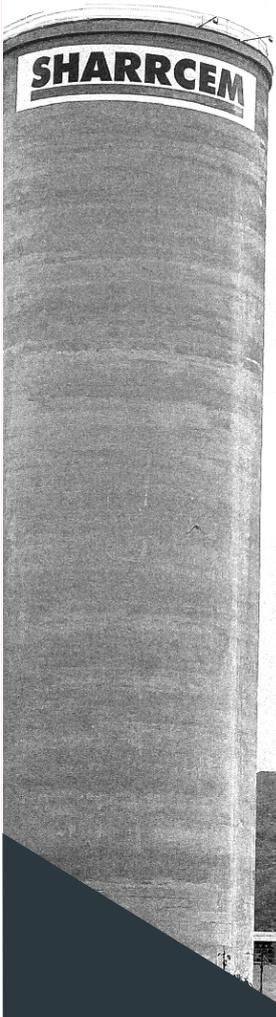


SHARRCEM

a  Group Company

CSR AND SUSTAINABILITY REPORT 2017

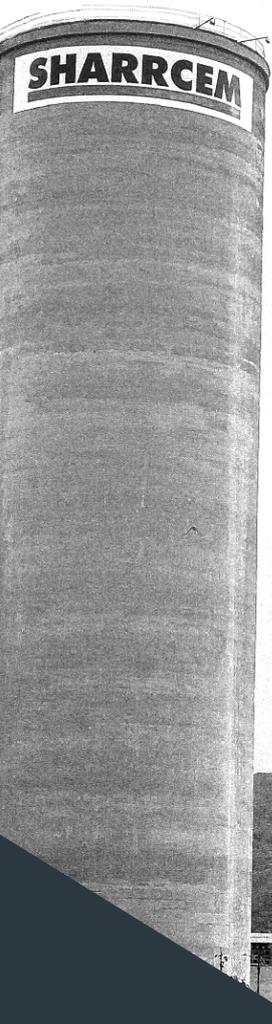


2017
2017

SHARRCEM

a  TITAN Group Company

CSR AND SUSTAINABILITY REPORT 2017



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SHARRCEM SH.P.K.

**CORPORATE
SOCIAL RESPONSIBILITY
AND SUSTAINABILITY
REPORT 2017**

This is the 6th CSR Annual Report of Sharrcem SH.P.K. covering the period from the 1st of January to the 31st of December 2017. The disclosures in this report are aligned with the sectoral guidelines and Group reporting standards and following the guidance provided by the Group (edition 2017), as well as in accordance with the principles and the criteria of the UN Global Compact.

All data presented in the report were included in the sample of independent external verification contracted on behalf of Titan Group (please see website: integratedreport2017.titan.gr)

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



SHARRCEM

a  **TITAN** Group Company

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MAIN FIGURES



Amount of money for goods and services paid to the suppliers

Total investments in assets and projects during 2017



Euros in local taxes, (municipal and property, paid)

Euros in employee pension contributions, paid (5% of contribution paid from Sharrcem)





Total investments
(social benefits)

Number of Employees
as average for 2017



Total Training hours
of personnel

The number of employees
that attended various
development programs



MESSAGE FROM THE MANAGING DIRECTOR



MR. THOMAS GLAVAS

Managing Director

Dear Stakeholders,

It is of great pleasure and honor to me, to have the opportunity to share with you a few words about the Kosovo business investment of SHARRCEM SH.P.K., as a member of TITAN Group of Companies worldwide.

In an attempt to provide the big picture, TITAN is an international cement and building materials producer, owning business units operating in diverse environments, but 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 stakeholders, including of course our suppliers, customers and the communities in which we operate, always allowing our business to depend on facilitating the best available technologies and performing a systematic in-house research, both leading to a continuously know-how development.

But on top of all, our business foundation is consisting out of highly skilled and experienced people, our people, who share and live the values of the Group, which are at the core of who we are and guide everything we do, indicatively referring to:

- Integrity, in terms of ethical business practices, transparency and open communication inside and outside our organization
- Know-How, enhancement of knowledge base, proficiency in every function and excellence in core competencies
- Value to the customers, in terms of anticipation of market needs, creation of innovative solutions and assurance of high quality of products and services
- Delivering results, raising value to shareholders, setting clear objectives and high standards
- Continuous self-improvement, as being a learning organization, willing to change and rise challenges
- Corporate Social Responsibility, in terms of keeping safety first, developing business sustainability and stakeholder engagement

Throughout its long history, TITAN has aimed to combine operational excellence with respect for people, society and the environment, remaining focused on achieving sustainable growth and multiplying the value it creates for and shares with all its stakeholders, at all levels. To this effect, it enhances collaborative actions by actively participating as a leader, or even as a founder, in a number of national, European, international and sector initiatives, such as Corporate Social Responsibility (CSR) Europe and national partner organizations, indicatively such as the Cement Sustainability Initiative (CSI), operating under the World Business Council for Sustainable Development (WBCSD), the United Nations Global Compact and the European Pact for Youth.

Sharrcem, as our local business unit initially founded in 1936, was acquired and became a member of TITAN Group in 2010, following Kosovo's privatization process. Since then, a lot of human and financial resources were utilized for the necessary technological upgrading of the installation, the facilitation of best available production techniques and the application of high standards at all operating

levels, being the only cement producer and leading supplier of the country, whilst social responsibility and sustainability practices remain as the integral components of our day to day work and professional behavior, as initiatives incorporated in the way we run our business.

As of today, the company employs almost 300 direct employees and 200 contractors, being among the major employers in Kosovo and maintaining operation at full capacity, mainly due to the investments in new technology and the improvement of internal processes. SHARRCEM has invested almost forty (40) million € during the past seven (7) years since initial acquisition, significant part of it aiming to the improvement of our environmental footprint. Nowadays, SHARRCEM not only fully meets the European environmental standards, but already performs in excess of the standards required by Kosovo legislation. The company has implemented and is managed by certified international standard systems (ISO, IPPC, and ASI) and discloses all sustainability indicators through voluntary annual reports, in order to enable a transparent communication platform with all stakeholders, always considering the commitment to Society as being among our target goals. In this respect, our company was certified according to the Social Accountability International Standard Certification (SA 8000) by early 2016, as one more step towards fulfillment of our continuous dedication to manage through certified systems, periodically witnessed and verified by external authorized organizations, so as to safeguard the principles of good governance and transparency.

It should be noted, that successful establishment in heavy industry and especially in cement sector is a long-term investment pay-out procedure, as this kind of business is clearly capital intensive. Any serious and responsible investor, as TITAN in general and Sharrcem in particular, when coming to a country is planning to stay there for decades and not just make a quick or easy profit, thus meeting our business requirements makes essential not only the social accountability or the employment creation, but also the sustainable growth through people-oriented benefits to the community and close co-operation with all related authorities, in order to add value and contribute into the development of the hosting country, thus enjoying the acknowledgement, the respect and finally the social license to operate.

However, the path so far was not always so smooth, as significant difficulties were occasionally faced, during the continuous struggling effort of TITAN Group to establish a good operating status of SHARRCEM at Kosovo market, mainly related to securing the required raw material and fuel reserves for long-term operations at an affordable and competitive cost, which is absolutely fundamental and crucial for the operational and financial standing prospects of any cement plant worldwide. Despite these difficulties, we keep trying hard to overcome the obstacles, being consistent and transparent, yet insisting on things moving forward, but the right way, promoting our business cases with ethos and clarity.

Generally speaking, a lot of steps are still to be taken onwards, in order to establish confidence to investors and gradual transform Kosovo to a really attractive environment, aiming towards a drastic reduce of people unemployment and future economic development of the country. This is the one and only way to go forward and all related stakeholders, including of course the authorities, organizational bodies and international institutions, have to contribute in and support this combined effort, not as of opposite interests but as creative partners, thus allowing for all the appropriate, efficient and timely actions, in order to facilitate the gaining of a good standing position of the country at the years to come.

Closing this message, we are addressing a call to all Kosovo business stakeholders, including but not limited to governmental, institutional, organizational and even individuals, to collaborate and effectively join forces, towards developing the business investments into real success stories, not only for the country, the community, the citizens and the investors, but mainly for the future, which is already there and can become very promising. It's really just up to us to believe in our initiatives and make it happen.

Thank you,

Thomas Glavas



ABOUT THIS REPORT ON NON-FINANCIAL DISCLOSURES

Principles and Boundaries of Non-Financial Performance Reporting

The review of non-financial performance of the BU of Sharrcem is presented in this CSR and Sustainability Report for the period 01.01.2017 - 31.12.2017, with reference to the issues identified as material for the BU and its key stakeholders. In order to report on our performance for material issues Sharrcem leverages on the management systems in place, and especially the ISO 9001, ISO 14001, OHSAS 18001 and the SA8000 and the respective sectoral Guidelines and protocols of the Cement Sustainability Initiative (CSI). The disclosures relating to Material Issues and Stakeholder Engagement in this report have been prepared in accordance with the Group principles for the Materiality Assessment, by which TITAN identifies stakeholders according to the international AA1000 Stakeholder Engagement Standard (SES) and uses its three main principles of inclusivity, materiality and responsiveness to guide the process at Group and local levels. We use feedback from organized meetings, forums and workshops involving internal and external stakeholders to develop action plans and collaborative initiatives that enhance our enduring commitment to sustainability. This helps us to improve our know-how and expertise and it raises awareness on key issues, such as health and safety, local impacts, energy efficiency and management of resources, and our efforts for climate change. The review of reporting non-financial performance in the present Report was independently verified against the above standards by Grant Thornton LLC with the office in Prishtina, Kosovo. The Independent Limited Assurance Report to Sharrcem is available in this Report, pages 77-79

Defining the Content of Non-Financial Performance Review and Indicators

The content of the present CSR and Sustainability Report 2017 follows the outcomes of our materiality assessment in 2016, and material issues are presented for consistency purpose with the title and the order that have been determined and prioritized through the assessment. This order does not imply and has no effect or significant bias, on the importance and care with which the BU measures and reports on our performance, and builds on future actions for improvement.

The boundaries of reporting for each material issue are defined by the principles of materiality and inclusiveness, so as to meet expectations of stakeholders, provide adequate information comparable with performance achieved in previous years and ensure consistency, balance and accuracy. The definitions and methodology for the calculation of the non-financial indicators that are used in this report to monitor, report and verify the BU's non-financial performance are presented in TITAN's Glossary and Guidelines for Reporting on the non-financial performance.

Independent Assurance

Sharrcem is committed to independent third party assurance of its non-financial performance at a limited level for 2017, in order to safeguard quality, consistency and reliability of information provided to stakeholders. In addition, TITAN aims at improving its performance continuously by listening to stakeholders as well as to recommendations from independent experts, which are then considered as material feedback covering all key operations, impact and commitment to meet business priorities regarding sustainable development. In 2017, and for the first time, the independent assessment of the non-financial BU performance review and indicators was assigned to Grant Thornton and the corresponding Assurance Report is included in this section of the Report.

Based on the terms of the Agreement signed between Sharrcem and the service provider, in this case Grant Thornton, the service provider provided the professional services for us. They have reviewed the qualitative and quantitative sustainability disclosures presented into this Report, which was prepared in accordance with the principles and the criteria for the UN Global Compact.

The described data/information contained into this Report have been reviewed for their alignment with the sectoral guidelines and Group reporting standards and following the guidance provided by the Group (edition 2017): Sustainability Glossary & Guidelines for Social Performance, and Sustainability Glossary & Guidelines for Environmental Performance.

Their work has been conducted in accordance with the standards of ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the Board of International Standards on Auditing and Assurance.

Safety performance indicators and Environment Performance were calculated following the respective WBCSD/CSI reporting Guidelines, and overall in adherence to the Sectoral Approach, which is inclusively provided under the framework of the CSI. The basis of calculation for data aggregations and indicators related to social performance is presented in the tables contained in the Report. Social performance aggregations and indicators were calculated according to TITAN's integrated reporting management system, which comprises of an in-house developed software platform for all data collection and consolidation processes, as well as a 'user manual' with Glossary and Guidelines for reporting on non-financial performance. The main terms and definitions, upon which calculations of social data were based, are presented in the Glossary at the end of this Chapter. All kinds of social investments, such as training and donations presented in the report, do not include operational and administration costs. All Performance data and data on Donations are inserted and 'secured' in the Group software platform(s), for safely transmitting and storing by the Group, as well as enabling the consolidation of same into the Integrated Annual Report of TITAN Group. "Local" refers to the administrative region within which the cement plant is operating, quarries and other business facilities (terminals), as well as company offices or other premises under Sharrcem ownership and/or operational control. The sustainability projects and actions taken from our company have attained a point of maturity, where the understanding and commitment of all parties related to its operations are evolving to become a living standard. We have noticed that sustainability actions and planning are no longer an issue of negotiation, but rather a joint effort towards absolute engagement. Sharrcem implements the International and European Certified Management Systems, thus taking a further step towards value creation. Within our own personnel, we are directly employing a Kosovo citizen as our SA 8000 responsible officer, setting a bright example of the values and progressive capacities of the country. Sharrcem's commitment to CSR is not applied only by Senior Management, but includes everybody's engagement and contribution, especially the members of the new generation working at the company, in order to have everyone's voice heard and taken into consideration in the decision-making process, as we truly believe that the most valuable asset and the most promising future

prospects of a company is its people. Our relevant stakeholders continue to remain in our top agenda, as being of outmost importance to our business. The direct and transparent communication with the local community is a continuous action and we have clear policies in place, not only for leaning towards the local businesses – to become competitive suppliers of goods and services, but also to serve as qualified candidates for the rejuvenation of our workforce.

Changes in the Structure

The Report structure has evolved as compared to the previous year (2016), aiming to the objective of providing all stakeholders with a clearer and more complete view of Sharrcem's policies, along with relevant information and data about the year-to-year improvement of our performance with respect to material issues.

