriculture, Forestry and Rural Development
- **Mr. Ferid Agani**, Minister of Environment and Spatial Planning
- **Mr. Jan-Peter Olters**, Country Manager at World Bank for Kosovo, Europe and Central Asia
- **Mr. Agon Gashi**, Chairman of the Kosovo CSR Network
- **Mr. Emmanuel Mitsou**, Sharrcem Managing Director
- **Mr. Hysen Shabanaj**, LAB General Manager
- **Mr. Hajredin Gashi**, Director for Agriculture and Forest Sector, Hani i Elezit Municipality
- **Mr. Zenel Bunjaku**, IADK
- **Mr. Bedri Bushi**, Beneficiary of LAB Project
- **Mr. Hajrullah Kalisi**, Beneficiary of LAB Project
- **Mr. Hajdin Bushi**, Beneficiary of LAB Project

- To promote community engagement;
- To present the video prepared by children of "Ilaz Thaci" school, celebrating Sharrcem's Contributions to the community;
- To promote sustainability and efficiency as guiding principles within the community;
- To promote sustainable employment as a means of improving the overall economic outlook of not only Hani i Elezit Municipality, but also of Kosovo as a whole;
- To exchange knowledge with experienced IADK and AFS team members;
- To exchange information about activities that are being developed;

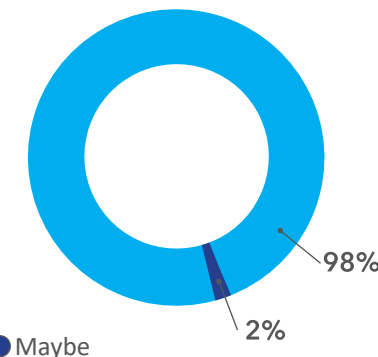


Valued Feedback

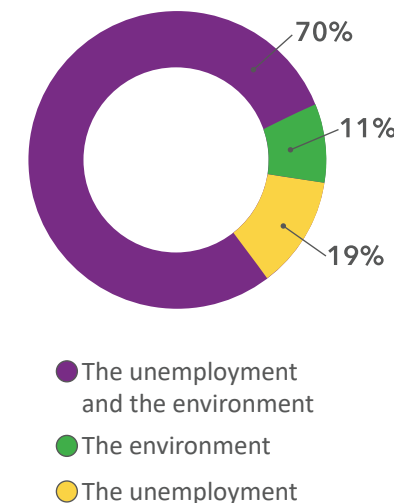
Do you consider the LAB project as a support for the community development?



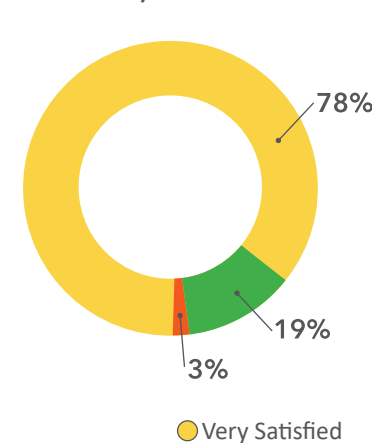
Can this type of forum be considered as a good tool for the communication with the stakeholders.



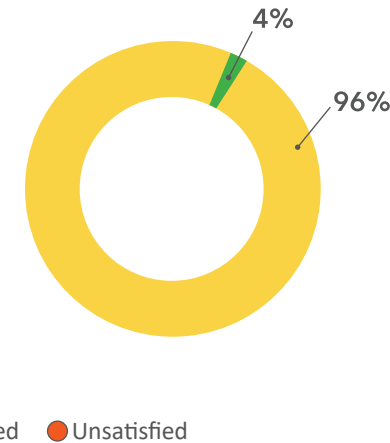
Who do you think is impacted more positively by the LAB project in the community?



Overall, how satisfied are you with the training hours spent for the beneficiaries/farmers?



Overall, how satisfied were you with our presentations?





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.





CSR Kosovo part of Pact for Youth

The Commission and business leaders partner up to boost youth employment and inclusion in Europe Brussels, on 17 November 2015. The European Commission together with companies launched the European Pact for Youth, a mutual engagement of business leaders and the EU to create a culture of business-education partnerships to improve the chances of young people getting a job, at the Enterprise 2020 Summit. The Pact, initiated by

CSR, a new practice for Kosovo

The theme of CSR as a new practice for Kosovo was elaborated in the renown "Ekonomia me Erëzën" show on Klan Kosova. Executive Director of the Kosovo CSR Network, Mr. Gazmend Ahmeti, who was invited to talk in the show, explained in detail to the viewers what CSR stands for and what an important role the Network plays for member companies, as well as for the society in general.

The European Business Network for Corporate Social Responsibility (CSR Europe), is an appeal to all business, social partners, education and training providers and other stakeholders to develop or consolidate partnerships in support of youth employability

Training for journalists in the field of CSR

On the 9th of June the Network for Corporate Social Responsibility - CSR, held the first training for the media, on "Basics of CSR."

The focus of the training was to promote CSR, raising the awareness of journalists on its integral role as a new component of business doing in Kosovo, which is becoming increasingly popular. Kosovo CSR Network will continue to regularly deliver similar trainings, in order to continuously promote the values of social responsibility!

and inclusion. Together we will support the creation of 10,000 quality business-education partnerships, with the shared target to establish together at least 100,000 new good quality apprenticeships, traineeships or entry-level jobs.



Training on the field of CSR, for members and non-members of the Kosovo CSR Network

Network for Corporate Social Responsibility in Kosovo (CSR), organized the specialized training in the field of CSR of its current and potential members.

The purpose of this training, according to Executive Director of CSR, Mr. Gazmend Ahmeti was to increase awareness of CSR and also aim to further support the network, thus empowering Kosovo businesses. "The integration of CSR into everyday operations of companies /

organizations is not a matter of choice anymore, but a condition for any company to stay competitive in a long term, regardless of location, business sector or size.

"CSR has increased its role as a selfless volunteer philanthropic activity, becoming a decisive factor if the organization will survive or not," said the expert on CSR Mr. Lindita Dajja. More specifically some of the points addressed in this training were:

What is CSR and what is not, CSR versus altruism or philanthropy and marketing, why we need CSR, and how it should be applied within companies, etc.

Through this training, participants from different companies and institutions were able to obtain detailed knowledge on the concept and proper application of CSR. Also this was a good opportunity for participants to join Kosovo CSR Network. At the end of training, participants were awarded certifications from the organization.





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 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	To internal auditors certified
Finance	Voluntary mid-year independent	✓
DNV	Audit	✓



IPPC



REPUBLIC OF KOSOVO
MINISTRY OF ENVIRONMENT AND SPATIAL PLANNING

Our Workforce



OUR WORKFORCE

We believe that the success of the company is exclusively a result of the dedication and capacity of our employees.

As such, Sharrcem is committed to providing the best possible conditions of work and safety.

During 2015, Sharrcem provided health insurance for all, enabling them to obtain timely medical care and reducing their health and financial hazards as a result of illness. We have also organized many activities in the community to be closer to our employees and their families. During holidays we shared the joy of the celebration through encounters and gifts. Sharrcem remains committed to the advancement of skills of our workforce,

by supporting numerous professional trainings and by providing opportunities for career advancement. Sharrcem constantly offers numerous employment and internship opportunities for younger generations, supporting especially the more vulnerable groups who have had no previous employment or workplace training opportunities.



Commitment to Safety

Sharrcem maintains its commitment to safety by initiating numerous joint activities with employees, partners and the community, which result in improved safety conditions and community awareness.

CSI Driver Training

Sharrcem, in cooperation with the Police Station of Hani i Elezit and professional driving schools, has organized a training on the topic of safety at work. Part of this activity were 209 drivers, working with Sharrcem and its subcontractor.

This initiative has greatly improved driver awareness leading to improved driving safety and decrease in accident rates.

Main topics and activities of the training included:

- CSI driving safety;
- Journey hazard management;
- Vehicle maintenance and servicing;
- Pre-start vehicle check list;
- Driving assessment;
- Traffic safety;
- Records for drivers;
- Safety letter to customers;



- Establishing good cooperation with police station to control sensitive safety elements as indicated in CSI driving safety.

Results of this initiative included: fall in number of accidents; lower fuel expenses; better compliance with health and safety requirements; significant reduction in crashes at all levels of severity; and significant protection of workers.



Involvement for Continuous Safety Improvement - (ICSI) – CCT3

As part of its commitment to provide the best possible working conditions for employees. Sharrcem offers numerous training courses for health and safety at work and also organizes different socializing events. Two years ago the company started the initiative "Involvement for Continuous Safety Improvement - (ICSI)"; by 2015 it formed two teams, CCT1, CCT2, whereas in 2015 it formed the third team, CCT3, and has begun the process of forming the fourth team, CCT4.

This initiative includes information and knowledge sharing on assessment and design of conditions for establishment and advancement of the safety culture.

A team named the culture changing team - (CCT) was created, and was made responsible to share the information and knowledge with all employees, hereby creating a new culture - a safety culture.

The main topics of CCT3 were as follows:

- Regular e-mails, (twice a week standard)
- Weekly action plan review
- Weekly inspection report
- Weekly Skype conference
- Daily inspections
- Risk assessment
- Trainings

This initiative mobilizes the creation of a positive safety culture in the company, with the aim to minimize hazard exposure by providing education and regular check-ups.

We are convinced that the Safety at work has to develop to a living culture for all employees and contractors. On this task we constantly dedicate time and effort.



A man and a woman in white shirts are looking at a document together. The woman is on the left, holding a green pen and a clipboard. The man is on the right, looking down at the document. They are outdoors, with a blurred background of greenery and a building.

People Development within the Plant

Since we give highest credit to Health and Safety within the plant, which means we care for the people, we also care for their development.

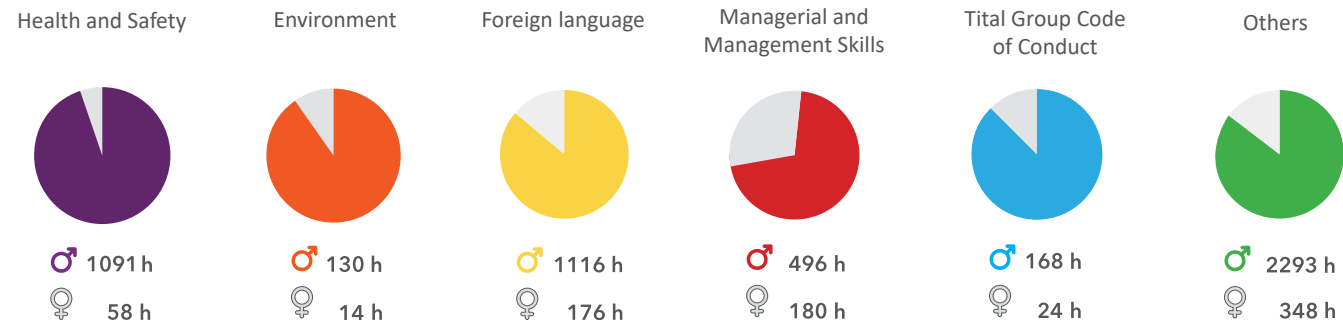
Transparency is a key element for our interaction with stakeholders in general; we treat our people as key stakeholders, and are committed in nurturing a company culture and having in place a system for their development.

