An aerial photograph of a road and a circular structure, possibly a water treatment tank, with a teal overlay. The road is a multi-lane highway with a car visible. The circular structure is a large, circular concrete tank with a central well. The background is a mix of brown and green vegetation. The teal overlay is a semi-transparent layer that covers the bottom half of the image and has some curved lines and shapes.

**SHARRCEM**

a  **TITAN** Group Company

**2020**

**ANNUAL  
SUSTAINABILITY  
REPORT**



[contact@sharrcem.com](mailto:contact@sharrcem.com)



[www.sharrcem.com](http://www.sharrcem.com)



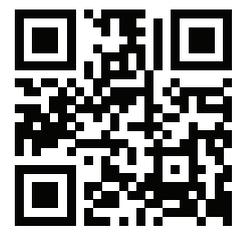
Adem Jashari 280  
71510 Hani i Elezit, Kosovo



+383 290 385 500



+383 290 385 510



View Online

Sharrcem SH.P.K.

2020  
ANNUAL  
SUSTAINABILITY  
REPORT

# ABOUT THE REPORT

The Sharrcem Annual Sustainability Report No. 9 (hereinafter: "the Report") provides insight into company operations and performance for the period of 01 January 2020 – 31 December 2020. The Report is an essential document about the company processes, outcomes, commitment, and performance especially as they relate to sustainability. It contributes to the company's strategic thinking in alignment with the TITAN Cement Group global approach to monitoring and reporting.

This Report complies with the relevant global sector specific reporting standards, as attested by the Assurance Letter of independent third parties and the Sustainability Performance Index, which is linked to the United Nations Sustainable Development Goals 2030 (UN SDGs).

This Report complies with advanced level criteria for independent assessment in accordance with the UN Global Compact Communication on Progress Guidelines and the Charter and Guidelines of the Global Cement and Concrete Association (GCCA). Since 2018, we observe the Guidance of the United Nations Conference on Trade and Development (UNCTAD) that connects reporting on Sustainability with the SDG Targets, also aligned with the TITAN Cement Group approach.

The TITAN Cement Group Annual Integrated Report 2020 (IAR 2020) includes information about our performance in 2020. It can be accessed by mobile devices using this QR code.

TITAN Cement  
Group Annual  
Integrated Report  
2020 (IAR 2020)





This is third consecutive year as Grant Thornton LLC Pristina has been engaged to provide Independent Limited Assurance Report on the Annual Sustainability Report prepared in accordance with the requirement of the Charter and Guidelines of the Global Cement and Concrete Association (GCCA) and the advanced level criteria of the UN Global Compact Communication on Progress. The Independent Limited Assurance Report is included in the 2020 Annual Sustainability Report and is available online at our webpage: [www.sharrcem.com](http://www.sharrcem.com)

The Report covers the operations of TITAN Cement Group in Kosovo under "Sharrcem", comprising of the cement plant "Sharrcem SH.P.K.", three quarries, and the fully-owned subsidiaries "Esha Material LLC" and "Kosovo Construction Materials LLC", which manage the terminals "Cement Plus" (Lipjan), and Duhle and Klina, respectively.

This Report is a tool to improve our focus and areas of work. It contributes to business growth and societal development. Your feedback about our performance presented in this Report is greatly appreciated and helps us improve continuously.

## WE SUPPORT



"We acknowledge that our parent company [or company name] participates in the UN Global Compact, and we support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals. We consolidate our support for this initiative fully under our parent's commitment. Therefore, we do not participate in UN Global Compact activities nor do we participate in activities of a Global Compact Local Network".

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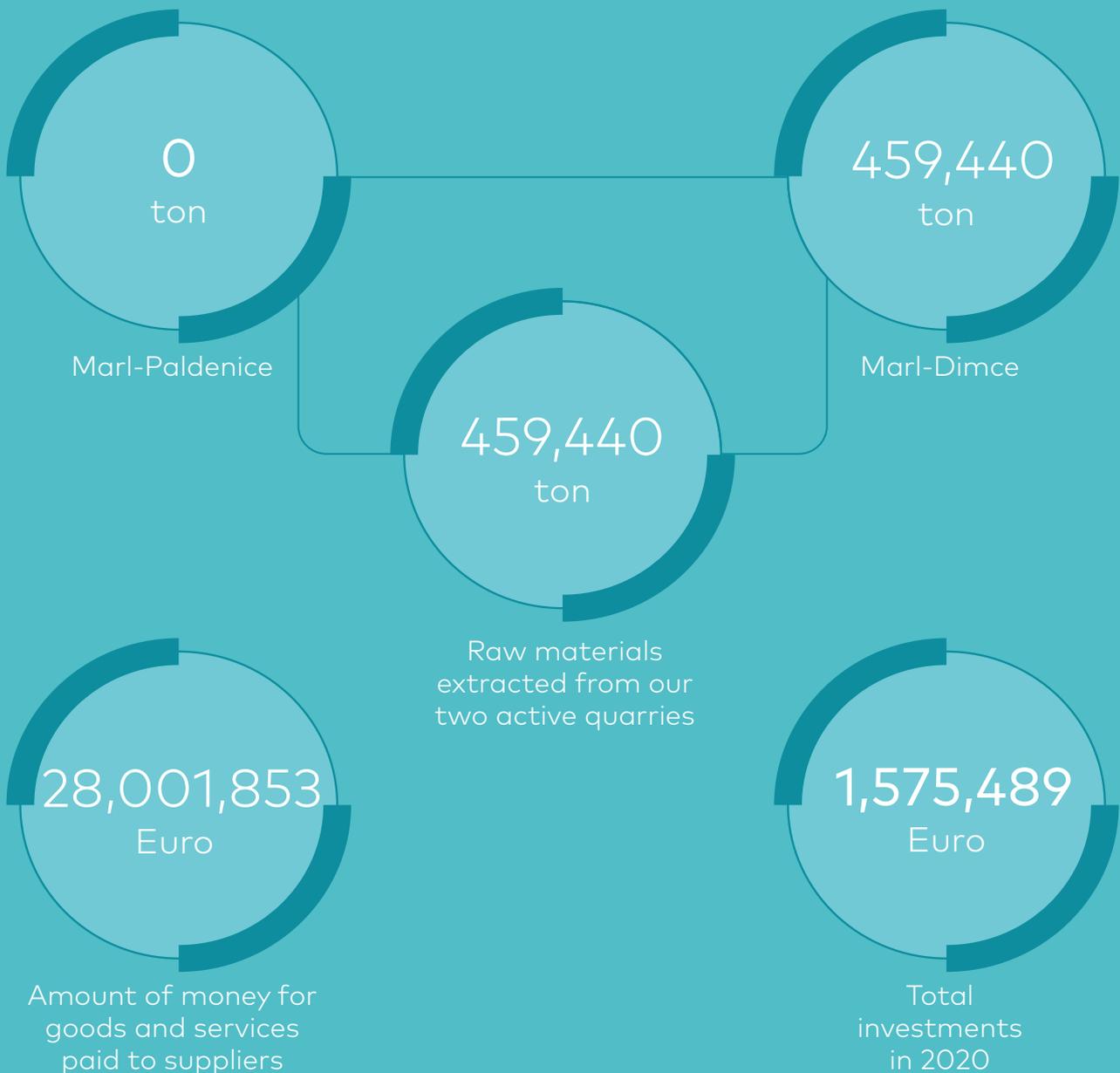


SHARRCEN

The background is a solid teal color with several overlapping, semi-transparent circular and arc shapes in various shades of teal, creating a layered, geometric effect. The shapes are centered around the text.

# UNDERSTANDING SHARRCEM

# 2020 HIGHLIGHTS





Local taxes (municipal and property, paid)



Income corporate taxes



Employee pension contributions, paid (5% of contribution paid by Sharrcem)



Total cement production



Total investment (social benefits)

# MESSAGE FROM THE MANAGING DIRECTOR

**THOMAS GLAVAS**

Managing Director



Dear Stakeholders,

It is of a great pleasure and a deep honor to me, to have the privilege of presenting to our esteemed stakeholders the 2020 Report, whilst using this opportunity in order to share with you a few words about the main CSR and Sustainability activities of our Kosovo investment Sharrcem SH.P.K., operating as an affiliated member of Titan Group of Companies, an international cement and building materials producer owning and operating numerous business units in diverse environments worldwide but living common values across the Globe.

In order to follow the initiatives of our shareholders and remain aligned with Company internal policies, we are always committed to a close partnership with all our stakeholders and implement our fundamental priority to remain focused in creating value for our employees, customers, suppliers, service providers and the community in which we operate, being loyal to our core principles for exercising good governance, applying ethical business practices and openly communicating with clarity.

Dedicated to enhancing our business excellence to the highest feasible level, whilst paying the outmost respect for the people, the society and the environment, we exercise an internal action plan which is regularly updated according to the prevailing conditions and especially designed to facilitate the implementation of developmental projects and activities, as incorporated in our business strategies, constantly aiming to maximize our stakeholders' engagement, to maintain a healthy and safe working place, to

improve our environmental footprint and to promote our longer term business sustainability.