New Elements in this Report are:

- Shaping of the report has been re-formed so as to promote our engagement and commitment to the implementation of the SDGs.
- Connecting relevant material issues with key stakeholders.
- Reference to the TITAN Group Sustainability Glossary and Guidelines for reporting on Social and environmental performance (Sharrcem adheres to the contents of the new edition in 2017).

Reporting and Feedback Expected from Stakeholders

The Report is structured to reach the audience of Sharrcem's external and key stakeholders, namely our business partners and investors, our direct employees, customers, suppliers and contractors, the national government and regulatory authorities, the local community and local and national NGOs. Feedback related to non-financial performance is always welcomed and should be addressed to the following e-mail address: contact@sharrcem.com

For more information, please visit our website: www.sharrcem.com or contact: Adnan Vila at the e-mail address: adnan.vila@sharrcem.com

1. STRATEGIC REVIEW AND ASSESSMENT OF MATERIAL ISSUES

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- 1.2. TITAN Group
- 1.3. Focus on Sharrcem
 - A. Financial Performance
 - B. Non-Financial Performance
- 1.4. Our Products and Business Partners
- Customers and Suppliers
- 1.5. Our Strength
- 1.6. Our Collaboration with Stakeholders
and our Materiality Assessment
- 1.7. Sustainable Development and
the SDGs

1.1 HISTORY - ABOUT SHARRCEM

Sharrcem was founded in 1936, still being the first and only cement production facility in Kosovo, located at the southern part of the country, in the Municipality of Hani i Elezit. Following the privatization process of the plant, initiated by local institutions in 2010, Sharrcem was acquired by the Titan Group. Today, Sharrcem is a member of the European Investors Council, Kosovo CSR Network, Kosovo-German Chamber of Commerce and Kosovo Chamber of Commerce.



Transformation Process

Titan Group was and still is trying to improve Sharrcem's operational conditions operations. In this respect, the Group has allocated significant amounts of financial and technical resources in upgrading and modernizing the cement production line and associated machinery. Due to these large investments, in 2014 Sharrcem became the first company in Kosovo to receive the Integrated Pollution Prevention and Control - (IPPC) Permit, established by the European Union and issued by the Kosovo Government. 2014 was also the year when Sharrcem established the Laboratory for Business Activities - (LAB) Project. The purpose of the latter is to offer technical support for small and medium enterprises in Kosovo. Today, Sharrcem is a leading company for maintaining high standards in production line processes as well as investing in the safety and health of its employees and promoting environmental protection.

Timeline History

1936

The Sharr Cement Plant is founded.

1972

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

1980

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

2000

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

2010

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

2011

Sharrcem takes a leading role in the foundation of the Kosovo CSR Network and commits to modernization of investment in full swing.

2012

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

2013

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

2014

Sharrcem received the IPPC permit - the first one ever issued in the country. Furthermore, Sharrcem launched the World Business Council / CSI project for incorporating its guidelines on Contractors and Traffic Safety. Similarly, in respect of Health and Safety, the company organized the first NEBOSH course for Operational Health and Safety in Balkan (excluding Greece), held in Kosovo. A groundbreaking design for the full automation of the clinker hall cranes operation was completed, as an innovative solution that eliminates both hazardous working positions and fugitive dust and numerous Stakeholder Engagements were conducted, towards its ambitious investment program aiming to produce fuel locally. Financing of LAB was implemented, to facilitate its' first operating year, including the support by providing the necessary administrative resources.

2015

Sharrcem introduced innovative solutions in the production line (see pages 65-67), whilst started quarry rehabilitation works and initiated the SA 8000 certification. The LAB yields its first harvest. 18 new local Agro-SME's successfully placed their product in the market. Titan Group joined Pact for Youth in Brussels and Sharrcem representatives had the pleasure to be part of the event.

2016

Sharrcem was additionally certified with the SA 8000 standard. This standard supports social responsibility and accountability, by ensuring the implementation of reliable systems designed to protect people and community. In addition, during this year, two projects were completed. The new Stretch Hood Machine for covering the pallets was installed successfully and the operations started immediately, thus improving customer service. Meanwhile the Waste Water Treatment Plant (WWTP) - a major investment which aimed to improve the quality of water outflows, materializing the concern for the environment, the health of Sharrcem employees and the nearby community. Besides the care for our employees' safety we were also aiming to ensure their wellbeing, as well as their personal and professional development. Apart from other programs, during this year, the VDZ - online course training program was offered to the employees in the cement industry, through blended learning methods.

2017

Our main Sustainable Project, LAB received two grants: 1. Empowerment of Agroforestry Sector in Hani i Elezit - Grant received from (USAID) Agricultural Growth and Rural Opportunities (AGRO) - project to expand support for 15 new startup businesses. 2. Farm Diversification in Milk Processing - Grant received from the Ministry of Agriculture, Forestry, and Rural Development (MAFRD) - a project aiming to improve the diversification of the farm and the further development of those businesses. Due to the investments made and the high working performance of our people, the highest record as of 1936 was reached during this year in tons of quantity of cement production. During this reporting year, Sharrcem was selected as a best taxpayer in the country, as well as our Health and Safety Manager was the first one certified from the Government of Kosovo in the field of Health and Safety.



**We grow
and succeed
together!**



1.2. TITAN GROUP

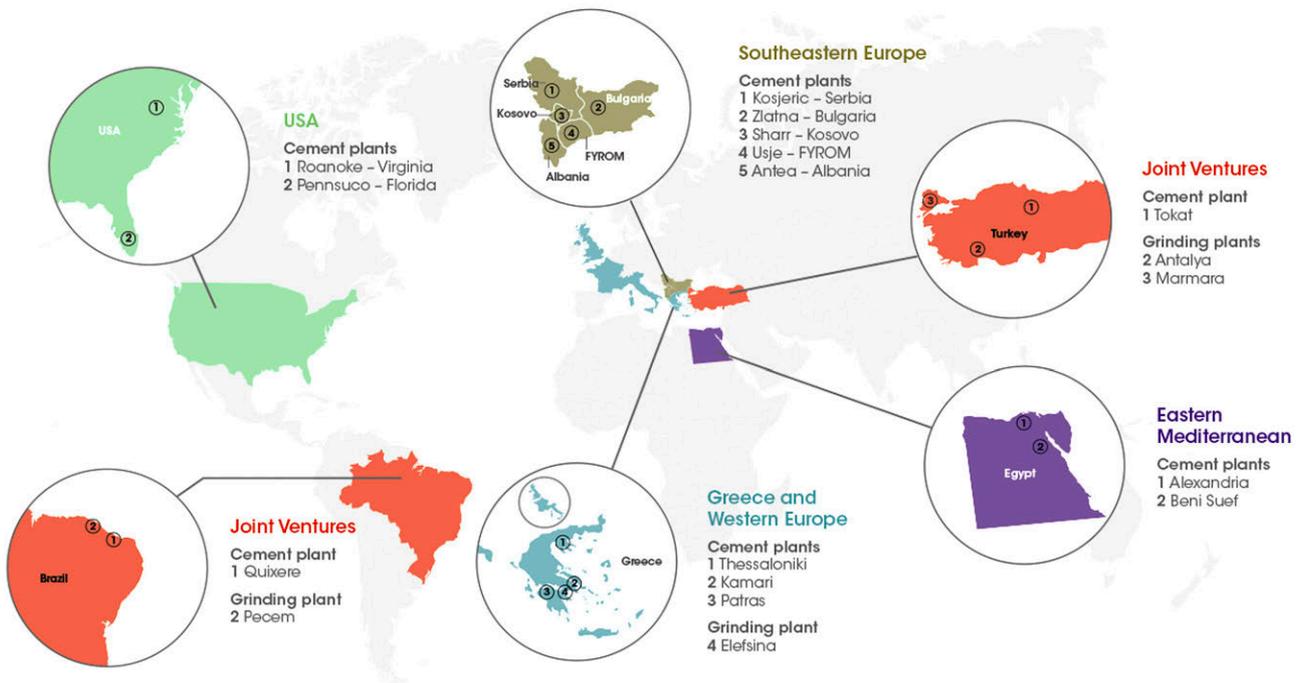


Business Overview

Founded in 1902, TITAN Group had expanded beyond its Greek roots to become an international, vertically integrated building materials company that is committed to serving society’s most fundamental needs, while contributing to sustainable growth with responsibility and integrity. In 2017, TITAN renewed the commitment to the UN Global Compact under its new operating model, as Participant, having also aligned our objectives with the UN Sustainable Development Goals covering the next years through to 2030.

Where we operate

We report on our performance and activities based on our four geographic regions and separately on our major joint ventures in Brazil and Turkey.



The following are the most important partnerships and memberships of TITAN for sustainable development:

WE SUPPORT



TITAN was among the first 500 signatories, and now a Participant, of the UN Global Compact (UNGC), and is also involved in local UNGC networks in Egypt, FYROM, Greece and Serbia. In 2015 TITAN decided to support the achievement of the most relevant UN Sustainable Development Goals (SDGs) for its business by 2030 at Group level and through its local UNGC networks. In 2016 and 2017 TITAN focused on understanding and raising awareness about the SDGs 2030 while enhancing a meaningful alignment with the issues identified and prioritized as most material for the Group and its key stakeholders. In this respect, and for better addressing the sustainability priorities and action plans, TITAN participates in consultations for the SDGs at national and industry level.



TITAN has been a core member of the Cement Sustainability Initiative (CSI), a unique and collaborative business-led initiative focused in sustainable development, since it was launched by leading cement companies under the auspices of the World Business Council for Sustainable Development (WBCSD) in 2003. Since 2015, TITAN participates in the WBCSD's Low Carbon Technology Partnerships Initiative (LCTPi), in order to better utilize the UNGC's "SDG Compass" tool to help in embedding the SDGs 2030 in the Group's sustainability strategy. In 2016 and 2017 TITAN focused on understanding and raising awareness about the SDGs 2030 while enhancing a meaningful alignment with the issues identified and prioritized as most material for the Group and its key stakeholders. TITAN supports partnerships for the SDGs, especially through the WBCSD/CSI, considering the collaborative initiatives as one of priorities for the Group.



TITAN became a member of CSR Europe in 2004, and founding members of national partner organizations in Albania, Greece, Kosovo and Serbia. In 2015 TITAN signed the Business Manifesto 2020 to help tackle issues such as employability and human rights. Also in 2015 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. TITAN prioritizes transparency and respect for human rights, and supports the circular economy through innovation. Improving the internship programs offered by TITAN Group, and strengthening partnerships with the academic community have also been included in the same framework. Collaborative actions need to be enhanced, with all stakeholders for the implementation of the European Pact for Youth.

Delivering Value for All

TITAN uses its unique strengths, resources and relationships to create sustainable value at every stage of our operation. This is made feasible by not only focusing on what the Group does, but also on how things are done, in this way ensuring that TITAN makes a meaningful contribution to all our stakeholders.

1 Raw materials

Apply rehabilitation practices and implement Biodiversity Management Plans at sites recognized as areas of high biodiversity value.

2 Manufacturing

Mine, crush, grind, heat, cool, mix and mold materials to produce cement, RMC and other building products, using best available techniques, in a safe and healthy environment.

3 Distribution

Operate dedicated distribution terminals for our products across our regions, ensuring secure supply to our customers.

4 Customers and partners

Work closely with partners and customers at a local level, sharing our know-how to enhance the value our business creates.

5 Society and environment

Take special actions and engage in collaborative projects to ensure that our business has a positive impact on society and the local communities close to our operations.

Our Values



INTEGRITY

- Ethical business practices
- Transparency
- Open communications



VALUE TO THE CUSTOMER

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



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.



CORPORATE SOCIAL RESPONSIBILITY

- Safety first
- Sustainable development
- Stakeholder engagement



KNOW-HOW

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



CONTINUOUS IMPROVEMENT

- Learning organization
- Willingness to change
- Rise to challenges

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 remains our top business priority. More specifically, our aim is 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.

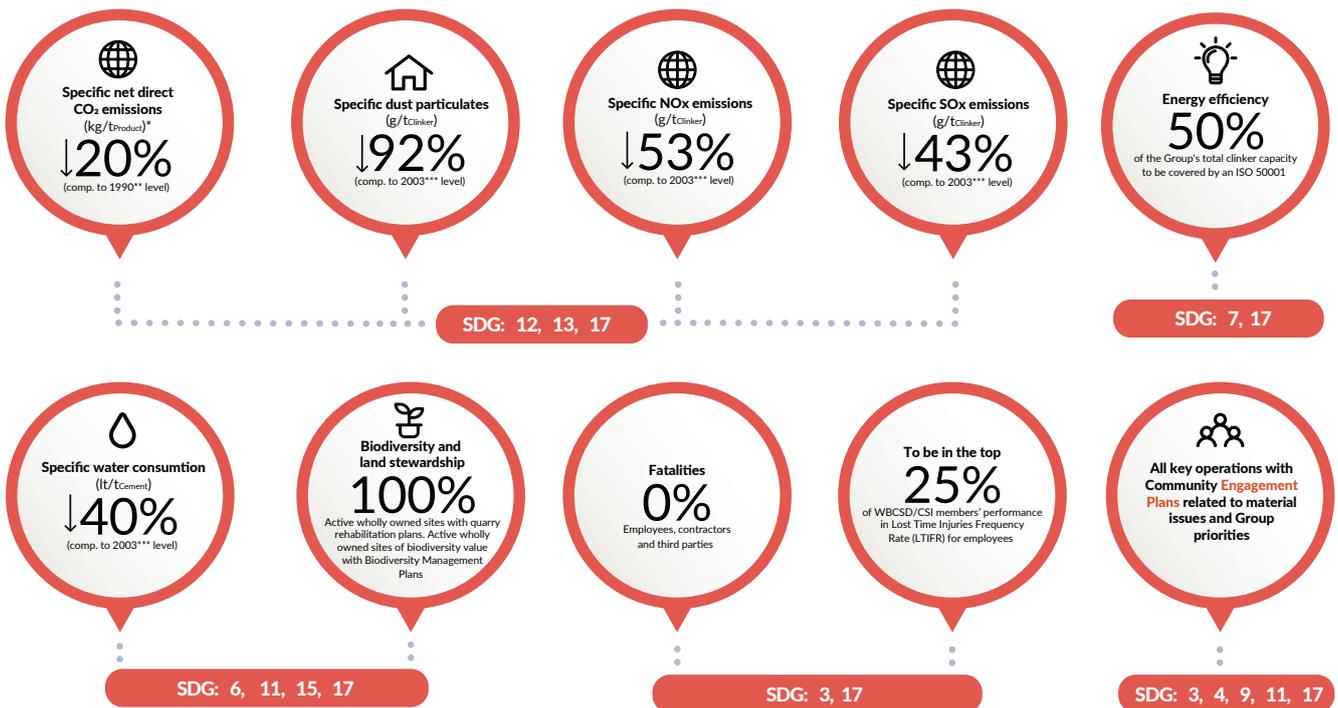
Focus on Material Issues

For TITAN, engagement with stakeholders is an ongoing and inclusive process. It helps the Group to build trust and improves its understanding of their diverse needs, expectations and concerns, and empowering the collaboration.