This system helps us to ensure that we have taken proper decisions, by recording the employee performance and having it evaluated by adequate people, thusly enabling us to implement and manage staff movement and carrier advancement.

In beginning of every work year, when the targets are set by their direct supervisors, our employees have possibilities to propose new ideas for participating in different trainings, workshops, study visits which they see as opportunities for their further development. Our Management, working with all the relevant units/Managers, makes sure to fulfill their requirements in order to have a successful closure.

As we are all aware that our plant has been operating since 1936 and the majority of employees are close to retirement, we are closely working with them to transfer their know - how to the new generation; such a combination will make it an easy task for us to assign them in any kind of managerial position.

Hours Training



Employees Members of Trade Union (average 2015)



POLICIES AND PROCEDURES

Policies and Procedures 2015 - 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	✓

New Hires / 2015



Employees Leaving / 2015

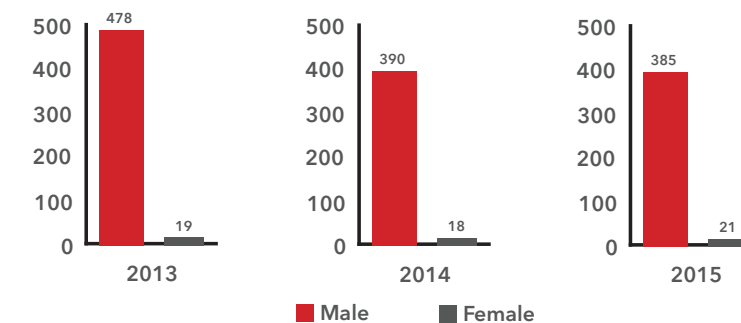


Benefits provided to full-time employees		2013	2014	2015
Health Check		✓	✓	✓
Labor Insurance		✓	✓	✓
Company meals		✓	✓	✓
Leave paid holidays		✓	✓	✓
Parking		✓	✓	✓
Meal allowance		✓	✓	✓
Gifts	On Religious Holidays International Women's Day New Year	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓
Education	MBA English Courses Conferences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

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

EMPLOYEES per category	
Senior Managers	5
Managers	14
Administration/Technical	96
Semi-skilled/Un-skilled Labour	291
(%) Local Extended Board Members	33%

Gender Structure



Humanitaria and Voluntary Action - Blood Donation

Human responsibility is a core value of Sharrcem. The company organizes the campaign of voluntary blood donation, every year.

The campaign aims to highlight the importance of contributing in saving lives through blood donation, motivating regular blood donors to continue giving blood and encouraging people in good health, particularly younger people, who have never given blood, to begin to do so.

Additionally, this initiative creates a broader public awareness of the need for regular blood donation, highlighting the short shelf-life of blood components, thus encouraging existing and potential

donors outside of the company to donate blood at regular intervals. This year a total of 80 donors, were part of the initiative, among them 7 women and 73 male. The activity lasted for 4 days and also included serving of food and drinks for the participants.

We consider this activity as an opportunity to disseminate information about the importance of giving blood and as an opportunity to mobilize Sharrcem's employees to intensify their contribution to those in need.

This activity has put Sharrcem on the list of various companies in Kosovo that support, and contribute voluntarily with blood donations.

Long-Term Requit Program

Following our plan in optimizing the operations through restructure and rejuvenation, we have continued our relevant program started in 2014, through systematic and widespread consultation with workers and their representatives.

Since the opening of the second round of dialogue and engagement with internal stakeholders, Sharrcem safeguarded full transparency and open communication with all interested parties, thus we concluded in providing the opportunity to all employees over the age of 59 years in 2015. All the other criteria have remained the same as in 2014,

strengthening by all means the elements of fairness and equal opportunity. A period of three months of dense, direct and efficient communication and consultation between the Trade Union representatives and the Management of Sharrcem was facilitated.

Consequently the program as completed in 2015 expanded to 61 employees, instead of 40 which was the initial target set by the management. This was exactly due to the high interest expressed by the beneficiaries. As this program was complementary to our efforts to attract new and high caliber employees, the employment headcount in

Health Checks

Sharrcem takes special care for the health of its employees. In addition to providing conditions for a healthy and safe working environment, the company also provides diagnostic, preventive and routine care in order to identify potential health risks and to address them in a timely basis. It also provides first aid within the company premises, full-time. In 2015 Sharrcem started to provide health insurance for all employees.

Sharrcem reached finally 350 people in January 2016. Already during the two years of implementing the program, there have been 27 new hires. Thus, the rejuvenation of our workforce has been initiated and the development of people for the needs of the Business Unit remains focused on local talent and skills.

Breast Cancer - Training

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 breast cancer.

This activity highlights the importance of breast cancer awareness, and of investing in education and research to address this illness. In an attempt to increase cancer awareness among women, 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, the more the merrier when it comes to saving lives.

These trainings and discussions, targeted especially younger generations, educating them on the necessity and the importance of early detection of cancer.

This campaign served as a means to stimulate women's education and interest in detection and cure of breast cancer. 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.

Drinking Water Supply

Sharrcem has realized an initiative to provide drinking water to local community.

With the request from the children's board from the elementary school "Ilaz Thaqi", to provide clean water, Sharrcem in cooperation with Rugova water provides clean water to the elementary school of Hani i Elezit, "Ilaz Thaqi", high school "Dardania", and at the local health care center.

But translating the commitments to improve the living conditions of the community into real actions, the company also intends to equip the citizens with a better understanding of the importance of having clean drinking water. Sharrcem is supporting and investing in such an initiative, aimed on accelerating the coverage and quality of basic water where needed.

Sharrcem in cooperation with Rugova water (a member of Kosovo CSR Network) placed water tanks in these premises, hereby providing clean water supply to the target beneficiaries, in institutions on which, clean water was lacking.

Moreover, it recognizes the links between mental and physical performance, pupil behavior and drinking clean water regularly throughout the day.

It is the aim of our company to raise awareness on the importance of providing such services and also, to educate the civil society to raise the voice when appropriate services are lacking.





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).

Workplace Monitoring

During 2015, Sharrcem hired Management Force (an external consultant) to perform measurements of dust, noise, lighting, chemicals and WBGT at selected points and workplaces in the plant area. To foster greater transparency we have published findings and recommendations:

For all measurements they provided us:

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

Workplace Monitoring Parameter	WBG/IFC Maximum ² Threshold Limit Value (TLV- TWA) ³	Sharrcem Performance Annual average
Workplace Respirable Air Concentrations		
Asbestos (if present)	0.5 mg/m ³	not present
Carbon monoxide	40 mg/m ³	<22,90 mg/m ³
Nitrogen dioxide	6 mg/m ³	<0,94 mg/m ³
Particulate (inert or nuisance dust) maximum	10 mg/m ³	17.04 mg/m ³
Particulate (inert or nuisance dust) minimum		0.43 mg/m ³
Silica, crystalline (as respirable dust)	0.1 mg/m ³	<0.05 mg/m ³
Heavy industry (no demand for oral communication)	85 dB(A)	85 dB(A)
Maximum noise level		95.47 dB(A)
Minimum noise level		82 dB(A)

Notes:

Sample Collection and Analysis Frequency = Quarterly
Local Limits and Units (in Kosovo) = N/A

Occupational Health and Safety Performance (OHS)

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

Kosovo Compliance

Sharrcem filled all the forms that 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 20.04.2015. No non-conformity was observed.

About the frequency issues

In 2015, 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 were done.
3. Silica: Measurements were done.

Incident Statistics Monitoring

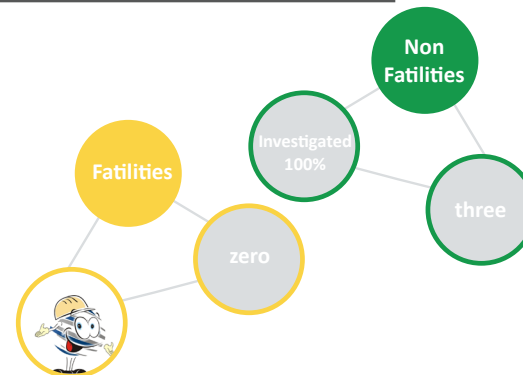
Number of Lost Times Injuries

During 2015, there were 3 Lost Time Injuries (LTIs) related to directly employees while no contractors related LTIs took place. In the same period, 183 Near Misses were reported related both to direct employees and contractors. Investigated 100%. Corrective/preventive actions were performed as a result.