In this respect and towards serving the generic commitments of Titan Group, we remain focused in achieving sustainable growth and in multiplying the value created for and shared with all our stakeholders, we continue participating and occasionally leading collaborative actions in a number of National, European, International and Sectoral initiatives, including the Corporate Social Responsibility (CSR) Europe, the Kosovo CSR Network and the Global Cement & Concrete Association. Moreover, we are aligned to the Group Global Sectoral Approach for monitoring, reporting and verifying our environmental, social and governance performance, having also incorporated the Guidance of the United Nations Conference on Trade and Development (UNCTAD) for connecting our reporting on Sustainability with Targets for the SDGs, which will be also the basis for our future reporting in compliance with TITAN Cement Group sustainability reporting standards.

Since its' initial acquisition by Titan Group back in 2010, Sharrcem has invested more than forty-two (42) million euros for the necessary technological upgrade of the installation, the introduction of best available production techniques and the application of high standards at all operating levels, being the only cement producer and leading supplier of Kosovo market, currently employing almost 250 direct and more than 200 indirect employees, thus continuously being among the major employers and top tax payers in Kosovo.

It is noted that a significant part of our heavy investment program was designed and implemented in order to improve our environmental footprint, totally amounting to more than seven (7) million euros in related projects so far, following the completion of which Sharrcem managed to not only fully meet the European environmental standards, but also to perform in excess of the standards required by Kosovo legislation. Moreover, our contributions to the local society of Hani i Elezit has already amounted to well above two (2) million euros so far, including direct and indirect financial support, materialization of infrastructure projects as well as municipal taxes. Nevertheless, the numerous private property transactions and our continuously intense operational activities have created valuable income for individuals and companies so far, thus contributing even further to the local economy and well-being of the citizens.

The company applies certified Management Systems according to international standards, such as ISO and IPPC, including the voluntary annual disclosure of sustainability performance indicators, thus enabling and facilitating an open and transparent communication with all stakeholders at all fronts. Since 2016, Sharrcem is also certified with Social Accountability International Standard Certification SA 8000, as one more step towards fulfillment of our continuous dedication to manage through certified systems, so as to safeguard the principles of good governance and transparency.

Driven by our orientation to the UNGC Ten Principles, we are collaborating at both local and global level towards the achievement of the Sustainable Development Goals (SDGs), remaining loyal to our commitment under the UN Global Compact and aiming to increase the effectiveness of our social performance, including the periodic witnessing and assurance by independent authorized organizations in accordance with the UNGC Criteria.

A special reference should be made to the extraordinary conditions prevailing during 2020, due to the rapid spread of the pandemic and its' severe direct and indirect effects on almost every aspect of the human activities, as Covid-19 had started to bite across the world and affecting many sectors, including of course the business operations. The need for protecting our people and providing for different and adaptive working schedule and conditions had become of

outmost importance, in order to preserve human health in our organization and facilitate our business continuity to the best feasible. Some of the measures taken by countries to combat the spread of infection, such as largescale social-distancing measures, lock down of cities, travel bans/restrictions, self-isolation of persons etc. had adversely disrupted supply chains and raised major business issues, including but not limited to delays in fabrication and delivery of spare parts and consumables, needs for down payments in advance and inability to arrange for manufacturers' service engineers to attend specialized maintenance works on site, including of course a consequent downfall in demand and an inevitable reduction of economic activity.

Under these harsh conditions, we managed to stay proactive in Sharrcem local level by designing and implementing a detailed tailor-made action plan. Thanks to our early response and the effectiveness of our protective measures implemented as of beginning of March, we managed to control the negative impacts and also keep the plant in operational mode.

Although the pandemic is still far from over, we can comment that Covid-19 had a significant short-term impact on the Group's operations in 2020, but such impact has been absorbable and the Group has managed to weather the storm and rather control the decline in profitability so far. Sharrcem's Management remains vigilant and is working closely with the Group Finance and other corporate functions of Titan Group for exploring best strategies to continue mitigating the negative impacts and ensuring business continuity in all aspects, including the Sustainability of our communities.

Concluding this message, it remains evident to us that during the modern times we operate in, the social accountability should always be an insight and constantly form an integral part of our business operations. Moreover, it is to our deep belief that the sustainable growth through people-oriented benefits to the community and close cooperation with all related stakeholders is the most effective methodology to follow towards creating an advanced level of value and contribution to the social development, earning the acknowledgement and finally enjoying the social license to operate.

Thank you.

# OUR HISTORY

1936	Foundation of Sharrcem Plant
1972	First upgrade of the plant with a rotary kiln and satellite cooler increases its capacity to 180,000 tons per year.
1980	Increase of production capacity by new investments in the rotary kiln.
2000	Sharrcem is included in the state privatization regime and a ten-year lease period begins.
2010	TITAN Cement 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 the 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 CO <sub>2</sub> Management System. The company serves mainly the market of Kosovo with occasional sales in North Macedonia and Serbia.
2013	Sharrcem is 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 its CSR initiatives in 2013. The company implemented a web-portal for public disclosure of emissions, incidents, and CSR reporting. In terms of technology, the upgrade of process automation and full introduction of (EAMS) - Enterprise Asset Management System was completed. First CSR Report publication and CSR Audit by a certified third-party organization (DNV) was issued.
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 on Operational Health and Safety in Balkans (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, while numerous stakeholder engagement activities were conducted, in terms of its ambitious investment program aiming to produce fuel locally. Financing of LAB was implemented, to facilitate its first operating year, including support in providing the necessary administrative resources.

2015	<p>Sharrcem introduced innovative solutions in the production line, while commencing quarry rehabilitation works and initiating SA 8000 certification. The LAB yields its first harvest. 18 new local Agro-SMEs successfully placed their product in the market. TITAN Cement Group joined Pact 4 Youth in Brussels, and Sharrcem representatives had the pleasure to be part of the event.</p>
2016	<p>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, two other projects were completed during this year. The new stretch hood machine for covering the pallets was installed successfully and the operations started immediately, thus - improving customer service. Meanwhile the wastewater treatment plant (WWTP) - a major investment aiming to improve the quality of water outflows, comprising a concern for the environment, the health of Sharrcem employees and the nearby community. In an effort to ensuring our employees' safety, wellbeing, as well as their personal and professional development, the VDZ - online course training program was offered for employees in the cement industry, incorporating blended learning methods.</p>
2017	<p>Our main sustainable local community project, LAB, received two grants: 1. Empowerment of Agroforestry Sector in Hani i Elezit – a grant received from (USAID) Agricultural Growth and Rural Opportunities (AGRO) for the project aiming to expand support for 15 new startup businesses; and 2. Farm Diversification in Milk Processing – a grant received from the Ministry of Agriculture, Forestry, and Rural Development (MAFRD) - for the project aiming to improve the diversification of the farm and further development of its business. Due to investments made and owing to the high working performance of our people, the highest record as of 1936 was reached during this year in terms of quantity of cement production. During this reporting year, Sharrcem was awarded best taxpayer in the country, and our Health and Safety Manager was the first one certified from the Government of Kosovo in the field of health and safety.</p>
2018	<p>Sharrcem's employees benefitted from the full roll out of the "unTe people" platform and the launch of the diversity and inclusion action plan by the Group in 2018. During this reporting year, Sharrcem received many awards and recognitions from different institutions and NGOs for its commitment to health and safety, environmental sustainability, and CSR.</p>
2019	<p>Sharrcem was recertified with SA 8000, and this certificate is valid up to April 2022. Two new youth initiatives were also introduced: 1. Market assessment for employment opportunities, by Sharrcem through LAB, in collaboration with Business Process Outsourcing Sector; and 2. Land given/donated to the Municipality of Hani i Elezit in order to build/construct the culture house for the youth. As part of our continuous effort to ensure our staff's safety, wellbeing, and professional development, in 2019 Sharrcem organized trainings for its employees, provided through the Austrian Institute of Excellence. Our main CSR project, LAB, was also recognized as a best practice by the International Journal of World Economics. Sharrcem received an award for health and safety commitment during the European week for health and safety at work.</p>
2020	<p>New project with LAB – SPEEEX was initiated. The transition from OHSAS 18001 to ISO 45001 was implemented, and the re-certification with health and safety management system (OHSAS 18001 to ISO 45001) by Eurocert was obtained.</p>

# OUR APPROACH



Sharrcem has 85 years of industry experience. TITAN Cement Group, a company with 118 years of industry experience acquired Sharrcem in 2010. We are driven by a shared commitment to sustainable growth. Ever since becoming part of the TITAN Cement Group, Sharrcem has significantly upgraded its intellectual, manufacturing, and human capital, thus enhancing the ability to create long-term value for its stakeholders. Social responsibility and sustainability are at the foundations of our operations, business, and plans for the future, through practices and initiatives that lead to sustainable solutions at the local level. Membership to relevant organizations or networks is crucial to meeting our goals and targets and providing value for the stakeholders.