TITAN Group 2020 Targets

In 2017, TITAN extended its sustainability targets for 2020 and set new ones that reflect our ambition to be in line with global leaders of the industry in the environmental pillar and build on our distinctive approach to social engagement at a local level. TITAN directly links its 2020 targets and priorities with the UN Sustainable Development Goals that have been identified by the materiality assessment process as the most relevant to the business and presented in the following table.

Sustainability Performance 2020 Targets



SDG key



* Product equals cementitious product as defined by WBCSD/CSI.

** 1990 is the base year for CO₂ emissions, in line with the Kyoto protocol.

*** 2003 is the base year for environmental data other than CO₂ emissions.

1.3. FOCUS ON SHARRCEM

A. Financial Performance

	2017
Turnover	39,509
Total Assets	57,340
EBITDA	4,319
Profit (loss) after Taxes	(755)
Capital Expenditure	3,987
Investments in Environment and Occupational Health and Safety	1,444

amounts in '000 EUR

B. Non-Financial Performance

Three main elements have contributed to the success of our company, namely the technological improvements, the innovation, and the social responsibility. Sharrcem's investment in CSR activities has significantly improved our credibility towards partners and the community. During 2017, local media considered our company as an example to follow when it comes to health and safety at work. In addition, we have also invested in promoting environmental protection, ensuring clean water for local families, improving the business environment for agricultural initiatives, and many other activities, all aiming to improve quality of life in the community. Along with receiving the IPPC permit in 2014 by national authorities, Sharrcem has established its reputation as a responsible company, determined to offer to the local community.



Sustainability through our Certified Systems

Based on the Titan Policy, Sharrcem implements the International and European Certified Management Systems. Our quality department is very strict in reference with the requirements of the standards for the chemical and mechanical analysis of the cements and mortars, so as to assure its high quality to our customers, as essential for these critical products, used for the construction industry. Following these company policies, Sharrcem is certified with the European Norms ISO 9001-2008 quality management system in all of its processes, with special focus on its laboratory. Sharrcem is also certified with the ISO 14001 related to Environmental Management Systems and the OHSAS 18001 related to Health and Safety Management Systems and SA 8000. Nevertheless, we remain determined on contributing to the prosperity of the country, not only by conducting our business based on best international industry standards, but also by taking initiatives and assuming responsibility towards fostering a fair and transparent market. We consider our own growth sustainable only when it is accompanied by a proportional growth of our community and the society in general.

Item	MGT System / Certification	Status	
All Products/Cement Types	CEM IV/B (P-W) 32.5R	EN 197-1:2000	<input checked="" type="checkbox"/>
	CEM II/B-M (W-L) 42.5R		<input checked="" type="checkbox"/>
	CEM I 52.5N		<input checked="" type="checkbox"/>
	MC 5 Sharmall		<input checked="" type="checkbox"/>
Safety	OHSAS 18001		<input checked="" type="checkbox"/>
Climate Change/Environmental	CO ₂ management system	Incorporated in EMS ISO 14001	<input checked="" type="checkbox"/>
Environmental	Water management system	Incorporated in EMS ISO 14001	<input checked="" type="checkbox"/>
Environmental	ISO 14001		<input checked="" type="checkbox"/>
Environmental	IPPC - Integrated Pollution Prevention and Control		<input checked="" type="checkbox"/>
Quality	ISO 9001		<input checked="" type="checkbox"/>
Social	Social Accountability SA 8000		<input checked="" type="checkbox"/>
Finance	Voluntary Mid-Year Audits by Independent Auditing firms		



IPPC



1.4. OUR PRODUCTS AND BUSINESS PARTNERS - CUSTOMERS AND SUPPLIERS

We firmly believe that businesses through their supply chains and networking can lead the way toward responsible behavior in Kosovo's society - a must for its development and growth. Suppliers and contractors, are a critical and direct part of the generation of business activity in a region. Therefore, Sharrcem has adopted and continuously implementing a clear policy through its procurement and recruitment procedures in providing preference to the local factor in competitive terms, by applying the International and European Certified Management Systems.

Questionnaire regarding Technical Support Service for the Customers

During the end of year, we compiled a questionnaire for our customers regarding the technical support service. The questionnaire will be available to them during the whole year, expecting that it will help us to make an assessment for this activity based on our customers' feedback, but also to have a better understanding for their needs regarding the technical support service.

Professional School "Bau Academy" founded from our Customer "AL TRADE"



"Bau Academy" is a professional high school with a German-Kosovar partnership. It is founded from our customer "Al Trade" with whom we have been cooperating in some of our CSR initiatives. Their goal is to offer a school, in line with the European Standards and the idea for the school was based on the needs of the market for skilled workers.

Customer Satisfaction Questionnaire

Running such an important business, the customer satisfaction questionnaire became a very important tool of our operation. Our customers are very important stakeholders and a real heart of our business. Through such a questionnaire we were able to find out how our customers experience our business as a whole, our products in general, the service they receive, as well as the communication that derives from our staff. Understanding their opinion and how they feel about things that could be done in a better way is of utmost importance. Such an initiative with customers allowing us to get into their shoes, provides for a better understanding and of course, allows for us to receive very meaningful information that can be used to make better business decisions. It is not only a space for interaction and exchange of opinions and considerations, but also a tool that can help us combine focus and interests, thus effectively contributing to a shared growth.

1.5 OUR STRENGTH

The highway connecting Prishtina and Skopje is consisting out of numerous overpasses and underpasses. Due to its qualitative work and continued success, Sharrcem has been a significant factor of this large project. We are proud to state that Sharrcem's cement has been part of every single concrete construction element of the bridges. The last segment of the highway involves one of the longest bridges in Kosovo, as well as in the region. Regarding production of concrete, which is the essential element of civil construction works, thorough prior analyses were conducted in selecting the appropriate quality of the used products. For a project of this magnitude, the best fit type of cement had to be used, as Sharrcem's cement grades CEM I 52.5 and CEM II 42.5. To this day, thousands of concrete cubic meters have been produced with Sharrcem's cement and used for the construction of the bridge, which will connect Kosovo with regional countries and provide road access to the rest of the world.

1.6. OUR COLLABORATION WITH STAKEHOLDERS AND OUR MATERIALITY ASSESSMENT

It is obvious that the materiality helps to identify and prioritize the sustainability issues that matter most to a business and its stakeholders. All through 2016 and until early 2017, we conducted a materiality assessment in order to ensure that our strategy is focused in the right areas, to assess the changing sustainability landscape and to understand and prioritize the issues that matter to our business and of course our stakeholders. The stakeholders' engagement and their feedback in this process were very much welcomed and given very high importance. Every material issue listed in our agenda was analyzed according to the importance to our stakeholders, with a corresponding score: high, medium or low. The draft materiality list/matrix was reviewed and discussed through different set of interviews with external and internal stakeholders including employees from different departments: i.e. business development, supply chain, finance, HR and CSR, sales, etc. - trade union representatives, contractors and suppliers, customers, NGOs, municipality representatives etc. The responsible team in our business unit has reviewed the final list/matrix and the same was presented to the senior management for validation and approval. Following that, we communicated the outcomes of the assessment on materiality list/matrix, highlighting our most important material issues and their importance to our business and its stakeholders. The list/matrix was very much oriented to the actions to be taken regarding the listed material issue.

Our most important material issues are presented in the below table.

Material Issues Identified for Sharrcem

No.	Material Issue	Stakeholders
1	Poverty and Unemployment	EU; GoK; Employees; Contractors; Municipality; CSR; NGO's
2	Community Engagement	Municipality; Employees; Contractors; Supply Chain; Religion; Association, Teachers; LAB; Children's Board; Womens Association; AFS; IADK; REC
3	Corruption	EU; EIC; CSR; WB; EBRD; Embassies; IFC
4	Human Rights	Employees; Contractors; Municipality; CSR Network; UNDP; WB; EU; Embassies; IFC; Admin. GoK; NGO's
5	Governance and Transparency	Employees; Contractors; Municipality; GoK; CSR Networking; EIC;
6	Training and Development of Youth	Employees; Students and Pupils; Municipality
7	Environmental Management	Employees; Contractors; Municipality; Border Police; Customs; Customers
8	Use of Land	Employees; Municipality; MESP
9	Climate Change and Energy	EBRD; French Embassy; German Embassy; REC; CMZ

Notes:

1. The order of appearance of the Material Issues does not imply the ranking of order of importance in a mathematical manner.
2. The relevant and complementary material Issues have been highlighted with the same color shade in the above table, and will be addressed in a 3-group logic in the present Report.

Focus of Sharrcem on Material Issues

Governments worldwide have already agreed to the Sustainable Development Goals. Thus, we as a business unit taking into consideration the Titan (our mother company) strategy are working to take actions of various kinds, in order to support the implementation of these goals. However, we as Sharrcem are taking pride in our activities, both the completed and the ongoing ones. So far, we remain focused in responding by priority to the material issues of our community. To this end, we diligently maintain our list of stakeholders and a continuous communication with them. In addition, we strive to improve our organization through the implementation of our certified systems that enable keeping track of and reporting our sustainability performance. Our targets and priorities are linked with the SDS's that has been identified by the materiality assessment process as the most relevant to the business.

Engagement Process and Practices



1.7. SUSTAINABLE DEVELOPMENT AND THE SDGs

Material Issue	Stakeholders	Actions	SDGs
Poverty and Unemployment	EU; GoK; Employees; Contractors; Municipality; CSR; NGO's	<ul style="list-style-type: none"> PACT 4 YOUTH Campaign Laboratory for Business Activity - LAB BOPAL 	
Community Engagement	Municipality; Employees; Contractors; Supply Chain; Religion Association; Teachers Board; LAB; Children; Women Association; AFS; IADK; REC	<ul style="list-style-type: none"> Country Safety Week Drinking Water Increasing the Awareness through Environmental Education Let's Do it Kosovo Bins in the City SOS Kids Playground 	
Corruption	EU; EIC; CSR; WB; EBRD; Embassies; IFC	<ul style="list-style-type: none"> CSR / EIC <-> SAA / NEDC 	
Human Rights	Employees; Contractors; Municipality; CSR Network; UNDP; WB; EU; Embassies; IFC; Admin. GoK; NGO's	<ul style="list-style-type: none"> SA 8000 	
Governance and Transparency	Employees; Contractors; Municipality; GoK; CSR Network; EIC;	<ul style="list-style-type: none"> Stakeholder Engagement Forum Kosovo CSR Network European Investors Council 	
Training and Development of Youth	Employees; Students and Pupils; Municipality	<ul style="list-style-type: none"> PACT 4 YOUTH Campaign Titan Leadership Platform People Development within the Plant Technical Development Trainings Frozen Music Increase the Awareness through Theater 	
Environmental Management	Employees; Contractors; Municipality; Border Police; Customs; Customers	<ul style="list-style-type: none"> Green zones in the Plant Waste Water Treatment Plant Systematic Monitoring of aquifer level Air Quality Measurements Closure of Clinker Hall 	
Use of Land	Employees; Municipality; MESP	<ul style="list-style-type: none"> Quarry Rehabilitation 	
Climate Change and Energy	EBRD; French Embassy; German Embassy; REC; CMZ	<ul style="list-style-type: none"> Climate Change Strategy 	

2. OUR EFFORTS FOR THE HUMAN AND SOCIAL CAPITAL

- 2.1. Occupational Health and Safety
- 2.2. Workforce Development
- 2.3. Our Suppliers and Contractors
- 2.4. Our Community - Stakeholder Engagement and CSR Framework
- 2.5. Training and Development of Youth

2.1 OCCUPATIONAL HEALTH AND SAFETY



One of Sharrcem's main pillars of work involves Health and Safety. This includes taking serious care of employees' health as well as enabling a safe environment by trying to reduce the number of injuries or accidents, which may happen during work. To ensure that, Sharrcem has obtained certification of ISO Standard for Operational Health and Safety (OHSAS 18001) and has been involved into the different projects and engagements in order to ensure the health and safety everywhere. We ensure the identification of all legal obligations with respect to H&S and we are addressing them in a thorough manner, also by defining all necessary OH&S functions required by international and local legislation. Our projects and efforts were and still are focused on raising awareness, so as to safeguard the Occupational Health and Safety of all of our direct employees and contractors, in all activities over which we have management control. Health and Safety remains the first priority for Sharrcem, as it is for TITAN Group.