Report TOTAL Numbers for each Parameter	This reporting period		Reporting period 1 year ago		Reporting period 2 years ago	
	Direct employees	Contractor employees	Direct employees	Contractor employees	Direct employees	Contractor employees
Employees (average)	405	43	485	119	497	362
Man-hours worked	800,952	88,817	915,984	247,865	929,668	761,680
Fatalities	0	0	0	0	0	0
Non-fatal injuries	3	0	2	0	0	0
Workdays lost due to Non-fatal injuries	62	0	106	0	0	0

KPIs	2010	2011	2012	2013	2014	2015
Lost time Injuries Frequency Rate (LTI FR) for directly employed personnel	0	0	0	0	2.18	3.75
Lost time Injuries Severity Rate (LTI SR) for directly employed personnel	0	0	0	0	115.72	77.4
Lost time Injuries Frequency Rate (LTI FR) for indirectly employed personnel	0	1	0	0	0	0

KPIs	#
Number of "Near Misses" (Directly employed)	159
Number of "Near Misses" (Indirectly employed)	24
Total Number of "Near Misses" (Directly and indirectly employed)	183
Total Number of "Near Misses" properly investigated	183
Number of "Corrective Actions Taken" based on all Near Misses	168



Life and Fire Safety

The Danube Fire Safety Verification Activities	Mandatory Frequency	Date(s) Performed	Observed Deficiencies	Corrective Actions and Schedule for Implementation
Fire Drills	Minimum three (3) / year	13.04.2015 15.06.2015 27.07.2015 22.09.2015	None	For 2016, 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	5.02.2015 28.05.2015 12.08.2015 12.11.2015	None	Continue with the same contract in 2016
Inspect, refill/recharge portable fire extinguisher	Minimum two (2) inspections/year from certified company "Zjarri"	29.05.2015 15.11.2015	None	Continue with the same schedule in 2016

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 and activity inspections were performed by managers (5 Leading Indicator Tool).
- Compulsory safety specific and induction training for all persons accessing the plant.
- The development of an Estates and Facilities Management of Contractors Policy, and site rules.
- The improvements to the Departments Risk Assessment Policy.
- 258 actions completed (findings from inspection of activities and facilities).
- The introduction of a Work at Heights Procedure.
- The introduction of a permit to work Procedure.
- The introduction of a Method of statement Procedure.
- The introduction of LOTOTO Procedure.
- The introduction of confined space Procedure.
- Implementation of IFC and DNV recommendations.
- ICSI program development (launching of forth generation).
- CSI Driving safety Status 81% implemented.
- CSI initial contractor Safety 100% implemented.
- Establishment of safe work instructions/emergency procedure.
- 360° company assessment.
- Activities related to fire safety operations.
- Workplace monitoring (noise, dust, lighting, earthing, IR measurements).
- Compliance with Kosovo legal requirements.
- Annual medical check-up for company's personnel.
- Working instructions for significant activities (during routine and maintenance activities).
- 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. Four drills performed.
- Three main Fire Fighting emergency Tools: fire extinguishers; alarming system; hydrant system are contracted to be maintained by certified companies.
- A digital system to accurately record presence in the plant of own employees & contractors is linked with the payroll application.
- Health and safety trainings: In this reporting period, the realized trainings and topics are given below:

SHARRCEM EMPLOYEES

Description of training	Number of employees that attended	Description of training	Number of employees that attended
Service of the Marl Crusher	6	Training based on the Property Damage Accident which happened in Packing Plant	6
Duties of Subcommittee	8	Kiln Maintenance: Coating Demolition and Relining	6
Pet coke Training- Incident which happened in Zlatan Panega	17	Use of Kiln Auxiliary Drives	8
Induction Trainings	6	Working in the Kiln Hood	6
CCT3- ICSI	94	Chain Conveyor Cleaning and Unclogging	6
Inspections Training	7	Working in the Area of Cooler	11
Training with Emergency Team	24	Entrance with the CCT4	6
Electrical Safety	18	Training based on the Incident at the Cement Mill II	12
Changing of the Hammers and Cleaning of Conveyors	11	Work Permit Request and Work Permit Flow	12
Testing of the Alarm System	9	First Basic Aid and Alcohol	91
Emergency Training	4	CCT-4 Changing Culture Team	7
Discussing with Sharrcem Workers about Incident and Near Miss which happened on the Packing Area	6	Working at Height	19
Securing the Load (Pallets) on the Truck	13	Training about Near Miss-Working at Height	7
Hot Work Training	18	Safety with Scaffold and Ladders	8
CSI Driving	2	Safety Operation with Crane	13
Raw Mill Grinding (Ball Mills)	4	Lock Pad Using	9
Use of Mill Auxiliary Drive	4	Instructions for Raw Materials Pilling	10
Inlet and Outlet Cleaning and Unclogging	4	Reclaimer Training	12
PPE Trainings	17	Tag in-Tag out	31
Ergonomics	28	Training about the Incident in Main Substation	11
Crane Safety	2	Lotto Training	26
Training for other Energized Equipment	12	Training about Auxiliary drives and discussing about from Maintenance Manager	15
Emergency Preparedness	15	Safely Using of Ferrous Sulfate-Loading and Unloading	13
Training about the Incident in Main Substation (2nd)	7	Back Up Alarm Trainings	2
Fire Fighting Basics	11	Calculations and Findings Presentation from Simens	4
Working Safely With Belt Conveyors	6	Start Up Alarm Trainings	10
Lotto Procedure in Packing Plant	16	CSR Training	1
Manipulation with Equipment 110 KV	9	The Executive Master Class 2015	1
Training based on the Near Miss reported from Maintenance Manager	11	Liquid Fuels Training	13
Work Permits and Near Miss Reporting	15	Training for Procedure of Tag out in the Main Substation	5
Using of the Cylinders and Mask for Emergency Purposes	4	Auxiliary Drives for Ball Mills and Kiln	14
Training for Hydrant System Operation	4	Risk Assessment	10

CONTRACTORS EMPLOYEES

Description of training	
Safety Home	14
Safety in the Traffic	48
Confined Space	8
Emergency Training	27
Electrical Safety	24
Evaluation of the Training Process (Parallel Activities)	24
PPE	7
CSI Driving	152
Hot Work Training	16
Working At Height	18
Journey Management	24
HSE Rules	3
Testing of the Alarm System	2
Discussing with CSI Driving about Near Miss in Usje	13
Discussing with Contractor and Sharrcem Employee about Incident and Near Miss in the Packing Plant	9
Safety with Ladders and Scaffolds	3
Safety Home and Breast Cancer	6
Incident Crane that happened in Patras Plant	8
First Aid and Alcohol Basics	4
CCT-4	1
Induction Trainings	262
Securing the Loads (Pallets) on the Trucks	9

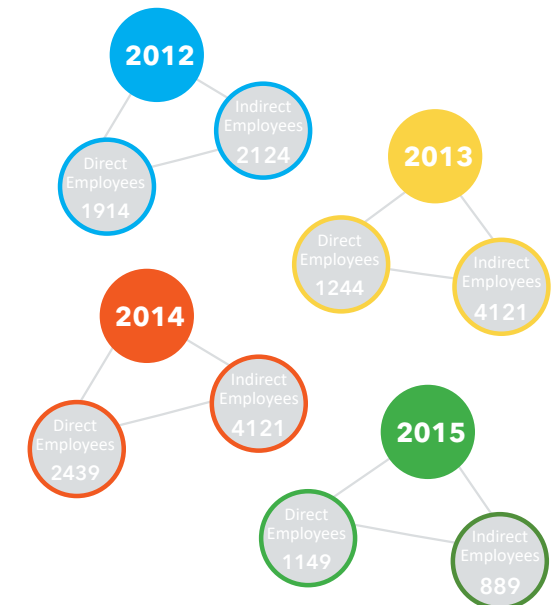
28th April The World Day for Safety and Health at Work

Sharrcem is committed to improving the security conditions for community, with a special focus on safety and health at work. To mark 28 April, the World Day of Safety and Health at Work, Sharrcem has undertaken several activities to support and develop the local community. These activities are manifestations of diligent work on the

implementation of both internal and external projects which promote safe, healthy and decent work.

A project of high importance for the community, is the project aimed at educating citizens on safe street crossing, especially around the railway cross point. The main goal of the project is to create safe traffic conditions by placing the necessary traffic signs, and distributing safety brochures, in order to better

Employee Health and Safety Trainings



respond to the security needs of the local community. Road safety responsibility also lies in organizations and individual road users. Therefore, the celebration of the World Day for Safety and Health was organized in cooperation with the local community. Together with the children's board of the elementary school "Ilaz Thaqi", traffic safety signs were set at the railway cross point in Hani i Elezit and safety brochures were distributed around the Municipality of Hani i Elezit.

Sharrcem, through this activity leads the way on creating conditions for a safe traffic environment and sets an example for strengthening the cooperation with local community to better respond to its security and safety needs.

Our Environment

Sharrcem cares for a clean and healthy environment. To best serve this purpose, Sharrcem also cares and invests in educating towards preserving a clean, safe and sustainable environment.

As part of our daily operations we strive to provide effective environmental management, operating in line with environment standards, minimizing the pollution and taking the necessary restorative measures to prevent damage to the environment.

Sharrcem has been awarded the first ever IPPC (International Pollution Protection and Central) permit issued in Kosovo. The permit issued by the Ministry of Environment and Spatial Planning, represents a contractual obligation to measure and mitigate the environmental impact; it is a guideline and testimony to the transparency of our work in respecting the industry applicable standards.



OUR ENVIRONMENT



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 2015

The regular Company Environmental Committee (CEC) meeting was held on February 2015. The Committee meets annually to analyze, discuss and approve the environmental programs, action plans, annual report and all Environmental performance indicators for that respective year. Below are some of our key activities for 2015:

- At the beginning of the year, the Environmental Protection Agency - KEPA conducted a regular visit at Sharrcem to review the environmental monitoring and reporting.
- We held a meeting with REC and Municipality of Hani i Elezit to discuss the possibility of supporting the implementation of the Waste Water Treatment (Project) in the municipality and the cooperation between REC and Sharrcem in organization of activities to raise awareness, especially among students, on environmental issues.
- A visit/inspection was conducted by the Ministry of Environment regarding the progress in implementation of IPPC-compliance plan requirements.
- With request of the Ministry of Environment, 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 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 10 November Sharrcem was visited from the parliamentary committee for Environment of the Assembly of Kosovo, headed by the Chairman of the Committee Mr. Shaip Muja. The aim of the visit was to recognize Sharrcem's achievements in meeting the legal obligations and implementing the required environmental measures.
- Environmental Management System surveillance audit was conducted on 08 and 09/12/2015 according to EN ISO 14001:2004 standard, 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.



MoU with REC

A memorandum of understanding (MoU) was signed outlining the scope of cooperation between the two parties; Sharrcem and Regional Environmental Center (REC). This initiative included establishing strong cooperation with REC - (Regional Environmental Center) the aim of accelerating the joint efforts on environmental protection.

This cooperation offers us the opportunity to strengthen the cooperation with one of the important Centers in Kosovo which deals with issues that are of high importance to Sharrcem. Sharrcem is aware of the impact on air pollution; therefore environmental management plan is inserted in the factory's work strategy as one of the first priorities.

Moreover, this initiative is an opportunity to establish effective relations with the external stakeholders, ensuring that it will bring positive results to the community.

Sharrcem aims to develop and consolidate partnerships with all internal and external stakeholders for addressing issues of mutual interest.