Currently, we are active members of:

- The European Investors Council
- The Kosovo CSR Network
- The Kosovo-German Chamber of Commerce
- The Kosovo Chamber of Commerce.



# SHARRCEM TRANSFORMS THE FUTURE



Sharrcem progresses towards a carbon-neutral and digital future through innovative solutions that serve customers more effectively and create value. In 2020, our company allocated significant financial and technical resources to upgrade and modernize the cement production line. Currently, plant operations use state-of-art equipment. Our innovative production processes result in better environmentally friendly products. We invest in the health and safety of employees, contractors, and business partners.

Our support services assist customers to put in place sustainable practices that protect the environment. Last but not least, we engage with the local community for shared progress. The support from TITAN Cement Group shapes our self-sufficient culture as a sound legacy for future generations.

# WHERE WE OPERATE

Sharrcem cement plant is located in southern Kosovo, near the border with North Macedonia. The Head Offices seat is in Hani i Elezit. We have two subsidiary offices in Prishtina and Skopje. Currently, we use only road transportation for the distribution of products.

## ASSOCIATES AND JOINT VENTURES

Sharrcem SH.P.K.  
Adem Jashari 280  
71510 Hani i Elezit  
Kosovo  
Tel. 00383 290 385 500  
Fax. 00383 290 385 510  
contact@sharrcem.com

Representative Office in Pr.  
Tringë Smajli 21  
10000 Prishtinë  
Kosovo  
Tel. 00383 38 777 011

Representative Office in Sk.  
Mitropolit Teodosij Gologanov 32  
1000 Skopje  
North Macedonia  
Tel. 0038923111544

ASSOCIATE AND JOINT VENTURE NAME	COUNTRY	NATURE OF BUSINESS	COMMENT
Sharr Beteiligungs GmbH (2)	Germany	Investment holding company	Sharrcem is owned 100% by SHARR BETEILIGUNGS GmbH of Hamburg, Germany, a member of TITAN Cement Group
Cement Plus LTD (2)	Kosovo	Trading company	Owned by Sharrcem SH.P.K.
Esha Material LLC (2)	Kosovo	Quarries & aggregates	Owned by Sharrcem SH.P.K.
Kosovo Construction Materials L.L.C. (2)	Kosovo	Quarries & aggregates	Owned by Sharrcem SH.P.K.

# ABOUT TITAN CEMENT GROUP

## TITAN CEMENT GROUP BUSINESS APPROACH IN A CHANGING GLOBAL LANDSCAPE

Building on 118 years of industry experience and driven by the commitment to sustainable growth, TITAN Cement Group has become a worldwide brand name for cement and building materials production, serving customers in more than 25 countries through a network of 14 integrated cement plants and 3 cement grinding plants.

## TITAN CEMENT GROUP GOVERNING OBJECTIVE

The objective of TITAN Cement Group is to grow as a multiregional building materials producer, combining the entrepreneurial spirit with operational excellence all the while demonstrating respect for people, societies, and the environment.

## STRATEGIC PRIORITIES

To achieve its governing objective, TITAN Cement Group focuses on four strategic priorities:

Geographic Diversification	Continuous Competitive Improvement	Vertical Integration	Sustainability, with a Focus on the Environment and the Society
<p>We expand our business through acquisitions and greenfield developments into attractive new markets, to diversify our earnings base and mitigate the effect of the volatility inherent in our industry.</p>	<p>We deliver new efficient products and processes to reduce costs and compete more effectively, implementing digital solutions across our value chain.</p>	<p>We extend our business into other product areas in the cement value chain, serving our customers better and accessing new profit opportunities.</p>	<p>We reduce our environmental footprint, with a focus on decarbonization and biodiversity. We care for and develop our employees and foster constructive collaborations with our neighboring communities and other stakeholders.</p>

## TITAN CEMENT GROUP VALUES

The core values of TITAN Cement Group are the foundation of its operations and guide the strategy. These values equip the people of TITAN Cement Group with a strong bond. This bond has sustained TITAN Cement Group for over a century, and its stems directly from the principles, beliefs, and the vision of its founders back in 1902. These core values are heart and soul of TITAN Cement Group culture and family spirit.



### INTEGRITY

- Ethical business practices
- Transparency
- Open communication
- Good governance



### DELIVERING RESULTS

- Shareholder value
- Clear objectives
- High standards



### KNOW-HOW

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



### CONTINUOUS IMPROVEMENT

- Learning organization
- Willingness to change
- Rise to challenges



### VALUE TO THE CUSTOMER

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



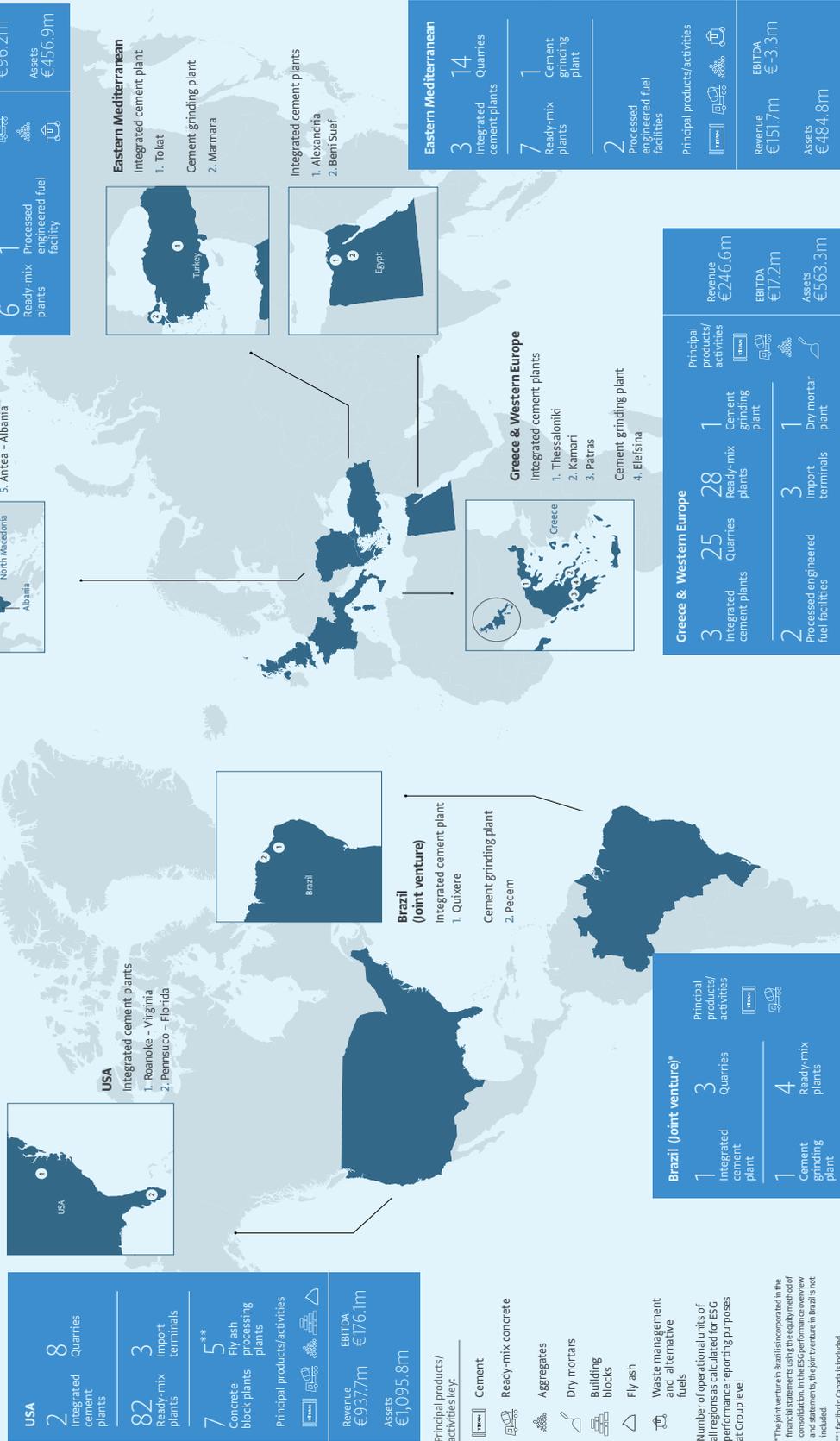
### CORPORATE SOCIAL RESPONSIBILITY

- Safety first
- Sustainable development
- Stakeholder engagement

# GLOBAL PRESENCE OF TITAN CEMENT GROUP

## Global presence

We report on our performance and activities based on four geographic regions, and separately on our joint venture in Brazil.