Working Place Monitoring Parameters

We address the issue of working place monitoring parameters from Health and Safety perspective, the monitoring is being performed according to local legislation requirements as well as IFC guidelines. Further improvements are considered, focusing specifically on raising our performance on dust and noise. Every quarter, we perform sample analyses and based on the results we take proper actions. The results of the parameters are reported to relevant stakeholders.

Incident Statistics Monitoring

During 2017, there were no fatalities. In the same period, there was only one (1) Lost Time Injury (LTI) related to directly employees that was fully investigated, while there were no contractors related LTIs. In addition, 9 Near Misses were reported related both to direct employees and contractors. All of them were fully investigated and corrective/preventive actions were performed as a result.

In details	This Reporting Period		Reporting Period 1 Year Ago (2016)		Reporting Period 2 Years Ago (2015)	
	Direct Employment	Contractors	Direct Employment	Contractors	Direct Employment	Contractors
Report Total Numbers for each Parameter						
Employees (average)	286	95	345	85	405	43
Man-Hours Worked	571,142	198,706	717,839	178,037	800,952	88,817
Fatalities	0	0	0	0	0	0
LTIs (Non-Fatal Injuries*)	1	0	2	0	3	0
Workdays lost due to LTIs (Non-Fatal Injuries*)	8	0	31	0	62	0

* Incapacity to work for at least one full workday beyond the day on which the accident or illness occurred.

Near Misses



Trainings

The effort of our company is focused on raising awareness about health and safety, so as to perform even better in safeguarding the Occupational Health and Safety of all our direct employees and contractors. Training is a very important tool for raising awareness; thus, on top of our yearly trainings we are designing and implementing additional trainings, following the incident alerts we are receiving from other BUs, in order to ensure taking of additional precautions during similar activities in our own plant. Our direct employees and contractors are also required to receive annual refresher training. We strive to create an environment in which everyone is responsible for its' own and his colleagues' safety.



Partnerships on promoting Health and Safety



Fire Drill Trainings

Any kind of safety training is beneficiary and important for everyone. Apart from many trainings organized within and out of the plant regarding safety, fire drill trainings are also in our top agenda. The fire drills are an important part of our fire safety procedures for many reasons. Not only we do want to ensure that all of our employees, customers and visitors to our premises understand what they need to do if there is a fire, but it also helps everyone to witness how effective our fire evacuation plan is and to improve certain aspects of our fire provisions. Such training is a test to verify that our fire alarms are working, and are also helping us to check our equipment. During this reporting year, there were three fire drill events organized in our premises. We believe that it is very important to organize as many trainings as possible regarding safety in general, in order to increase the awareness for health and safety and to establish a safety culture for everyone. This kind of raining/initiative greatly contributes in the improvement of everyone's awareness, leading directly to improving safety and minimizing incidents. Training programs generate real benefits for everyone involved in the operation and handling of different machines and devices. Through this we want to offer the opportunity to acquire high levels of training and safety-skills knowledge. Education/training programs have proven to be effective in reducing inefficiencies and in addressing critical related factors. There is a very close and good cooperation with the Municipality of Hani i Elezit, the Police Authorities, the Public Medical Health Center and the Fire Brigade Team, not only for this trainings/initiatives but in general as well.



Certification on Equipment

In accordance with the national law, we inspect and certify at the same time the fire detection and suppression of the electrical and mechanical systems we have in place.

Fire Extinguisher

We are very much committed concerning inspection and refill/recharge of the portable fire extinguisher. Apart from the legal obligations, our team from health and safety department is continuously performing field inspection and monitoring to ensure the equipment is in proper status and functionality.

LOTOTO

Our mother company places a great emphasis on Health and Safety issues and is making great efforts to embed a safety culture across all around the world where Titan operates. The Group Communication Department together with the Health and Safety Department, have developed a new communication campaign, with communication material to be adapted and be used throughout the all Group's BU's. We were happy to join this very important campaign, for which we have also organized different trainings, which has resulted positively in our plant. The main goal of the campaign is to enhance awareness concerning LOTOTO and to keep the LOTOTO procedure and the need to never miss following it on top of mind of all Safety Managers and employees at the plants.



CSI Driving

Also during this year, our company has been very much engaged in complying with the CSI best practices about traffic safety and contractors' safety. Our initiative is to prevent traffic accidents through this program and we truly believe that it is very important to promote an integrated initiative, involving drivers, vehicles, and the traffic environment, as well as to pursue driving safety by learning from accidents, respecting traffic rules and knowledge of drivers in order to create safety culture. We are aware that such an initiative greatly contributes to the improvement of drivers' awareness, taking into consideration that they are constantly on the road. In other words, such training programs generate real benefits for everyone involved in the operation and administration of motor vehicles. There was a great cooperation with Hani i Elezit police station and professional driving school. From the early beginnings of this initiative, the education/training programs were proved to be effective in reducing collisions, addressing critical related factors.

Certification on Health and Safety

Our Health and Safety Manager is to be the first one certified in Kosovo in the field of Health and Safety. This shows our continuous commitment towards this matter. The cooperation with the authorities remains a very important matter for our people and our daily business.

TITAN Group and Sharrcem are fully committed to reporting about all required H&S data following the CSI guidance and Health and Safety standards. In order to increase transparency, reliability and accuracy of safety key performance indicators reporting to stakeholders, all safety KPIs were independently verified in accordance with CSI guidance, as follows: The reported figures and indicators are in line with the following Group standards: "Safety measurement and reporting update", November 3, 2015 which serves as a cover to the CSI Guideline on safety in cement industry, "Guidelines for measuring and reporting, Version 4", May 2013; Group Guideline "Leading indicators, Revision 1", November 5, 2015; CSI Driving safety and Contractor management Health and Safety performance of the plant is regularly audited by internal Group experts in line with the "Group HSE audit scope and rating" from 21/07/2018 which is part of the system for measuring-reporting-benchmarking and continuous improvement.

2.2. WORKFORCE DEVELOPMENT



Our company, as part of the Titan Group, with plant located in Kosovo, acknowledges the fact that our workforce is crucial to the success of our operations; thus, we respect employees' rights, ensure wages that meet local industry good practices and provide the best possible safe working environment as well as development conditions. We value diversity in all aspects. Currently, our workforce consists of 284 direct employees. Our workforce is being offered a variety of training courses, technical and professional development. The performance appraisals and training, transferring of "Know-How" and experience are common objectives in our company. Our company's strongest asset lies in its workforce. For that reason, some of the largest investments of our company are made in human resources department. We are also interested in having our employees grow professionally; consequently, we provide them with the means of attending different workshops and trainings in and out of our business.

In alignment with the Group requirements and national requirements, we report to relevant stakeholders all important employment data.

EMPLOYEES (End of Year)	2015	2016	2017
Number of full-time Employees	406	289	284
Number of temporary Employees	0	0	0
Total number of Employees	406	289	284
Employees by Gender	%	%	%
	Female 5.2	5.9	5.6
	Male 94.8	94.1	94.4



Breakdown of Employees' number by Gender (End of Year 2017)

 **16**
Female

 **268**
Male

EMPLOYEES per Category (End of Year)	2017
Senior Managers	5
Managers	13
Administration/Technical	78
Semi-skilled/Un-skilled Labour	188

Extended Management Board Members	2017
Expats	7
Nationals (Thereof Locals)	14
TOTAL	21

Employees Members of the Trade Union (Average 2017)

 **222**
Members
 **215** Male
 **7** Female

 **64**
Not members
 **55** Male
 **9** Female

New Hires
 **2** Male
 **0** Female

Employees Leaving
 **6** Male
 **1** Female

Under 30		30-50		Over 50	
Male	Female	Male	Female	Male	Female
0	0	0	0	2	0

Under 30		30-50		Over 50	
Male	Female	Male	Female	Male	Female
0	1	1	0	5	0

Trainings Hours to Direct Employees (2017)

Subject	Male (hrs)	Female (hrs)
Environment	252	28
Foreign Language	512	43
Health and Safety	5,355	249
Managerial and Management Skills	472	72
Others	1,485	196
Technical Know-How	1,122	98

Benefits provided to full-time Employees		2013	2014	2015	2016	2017
Health Check		✓	✓	✓	✓	✓
Labor Insurance		✓	✓	✓	✓	✓
Company Meals		✓	✓	✓	✓	✓
Parking		✓	✓	✓	✓	✓
Gifts	On Religious Holidays	✓	✓	✓	✓	✓
	International Women's Day	✓	✓	✓	✓	✓
	New Year	✓	✓	✓	✓	✓
Education	MBA	5	4	5	8	5
	English Courses	3	17	18	23	23
	Conferences (#)	12/15 Mng.	10/17 Mng.	12/12 Mng.	5/4 Mng.	2/2 Mng.
Trade Union	Ordinary 50% Contribution	✓	✓	✓	✓	✓
	Extraordinary Direct Contribution	✓	✓	✓	✓	✓
Communication	Fact Sheets	✓	✓	✓	✓	✓
	Billboard	✓	✓	✓	✓	✓
	Suggestion Boxes	✓	✓	✓	✓	✓



Benefits and Compensation

The achieved success is always mutual, employer - employee. We wish to align employee and company goals through cooperation and we share our success through different compensation schemes. Benefits and compensation of employees in Sharrcem are in full compliance with the Labor Law in force in Kosovo. We ensure salaries that meet local industry good practices.

Health Checks

Health of our employees is considered of highest importance based on this fact we have ensured a health facility in company premises which offers elementary health services to all our employees on a daily basis in the areas of first aid and professional consultation and advice regarding health protection and disease prevention. In a yearly basis we organize the Systematic Medical check-up for our employees at the Labor Medical Institute of Kosovo.

Other Development Trainings

Employee development is an ongoing process that helps employees to enhance their skills and knowledge to contribute more effectively towards the organization. Employee development plans prepare an employee for his current as well as future assignments and make him loyal and dedicated towards the organization. Employee development plans are created to help individuals in their career growth. Employees are encouraged to attend training sessions, seminars, conferences to acquire new skills and knowledge. Progress of employee needs is measured with the aim to find out how employee development plans are benefitting the employees, whether the latter's development plans are actually helping them in their career, are the employees getting appreciated by the management in cases of extraordinary performance. On this occasion, we have organized seven types of trainings based on the employees needs to develop. The trainings were provided by specialists from the Training Company "Austrian Institute of Excellence" and were very practical and beneficiary for the employees.

Canteen and Lockers

Sharrcem, in order to provide a better working space has in place two buildings in the plant, a modern canteen where lunch is offered to Employees and adequate and hygienic lockers and rest rooms for their daily needs.

Technical Development Trainings

We continue to believe strongly that the essence and future of a company is nothing more than its people is, thus, we are very much involved to organizing different development programs for our people. Since last year, we have been included in a Group-wide operational training programme and our young employees have shown good results. We also believe that by providing effective trainings to employees, we can directly lead to an increase in productivity of the company as a whole.





*Leading
the TITAN way*
Grow and Succeed Together

Titan Leadership Platform

Following the Titan guidelines, and with regard to Sharrcem employees, the Titan Leadership Platform has been the foundation for a revised performance and development process, which aims to enhance meritocracy and facilitate constructive feedback for personal development.



People Development within the Plant

People are very important for us and for our success. That is why we continue to invest massively in having a trained and well-equipped workforce. There were different programs enabling them to participate in various trainings events, study trips or workshops to broaden their knowledge and skills in order to advance their capabilities in performing their daily duties.

2.3 OUR SUPPLIERS AND CONTRACTORS



Sharrcem's suppliers and contractors are a critical and integral part in generating business activity. We also possess a clear policy through procurement and recruitment procedures in providing preferences to the local factor on competitive terms. The significant contractors and subcontractors are shown in the below table and are defined as significant contractors and subcontractors by product or service contracted and yearly turn over. In addition, Sharrcem became the first company in the country to have received the Certification from a third-party, independent Verifier (Company 'Eurocert') accounted to the SA 8000 Standard of the Social Accountability during the year of 2016 and the certification in question yields to the direct contribution that it will yield in terms of sustainability and development of the company. As a result, during the year of 2017 we have a better trained and healthier workforce, fewer workplace incidents, higher product quality and increased productivity, more efficient and effective monitoring mechanism etc. There was undoubtedly a justified pay, more reasonable working hours, fairer advancement opportunities, more training, more participation in workplace management and design.

Number of contractors



Trainings Hours to Contractors Employees



2.4 OUR COMMUNITY - STAKEHOLDER ENGAGEMENT AND CSR FRAMEWORK



Sharrcem operates in a community that suffers from high rates of unemployment, poverty and lack of structured support for entrepreneurship to blossom. Improving life in the community by increasing citizens' wellbeing is of critical importance to Sharrcem. Ever since its establishment, our company has attempted to stay close to the community. 2017 was not different, as we implemented several projects that aim to improve communication with communities, so that we have a better understanding of their needs and problems. We were engaged in different activities during 2017, including our engagement with youth, increasing awareness on different issues, promoting environmental protection, health and safety and organizing several events. In addition, by creating new small and medium enterprises, Sharrcem has been able to contribute into creation of sustainable jobs, which tackles one of the most pressing issues in the economy of Kosovo.



Mutual Cooperation

Communication is a foundation upon which a productive mutual cooperation can be established. As a company, we put a lot of effort into creating strong ties with relevant stakeholders. Throughout 2017 Sharrcem has participated in several focus groups and business forums that aim to increase awareness about several issues, promote activities or share of ideas and knowledge. We will continue to consider communication as the basis of success and origin of future successful partnerships.