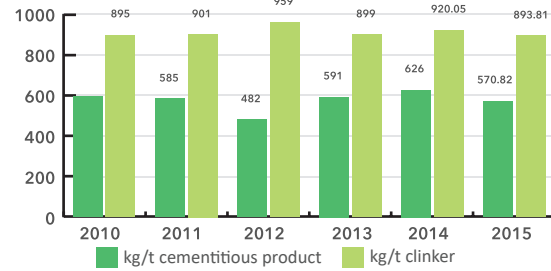
REGIONAL ENVIRONMENTAL CENTER

MoU with the University of Mitrovica "ISA BOLETINI" - (UMIB)

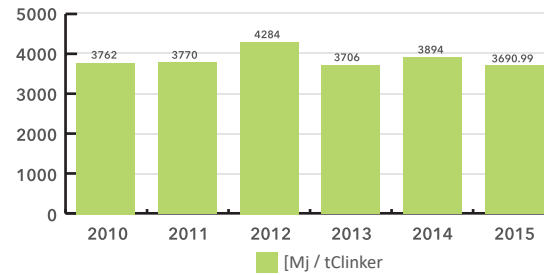
Sharrcem has signed a Memorandum of Understanding (MoU) with the University of Mitrovica "Isa Boletini". As part of this MoU Parties have agreed to establish industry-academic collaboration in areas of mutual interest and to share the know-how.



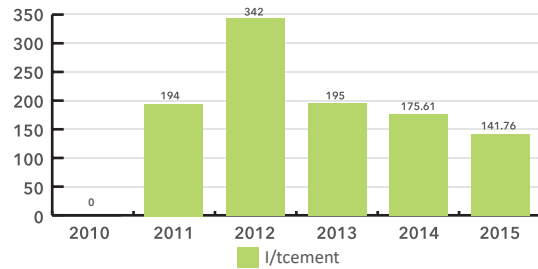
Specific Gross CO2 Emissions



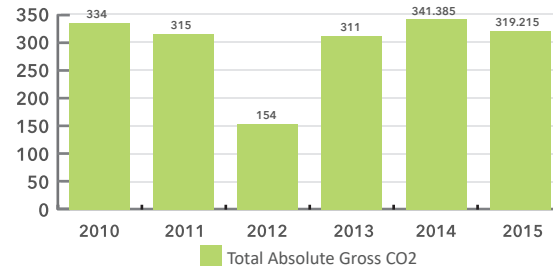
Specific thermal energy consumption



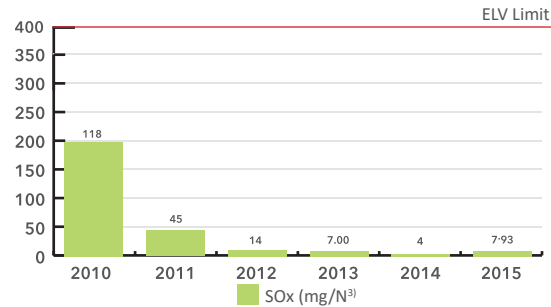
Specific Water Consumption | water/t cement



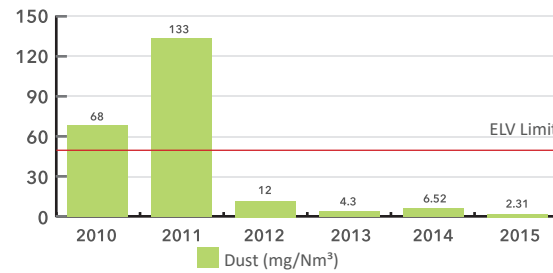
Total absolute CO2 Emissions



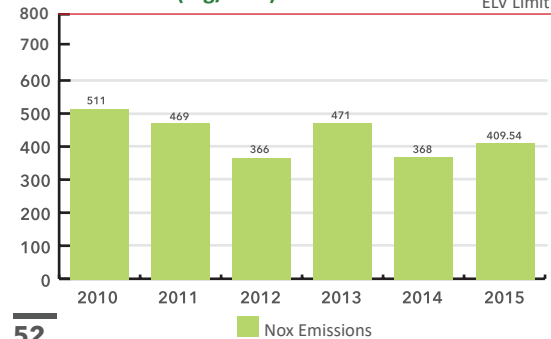
Sox Emissions



Dust Emissions



NOx Emissions (mg/Nm³)



For the reporting year:
 -No environmental fines
 -No spillages of liquids

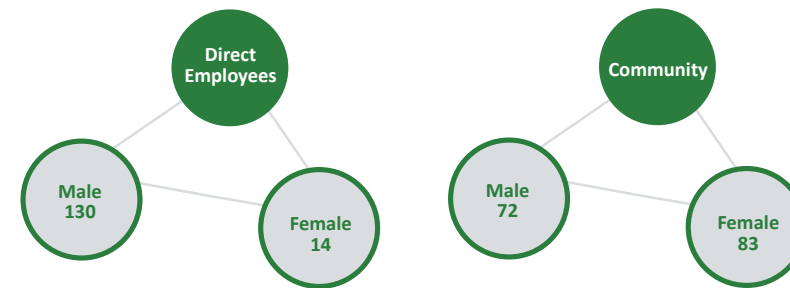
Environmental Performance Indicators and Programs

Indicators for 2015

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.

INDICATORS FOR 2015		
EP - INDICATORS	2014	2015
CLINKER PRODUCTION [t/Y]	371,051.42	357,140
CEMENT PRODUCED [t/Y]	517,689	630.203
NOX, [mg/Nm³]	367.8	409.54
SOX, [mg/Nm³]	4.27	7.93
DUST- Kiln, [mg/Nm³]	6.52	2.31
CLINKER COOLER-DUST[mg/Nm³]	1.53	0.36
CEMENT MILL 1 and 2- DUST, [mg/Nm³]	3.99	5.36
TOTAL CO2 EMISSION [t CO₂/Y]	341,373	320,030
SPECIFIC CO₂ EMISSION [kgCO₂/t clinker]	920.01	896.09
SPECIFIC CO₂ EMISSION [kgCO₂/t cement]	626.12	572.28
KILN SPECIFIC THERMAL ENERGY CONSUMPTION (STEC),[kcal/kgclink]	903.11	865.39
SPECIFIC ELECTRICAL ENERGY CONSUMPTION (SEEC), [kWh/t cem]	118.7	100.70
SPECIFIC WATER CONSUMPTION, [l water/t cement]	175.62	141.76
ALTERNATIVE FUELS (HEAT BASIS) [%]	na	na
ALTERNATIVE RAW MATERIALS(OVERALL), [%]	13.12	16.16
CLINKER / CEMENT RATIO, [%]	66.35	67.93

Environmental Training Hours



The trainings in relation to the environment for the community was the main task for the department during the 2015. 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.

Water Balance and Monitoring

Following the most valid international Standards, Sharrcem monitors constantly the total consumption of water used in the plant. It ranks at a very good level according to such standards, with less than 200 litres per ton of cement produced.

In **2015** the Specific Water Consumption was **141.76 lt/t of Cement**.

WATER WITHDRAWAL BY SOURCE

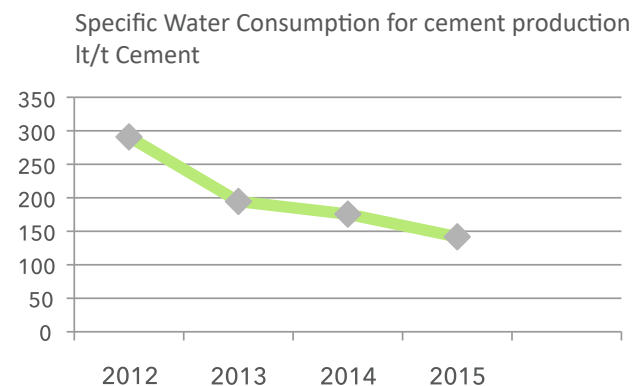
- Groundwater
- Quarry water used
- Drinking bottled water

WATER USED BY DESTINATION

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

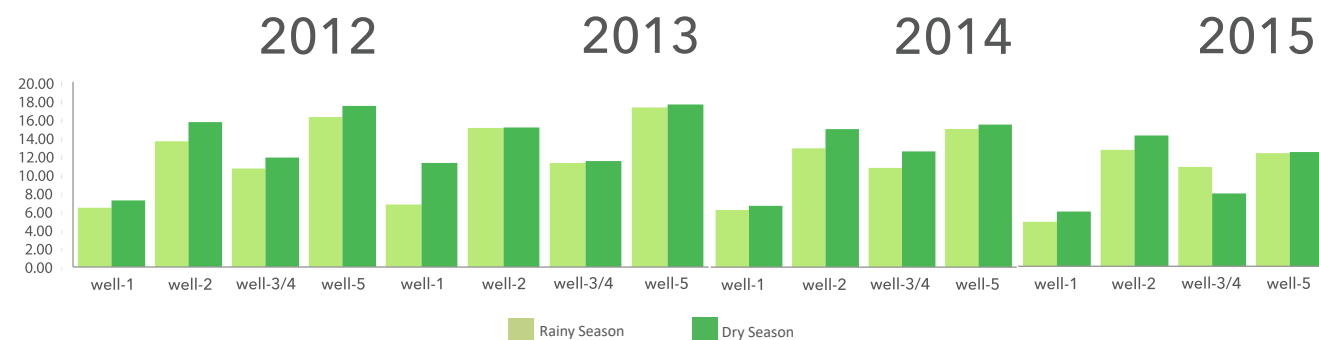
WATER DISCHARGE BY DESTINATION

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



Aquifer Sustainability

The company conducts a systematic (monthly) monitoring of aquifer level by piezometer level gauges installed in the wells. With this frequency we have the possibility of monitoring real trends without any seasonal distortion. This is an important undertaking since the company following the results of its hydrogeological study, has stopped water intake from the river Lepenci, substituting the source with water intake wells. After six (6) years we can see that the underground water conditions remain unchanged.



Underground Water Quality

Systematic sampling (on monthly basis) monitoring all parameters.

A database is maintained with the registration and log-books of all Chemical analysis conducted for the underground water. The origin of pollutants in case of excess of European Limit Values is regularly investigated so as to secure that there is no connection with the manufacturing activity in the plant.