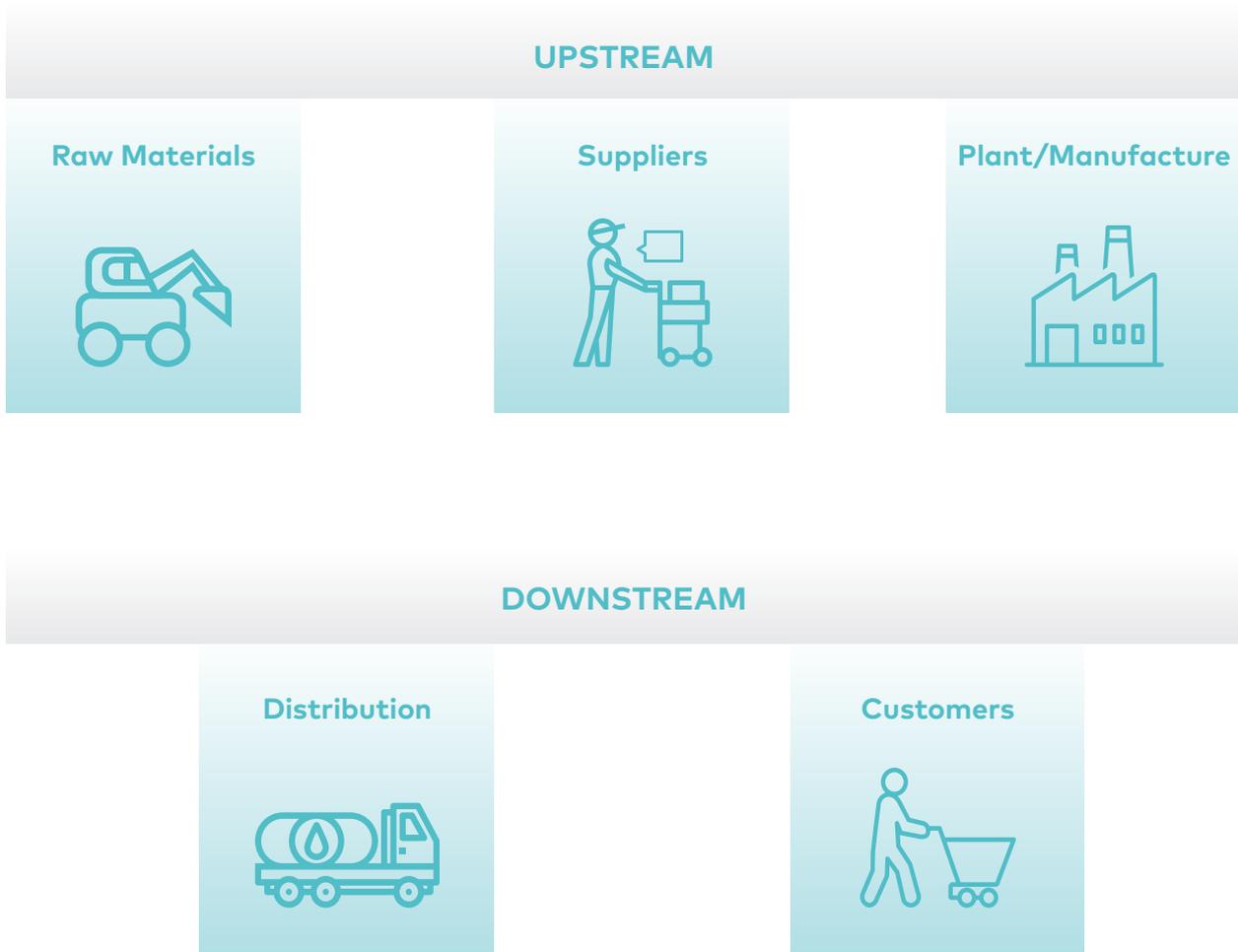
\*The joint venture in Brazil is incorporated in the financial statements using the equity method of consolidation. In the ESG performance overview and statements, the joint venture in Brazil is not included.  
 \*\* Facility in Canada is included

# OUR PRODUCTS AND BUSINESS PARTNERS

Sharrcem is a leader of responsible behavior. Its supply chain and network demonstrate solid business sustainability and growth. Customers, contractors, and suppliers are a key part of our business activity. Sharrcem has clear-cut policies and procedures for procurement and recruitment. Whenever relevant, the company gives preference to local stakeholders in competitive terms, while applying International and European Certified Management Systems.

## VALUE CHAIN

Sharrcem is part of a broader value chain that serves the needs of the society for safe, sustainable, and affordable housing and construction. Activities include production, transportation, and distribution of cement, fly ash, and other raw materials. The production process at our cement plant at Hani i Elezit comprises of these steps: crush, grind, heat, and cool raw materials to produce clinker, which is then processed further to produce the final product: **the cement**. The raw material, such as limestone, is extracted from Sharrcem's two active quarries in Dimce and Paldenice.



## OUR CUSTOMERS

Sharrcem has established its market position through high-quality products and professional conduct with customers. To achieve this standing, the company has made significant investment in technology, human resources, and projects, which have positively impacted the process optimization, environmental protection, community development, and occupational health and safety. We maintain regular communication and collaboration with customers, ensuring we comply at all times with the highest standards.

## NEW PROJECT

At the beginning of March 2020, we launched the "Customer Web Portal", a new tool for ordering cement online. The goal is to make it a full-fledged online customer service system by the end of 2021. The launch of this tool coincided with the spread of COVID-19 pandemic, which pushed us into implementing this project much earlier than initially planned. By the end of March 2020, 100% of cement sales were ordered through the web portal. This project successfully decreased physical contacts and contributed to fulfilling the official requirements for health safety measures in light of the COVID-19 pandemic. Customers appreciate the option to order cement anytime, from anywhere, without any paperwork.

## COSTUMER FEEDBACK

Engaging with customers on daily basis is key to responding to their needs. Using a tool called "Customer Questionnaire" we elicit feedback, which the management then reviews and uses to improve products and services. All remarks about the quality of products, packaging, cooperation with the Sharrcem departments, customer web portal, waiting time etc., are elaborated and redirected to the respective departments for further analysis and improvement.

	Excellent	Satisfactory	Unsatisfactory	Bad
<b>Does Quality of our products satisfy your needs</b>				
Quality of Cement	55%	42%	3%	-
Quality of Sharmal	63%	33%	4%	-
<b>Packing quality</b>				
Pallets	70%	26%	4%	-
Foils	70%	22%	7%	-
Bags	63%	26%	7%	4%
<b>Customer Web Portal</b>				
Adds value in the ordering of cement	71%	29%	-	-
Is user friendly	70%	27%	3%	-

# MANAGING SUSTAINABILITY

Sharrcem is committed to providing adequate working conditions. To this end, we have established and implement the International and European Certified Management Systems. Sharrcem was awarded the first ever IPPC (Integrated Prevention Pollution and Control) permit in Kosovo. This permit was created by the European Union and was issued by the Government of Kosovo. Sharrcem is also the first company in Kosovo that received the Eurocert Certification of SA 8000. Sharrcem established the Laboratory

for Business Activities (LAB), which provides financial and technical support to efforts for creating and supporting small and medium enterprises. Through LAB, Sharrcem has addressed some of the most critical issues affecting our community. Sharrcem is determined to contribute to the prosperity of the country by conducting business based on best international industry standards, by undertaking a variety of initiatives, and assuming responsibility towards fostering a fair and transparent market.

ITEM	MGT SYSTEM / CERTIFICATION	STATUS	
All Products/ Cement Types	CEM IV/B (P-W) 32.5R	EN 197-1:2000 ✓ ✓ ✓ ✓	
	CEM II/B-M (W-L) 42.5R		
	CEM I 52.5N		
	MC 5 Sharmall		
CO <sub>2</sub> Footprint	CO <sub>2</sub> management system	Incorporated in EMS ISO 14001	
Environmental	Water management system	Incorporated in EMS ISO 14001	
Environmental	ISO 14001	✓	
Environmental	IPPC - Integrate Polotion Presentation and Control	✓	IPPC
Quality	ISO 9001	✓	
Safety	ISO 45001	✓	
Accountability	Social Accountability SA 8000	✓	
Finance	Voluntary Mid-Year Independent	✓	
ESG Reporting	Independent limited assurance	✓	



# DELIVERING VALUE FOR ALL

Sharrcem uses its capital resources to create value for stakeholders and contribute to the attainment of the UN Sustainable Development Goals 2030. Our source of inspiration for this is the TITAN Cement Group. Our growth is sustainable only when accompanied by the proportional growth of the community and the society at large.

## CSR

In observance of the TITAN Cement Group Values and Strategy, Sharrcem has committed to embedding CSR in our strategy, policies, and practices. The CSR policy focuses on understanding material issues for all key stakeholders and on delivering value for all, using available resources, and sharing the foundations of TITAN Cement Group (see "Values" and "Code of Conduct").