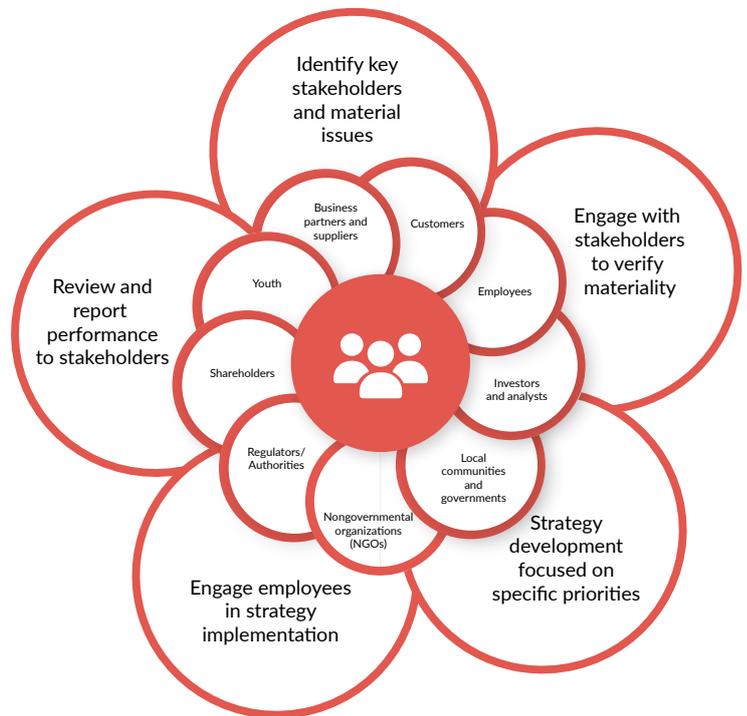
Our Stakeholders and Engagement

Our stakeholders are very important to us and to our business. The concerns of our stakeholders are considered a driving force in our efforts to effectively meet corporate social responsibility challenges. Their feedback is necessary for continuous improvement. The identification of our key stakeholders is a process aligned with the Accountability Standard AA1000, for stakeholders' engagement, through which we have used the three criteria for mapping of our key stakeholders.

Dependency – groups or individuals who are directly or indirectly dependent on the organization's activities, products or services and associated performance, or on whom the organization is dependent in order to operate

Responsibility – groups or individuals to whom the organization has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities

Influence – groups or individuals who can have an impact on the organization's or a stakeholder's strategic or operational decision-making.



Key Stakeholders	
Employees	BOPAL
Municipality of Hani i Elezit	Children's Board
Customers	CSR Network
Contractors	European Investors Council
Local NGO's	American Farm School
International Finance Corporation	Initiative for Agricultural Development of Kosovo
Elementary and Secondary School of Hani i Elezit	Government of Kosovo
Laboratory for Business Activities	Ministry of Environment
USAID	Ministry of Labor and Social Welfare

Large investments made by Titan Group in human resources, technology and for the environment, for a relatively short period of time had Sharrcem experience huge success in the market. In addition, Sharrcem's continuous activities to protect the environment and its investments in health and safety had a good impact in the society. As a matter of fact, our efforts have received recognition by different institutions including:

- Municipality of Hani i Elezit
- Sharrcem Trade Union
- Kosovo CSR Network
- European Investors Council
- Foundation - "Action for Mothers and Children"
- HANDIKOS
- Kosovar Occupational Safety and Health Association - (KOSHA)
- Public Health Center in Hani i Elezit
- School of Children with Disabilities
- Society of Certified Accountants and Auditors in Kosovo - (SCAAK)
- University Clinical Center of Kosovo (UCCK)



We are being mostly engaged in the following projects:



Laboratory for Business Activity - LAB

- Aims to educate the local community in entrepreneurship.
- Create and develop SME's, especially in the sectors of forestry, agriculture and dairy production.



BOPAL

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



The Children's Board
Hani i Elezit

Children's Board

- Building Awakened
 1. Health and Safety
 2. Environment

Laboratory for Business Activity - LAB



An initiative of Sharrcem launched in 2014, where the basic aim of this project is the creation of new small and medium enterprises in order to reduce unemployment and poverty. This project has shown good results during this year as well by providing jobs for the unemployed in the community.

Results to-date since 2014: 78 jobs were created through this program. Via our projects, respectively via LAB project we try to positively affect the community, in improving the socio-economic situation in the surrounding area. LAB continued the successfully tested support for sectors from the previous years and developed new sectors pursuing the strategic goals of the LAB project and the Titan Group CSR strategy.

Women are the next group which benefited from LAB program for this year. There was a close cooperation with Agricultural Development of Kosovo (IADK), Vushtrri - Kosovo and the American Farm School (AFS), Thessaloniki - Greece in order to provide services and close monitoring of needs in technical and advisory services for the existing start-ups and those approved for support in the fourth year, LAB along with the BoD has taken the decision to extend the agreement with the Initiative for Agricultural Development of Kosovo (IADK), Vushtrri - Kosovo and the American Farm School (AFS), Greece in order to fulfill its strategic objectives.

Considering our maximal commitment to engage with stakeholders in different ways including participating in different conferences, workshops, meetings etc. - we have achieved to receive two grants during the reporting year. The first grant received includes empowerment of agroforestry sector in Hani i Elezit, provided by USAID Agricultural Growth and Rural Opportunities (AGRO). This project aims to expand support for 15 new startup businesses.



On the other hand, the second grant regards a project called Farm Diversification in Milk Processing, received from Ministry of Agriculture Forestry and Rural Development (MAFRD). This project includes diversification of the farm and business development, (a farmer of LAB received this grant directly).

So far, our achievements are fully aligned with the LAB five-year strategic objectives to establish 120 start-ups and sustainability in employment. Another evident outcome of the project intervention has been achieved in building local capacities for applying innovative agriculture practice.

By teaching new farming techniques, LAB aims to support beneficiaries cultivate new varieties for current market needs, as well as to replace the imports with fresh locally grown agricultural products. It should be noted that a significant contribution to the success of LAB project goes to the 78 beneficiaries and their family members, for their commitment to apply knowledge obtained through lectures and field technical assistance.

For the period starting in May 2014, and up to December 2017, the LAB program has contributed to the development of agroforestry and administration in the amount of 672,429.36 €.

LAB Partners

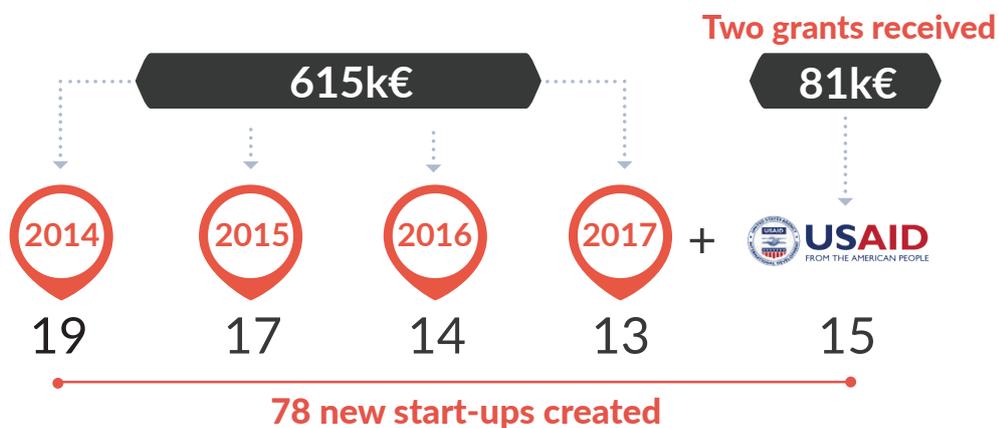


INITIATIVE FOR AGRICULTURAL DEVELOPMENT OF KOSOVO
 INICIATIVA PER ZVILLIMIN E BUKQESISE SE KOSOVES
 INICIATIVA ZA POLJOPRIVREDNI RAZVOJ KOSOVA



There was a technical support provided to 507 beneficiaries and other individual farmers in the area. 90 various types of thematic vocational and field practical trainings have been organized in order to support selected landowners with advanced technology in intensive agriculture and farming with standards. Two visits were conducted abroad during the year of 2017. The participation with American Farm School (AFS) in 23 the European Seminar on Extension and Education Crete - Chania in Greece, Paper Presentation "Sustainable Community Development through Innovation Entrepreneurial Actions" - and a visit at AFS to gather information for Individual project practice in construction unit, equipment and production technology for processing sheep milk - yogurt production. During the reporting period, LAB organized regular meetings with the BoD. There was an evaluation audit, carried out by Baker Tilly Kosovo, Prishtina. Following the Group CSR strategy, LAB program continued to offer alternative opportunities for unemployed members of households engaged in agriculture.

Formal education and practical knowledge for current and new beneficiaries remain an essential need, so that they can perform in accordance with anticipated quality and time. This activity of LAB is carried out in cooperation with consultancy and advisory services partners IADK - Initiative for Agricultural Development of Kosovo and the AFS - American Farm School and Perrotis College in Thessaloniki with whom LAB has contractual relation for the year 2017. Additionally USAID agro specialist experts assist periodically new beneficiaries in advising and technical support in field monitoring of the progress of implementation process. Theoretical training sessions and field days were organized for existing and 28 new beneficiaries and other interested individual farmers. Vocational trainings have been harmonized based on needs and implementation progress for each sector. Through 23 training seasons, 166 participants have benefited from attending thematic, theoretical and practical trainings in intensive horticulture and farming.



Questionnaire/Survey

Apart from other activities, our task force members were engaged in compiling a questionnaire/survey with the Farmers from LAB. The purpose of this survey was to enable the LAB and Sharrcem to assess the progress of this CSR project versus its initial targets, for creating value for the local stakeholders, creating new businesses and jobs in the community as well as creating the conditions for the sustainable growth of these businesses and the long-term sustaining of the jobs in the sectors where LAB is active to date.

LAB Participation

- *Sustainability Community Development through Innovative Entrepreneurial ESEE and the Participants*
- *Paper presented by AFS and LAB in the European Seminar of Education and Extension (ESEE) held in Chania, Crete.*

Quantity Production and Value of Sales by Sector

Sector	Quantity Produced in kg./lit./pcs./ m ³	Number of Participants Total Sales Value - Euro
Greenhouse	59,946	39,348
Raspberries	8,549	7,694
Strawberries	10,282	19,639
Beekeeping	216	9,206
Mushrooms	268	268
Forestry	50	4,320
Poultry	170,914	1,964
Livestock	38,820	36,252
Medical Herbs	380	304
Vineyards	20	20
TOTAL	289,445	129,015



Trainings

Sector	Training Sessions	Number of Participants
Greenhouse	4	24
Raspberries	2	18
Strawberries	4	20
Beekeeping	2	19
Poultry	3	12
Livestock	1	13
Medical Herbs	1	4
Vineyards	1	3
Global Gap	2	26
Others	3	27
TOTAL	23	166

Working Days by Sector

Sector	Working Days (male)	Working Days (female)	Total Working Days
Greenhouse	626	231	857
Raspberries	290	193	483
Strawberries	248	127	375
Beekeeping	82	20	102
Mushrooms	56	96	152
Forestry	240	0	240
Livestock	440	220	660
Vineyards	84	15	99
Medical Herbs	81	24	105
Poultry	168	221	389
TOTAL	2,315	1,147	3,462

Systematical and theoretical trainings were organized at LAB's premises, whereas, practical trainings and demonstration were organized in operating business that are already creating revenue. Modules have been adopted based on the current needs offering specific training for new beneficiaries.





BOPAL



As previously reported, an additional effort was undertaken from our company in 2011 to encourage involvement and collaboration with local stakeholders in the framework of implementing Sharrcem's CSR Policy. The company's CSR team invited local stakeholders to appoint their own representatives in the Independent Local Board, whose main goal is to support and facilitate the collaboration between Sharrcem and local communities in development projects. Sharrcem held meetings with the board during the reporting year where during these meetings different proposals were implemented in the fields of community support; cultural and athletic activities, educational support, etc. - thus, the BOPAL has served as a very good instrument of communication in 2017 and we hope to continue to do so.

Children's Board



Within our CSR engagements, the initiation of the foundation of a children's board to be responsible in the fields of environment and health and safety in the community has proven to be very popular with the children and with Sharrcem as well. The creation of this board was made official by the signing of the agreement, where a detailed listing of all the different commitments and responsibilities for both sides. We are willing to continue this cooperation in order to create conditions for a safe and clean environment, for presenting different ideas and preparing projects in these areas to respond better to the needs of the local community. This initiative is continuously recognized by the Mayor and the Municipality of Hani i Elezit for a successful and beneficial engagement for the community.

Other CSR Activities

Country Safety Week

There are different activities going on during the Country Safety Week in order to promote the best practices towards health and safety. Our company has shown a big interest to get involved during this week as well by organizing events in cooperation with our relevant stakeholders. The government in its agenda has the promotional health and safety week and for the second year we were chosen by the Health and Safety Inspectorate to organize something jointly and share with the rest of the companies in the country our performance and commitment by highlighting our effort, care, and the engagement as a best practice in the country regarding the health and safety. There was an event organized, where our Health and Safety Manager shared with the participants our commitment towards health and safety. We were honored to welcome the representatives from the Ministry of Labor and Social Welfare, representatives from the Municipality of Hani i Elezit, Police Authorities and other stakeholders from different institutions and associations. We are working very closely with our stakeholders and through different engagements we want to maintain the established strong cooperation with the authorities, community members and other stakeholders and ensure them that we are very much interested to working on safe and healthy environment. Sharrcem aims to develop and continuously improve relationships with all internal and external stakeholders for mutual respect and understanding.



Let's Do it Kosovo

As we all know, this country's wide initiative has as an important aim to increase the awareness of the citizens in Kosovo for preserving a clean environment. The campaign itself encourages the communities to join forces in creating a cleaner environment for all. Our company, being very much responsible towards the environment, joined this initiative by providing recourses and in kind materials, which included t-shirts, trash paper bags, hats, gloves, etc. In addition, the involvement in these kind of initiatives will increase contribution on expanding green and clean areas all over.