UNDERGROUND WATER QUALITY						
WATER PARAMETERS	UNIT	ELV according to the UA_16/2012_MSH	WELL 1 Average 2015	WELL 2 Average 2015	WELL 3&4 Average 2015	WELL 5 Average 2015
Odour	comparison	without any abnormal	without	without	without	without
Chloride	mg/l	250	30.5	21.22	14.94	22.44
Turbidity	NTU ⁷	10	0.69	1.02	1.09	3.18
pH	1-14	6.5-9.5	7.19	7.44	7.47	7.33
Residue after evaporation	mg/l	1250	527	388.60	391.40	524
Iron ion (Fe)	mg/l	0.2	0.02	0.10	0.33	0.17
Manganese (Mn)	mg/l	0.05	0.21	0.01	0.04	0.19
Aluminium (Al)	mg/l	0.2	nd	nd	nd	nd
Sulphate (SO ₄)	mg/l	250	124.90	1.50	93.40	111.83
Nitrogen of Nitrite (N-NO ₂)	mg/l	0.2	0.01	0.01	0.03	0.01
Nitrogen Nitrate (N-NO ₃)	mg/l	10	5.77	0.35	0.75	1.68
Total Copper (Cu)	mg/l	2.0	nd	nd	nd	nd
Fluoride (F)	mg/l	1.5	nd	nd	nd	nd
Streptocokes with excrement origin	No./1ml	10	0.00	0.00	0.00	0.00

Our Commitment to the Environment

Climate Change

Sharrcem, as part of an industry which has a high environmental impact signed a MoU with German and French Embassy and REC, to organize trainings in universities, on the topic of environment preservation.

During the week on public awareness on climate changes, a lecture was given on the topic of "Climate Change" with the aim of offering capacity building for participants, and providing participants with a thorough understanding of climate change,

the impacts of climate change on Earth, and strategies to address it. The courses introduced the participants to fundamental physical processes that shape the climate, focusing on the drivers of past, present, and future climate changes.

The impact of climate change on the environment and human societies was highlighted, focusing on its effects on temperature, precipitation, severe storms, agriculture, biodiversity, and air quality. It was highlighted that Sharrcem

Company has been certified with the highest and most advanced international standards, like ISO 14000.

Courses were designed to allow participants to absorb working knowledge fast by having them participate in lectures, discussions, reading, and study visits, hosted by Sharrcem and REC's representatives, such as the study visit held at Sharrcem plant.



Waste Water Treatment Plant

In compliance with local environment requirements and with the aim to implement the highest quality standards for waste water discharge, in August 2014 Sharrcem accrued User Requirements Specification (URS) for preliminary design of a 100 m³/day Waste Water Treatment Plant.

The aim of this initiative is to improve the water effluents quality (sustainable solution) in accordance with the legal requirements for treatment and discharge of waste water and at the same time to avoid situations leading to community complaints as well as any potential river pollution.

Many households in the Municipality of Hani i Elezit have problems with lack of clean water, and therefore, through this activity, Sharrcem will assist 40 families by providing them with sewage water connectivity and treatment in the company premises.

Project implementation started in November 2015; currently 85% of the total work has been completed. The expected outcomes of this initiative include better wastewater treatment and the possibility of expanding the treatment facility without increasing the size of the treatment tanks.

Moreover, this initiative will make it possible to remove a variety of contaminants from water to make it usable again.

The benefits of such a treatment depend on the nature of the contaminants in the water and the end use of the treated water. Overall, investing in this project contributes to the health of the citizens in the area where Sharrcem operates. The project will be finalized in 2016, in compliance with the IPPC requirements.



Quarry Rehabilitation

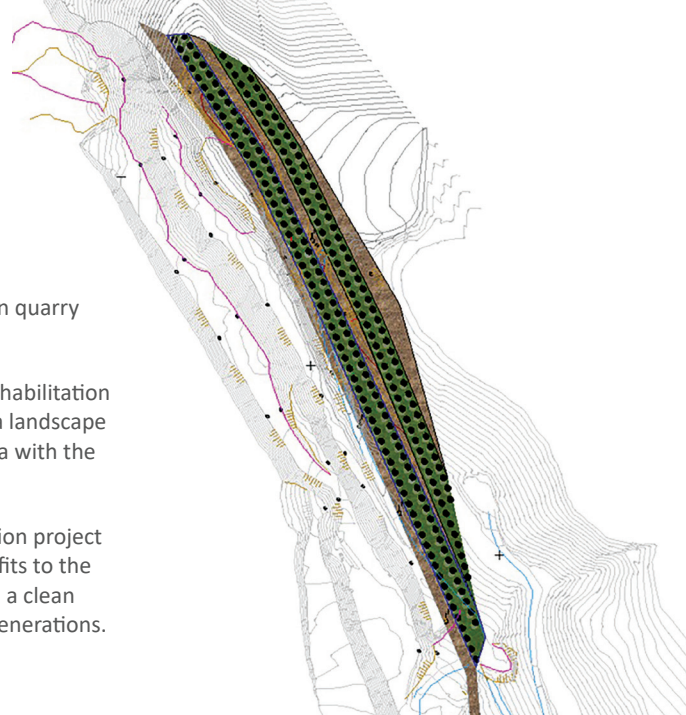
Sharrcem has continually undertaken measures to mitigate eventual damage in the environment in which we operate. An example of this is the progressive rehabilitation of Dimce quarry completed in 2016, according to the Mine Plan (15 mine life plan) and the updated 5-year Rehabilitation Plan (2016-2020).

The rehabilitation works in 2015 included the depletion of benches, soil application, trees planting, and greening of the

environment at the eastern quarry boundaries (E-480).

The overall result of the rehabilitation works has been to create a landscape with similar flora and fauna with the surrounding environment.

We believe this rehabilitation project will create long term benefits to the community, making Dimce a clean and safe place for future generations.



SPECIES CHOSEN:
CARPINUS BETULUS &
ROBINIA PSEUDOACACIA

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Water Team - Environmental protection

Sharrcem’s “Water Team” was established to support initiatives which support environmental protection all around the country. Currently Sharrcem is supporting the Lepenci basin project, whose objective is to support the purification of water in this area. Lepenci is currently in a degraded condition as a result of numerous factors, such as past industrial activities, or current disposal of untreated waste, which have made its water unusable.

The project is in progress and its expected outcome is to have a cleaner water, free of carcinogenic substances. Engaging in activities that support a sustainable environment, Sharrcem does not only provide benefits to the entire local community but also helps to address our concerns on protection of environment and public health.

Let’s do it Kosova

At Sharrcem we consider environmental protection a daily responsibility.

This project titled “Let’s do it Kosova” focuses on waste disposal and collection all over Kosovo. Environmental protection refers to all available practices and measures used to protect our environment, whether on individual or organizational level. Sharrcem has brought together a wide network of institutions and organizations to support this initiative.

The general public perception is that our environment is seriously degraded due to so many different environmental problems (climate change, all forms of pollution, deforestation, lack of waste management, etc.). There have been many warnings about the negative consequences of this pollution on our environment for quite some time. Therefore, we consider it our duty to continuously encourage and remind citizens of the actions that must be taken in order to prevent further degradation. Sharrcem gave its contribution to this cause by providing resources (t-shirts, trash paper bags, hats, gloves, etc.)

to assist the development of the campaign “Let’s do it Kosova”. 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.

Eco Week

Within its commitment to protect the environment Sharrcem was, is and will be part and initiator of activities that will improve the condition of the nature, the environment and greening. Sharrcem has invested more than 8 million euros in replacement of equipment and utilization of advanced technologies to protect the environment.

Eco Week is a 2 week initiative organized with the mission to raise awareness on environmental issues, climate change and to promote the principles of sustainability. With the aim to empower

citizens of Hani i Elezit to actively engage in environment protection during this week Sharrcem supported various activities which were hosted in schools and in the Municipality, gathering together students and young professionals in fields of architecture and urban planning.

Through this initiative Sharrcem has helped increase awareness about the challenges faced by the Municipality in fields of architecture, urbanism, industrial and social design, housing, public space, and more. Sharrcem is and will always be on the side of nature!



Cooperation with REC - (Regional Environmental Center)

Sharrcem continuously seeks to expand the network of institutional and community partners with the aim to accelerate efforts to address the challenges of environment pollution, particularly air pollution, and to increase the awareness about environmental protection. It also highlights the importance of adopting new practices in field of environment protection.

Within this objective we have developed a one year cooperation with REC; both parties have expressed their readiness to extend this cooperation even further. The main area of cooperation with REC is environmental protection which is also an integral component of our mission, vision and CSR strategy.

We view partnerships such as this with REC as an opportunity to establish and maintain relationships and regular contacts with important community stakeholders with the aim of tackling environmental protection and other relevant topics, for the sake of betterment of the society.

REC - Green Packet

An activity organized jointly with REC and Municipality of Hani i Elezit is "RED - Green Packet", a project that lasted 1 year, and which has served to the whole community. This initiative included the development of an event organized in cooperation with the education department, with the aim of raising the skills and knowledge of primary school

teachers and students, in field of environment protection, through application of new teaching methods. The event had as participants' students and teachers of "Ilaz Thaqi" elementary school in Hani i Elezit. During this event students had access to information about environment and environmental components, such as air, water, soil, biodiversity, climatic conditions, changes due to global warming, thinning of the ozone layer etc.

The outcomes of this cooperation include the promotion of environmental and sustainability practices in Kosovar society and increasing of public awareness on such issues-a point about which Sharrcem will never hesitate to give its contribution.



Lepenci Basin Survey

Sharrcem has responded to an upcoming project to protect the nature, the initiative for Lepenci Basin, by appointing its own “Water Team” to support this initiative aimed at purification of the River’s water.

We will support the Lepenci basin project for its whole duration (2014-2020), therefore the company has created a permanent support team.

This project is being implemented in close cooperation with the EU Commission, the Ministry of Environment and REC (Regional Environmental Center).



MOU with Regional Development Agency - RDA WEST

In the framework of cooperation with organizations, institutions, and informal community groups, Sharrcem signed a MOU with the Regional Development Agency - RDA WEST for promoting cooperation on environmental protection, social issues and sustainable development of the Municipalities of western Kosovo. This cooperation focused on preparing, organizing and conducting meetings with stakeholders

in Klina and Istog Municipalities, in order to cover the environmental and social impact of future industrial activities of Sharrcem. Participants at these meetings included representatives from the Municipality, local community, local NGO’s, REC, ICMM, central government, and participants from Gremnik, Sverke, Perqeve, and Volljake Villages, etc.

“Silviculture” Sub-project of LAB

Sharrcem’s commitment to the environment continues with a sub-project of Project LAB. The main activities of this sub-project included the increase of awareness and knowledge on benefits of using wood biomass for energy production. This initiative tackles the improvement of forest management and sustainability by applying silviculture treatment (clinging and thinning) in young stands, in order to improve the overall forests functions and growth, regulating stand composition and distribution and the productivity

of the station. The long term objective of LAB program in forestry is that this tested concept, is established and applied to a wider surface for sustainable use of forest potentials, benefiting limited wood biomass for producing wood chips and its usage for energy production. The concept will also serve to reduction of unemployment in rural areas, to advancement of business development services, and to prevention of uncontrolled illegal wood cutting - which is currently the biggest challenge for sustainable management of forests in Kosovo. By applying this unique method,

implemented with the financial support of Sharrcem, LAB launched a program of intervention in 20 ha of the public young forests in need for silviculture treatment. Through this activity, around 84 m³ of firewood were donated to 20 local households for heating and cooking, and another 120 m³ of wood chips for heating were donated to the primary school in Gorance.