## MATERIALITY ASSESSMENT

After TITAN Cement Group launched a new materiality assessment cycle, we embarked on a similar process to revisit and prioritize material issues that are relevant to our stakeholders. At a special workshop with internal and external stakeholders we analyzed these material issues for the business. The analysis resulted in an updated materiality matrix and stakeholder list to help drive our stakeholder engagement plans for 2025 and beyond. The new circumstances created especially by the COVID-19 health crisis in 2020 have impacted the outcomes of the assessment process, albeit without significantly affecting our long-term targets. The material issues identified at Sharrcem during the materiality assessment are categorized in three pillars: environmental, social, and governance.

1	Dedicated materiality assessment workshop held in Sharrcem
19	Sharrcem employees participated at the materiality assessment workshop
5	Employees from the TITAN Cement Group participated at the materiality assessment workshop
4	Auditors of Grant Thornton participated at the materiality assessment workshop
28	The total number of people who contributed to the outcome of the materiality assessment process

## STEPS TO CONDUCT THE MATERIALITY ASSESSMENT



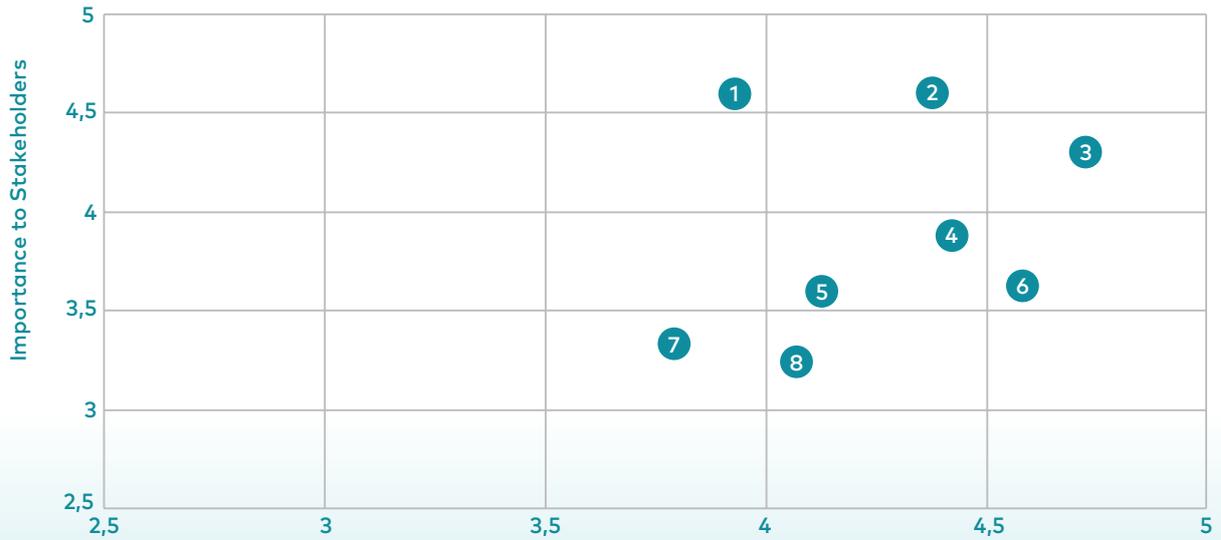
Sharrcem has reviewed and updated its priorities, following the process designed by the TITAN Cement Group. Areas such as health and safety, environmental management, employee development, sustainable supply chain, customer satisfaction, climate and energy, and good governance remain at the top of the list of material issues identified in most of the countries where TITAN Cement Group operates.

In this regard, some of our material issues have remained similar to those that were in focus during previous years, also the new ones as above stated have been introduced.

## IDENTIFICATION AND PRIORITIZATION OF MATERIAL ISSUES FOR SHARRCEM



## Materiality Matrix 2021-2025



- 1 Engaging and contributing to our local communities
- 2 Environmental performance
- 3 Safe and healthy working environment for our employees and business partners along the value chain
- 4 Good governance, transparency, and business ethics
- 5 Climate change and energy efficiency
- 6 Employee engagement and development
- 7 Responsible, reliable, and sustainable supply chain
- 8 Diverse and inclusive workplace

Material issues 2021-2025	Contributing to SDGs	Material issues 2021-2025	Contributing to SDGs
1 Safe and healthy working environment for our employees and business partners along the value chain		5 Employee engagement and development	
2 Environmental performance		6 Climate change and energy efficiency	
3 Engage and contribute to our local communities		7 Diverse and inclusive workplace	
4 Good governance, transparency, and business ethics		8 Responsible, reliable, and sustainable supply chain	

# ESG TARGETS FOR 2025 AND BEYOND

## 1 DE-CARBONIZATION AND DIGITALIZATION



## 2 GROWTH- ENABLING WORK ENVIRONMENT



## 3 POSITIVE LOCAL IMPACT



## 4 RESPONSIBLE SOURCING



### TITAN Cement Group accelerates sustainability efforts with ambitious ESG targets for 2025 and beyond

TITAN Cement Group released its environmental, social, and governance (ESG) targets for 2025 and beyond, underscoring its enduring commitment to sustainability and value creation for all. The targets include an updated, more ambitious, CO<sub>2</sub> reduction goal for 2030, aligned with the vision of the European Green Deal to achieve climate neutrality by 2050. In 2020, TITAN Cement Group reassessed the environmental, social, and governance (ESG) issues that are material to its stakeholders and business units, including Sharrcem.

To this end, Sharrcem continued building new skills and competences in managing, monitoring, and reporting sustainability-related performance, with the support of the Group's ESG Performance Department. Following the outcomes of the materiality assessment process, Sharrcem began preparations for setting future targets in alignment with the most material issues identified building upon the definition provided by the TITAN Group Sustainability Targets for 2025 and 2030.

# CONTRIBUTING TO THE SGDS 2030

In 2020, Sharrcem responded to the UN Sustainable Development Goals for 2030 (SDGs) global call through its initiatives that align company and SDG goals by measuring, managing, and disclosing our sustainability risks and opportunities. Social contribution is a very important part of our business plan; hence we remain committed to various sustainability initiatives.





The background is a solid teal color. It features several large, overlapping circular arcs in a slightly darker shade of teal. A horizontal band of a darker teal color runs across the middle of the page. The text 'MANAGEMENT REPORT' is centered in white, bold, uppercase letters.

# MANAGEMENT REPORT

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## CORPORATE GOVERNANCE

Through sound corporate governance practices, TITAN Cement Group aims to ensure that every management decision is aligned with our purpose and core values, taking into due account sustainability considerations, and is in the best interest of our stakeholders. By proactively identifying, assessing, and managing all our potential risks and opportunities, TITAN Cement Group prepares in advance for issues that may affect the long-term sustainability of the business or the achievement of our strategic objectives.

## LEGAL STRUCTURE OF SHARRCEM

Sharrcem SH.P.K. is a private company owned by TITAN Cement Group since 2010. Sharrcem conducts business ethically and transparently, in compliance with the applicable laws and regulations, and in accordance with the TITAN Cement Group guidelines and policies. The company management seat is in Kosovo.

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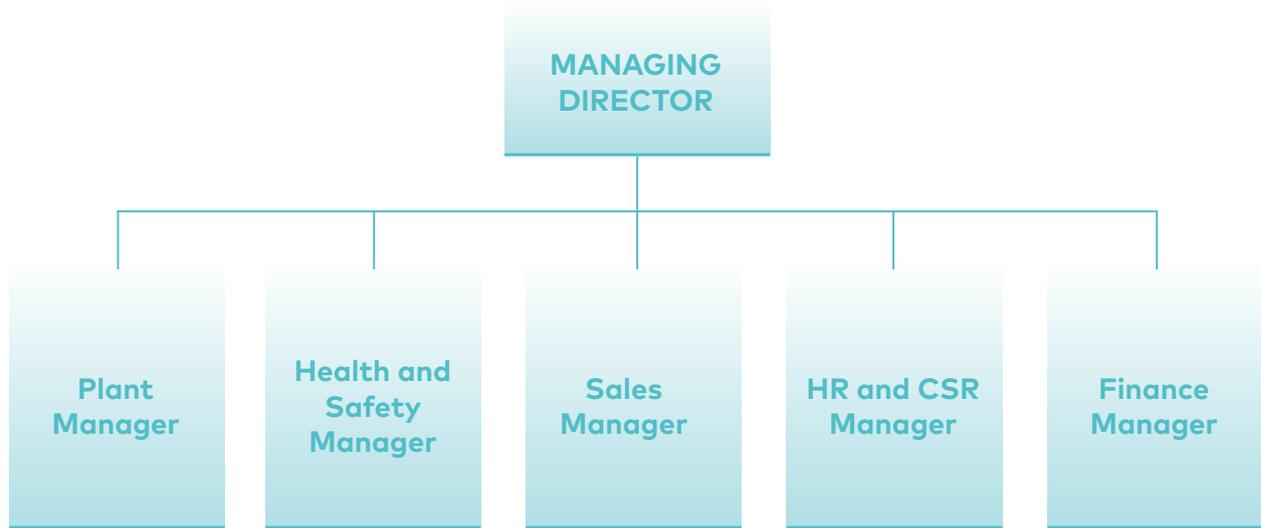
## GOVERNANCE STRUCTURE, BOARDS, AND THEIR ROLES

Sharrcem has a one-tier governance structure. The Management Board is authorized to carry out all actions needed to achieve the company's purpose. The other boards and committees ensure the implementation of company plans and goals, such as the CSR structure, policies, and procedures; care for people, society, and the environment; maintain communication with employees and other relevant stakeholders, and perform, facilitate, and monitor the engagement with the local community.