Drinking Water

The Drinking Water project continued during 2017 as well. Similar to previous years, we provided drinking water to the two schools located in town and to the local health care center. We continued with this initiative, as there is a lack of drinking water sources in the area. We consider that this type of activity highlights the importance of having drinking water for children and all citizens. Investments in drinking water and sanitation yield high returns, as improved access to water and sanitation has many health benefits. We are committed to continue investing, in order to improve the living conditions in the community.

Increasing the Awareness through Environmental Education

Earth Day, on 22nd of April, became one of the most widely celebrated environmental events across the globe. On this day, events are held worldwide to increase awareness and appreciation of the Earth's natural environment. Currently it is being celebrated in more than 192 countries each year. We have been engaged in these celebrations as well, by giving a lecture on Environment to pupils from the primary school of Hani i Elezit, in order to increase the awareness about protecting our planet.

Bins in the City

The CSR team of Sharrcem appreciates the ideas and the interest of the children's board in improving the environmental conditions in the city. Throwing away of waste was their concern addressed to us and they were seeking for an opportunity to make some changes, in order to improve this situation. Placing the bins all around the town was their concrete request and the same was supported by us taking into a consideration the importance of the waste culture and effect in everybody's life.

SOS Village

Caring for others is always firmly embedded in Sharrcem's culture. On the eve of holiday seasons, Sharrcem supported SOS children's village orphanage through the purchase of season's greeting cards prepared by children of the orphanage. Through the purchase, Sharrcem gave the necessary financial contribution for children without parental care, but also supported the initiative for the encouragement of others in contributing for something positive. The financial donation of Sharrcem provides an opportunity to create better living conditions and show its care for orphaned and abandoned children in Kosovo.



Medical Checks and Awareness Raising on Health Issues

Sharrcem, in cooperation with the Municipality of Hani i Elezit, respectively with the medical/health sector have reached an agreement with neighborhood medical institution to provide health assistance and trainings in the community of Hani i Elezit.

Kids Playground

Under the umbrella of our CSR project “a bit nicer... a bit safer” and in cooperation with two of our contractors, we initiated the repair/refresh of the existing playground with the theme of health and safety. The playground has been a project of BOPAL and was considered with priority knowing the children would benefit from it, and such like the project was very much welcomed. Two of Sharrcem’s contractors, (Luri and Fortuna) joined the initiative and offered their contribution in regulating the playground by providing sand, coloring the fence and making some adjustments. The playground became amusement area for the children, but in a mean time a safe environment as well.



Voluntary Activity - Blood Donation

For Sharrcem it became a tradition to be part of the blood donation campaign on behalf of World Blood Donation Day. Our company joined this campaign on May 2018, where 46 donors from our direct employees responded to the call. Our friends’ voluntary joined the campaign and 17 members from the contractors and 1 from the Municipality also responded. Each donor received a free meal at our canteen. Taking into consideration the humanitarian act that may save lives, we will surely continue the tradition hoping to increase the number of blood donors.



2.5 TRAINING AND DEVELOPMENT OF YOUTH



The European Pact for Youth 'PACT 4 YOUTH Campaign'

As part of Titan Group, Sharrcem joined the European Pact4Youth initiative from its initial phase in 2015, aiming at helping young people acquire professional skills and at boosting employability. During 2017, Sharrcem accommodated in its premises many students and young graduates with no work experience by taking different kind of actions related to this campaign. The youth matter is very important to our business. The frozen music project, different internship initiatives were covered under the Pact 4 Youth umbrella. Within the reporting year we gave our contribution on this regard by reaching an employment agreement, initiated by the Municipality of Hani i Elezit, with NGO Mother Tereza. We accommodated in our premises four (4) people for a 6-months period of time, where our people shared their professional know-how with them. This activity was very beneficiary for the young interns in professional manner as well as monetary. In addition, we responded positively to the requests of the educational institutions in order to accommodate students for their professional preparation required by their program. Taking into consideration our operation, the people of health and safety department were closely involved to ensure their safety up to the maximum. Sharrcem has promised to always be close to the community by offering various opportunities with positive impact.

Frozen Music

A project initiated during 2014 where we invited students and young professionals of architecture, civil engineering and urban planning to enter the future with their visions and ideas of Kosovo's development. Empowering young people is a key aim of the Group sustainability strategy. Specifically, with projects like this we aim to promote ideas of sustainability and efficiency, as a means of improving the current situation in Kosovo, while supporting education and empowering youth as a means of creating opportunities for young experts to take the lead in the country. Frozen Music was supported by a large number of stakeholders, both local and international.





Increasing Awareness through Theater

Considering the fact that children from Hani i Elezit are citizens of the border zone/area with undeveloped cultural activities and lack of recreation, there was initiated a theater play/program for the kindergarten kids, with subject related to the health and safety and the environment. A very useful program was organized for preschoolers by professional theater actors using mascots for better interaction with the theme of health and safety and the environment. It was the right educational/entertainment event since they have learned in a very interactive way the importance of clean water, clean environment, pollution free living areas, as well as oral health and hygiene. During the show, children were provided with drinks and snacks and they were amazed by this show. Educational activities and trainings must go on since this is the most important investment for better future.

3. OUR CONTRIBUTION TO KOSOVO'S TRANSITION

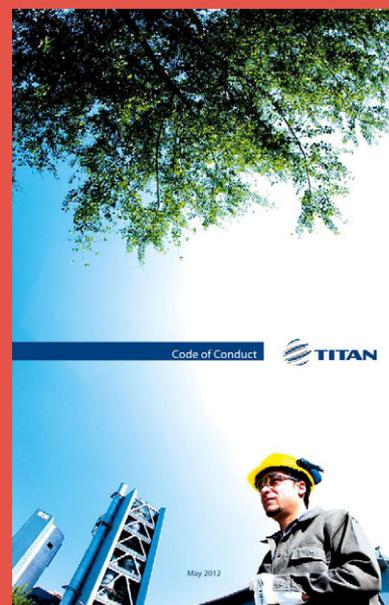
- 3.1. Human Rights
- 3.2. Governance and Transparency
- 3.3. Our Efforts against Corruption

3.1. HUMAN RIGHTS



Code of Conduct

Our efforts in improving the relations with local suppliers and contractors are systematic through Internal Policies, Purchasing Manual Procedures, ISO's and the Group Code of Conduct, which also relates to Human Rights issues and corruption. Following the above, we want to promote ethical business practices and ensure that our suppliers do the same.



Policies and Procedures

The continuation to operate under a written policy that supports local contractors and suppliers remains on top of the list of our priorities. With this policy we created the way to build trustworthy relationships and increase the creation of value in the local community. We remain in continuous communication through regular meetings and trainings, (SA 8000, health and safety, environment, knowledge transfer) in order to enhance the level of cooperation and quality of service.

Our system in place SA 8000, an international standard for improving working conditions is based on the principles of international human rights norms as described in International Labor Organization Conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. Thus, we consider that through this standard we promote the Group's Human Rights Policy. Our commitment to this very important standard resulted with the re-certification of the same within the reporting year.

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

Sharrcem has in place an International Standard for Improving Working Conditions - SA 8000

A social compliance program is usually and mostly based on adherence to rules of social accountability, established by certified conformance to standards such as SA 8000. Social Audit is the process of evaluating a firm's various operating procedures, code of conduct, and other factors to determine its effect on a society. The goal is to identify if actions of the firm have impacted the society in some way. We are proud to have been the first company in Kosovo to receive the certification from Eurocert according to the SA 8000 Standard of the Social Accountability International. During 2017, following the audit process, Sharrcem was re-certified with the standard in question. The worldwide-recognized certification to the SA 8000 standard involves the development and auditing of management systems that promote socially acceptable working practices bringing benefits to the complete supply chain. There is a direct contribution in the sustainability of the company, better trained and healthier workforces, fewer workplace incidents, higher product quality, and increased productivity, more efficient and effective monitoring, justified pay, more reasonable work hours, fairer advancement opportunities, more training and more participation in workplace management and design.



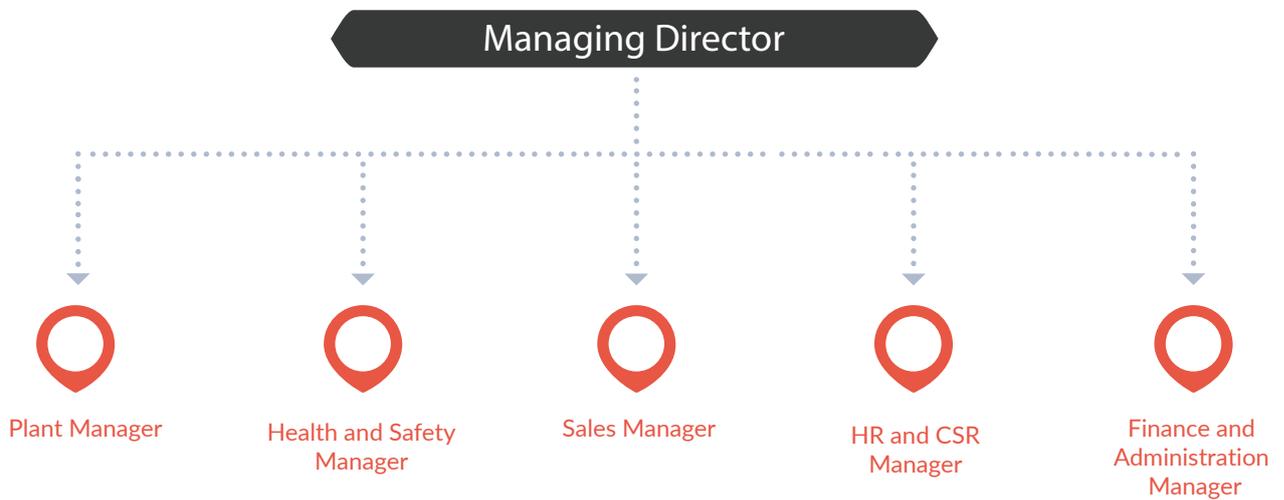
3.2. GOVERNANCE AND TRANSPARENCY



Corporate Governance

One of the key roles of TITAN's Board is to establish the culture, values and ethics that guide us through every aspect of our business. For us, corporate governance is synonymous with ethical business practices, transparency, accountability and sustainability. We believe that high-quality corporate governance creates long-term value for our shareholders, customers, employees and suppliers. Our aim is that all stakeholders benefit from the way we do business.

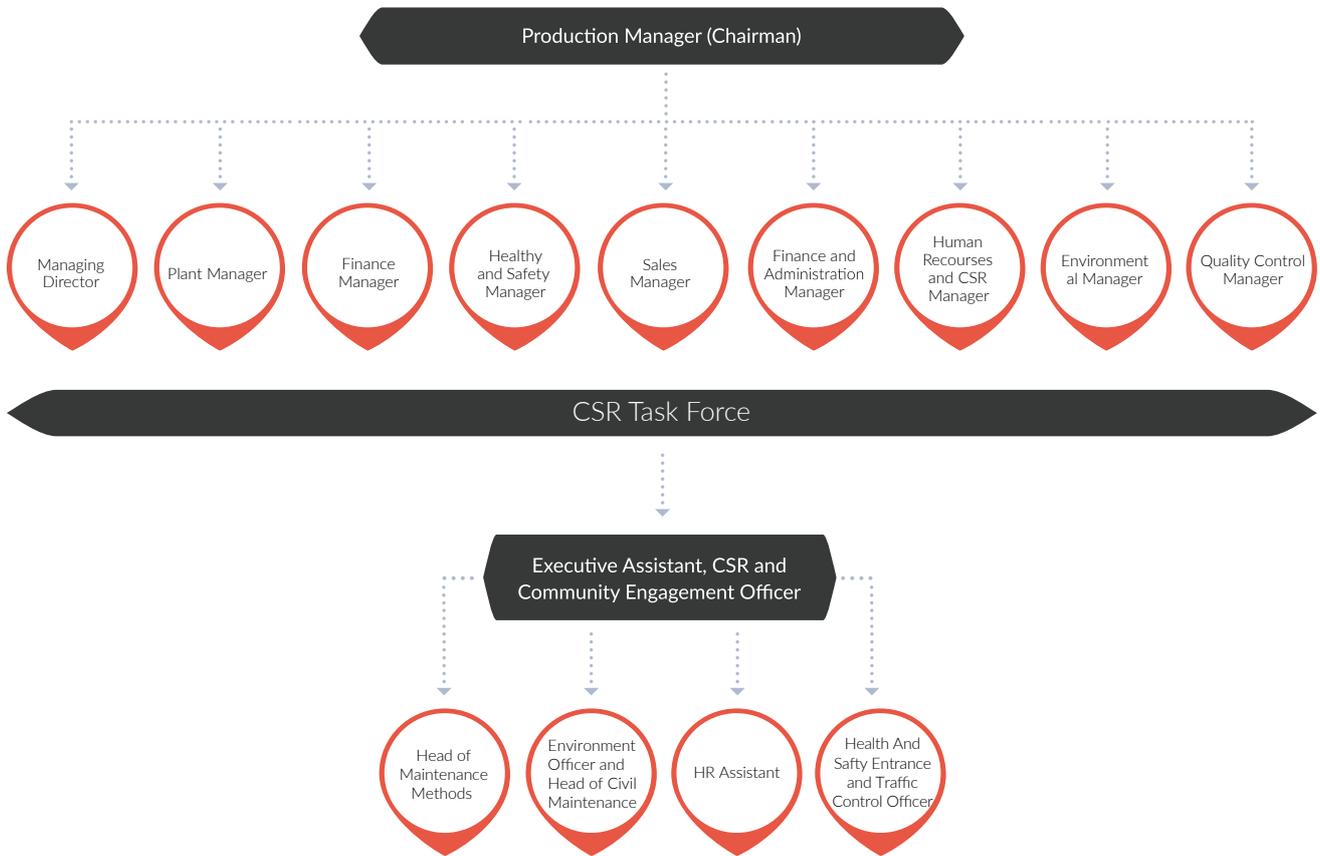
Governance within Sharrcem



List of other Boards/Committees/Councils



CSR Committee Organizational Structure



Following the Titan policies for Sharrcem as well, our company governance is structured in this way. We strive to ensure the following:

- Implement the established CSR structure.
- Implement the established CSR policies and procedures.
- Care for people and society.
- Maintain communication with employees and other relevant stakeholders.
- Perform, facilitate and monitor the engagement with the local community.