INVESTMENTS

Investments

Automatization of Raw material handling in Clinker Hall (Updated Proposal)

Clinker Hall remains plant's main source of dust emissions as result of existence of wide openings around the building, and of the way raw material and clinker is being transferred to the cement mills (Clinker is transferred from the hall to feeding system of Cement mill by two overhead cranes operated from a control Cabin on the crane), which leads to dusty material handling which can be visible outside of the plant.

The plant is obliged to eliminate this emission source and act in full compliance with IPPC regulations. The solution of hermetically closing the hall without removing the control unit from the place, is not going to solve the whole problem, since it will result in a hazardous working position for the crane operators, due to the exposure to heat and dust.



Project Objectives:

Therefore Sharrcem is investing in Automatization of raw material handling in Clinker hall. Expected outcomes of the Project include:

- Reduction of dust emissions
- Increase in crane capacity and avoidance of difficult and potentially unhealthy work positions
- Compliance with IPPC regulations

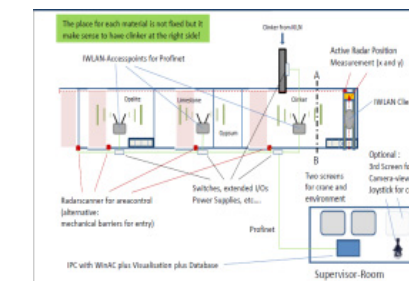
The project aims to help us improve our environmental impact by reducing dust emissions and at the same time avoid a difficult and potentially unhealthy work position by closing the clinker hall and operating the current crane in fully automated mode.

The advantages of such implementation are:

- Installation of Latest technology equipment
- High reliability in dust environment
- Enormous flexibility
- Safety behavior in all operation modes
- Automated mode based on recipes
- Fast operations because of sway control

Further research on the issue, revealed potential problems of this solution, due to age, fatigue and structural imperfections of the existing crane. Latest measurements on the steel structure, showed high deflection displacement, which is close to the maximum allowed limits for this type of equipment. Expected deterioration due to mechanical fatigue would very likely lead to the substitution of major parts, within the next 5 years.

The project cost will reach 930K €.



Integrated Asset Management System (IAMS)

Sharrcem has in place an efficient, precise and flexible Management Systems. Below we have presented the actions and developments that resulted in an integrated Asset Management System that has been implemented in Sharrcem since the start of its operations.

Indeed with full support of the Business Unit management, the plant maintenance is going into a fully automated mode, which will make Sharrcem the first plant in

the Titan Group that has applied this systematization. At the time of acquisition of Sharrcem by the Group, the maintenance was not in compliance with current technological requirements. Maintenance planning for daily, monthly and annual jobs was dependant on the accuracy of personal logbooks of each Maintenance engineer. On the other hand IAMS is a sophisticated hybrid system composed of different software applications, including:

- **Coswin** - An Enterprise Asset Management tool / software which include processes of Work Orders, Projects, Purchasing, warehouse items etc. It has been designed and implemented in accordance to GSMMS and Group Purchasing Procedures.
- **SUN ERP** - Our main primary 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 that whenever an alarm is triggered from any sensor of the machines, it automatically generates a Work Request so that the responsible engineer is informed at a glance.
- **LOTOTO software** is a software that has been installed and working in many Group plants and its scope is to reliably and effectively monitor the most important safety procedures (isolation of equipment).
- **QlikView** – A Business Intelligence tool, which consolidates relevant data from multiple sources into a single application, in our case from Coswin and SUN. This is a tool that gathers information from all the above and creates reports and KPI depending on the management needs.
- **IRS** – Incident Reporting System- a system for digital reporting of Near Misses and Safety Reports. We developed this application which will help us to be more efficient and flexible to report incidents and to manage them more effectively. With this tool, we can quickly record initial incident data through our smartphones from anywhere in our company, whether it be the office, onsite, on the preheater floors, etc. This incident data is immediately available to our team to investigate and act upon immediately.
- **MEAC** is the tool used to monitor the dust emissions from the main chimneys. It gives us data to harmonize our emissions control with European Environment Norms and local regulations, thusly improve our environmental impact to the neighborhood.

How it works

- The main achievement of the system is the automatization of information transfer and data input to all the involved persons and software packages.
- Maximum equipment availability and reliability 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.

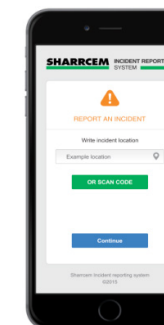
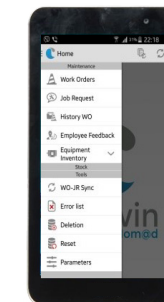
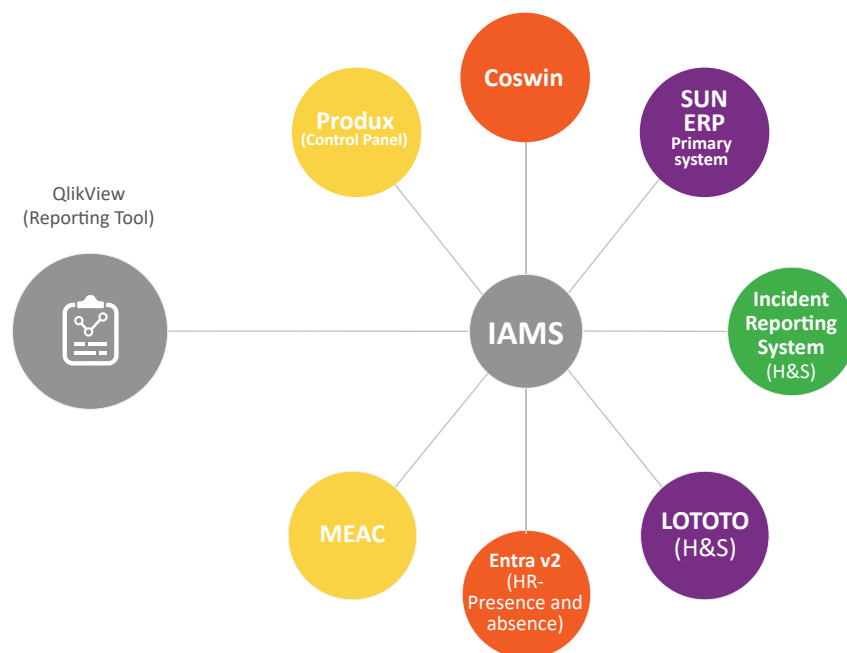
What are the benefits and where can this system guide us

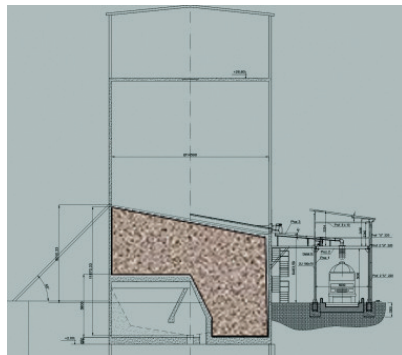
Through this integrated system we have:

- 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 application that each

separate department is using for monitoring purposes.

- Reliable communication between departments.
- Elimination of thousands of printouts through PDA/Tablet applications.
- Reliable and quick KPI production for all departments.





Rehabilitation and Upgrade of old homo silo for better customer services

In response to market needs for new cement quality and strength (CEM II/A 52.5N), a new storage place was incorporated. Simultaneously, the old concrete silo that was used as homogenization and storage silo in the old part of the plant, was rehabilitated and used for cement storage.

Because this silo was not in operation for more than 30 years, many actions were necessary to bring it into a working condition; nevertheless such an adaptation was less costly than construction of a new silo with this size (1931 m3).

This project was initiated in 2014 and finalized in 2015.



New Bag filter for reduction of gas emissions

One of the major problems with clinker production is the insufficient flow of hot gases from the preheater tower to the Raw Mill, the impact dryer and eventually the bag filter resulting from the condition of the hot gas ducts.

Additionally the gases entering the mill and the impact dryer are not sufficient for effective heat exchanging with the raw materials and mill's operation has to be accompanied, in the majority of the months, with hot gas generator.

The New Bag project undertaken to address this problem optimizes the gas flow, the performance of the bag filter and eliminates the underperformance of the ID fan. The project was finalized on February 2015.



Replacement of 6kV switchgear

The scope of the project is to replace the existing 6kV switchgears (cells) in the main substation from which all Hani i Elezit community is being supplied with electrical power. The project results will be to reduce or even eliminate power stoppages and failures.

The existing cells are old and their protection equipment (relays, breakers etc.) is not in compliance with current regulations. On top of that we had two cases of fire due to malfunction of two breakers in the last six months which proves that the need for replacement is urgent.

In total the substation has 41 active cells divided in two different branches.

The project will be finalized in the beginning of 2017, due to the need for complete production stoppage that can only take place in winter periods.



Installation of new stretch hood machine for better customer services

Currently only one packing machine has automatic stretch hood equipment, whilst for the other, nylon covers are being positioned manually by workers and thus can easily fall even during transportation.

Benefits:

1. The picture of the pallet will be according to company's standards.
2. Customers complaints concerning stretch hood will be addressed.
3. In case we try to produce pallets of 2 tons the transportation is dangerous due to insufficient stability of the bags on the pallet. Stretch hood works also as a support and keeps the bags in place is expected to resolve.
4. We will be able to use 25kg bags which are currently in the market for both types of cement.

Installation of automatic fire extinguishing and video surveillance system in main substation

This year we faced two unpleasant situations with fire outbreak in the 6kV area of the main substation. Even though a fire detection system is in place the installation of a fire extinguishing and video surveillance system is required to ensure that even in the case of fire the consequences will be limited.

The project includes the installation of new technology firefighting equipment for electrical installations in conjunction with a video surveillance system that can enable 24/7 monitoring of the area without the presence of an electrician inside the 6kV area.





OUR COMMUNITY

Our Community

Being close to the community is one of key priorities of our work. In this regard, in 2015, 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 2015 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

To support youth empowerment through education Sharrcem has initiated a special project, namely then “Frozen Music”.

This activity which started in 2014 has directly served 50 young people and indirectly 500 others.

Through this project Sharrcem engages to promote ideas of sustainability and efficiency as a means of improving the current situation in Kosovo, by supporting education and empowering of young people and creating opportunities for young experts to take the lead in the country development.