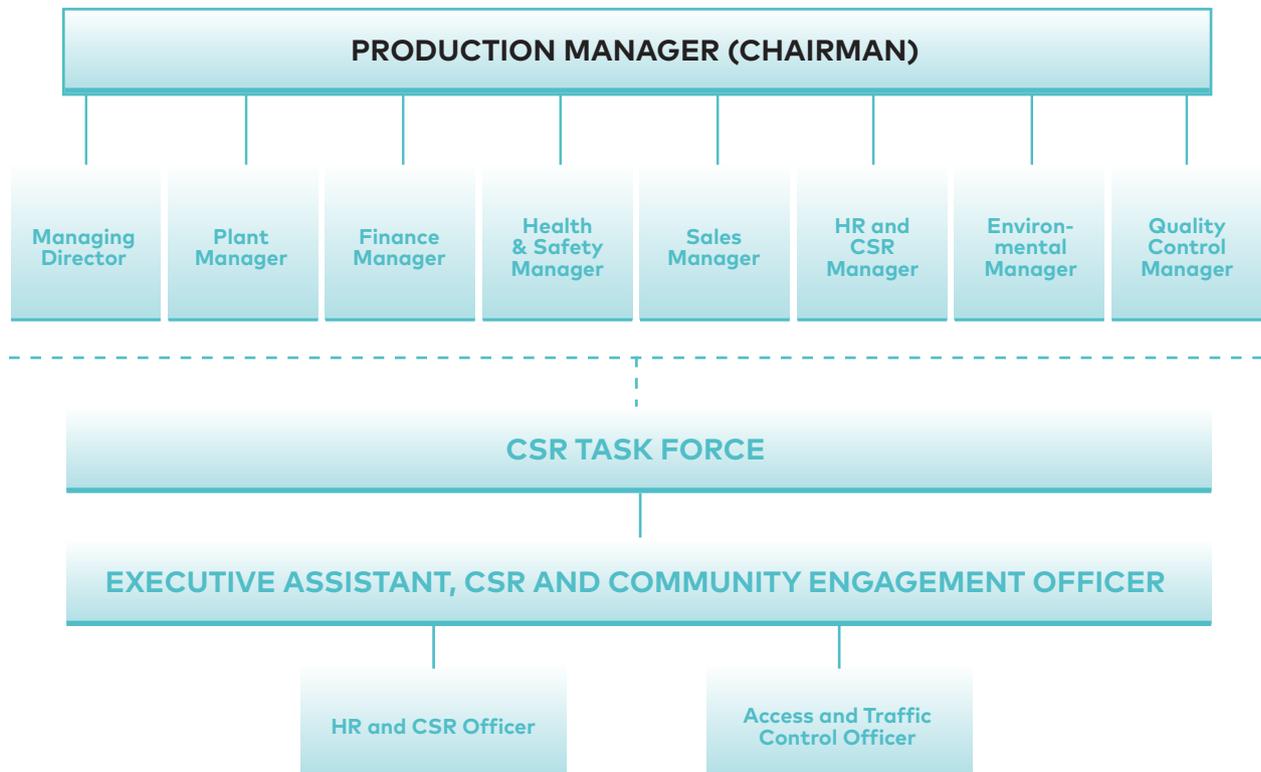


## SHARRCEM'S SUSTAINABILITY GOVERNANCE STRUCTURE

### BOARD OF DIRECTORS



### CSR COMMITTEE ORGANIZATIONAL STRUCTURE



## PRIORITIES

Sharrcem pays significant attention to people, society, and the protection of the environment

<b>SAFETY</b>	Focus on protecting the health and safety, physical and mental integrity of our direct and indirect employees, within and outside of the workplace.	Action: investing in them, meetings, and training programs for CSI guidelines implementation.
<b>PEOPLE</b>	Ensure proper working conditions that support employees in maintaining a healthy work-life balance, provide equal treatment to all the employees, respect diversity and create a workplace environment that supports development and continuous learning.	Action: training programs, continuous improvement, employee development plan.
<b>EXCELLENCE and INNOVATION</b>	Meet high sustainability standards through certified systems, in industrial processes, product, services and financial results, as well as develop an inquisitive mind, initiative and adaptability and implementing smart solutions within our operations.	Action: communication, events, and awareness building.
<b>RESPECT</b>	Continuous engagement with all our stakeholders.	Action: disclosure and transparency.
<b>CUSTOMERS</b>	Ensure customer satisfaction by establishing open and clear communication and building relations.	Action: meetings and training programs for CSI guidelines implementation.
<b>CONTRACTORS and SUPPLIERS</b>	Ensure contractors and suppliers respect the company rules.	Action: meetings and training programs for CSI guidelines implementation, SA 8000, continuous training for awareness raising.
<b>COMMUNITY and SOCIETY</b>	Focus on material issues of the community and the country.	Action: empowerment of the independent local advisory board - BOPAL, continuous firm support to the LAB project, support and contribute to Kosovo CSR Network, international institutions, continuous cooperation, contribute to the education at local and national level, events, and awareness building.
<b>ENVIRONMENT</b>	Focus on continuously reducing the carbon footprint of our operations and participate in the de-carbonization of the construction value chain.	Action: continuous improvement, close cooperation with the authorities and training programs.
<b>SUSTAINABILITY</b>	Continue to do business within the principles of sustainability and corporate social responsibility.	Action: continue to raise awareness on CSR within the company, community and beyond.

## EMBEDDING SUSTAINABILITY

Sustainability is a top priority for Sharrcem, embedded firmly in our strategy. We achieve that by reviewing all key issues for our stakeholders, determining the appropriate actions and targets, and adherence to environmental, social, and governance policies. The Management Board and the CSR Committee oversee the implementation of TITAN Cement Group strategy and sustainability imperatives, reflecting the culture of transparency and collaboration that is prevalent not only at Sharrcem but across the TITAN Cement Group. To improve our performance, we apply international standards and certified management systems while monitoring and reporting about our sustainability performance with comparable and relevant information.

## RISK MANAGEMENT

Sharrcem works diligently to integrate and implement Group policies and standards. We manage risks and opportunities at the local level following the guidelines and principles of TITAN Cement Group, acknowledging through the materiality assessment process all risks and opportunities that are relevant to the sustainability.

The risk management culture is reinforced across the TITAN Cement Group. This is important for Sharrcem, as it enables us to create value, identify opportunities to improve performance, drive innovation, and achieve business plans and goals.

The principal risks identified in our business operations:

 STRATEGIC	 FINANCIAL	 OPERATIONAL	 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE
Climate change mitigation and adaptation - COVID-19 pandemic - Customer satisfaction	Raw materials - Transportation and logistics	Human Recourses, (career development, diversity and inclusion) - Raw materials - Transportation and logistics	Health and safety - Human Recourses, (career development, diversity and inclusion) - Regulatory compliance

Our company has established all levels and functions of the roles and responsibilities that deal with day-to-day management of operations. These include: the Management Board, Board Committees, and employee roles across all sectors and areas of work.

# ENVIRONMENTAL PERFORMANCE



## ENVIRONMENTAL PROTECTION IS HIGHLY PLACED IN OUR AGENDA

Through company policies and stakeholder dialogue that seeks feedback on material issues, such as the environmental impact of our operations, Sharrcem ensures that our practices are guided by the principles of sustainability and environmental responsibility. Sharrcem applies management systems to monitor and report its environmental impact, which provide Sharrcem with targets for the reduction of air emissions, the protection of biodiversity, water and waste management, and quarry rehabilitation. Sharrcem complies with all local applicable environmental laws and regulations. It undertakes various initiatives to achieve sustainable development and thus, contribute to a better world and healthier environment. Our contribution to the environment goes beyond basic

implementation of operational policies and procedures. Indeed, we believe that such engagement should include all key stakeholders so that the community also possesses a high level of environmental care awareness. In 2020, we underwent the first surveillance audit for ISO 14001:2015 and no non-conformity was identified.

In 2020, Sharrcem participated in the implementation of the Biodiversity Risk Assessment and Water Risk Assessment conducted by TITAN Cement Group in accordance with the international standards and methodologies adopted and integrated in TITAN Cement Group's Sustainability Framework. The outcome of this thorough analysis is presented in the Group IAR 2020 - (see pages 27; 74-75; 93; 95) and website ([www.titan-cement.com](http://www.titan-cement.com)) along with Group targets related to sustainability and relevant material issues for 2025 and beyond.