Previous disclosed CSR and Sustainability Reports





Our Priorities of our Key People in our Operation

Continuous Engagement with key Stakeholders: Disclosure and Transparency



- Contractors: meetings and trainings for CSI guidelines Implementations.
- Focus on material issues of the community, empowerment of the Independent Local Advisory Board, BOPAL.
- Continuous firm support to the LAB project.
- Trainings and continuous improvement.
- Employee development and adaptation of CSI guidelines.
- Meet high sustainability standards through certified systems.
- Support and contribute to Kosovo CSR Network.
- Continuous awareness raising on CSR within the company, community and beyond.
- Contribute in education at local and national level.
- Pact 4 Youth: events and awareness building.
- International Institutions: continuous cooperation.
- Social Accountability: SA 8000, training for raising awareness.

3.3. OUR EFFORTS AGAINST CORRUPTION



Due to the commitment of the EIC to support investors in our country, the five corporations with European capital joined the EIC during 2017. The EIC, as a devoted business association will continue to strongly represent the interest of these European Investors in order to create a more attractive business climate. Moreover, at their 143rd meeting, the Government of Kosovo has elected the European Investors Council as a member of the Kosovo Council for Financial Reporting - KCFR. This was another important achievement for EIC, as it will now be closely linked to decision making processes on these related matters. The EIC team has been very much engaged by organizing as well as participating into different events held in the country from International and local institutions regarding the investments climate in the country, discussing the business barriers and having a voice to support investors for a better economic development of the country.

Other Engagements

A good portion of the identified stakeholders has already been contacted during this year by Sharrcem's CSR team with the purpose of maintaining communication with regards to the company's plan of action. Sharrcem will carry on with this communication strategy through ad-hoc engagement fora, publications, projects, meetings etc. - as we aim to maintain the trust we believe we have built with all our stakeholders by communicating openly and transparently and seeking engagement to understand the impact of our operations and their concerns.





Stakeholders Engagement Forum

On December 2017, Sharrcem organized the forum with all stakeholders, where numerous personalities took place in the forum/event: The Minister of the Ministry of Environment and Spatial Planning, Mrs. Albena Reshitaj, the Mayor of the Municipality of Hani i Elezit, Mr. Rufki Suma and many other friends and stakeholders that are giving a huge contribution for our operation plant. The forum was opened by the Managing Director of Sharrcem, Mr. Thomas Glavas, the annual CSR Report 2017 was presented to the participants of this event, through a presentation of what Sharrcem has achieved throughout these years of operation in Kosovo's market, its future objectives and various projects it has financed and implemented as part of accomplishing its social responsibility agenda. Our company continues to make different kind of investments whose beneficiaries are first and foremost the citizens of the area we operate in. This year, we have allocated a substantial budget for sustainable activities/projects by mostly paying attention to Laboratory for Business Activities project (LAB) which has enabled creation of SME's in the field of agriculture. We believe that we are serving as an excellent example of a serious industrial manufacturer, which is an inspiration to other companies to invest in such projects that the community will benefit at large. It is worth to mention that during our 5th Sustainability Stakeholders Forum, we were also celebrating with our friends the 5th Anniversary of Reporting of Reporting.

“ Social Responsibility and Sustainability is what makes us responsible being either an individual or a corporate. Although, we can never sustain that we have attained the goal, in our rapidly changing world, we are determined to stay alert, listen to our stakeholders, communicate in a direct and transparent way and ultimately achieve to carry on and evolve together, for Mutual Growth ”

European Investors Council - Improvement of the business climate in the country.

The European Investors Council - (EIC) was created with the aim of enabling a healthy environment for businesses and local authorities to be able to bring about innovations that lead to economic development. In 2017, the EIC had its second round of dialogue. The investment dialogue began last year (2016) with 17 members in total, while for the second round this year, the EIC organized three roundtables with different topics including Mining and Minerals, Petroleum and Energy (1st roundtable), Energy (2nd roundtable), and Telecom (3rd roundtable). Present in the Investment Dialogue for 2017 were Kosovo Prime Minister, Isa Mustafa and other prominent figures including ministers of Finance, Trade and Industry, Economic Development, and head of the EU Office in Kosovo. The main purpose of the initiative was to serve as a bridge between businesses and the public sector, with the ultimate goal of attracting foreign investment in Kosovo. Last year, the Council was led by Emmanuel Mitsou, Sharrcem Director at that time, while this year, Robert Erzin from Ipko Telecommunications was selected as Chairman of the EIC. For more information regarding the EIC activities during 2017, read here: www.eic-ks.eu



EIC members:



EIC Honorary Members



Kosovo CSR Network

Founded on April 2011, the Kosovo Corporate Social Responsibility Network is the first of its kind in the country. The purpose of the Network is to increase awareness and incentivize practicing of CSR activities in Kosovo. It also aims to fulfill the Ten Global Compact Principles, which include creation of a framework for businesses, consisting of ten principles in the fields of human rights, environment, labor and anticorruption. More specifically, the principles are focused in protecting human rights and eliminating any kind of discrimination at work, promoting a clean environment, ending child labor, and fighting corruption. During 2017, the Kosovo CSR Network implemented several projects, for instance, all 19 members of the network were gathered and agreed upon the primary objective of the Pact4Youth project of the EU, and which will be implemented by the CSR Network in Kosovo. Within the framework of this project, Kosovo CSR Network has established a database for jobseekers with disabilities. In addition, in collaboration with several of its members including Sharrcem, the Network implemented a project called Frozen Music where 25 young architects, engineers and other professionals were awarded with scholarships in EU countries. For more information regarding the Kosovo CSR activities during 2017, read here: www.csrkosovo.org



Kosovo CSR Network Members



4. OUR ENVIRONMENT: ENVIRONMENTAL PERFORMANCE AND CARING FOR THE NATURAL CAPITAL

- 4.1. Water Management
- 4.2. Air emissions and Ambient Nuisance
- 4.3. Climate Change and Energy
- 4.4. Use of Land
- 4.4.1. Quarry Rehabilitation Plans (QRP's)
and Re-Establishment Land use



Our Environment

TITAN Group has long recognized environmental management as a material issue and has, since 2005, disclosed measurable qualitative and quantitative targets to monitor progress in respect to environmental performance following the WBCSD Cement Sustainability Initiative “Agenda for Action”. TITAN particularly contributed to the integration of advanced international and industry standards in the new markets it entered. Caring for the environment, for us - goes beyond the basic implementation of the policies and procedures adopted from the TITAN Group within our operations. These procedures, instructions and forms in place and the same are being reviewed by the audits related to the following: environmental aspects; objectives and targets; legal and other requirements; control of documents; emergency preparedness and response; monitoring and measurement and operational control. We want to be engaged with all the relevant stakeholders and ensure working and living with high environmental care awareness.

Environment in Sharrcem

Considering the nature of the plant’s function, we have always placed special interest in protecting the environment. We are trying to care for the environment by going beyond the basic implementation of policies and procedures within our operation. The engagement of our stakeholders plays a significant role in order to create ideas and be able to jointly implement activities/projects for the benefit of the environment. By working hard, implementing the policies, investing continuously, we have been able to enhance our credibility as a company and ensure success. Provided our strong interest and continued efforts in this subject, we believe that through our commitment and willingness for new initiatives and projects, we will be able to support the protection of the environment. The training for increasing the awareness of youth continued during this year, targeting at improving life in the community and inspiring other companies to implement environmental protection practices as well.



Environmental Management System and Performance Indicators

Indicators for 2017

The values in the table below are given based on the Annual EPI's and KPI's Report. The information of emission level were 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 WBCSD - CSI CO₂ protocol version 3.0.

EP - Indicators	2015	2016	2017
Kiln - NO _x [mg/Nm ³]	409.5	296.7	359.4
Kiln - SO _x [mg/Nm ³]	7.9	65.3	46.9
Kiln - Dust [mg/Nm ³]	2.3	3.4	2.9
Clinker Cooler - Dust [mg/Nm ³]	0.3	1.9	2.6
Cement Mill 1 and 2 - Dust [mg/Nm ³]	5.3	2.8	2.4
Specific CO ₂ Emission [kgCO ₂ /t clinker]	893	905	892
Specific CO ₂ Emission [kgCO ₂ /t cementitious product]	570	592	580
Total Plant Specific Thermal Energy Consumption (STEC), [kcal/kg clinker]	881	884	844
Specific Electrical Energy Consumption (SEEC), [kWh/t cement]	100.7	101.2	92.9
Specific Water Consumption [l water/t cement]	141.8	247.2	210.3
Alternative Fuels (HEAT BASIS) [%]	0.0	0.0	0.0
Alternative Raw Materials (OVERALL), [%]	16.1	15.2	12.8

*** Sharrcem monitors significant emissions of pollutants, in accordance with the requirements of the legislation and the WBCSD/CSI Guidelines: WBCSD/CSI Guidelines for Emissions Monitoring and Reporting in the Cement Industry, ver. 2.0, ed. 2012.

*** WBCSD/CSI CO₂ and Energy Protocol: The Cement CO₂ and Energy Protocol - CO₂ and Energy Accounting and Reporting Standard for the Cement Industry, ver. 3.0, 2011.

*** For Kg CO₂/t cementitious product: Cementitious products according to the WBCSD/CSI definition.

Contribution of Sharrcem to the Circular Economy

Waste management has been recognized as one of the major challenges for Kosovo for many years. In this respect and aiming to contribute to waste minimization, Sharrcem has prepared the preliminary study to use alternative fuels of RDF type (Refuse Derived Fuels) and also other alternative fuels (AF) originating from municipal, commercial and industrial wastes for the utilization as an energy source in the clinker kiln. As a first step, the project for RDF production is anticipated to start from waste transfer station in Gerlice, municipality of Ferizaj, which is close to the factory.

Utilizing Alternative Raw Material (ARM) is also one of biggest contributions to circular economy and has positive effects on environment, like the reduction of wastes in landfills/collecting points and saving of the natural resources. The table on the next page contains the amount and type of waste utilization in Sharrcem during 2017.

Planting Trees in the Plant

As per Sharrcem's environmental action plan, we have planted a lot of greenery, not only at the quarry area - according to the rehabilitation plan - but also within the plant boundaries, by creating green zones, which have continuously improved the overall plant's view and feeling for the employees and the community as well.



Training Hours for Environmental Awareness, Knowledge and Skills

Under the planned activities within the environment department, there are different training programs and activities organized for direct employees and contractors. Additionally, these programs and activities were focused on education and social contribution by raising awareness regarding the importance of environmental protection. These programs and activities were organized in cooperation with all departments in the plant and with the contractors.

YEAR 2017

DIRECT EMPLOYEES

♂ 252h ♀ 28h

CONTRACTORS

♂ 68h ♀ 80h



Waste utilization

YEAR	FLY ASH (t/y)	BOTTOM ASH (t/y)	PYRITE ASH (t/)
2017	108,472	1,962	4,741

*** Follows, where applicable: Guidelines for Co-processing Fuels and Raw Materials in Cement Manufacturing v.2.0 (2014).

*** For alternative raw materials and natural raw materials in cement: Clinker to cement ratio in the material consumption (in accordance with WBCSD/CSI).

4.1. WATER MANAGEMENT

Sustainability of groundwater and surface water resources

The company conducts a systematic (monthly) monitoring of aquifer level by piezometer level gauge. The Waste Water Treatment Plant (WWTP), which has been in operation since March 2016 aims at the improvement of water outflows' quality (sustainable solution). Sharrcem monitors the quality of liquid outflows on a monthly basis, through accredited laboratories and reports the results to the authorities. The water quality monitoring results show that the water that flows out from the waste water treatment plant and is discharged to river Lepenci, meets the quality requirements in accordance with EU and national standards for waste water discharge limits.

Further, through the operation of the WWTP, Sharrcem has assisted some families around the plant, in the municipality of Hani i Elezit, by providing to them sewage water connectivity and treatment in the company premises; 40 families of the municipality benefited from having their water pipes fixed and properly linked to the company sewage systems. Apart from the contribution to environmental protection, by investing in such projects we contributed also to the health of the citizens where Sharrcem operates.

*** Sharrcem manages, measures, and reports on Water withdrawal, usage and consumption acc. to the CSI Protocol for Water Reporting (2014) and the CSI Guidance on Good Practices for Water Accounting (2016)



4.2. AIR EMISSIONS AND AMBIENT NUISANCE

Monitoring and Investments

Sharrcem is continuously monitoring emissions from the main sources during normal operation of the plant. In addition, on annual basis, spot measurements of heavy metals are conducted by an external certified body (third party) at the kiln main stack. Sharrcem monitors the ambient noise at relevant locations and reports the results. Ambient noise refers to noise levels in perimeter of the plant and quarry, outside of facility's boundaries. In the last couple of years, great effort was given to the reduction of the noise originated from eight bag filter fans and openings in ball mill buildings (CM2 and RM). The result in these areas is very satisfactory but furthermore an intervention was materialized in the areas of the packing plant, where the flow direction was not providing for proper conditions. These areas required a special treatment by installing noise silencers in the outlet and changing the flow direction. The installation of the automatic crane has been completed during 2017 and total cladding of the clinker storage will be in place by the end of 2018. Stakeholders were directly engaged by third-party companies:

(Air Quality Measurements): MANAGEMENT FORCE.