The Frozen Music initiative invited students and young professionals in fields of architecture, civil engineering and urban planning to present their visions and ideas of Kosovo’s development. In addition to professionals of architecture and civil engineering it also provides an annual scholarship competition to aid materialization of these ideas.

Awards of this competition are: MA scholarships, international study visits, facilitation of international networking and internships, acquisition of digital equipment, books, and AutoCAD/ ArchiCAD training. Support for local activities and the university of Prishtina included: lectures with international experts, local study visits, networking events, social activities, training, facilitation of internships, acquisitions of computers for the library of the faculty of civil engineering and architecture, books, subscriptions to e-libraries, magazine subscriptions, open discussions, debates, etc.

The project is supported by a large number of partners/stakeholders such as: ministries, GIZ, universities, local experts, associations of architects and sponsoring companies (ProCredit Bank, Al-Trade).

Sharrcem expects that this project will set an example for other companies to engage in developing and educating the community; the project is also an embodiment of Sharrcem/Titan CSR values.

Frozen Music – Empowering Youth through Education

Frozen Music, an idea of Sharrcem, aims to empower youth through education. Specifically, we aim to support students and young professionals of Architecture and Civil Engineering through fully-funded MA scholarships, various other educational awards, study visits, lectures, workshops and other activities.

This project is funded by Sharrcem, Al Trade, UBT and ProCredit Bank, and was designed with the support of various institutions and experts including the Ministries of Education, Youth and Environment, GIZ, KAF, local and international architects and civil engineers.

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:



MOU with GIZ Project “Promotion of Centers of Competence (CoCS) in the context of vocational education and training reform in Kosovo”

Sharrcem has signed a memorandum of understanding with GIZ to promote vocational education and training in Kosovo. This collaboration aims to prepare the new generation for the needs of the market, mainly those of industrial sector. We believe in role of vocational education to increase the competition and decrease the unemployment. The main focus of the MOU is on development of training based on a study of market requirements.

Moreover, the implementation of trainings for trainers (ToT) is included, in order to assure sustainability and efficiency and promotion of CSR activities of Sharrcem, as Kosovo’s main leader in this initiative. The Agency for Vocational Education and Training and Adult Education (AVETAE) will be established to steer the Kosovar VET system effectively and efficiently.

This initiative will increase awareness and importance of vocational education, offering customized trainings and reviewing the best practices which are currently implemented in western countries.

This activity supports our mission to act as a company which provides extensive support to developing and advancing education measures in a number of sectors.

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 why we contribute in every way we can.

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.

Parallel Activities Sub-project of LAB

Sharrcem, within the framework of the LAB Project, has organized parallel activities for students. The sub-project was focused on education awareness raising in three subjects: IT, environment and health and safety.

Each group of students has learned new things about these three subjects, which we believe will greatly contribute to their future development and life building skills. This and other initiatives prove that Sharrcem is focused in investing in students, encouraging them to acquire new skills, and building their self-esteem.

“ I call architecture frozen music, and on November 5th, again! ”



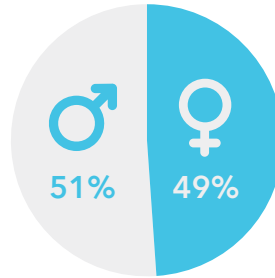
– J.W. VON GOETHE

Country Kosovo

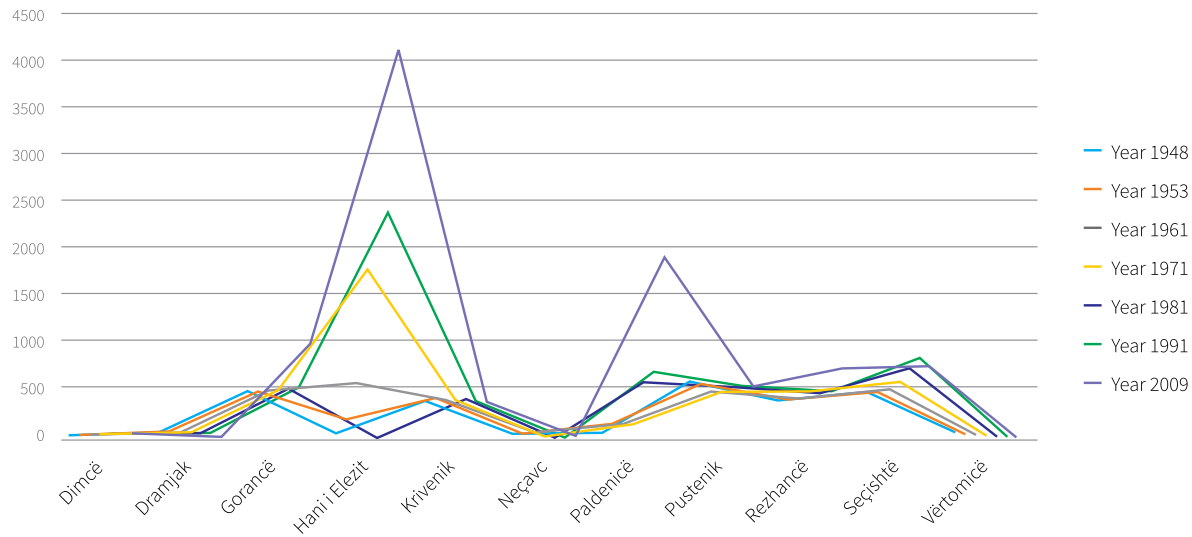
Unemployment rate	32.9 %	
Poverty rate	29.7 %	
Vacation days per year	22 average	
Parental leave	12 months	
Age of retirement	65 years old	
Unemployment rate:	Men	Women
	40.7 %	56.4 %

Youth unemployment rate: 57.7 % in general from 15-24 years old (no data available by gender)

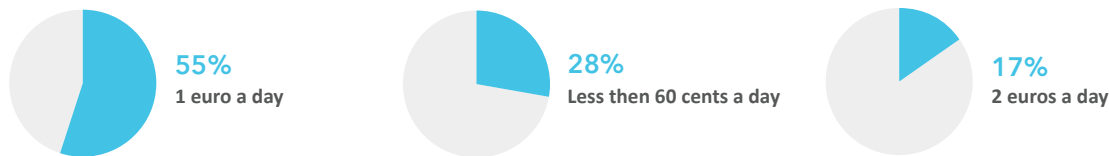
Total population in the surrounding community by gender: **10651**



Population by settlement and year of registration



Poverty rate



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.

During 2015 alone, Sharrcem was part in many forums and business groups contributing to improvement of knowledge sharing, transparency, and public awareness raising.

Through successful communication Sharrcem has managed to build substantial cooperation with partners and the community.



Community Engagement

Published its third annual CSR report for 2014



<http://sharrcem.com/wp-content/uploads/2016/02/Sharrcem-CSR-Report-2014-ENGLISH.pdf>

ILAB

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

LAB

- The Laboratory for Business Activity - LAB of Hani i Elezit aims to educate the local community in entrepreneurship
- Create and develop SME's, especially in the sectors of forestry, agriculture and dairy production. (more details please refer to the pages: 79 to 87)

Children's Board

Building Awareness

- Health and Safety
- Environment

Total number of significant contractors and subcontractors : 52

Percentage of local significant contractors and subcontractors : 26.92%

Supply Chain

SA 8000 is a new tool with additional responsibilities to us for continuously working to improve local supplier relationships and provide technical assistance for them.

During 2015, two internal auditors have been certified and also Sharrcem had a great performance in following the preparation process of necessary internal policies and documents for Social Accountability in order to be ready for successful completion of the required auditing by Eurocert, a company contracted for audit and certification.

We are ready to receive the certification, by which we are willing to take over new responsibilities and make the suppliers understand and comply with the Group Policies.



LAB

Through LAB project Sharrcem tries to positively affect the community, in improving the socio-economic situation in the Municipality of Hani i Elezit. The basic aim of this project is the creation of new small and medium enterprises in order to reduce unemployment and poverty. These enterprises are financed by the project which covers the cost of assets and infrastructure needs.

[For more information about LAB please see pages 79-87.](#)

ILAB

Through "ILAB" Sharrcem aims to deepen cooperation and communication with the community where it operates. The scope of the ILAB 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. ILAB 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 Competition

Children's Drawing for the calendars of 2016

For the second year in a row, Sharrcem designed its yearly calendars with the help of children from the local community. The company took the initiative again, by inviting children from the school "Ilaz Thaci," of the Municipality of Hani i Elezit to present their drawings in calendar for 2016.

Third grade children brought drawings presenting views on environment and safety at work. The committee, consisting of teachers and two representatives from Sharrcem, one from the Safety department and the other from the Environment, selected the 24 best drawings to be part of the company's calendar for 2016. 12 of the selected drawings had environments as a theme, and the other 12 had safety at work as their theme. The school's principal and the class teachers thanked Sharrcem for their best efforts in initiating such activities which enable children to develop and present their skills in various activities.

They said that they would like to enhance mutual collaborations in organizing various activities, including pupils of the "Ilaz Thaci" school. Sharrcem representatives appreciated the participation of all children in this organization, and expressed their satisfaction that through such initiatives, they have the opportunity to include children of the Municipality of Hani i

Elezit in Sharrcem's activities. The calendars with children's drawings, which are drafted and designed by Sharrcem, have been delivered to various stakeholders.

Educational visit with the elementary students of Hani i Elezit

Over 100 preschool children from Hani i Elezit participated in numerous outdoor entertainment activities organized by Sharrcem and the Board of Children from Hani i Elezit.

This initiative is organized for the second time and was welcomed with pleasure by children and parents. The walk began in the early morning hours; before departure, shirts and hats were distributed by Sharrcem. Sharrcem also took care to provide the food and beverages for all children. Given that the visit was educational, children were accompanied by the General Director



of LAB, Mr. Hysen Shabanaj who gave an informational lecture during the walking.

At first, the children visited one of the farmer supported by LAB project respectively a farm of strawberries where they were closely informed with the process of cultivation of this plant. For most of the children this was the first time they saw plantations of strawberries so they asked the farmers many questions and often expressions on their faces showed impression by the farmer's response.

Afterward, children visited the resort of "Puset e Nikes/Nika's wells" in the region of Hani i Elezit.

Representatives of Sharrcem, and Mr. Hysen Shabanaj informed children about the importance of the environment in our lives and promised that they will always support activities which will provide benefits to the community in general.

LAB Laboratory for Business Activities

LAB is an initiative of Sharrcem launched in 2014. Through this initiative Sharrcem has increased its impact in improving the socio-economic situation in the Municipality of Hani i Elezit. 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.