## BIODIVERSITY RISK ASSESSMENT

In 2020, TITAN Cement Group updated the Biodiversity Risk Assessment for all its sites following the assessment of all Group cement plants and quarries for their biodiversity status and value. The Integrated Biodiversity Assessment Tool (IBAT, <https://ibat-alliance.org/>) was used for this. Next, the local baseline conditions of sites in proximity to (or part of) areas of high biodiversity value was evaluated to determine potential needs for developing appropriate biodiversity management plans, in line with the key principles of

the GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management.

The assessment revealed that Sharrcem operations are not within, containing, or adjacent to areas of high biodiversity value. Any of the IBAT images can be used to support the narrative. All respective material for the assessment of Sharrcem sites with IBAT are available at our Environmental Department within the plant.

## WATER RISK ASSESSMENT

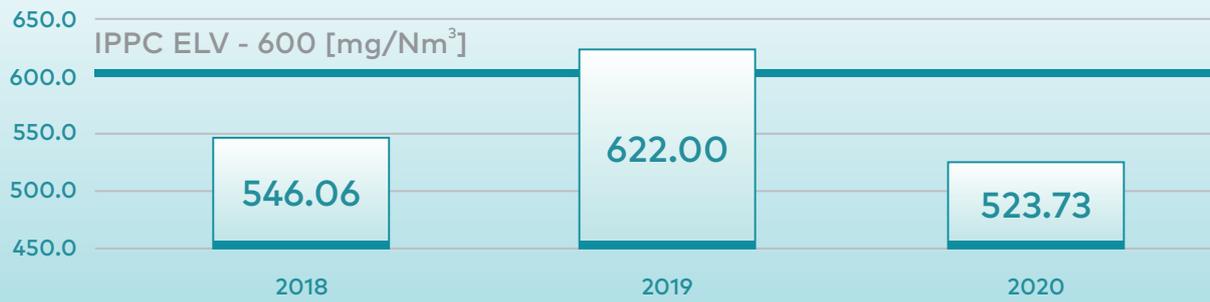
Water Risk Assessment is a significant component of TITAN Cement Group sustainable management of water resources. In 2020, the Water Risk Assessment for all Group sites was completed using the Aqueduct tool of the World Resources Institute (WRI) and the

Water Risk Filter of WWF. The results will be used to enhance company practices for sustainable water management and to develop specific water management plans for sites in water-stressed areas.

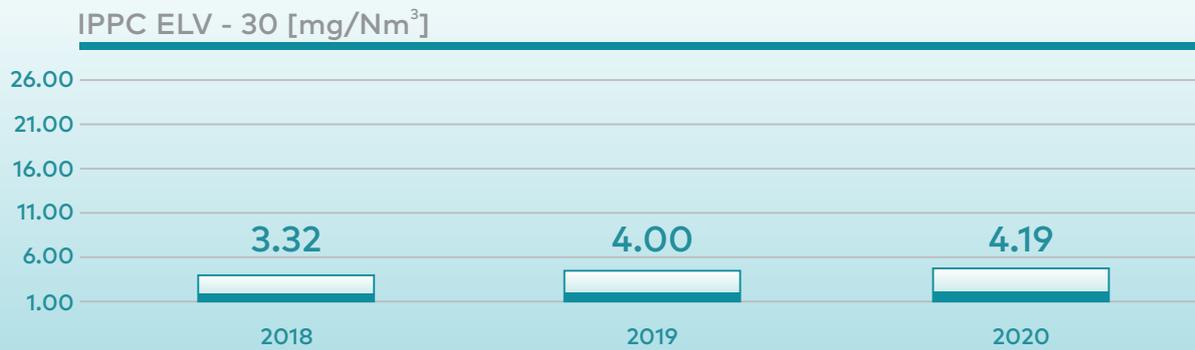
## AIR EMISSIONS



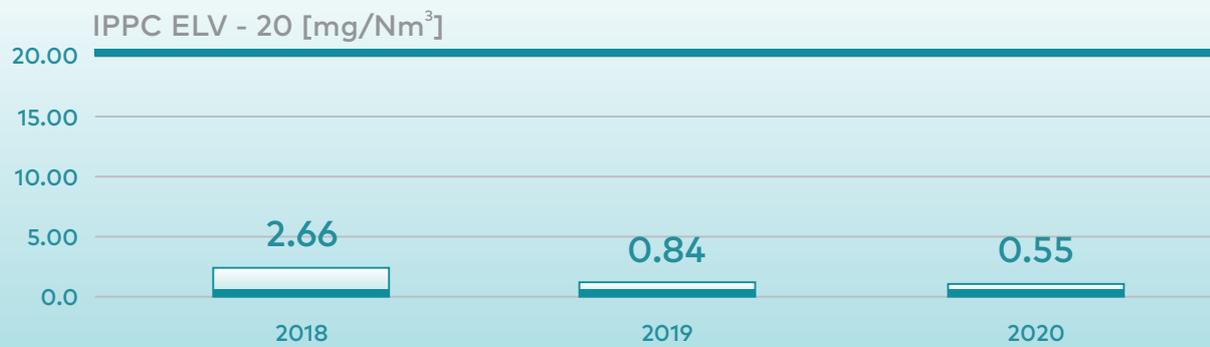
### NOx Emissions [mg/Nm<sup>3</sup>]



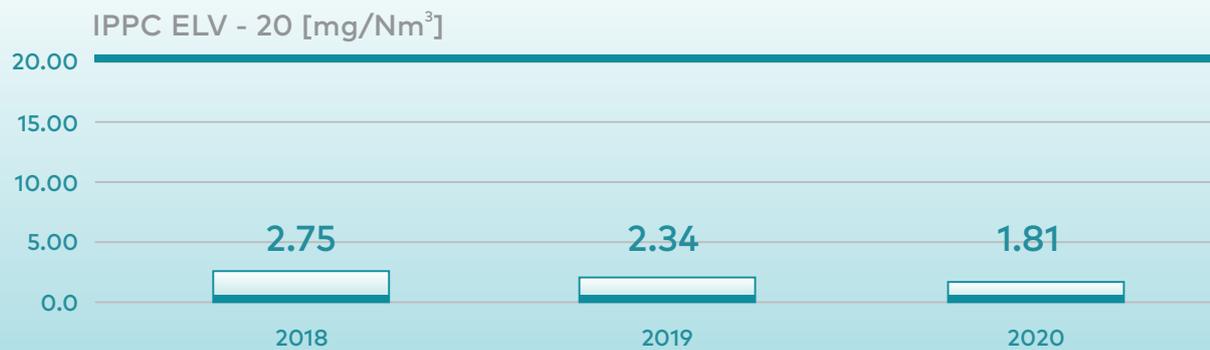
### Dust Emissions - Kiln [mg/Nm<sup>3</sup>]