(Spot emission measurements and calibration of CEM devices), (once per year) - RI-EPM.

(Changing the flow direction): G METAL SOLUTIONS.

(Installation of the Automatic Crane): TEREX MHPS GmbH - DEMAG.

4.3. CLIMATE CHANGE AND ENERGY

Climate Change Strategy

The climate change strategy was initiated by the Ministry of Environment and Spatial Planning (MESP) with UNDP support, as a part of the National CCS. The purpose of this concept is to provide the basis for a strategic discussion among the relevant authorities and other stakeholders in Kosovo regarding the shift towards low emission development, as part of the global efforts to combat climate change, and as part of the development on the national level. The industry sector was represented by Mr. Halil Berisha, environmental expert from Sharrcem, taking part in the working group on the drafting of a strategy for climate change, among other external experts in the relevant fields. Draft climate change strategy was initiated in December 2012 by the MESP with UNDP support. This climate change strategy is an initial step in the process of policy management adaptation. In addition, it represents an opportunity to found and determine mitigation and adaptation measures that will boost sustainable development. Therefore, it consists of two components: strategy for Low emission development and national adaptation strategy. Based on the Law on protection of air pollution, No. 03 / L-160 came as an obligation to draft an action plan for air quality. This action plan presents the strategy implementation plan for air quality, 2013-2022, which was approved by the assembly of the Republic of Kosovo on 19.12.2013 No. 04 / V-741. The main aim of the action plan for air quality is to submit a priority list in compliance with the state, aiming to achieve the primary objectives of environmental policy as defined in the air quality strategy. There have been directly engaged stakeholders: Government, NGO's and External Experts.

4.4. USE OF LAND

The productivity and sustainability of a land-use system is determined by the interaction between land resources, climate and human activities. Land use regulations, transportation infrastructure investments, waste water management and building standards are some of the traditional tools used to shape the development of human habitats. Land use planning is the systematic assessment of land and water potential, alternatives for land use and economic and social conditions, in order to select and adopt the best land use options.

4.4.1. QUARRY REHABILITATION PLANS (QRP'S) AND RE-ESTABLISHMENT OF LAND USE

The improved/successive QRP at Dimce quarry, for the 5- year period 2016-2020, was completed in 2015. The objective of the rehabilitation plan at Dimce quarry is to restore the depleted pit, by trees planting at depleted benches and backfilling and leveling of quarry plateau, and return it back to the original land owners. The rehabilitation works started in 2015 with soil application and trees planting (170pcs on the depleted top bench and the installation of an irrigation system. In 2017 same practices were applied (350pcs planted trees on the depleted part of second bench, whereas the plan for next year is the rehabilitation of the third bench. A paper under the title “Case study on effective quarry rehabilitation and land resettlement in Dimce quarry, Municipality of Hani i Elezit, Kosovo” was submitted by Sharrcem in the 8th International Conference Sustainable Development in the Minerals Industry (SDIMI held in June 2017 in Beijing, China. The case study was well perceived as a good practice and was finally published in the international Geo-Resources Environment and Engineering (GREE book series. The implementation of the rehabilitation plan at the quarry has turned out to be a real composite and practical example of preserving and returning back the natural area in a state compatible with the surrounding environment and with respect to the needs of the local stakeholders.



*** Sharrcem does not carry out its manufacturing operations within protected areas or in areas of particular importance for the preservation and enhancement of nature. Since the production process of our Company is directly dependent of the exploitation of mineral resources, we are systematically dedicated to an accountable and efficient manner of land management, and advocate for the maintenance of biological balance. With ongoing efforts, we accelerate rehabilitation of our quarries and the biodiversity, applying in our activities the standards and best practices formulated in the WBCSD/CSI Guidelines for Quarry Rehabilitation (2011), as well as the Biodiversity Management Plan (BMP) Guidance (2014).

5. OTHER PROJECTS



Prometheus



The Prometheus investment will introduce substantial benefits to local communities, including infrastructure improvements and job creation, that will in turn encourage reinvestment in the local economy. The Prometheus project will help to increase growth of Kosovo's industrial output and the competitiveness of local businesses, by providing access to affordable fuel. The ESIA was prepared according to the Guidelines for Environmental and Social Impact Assessment (2016), published by the World Business Council for Sustainable Development (WBCSD/CSI), in alignment with the applicable environmental and social legislation of the Republic of Kosovo and the European Union Directives. In developing and operating the green field lignite mine and the fuel processing plant, Prometheus will prevent, minimize, or mitigate any significant negative environmental and social impacts. All identified impacts have been assessed on preliminary level, and focused plans of measures will be followed, in order to protect the environment and produce a net positive impact to the local community. The ESIA was handed over to the Chairman of the Parliamentary Committee (GoK), being responsible for the Industry and Investments related to PPP projects, in March 2017.

Alternative Fuels

Sharrcem operates a shaft pre-heater clinker kiln and uses pet coke as regular fossil fuel. To protect the environment and to increase competitiveness, Sharrcem is addressing the partial substitution of fossil fuels by alternative fuels. Sharrcem is intending to use RDF (Refuse Derived Fuels) and also other alternative fuels (AF) originating from municipal, commercial and industrial wastes for the utilization as a supplementary energy source in the clinker kiln. Sharrcem, with the support of MVW, has already initiated relevant discussions with the Government of Kosovo, aiming to promote the use of alternative fuels in the country, thus improving its business standing, viability and sustainability, also providing important environmental, economic and social benefits to all.



Our Stakeholders Opinion Matters



MRS. LINDA TAHIRI RUKIQI

Chief Executive Officer at
Kosovo CSR Network

Corporate Social Responsibility is a crucial mechanism for Kosovo to address many social challenges our society faces, through the integration of social, environmental and ethical issues into enterprises' business and strategic operations, which is exactly what Sharrcem does.

In Hani i Elezit, the municipality where Sharrcem operates, they have influenced the well-being of citizens and sustainable economic development through different CSR initiatives, among which we consider LAB to have had the biggest impact. The Sharrcem LAB project, co-funded by USAID, has significantly strengthened the Agriculture sector in Hani i Elezit, and has helped the well-being of at least almost 80 families of the beneficiaries.

Sharrcem's incorporation and implementation of CSR principles shows also their commitment to a sustainable economic development in the country. Sharrcem is one of the founders of our organization, Kosovo CSR Network, as well, and has continuously shown a strong dedication in empowering our Network and spreading the philosophy of CSR in Kosovo. It is a Patron supporter of the CSR Network in Kosovo, and also a company from practices of which other companies can learn. It is a CSR leader, which promoted the idea of not focusing solely on maximizing profits, but contributing in raising the overall welfare through sustainable development by taking concrete CSR actions.

I believe the success of Sharrcem and TITAN Group in general was helped by the implementation of CSR principles as well, as the added value of continuously incorporating CSR has helped their excellent reputation and has had a direct effect in their performance. Other companies are learning from this as well, that being socially responsible has an impact in the reputation of companies, in the wellbeing of the citizens of the environment they contribute, and the sustainable development of the economy.



MR. BASRI IBRAHIMI

Chief Inspector of Labor Inspectorate
of Kosovo

Health and Safety as a concept, is relatively new in Kosovo. According to the Inspectorate of Labor, local companies are going in the right track towards changing the situation for the better, but there is a lot of work left to be done.

Sharrcem is considered as the leading company working towards creating a positive environment for health and safety at work. According to the Labor Inspectorate of Kosovo, Sharrcem is the largest investor in work health and safety and should serve as an example to follow for other companies trying to do the same.

In addition, communication with the company's management is praised and Sharrcem's staff is deemed very qualified to work in the field.



Independent Limited Assurance Report

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To the management of SharrCem SH.P.K.

Introduction and scope of work

We were engaged by SharrCem SH.P.K. (further referred as to “the Company”), to provide limited assurance in relation to the following information, presented in SharrCem SH.P.K.’s CSR and Sustainability Report for the year ended 31 December 2017:

- The consistency of qualitative and quantitative non-financial disclosures presented, with regard to the criteria for Communication on Progress of the UN Global Compact.
- The completeness and accuracy of qualitative and quantitative sustainability disclosures, in specific for the areas of Environment and Health & Safety and regarding the criteria applicable in 2017, which are aligned with the sectoral guidelines and reporting standards (Cement Sustainability Initiative), and with the TITAN Standards for Reporting on Group and BU level.
- The methodology of materiality assessment with regard to the guidelines of AA1000 Standard.

Management responsibility

The Management of the Company is responsible for accurate preparation and presentation of the CSR and Sustainability Report in accordance with the UN Global Compact principles and relevant criteria. This responsibility also includes the selection and application of appropriate methods to prepare the CSR and Sustainability Report and the use of assumptions and estimates for the individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and procedures relevant for the preparation of the CSR and Sustainability Report.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA-Codex), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



In this context, the assurance team is independent from the Company and has not participated in the preparation of the Company's CSR and Sustainability Report for the year 2017.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to perform an independent limited assurance engagement in order to express a conclusion "based on the procedures carried out for the selected data, as described in the "Introduction and scope of work" section above.

Our work has been conducted in accordance with the ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the Board of International Standards on Auditing and Assurance. This standard requires that we comply with ethical requirements from Code of Ethics for Professional Accountants issued by the International Ethical Standards Board for Accountants, as well as to plan and perform independent limited assurance engagement in a way that will allow us to express a conclusion with limited assurance.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with International Standards on Auditing and Assurance Engagements. To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this report towards anyone other than the Company and the Group, unless the terms have been agreed explicitly in writing, with our prior consent.

Summary of work performed

Within the scope of our work we performed amongst others the following procedures concerning the materiality analysis, management approaches and key data presented in the CSR and Sustainability Report 2017:

- Read the CSR and Sustainability Report (in its entirety) to ensure it is in accordance with the criteria for Communication on Progress of the UN Global Compact.
- Interviews with key personnel responsible for the preparation of the CSR and Sustainability Report, providing the sustainability performance information to understand and evaluate the processes, internal controls and information systems relating to the preparation of the aforementioned information;
- Understanding the Company regarding to its sustainability organizational structure, stakeholder dialogue and development process of the sustainability program;

- Comparing text and data (on a sample basis) presented in the CSR and Sustainability Report to underlying sources. This included considering whether all material issues had been included and whether the reported text and data was accurately drawn from the underlying information.

Limitations

Certain selected information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

To conduct our work, we relied exclusively on the information provided to us by the Company's executives, which we accepted in good faith as being complete, accurate, real and not misleading. Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Report and which arise from our mutually agreed methodology.

- No work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

Limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that caused us to believe that there are any errors or misstatements that would materially affect the data and information as presented in the CSR and Sustainability Report 2017 and that the CSR and Sustainability Report of SharrCem SH.P.K for the year ended 31 December 2017 was not prepared, in all material respects, in accordance with the criteria mentioned above, in the "Introduction and scope of work" section.

Grant Thornton LLC
Prishtinë,

13 December 2018

Grant Thornton LLC





UN Global Compact Criteria

Implementing the Ten Principles into Strategies & Operations		
Criterion 1	The COP describes mainstreaming into corporate functions and business units	Page(s): 20-21
Criterion 2	The COP describes value chain implementation	Page(s): 16, 20-21, 24-25, 27, 29, 40, 57-58, 61
Robust Human Rights Management Policies & Procedures		
Criterion 3	The COP describes robust commitments, strategies or policies in the area of human rights	Page(s): 16, 20-21, 24, 27, 29, 31, 57-62
Criterion 4	The COP describes effective management systems to integrate the human rights principles	Page(s): 24, 57-62
Criterion 5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	Page(s): 24, 57-62
Robust Labour Management Policies & Procedures		
Criterion 6	The COP describes robust commitments, strategies or policies in the area of labour	Page(s): 16, 20-21, 31
Criterion 7	The COP describes effective management systems to integrate the labour principles	Page(s): 16, 24, 31-34, 57-59
Criterion 8	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Page(s): 31-34, 59
Robust Environmental Management Policies & Procedures		
Criterion 9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	Page(s): 15-16, 19-21, 24, 67-73
Criterion 10	The COP describes effective management systems to integrate the environmental principles	Page(s): 15-16, 24, 67-73
Criterion 11	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Page(s): 15-16, 24, 59, 67-73
Robust Anti-Corruption Management Policies & Procedures		
Criterion 12	The COP describes robust commitments, strategies or policies in the area of anti-corruption	Page(s): 20-21, 40, 57-65
Criterion 13	The COP describes effective management systems to integrate the anti-corruption principle	Page(s): 20-21, 40, 57-65
Criterion 14	The COP describes effective monitoring and evaluation mechanisms for the integration of anticorruption	Page(s): 40, 57-65
Taking Action in Support of Broader UN Goals and Issues		
Criterion 15	The COP describes core business contributions to UN goals and issues	Page(s): 19, 21, 27-29, 59-60, 62-65, 70
Criterion 16	The COP describes strategic social investments and philanthropy	Page(s): 8-9, 27-29, 41-53
Criterion 17	The COP describes advocacy and public policy engagement	Page(s): 21, 27-29
Criterion 18	The COP describes partnerships and collective action	Page(s): 19, 25-27, 29, 32, 38, 42-43, 45, 64-65, 67
Corporate Sustainability Governance and Leadership		
Criterion 19	The COP describes CEO commitment and leadership	Page(s): 10-11, 27-29
Criterion 20	The COP describes Board adoption and oversight	Page(s): 27-29
Criterion 21	The COP describes stakeholder engagement	Page(s): 27-29, 41-43, 63-65

SHARRCEM

a  **TITAN** Group Company

www.sharrcem.com