Sharrcem strategy is also to educate this part of the community on entrepreneurship, business management and agriculture to help them in finding employment. The new enterprises formed by beneficiaries of



the project receive financing to cover the purchase of assets and infrastructure needed to start the production.

LAB project has until now helped establish 19 operating farming activities +18 new which are in progress and has also constructed shop for sale of harvested goods. In the years to come, Sharrcem will increase the support for this project even further.





Study visits

Following the first phase of training, study visits were organized at the IDAK for selected groups and for one week (5 working days) at American Farm School (AFS) in Thessaloniki, Greece.

These visits were organized in order to give participants a practical idea of cultivating different products for their needs; upon the completion of the training participants received a certificate of attendance.

In the tours, both Sharrcem and LAB representatives had the opportunity to interact with experienced IADK and AFS team members and to exchange information about their activities. In addition, LAB representatives also learned about the latest IADK and AFS initiatives.

The cooperation with these two institutions extended to organizing visits for Sharrcem CSR Committee members, accompanied by the General Manager of the LAB project. These visits were also an extremely useful learning experience.



**AMERICAN
FARM
SCHOOL**

LAB Selling Point

Since the LAB project started to yield positive results, we needed to begin working towards setting up a point of sale immediately.

In cooperation with the Municipality, we were able to find a location of approximately 50 m2 where we could build a store for selling seasonal fresh products. The location is close to the main road.

The point of sale was designed and maintained using Sharrcem resources, and constructed by a third party contractor.

The purpose of this point of sale was to provide farmers access to the market, and to also enable them to showcase and sell their products in a controlled environment.



LAB Partners, Board Members and Friends

To foster inclusiveness and transparency, the LAB - "Laboratory for Business Activities" is governed in cooperation with most important local and international stakeholders. Members of the Board in 2015 gave valuable contribution to the realization of the project's objectives, and showed a high commitment for participating in numerous bilateral and multilateral meetings where important decisions for the welfare of the community were taken.

Throughout the year, LAB received ongoing special dedication from its partners through customized training, continued meetings and cooperation, in this particular case with IADK in Vushtrri and AFS in Thessaloniki, where LAB continued signing agreements with them. The Board has continued its operation under governance principles and mechanisms established by IFC Advisory Services.

The resources of Sharrcem were available at any time in regard to contribution and support, respectively by offering administrative and logistical support to LAB, while the Municipality of Hani i Elezit has also provided its availability to this Project.

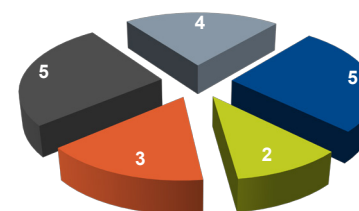
In addition, LAB Project cooperated closely with Baker Tilly and initiated a new cooperation with Red Mill Agency, which in a pro-bono manner, did not spare any efforts to implement the Project's goals.

Baker Tilly contributed with financial advice, staff training for practical needs, and financial auditing services. They supported farmers with valuable business advice related to business registration and financial management. Red Mill Agency contributed with numerous promotional writings for the Project, and also organized numerous events, and provided training and promotional materials for the Project staff and farmers.

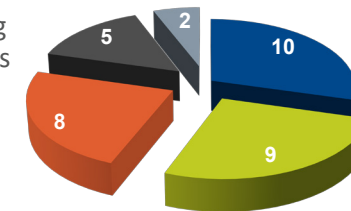
LAB Indicators

Trainings

Number of participants

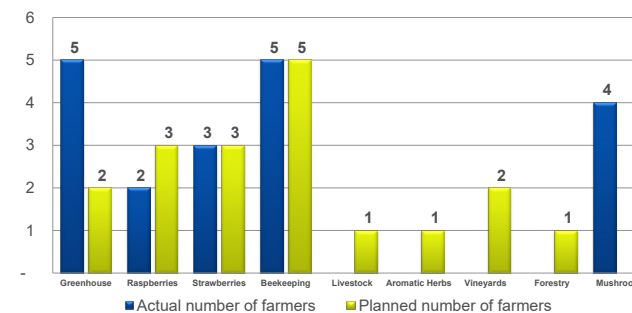


Training sessions

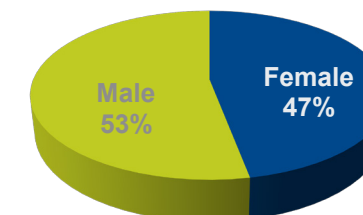
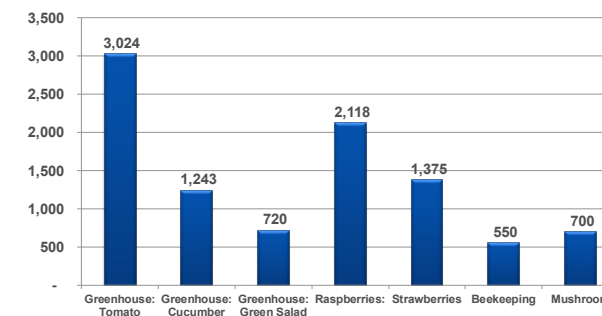


- Greenhouse
- Raspberries
- Strawberries
- Beekeeping
- Mushroom

Employment



Working Hours



NEW OPPORTUNITIES FOR AGRICULTURE



What our Farmers and Community say about us?

Bedri Bushi - beneficiary of strawberry

"We are grateful and thankful for the support given from LAB for strawberry cultivation. This project has had a positive impact on the experience as a family in the agricultural sector. We are very grateful with the training organized by LAB for giving advice and also we are very satisfied, taking into account that it is the second year of cultivation, and we thank the donor who has offered us this opportunity."

Naser Laqi - beneficiary of green house

"As an individual beneficiary in a project whereby the whole family was engaged with set jobs and tasks, this project has impacted positively: in raising household revenues, product consumption for household needs in sufficient quantity and quality, an increase of the most advanced knowledge for production and processing of products and commitment of the entire family in useful work for the establishment of family welfare. Thank you LAB, for the opportunity towards the economic development of our Municipality."

Xhemali Axhami - beneficiary of raspberries

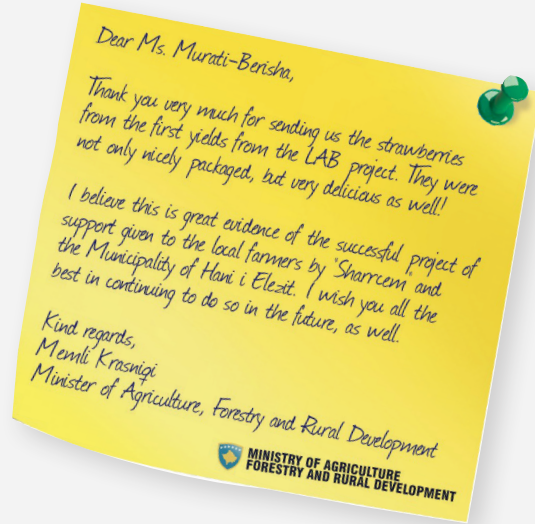
"Project LAB has had a positive contribution on my family, as previously we were not so much engaged in agriculture, but with the acceptance of this donation my family and I have become involved and we also received professional training by LAB for the growth and development of the culture of raspberries. In a financial aspect, our household income has increased since the initial stages of work and with this donation we are very satisfied."



Thoughts of Sevime Laqi - Director for Economic Development, Municipality of Hani i Elezit

Since its establishment in 2014, the non-profitable organization LAB (Laboratory for Business Activity) has initiated many projects in the Municipality of Hani i Elezit, out of which 37 new businesses have benefited. The establishment of this association was initiated by the factory for the production of concrete Sharrcem, in order to provide alternative support for residents of this Municipality, by creating self-employment opportunities. LAB projects have had a positive and direct impact on the economic development of the Municipality, affecting the citizens of Hani i Elezit by alleviating unemployment and therefore poverty.

What our Friends say about us?



Implementation of the initiative by Sharrcem to promote development in the sector of Agriculture and Farming in the Municipality of Hani i Elezit through Project LAB- Laboratory for Business Activities is designed in order to support and accelerate the process of developing successful young entrepreneurs with resources and various services, ranging from initial education, cultivation and marketing of their products. In a word, offering a complete package of services to beneficiaries of various projects.

The strategic concept of LAB's found the readiness of Hani i Elezit. Cooperation between the Department of Agriculture, Forestry and Rural Development and LAB-it has established a very stable and sincere, fostering transparency in essence. This principle is reflected to the citizens, who constantly, enthusiastically and willingly followed every activity and responded with devotion. It should also be noted that the Central Board of LAB, is including a municipal representative, also on every project include directory of DAFRD in the selection of beneficiaries, assessments and developments in ongoing projects/activities, which reveals the LAB's openness to the community of Hani i Elezit.

So I have set all this cooperation as a successful model, which continuously improves unemployment and improves the socio-economic situation, which is currently present in our Municipality. Through these support alternatives, over 50 families are secure and feel pleased with the opportunity that has been given for a better life. I, as Director of DAFRD's, on behalf of the Community of Hani i Elezit express my deep gratitude for all the cooperation and contribution made so far, and seeing the effects of this project, we expect agriculture to be a development pillar of Hani i Elezit.

Hajredin Gashi
DAFRD's Director, Hani i Elezit



Kosovo with an area of 1.1million hectares constitutes an area of 53% of agricultural land. Since most of the population live in rural areas, agriculture plays a crucial and significant role in income and employment opportunities for the residents of these areas.

Consequently there is no interest and commitment in working the land from residents probably due to a lack of investment and support. Therefore, IADK participated in a project that will help in raising awareness and training of farmers in different areas of agriculture by providing training in the sector of livestock, horticulture, economic, administrative, financial, managerial services training and procurement for LAB, professional consultancy services in agriculture and monitoring in the area / field.

Since changes and support for the agricultural sector are needed, when I got the invitation to participate in this project together with LAB I was happy to contribute to the agricultural development for the community of Hani i Elezit. I sincerely congratulate LAB for the continued commitment and support for their local community. Their commitment and investment will undoubtedly bring positive results for the people of Kosovo.

Zenel Bunjaku
Executive Director, IADK





GRI DISCLOSURE TABLE - ALL

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4	EC7	PROCEDURES FOR LOCAL EMPLOYMENT AND PERCENTAGE OF TOP MANAGEMENT FROM THE LOCAL COMMUNITY	38, 39
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SO - Society

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PR - Product Responsibility

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a  **TITAN** Group Company



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