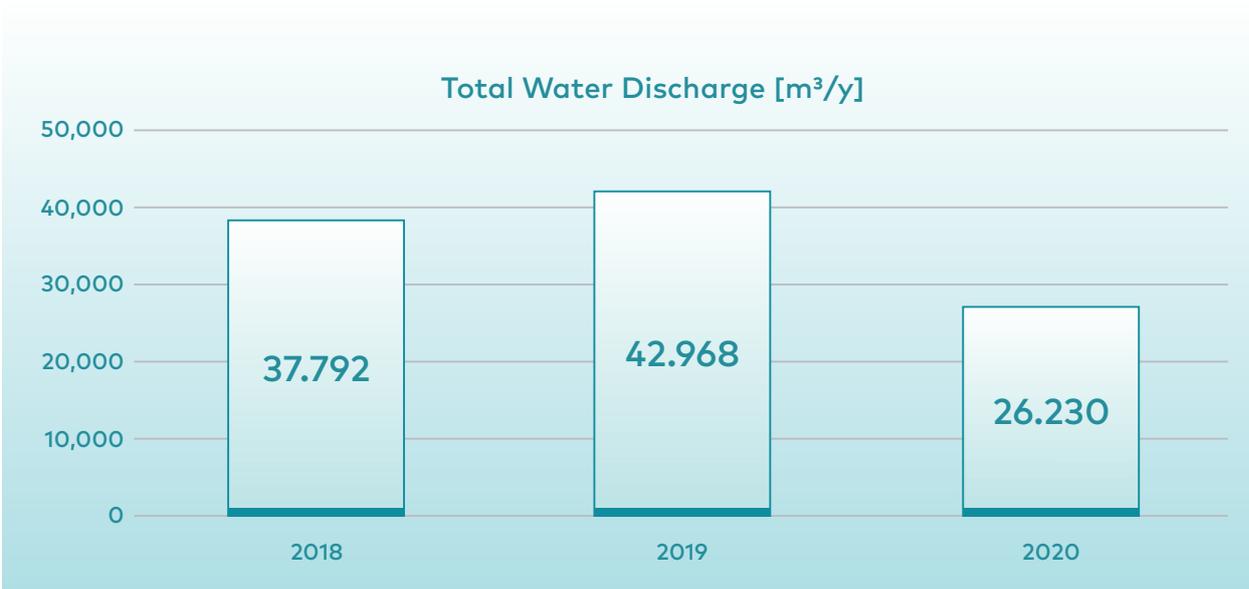
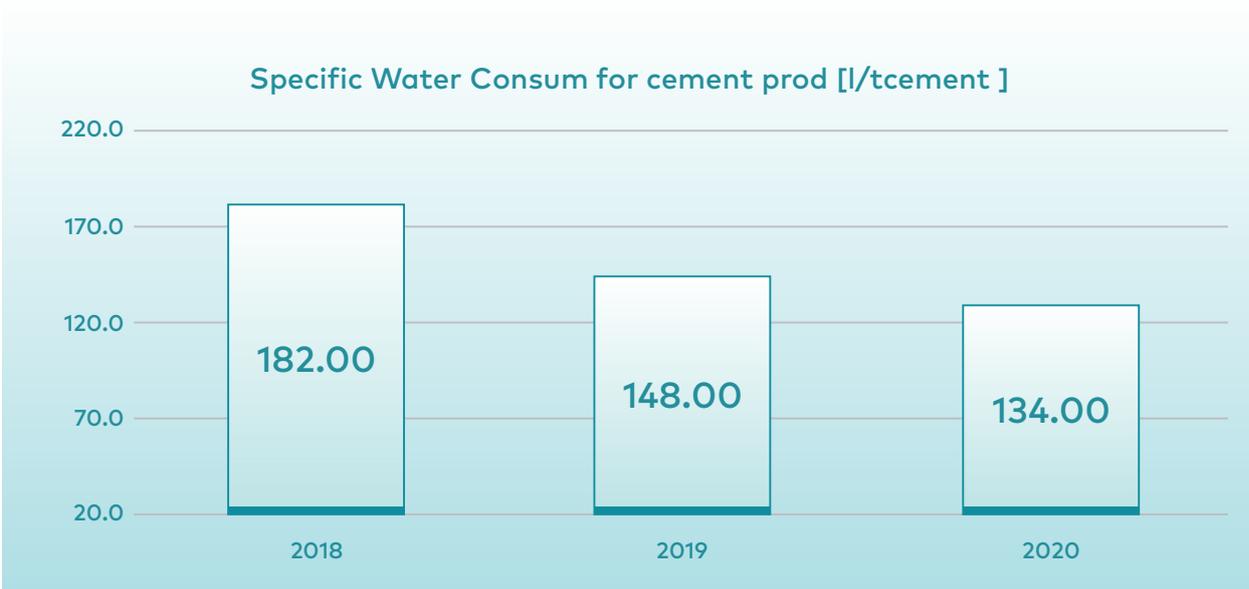
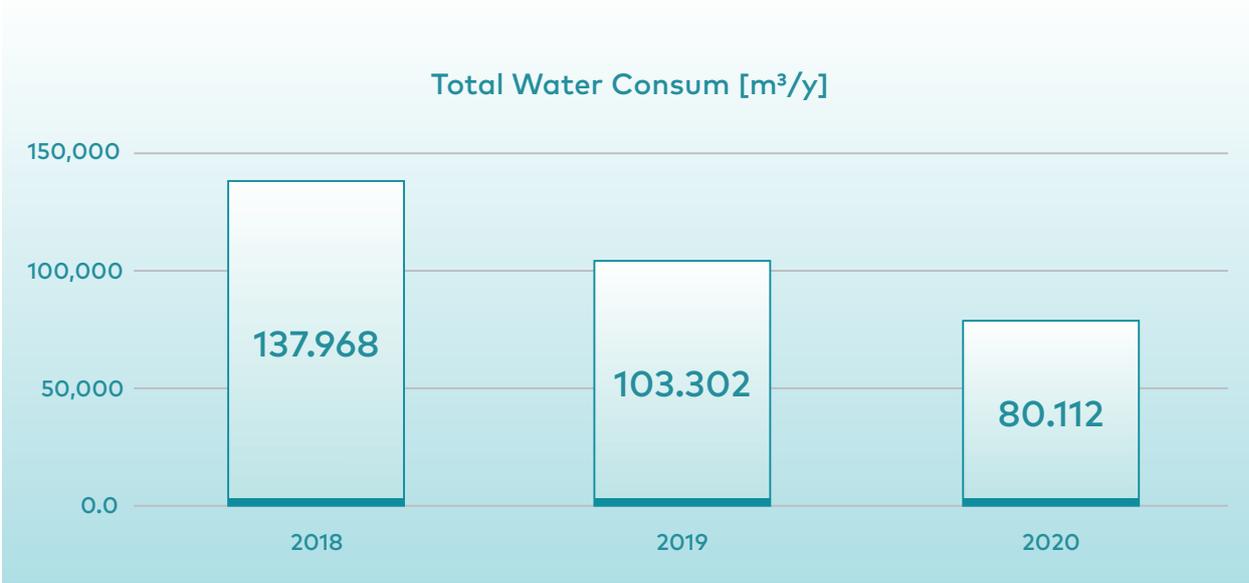
### Dust Emissions - clinker cooler [mg/Nm<sup>3</sup>]



### Dust Emission - CEM2 [mg/Nm<sup>3</sup>]



# WATER PARAMETERS



## WASTE MANAGEMENT

A specially designated area is created nearby locations where waste is generated to store temporarily solid waste kept in appropriate boxes, containers, or places intended and specially marked/labeled for such purpose. Subcontractors with legal permits dispose of the waste and provide

waste collection and/or transportation services. The handling and management of non-hazardous waste follow this rule of priority: reuse, recycle, and reprocess. Data on the amount of waste generated, disposed, and utilized by the plant in 2020 is presented below.

## WWTP QUALITY PARAMETERS

WWTP QUALITY PARAMETERS		LV - ACCORDING AI-30/2014	QUALITY BEFORE TREATMENT	QUALITY AFTER TREATMENT
			2020	
pH		6-8.5	8.14	7.62
Chemical Oxygen Demand (COD)	mg/l O <sub>2</sub>	125	181	98.15
Biochemical Oxygen Demand (BOD <sub>5</sub> )	mg/l O <sub>2</sub>	25	108.25	22.55
Total Suspended Solids (TSS)	mg/l	60	123.1	35.65
OIL and Grease	mg/l	10	0.63	0.01
TOC	mg/l	40	58.45	37.55

## WASTE PARAMETERS

WASTE GENERATION								
Year	Mix domestic waste (t/y)	Scrap	Refractory bricks (t/y)	Cem. torn bags (t/y)	Paper and packaging waste (t/y)	Waste from demolition (t/y)	Wooden pallets (m <sup>3</sup> /y)	Waste oil
		(t/y)						(t/y)
2020	44.6	61.6	244	24.7	2.2	301	17.9	0.4

WASTE UTILIZATION				
Year	FLY ASH (t/y)	BOTTOM ASH (t/y)	PYRITE ASH (t/y)	REFRACTORY BRICKS (t/y)
2020	84,122	19,909	6,994	0

## CLIMATE CHANGE

Climate change continues to be considered as the most important environmental challenge of our time. The nature of the cement industry is such that it produces and emits carbon dioxide (CO<sub>2</sub>), thus contributing to the greenhouse effect and climate change. Sharrcem continuously strives to address the defined environmental challenges through careful planning and actions taking, accompanied with the necessary investments.

In 2013, Sharrcem represented by its Environmental Manager acting as national consultant, participated in drafting a National Adaption Strategy for Kosovo. As a contribution to capacity building and

aligning the mid and long term strategies, the scientific team was put together to provide support to the Ministry of Environment and Spatial Planning of Kosovo.

We follow the adopted climate change mitigation strategy of TITAN which is reflected in their environmental policy and drives our Group CO<sub>2</sub> Initiative.

In 2020, we achieved a reduction of our specific CO<sub>2</sub> emissions mainly due to clinker factor reduction in cement achieved by using increased quantities of suitable alternative raw materials.

## CIRCULAR ECONOMY

Belonging to the cement-production heavy industry, Sharrcem is considered a good example of how circular-economy concepts can be put into practice through the use of raw materials from other industries to reduce the environmental footprint and increase eco-efficiency. For many years now, waste management is one of the major challenges for Kosovo. Therefore, Sharrcem invests continuously to contribute to the:

a)	b)	c)	d)	e)
Reduction of the use of natural raw materials (from Sharrcem quarries and third party supplied raw materials).	Reduction of the burning of heavy oil, coal, lignite, and other natural fuels (mined from the earth), as sources for energy to the production operations, also reduction of other industrial fuels such as pet coke (a by-product of refineries).	Recovery of industrial by-products (including waste by-products of other industries), and replacement of natural raw materials and fuels by such industrial byproducts, for co-processing and producing clinker and cement as final product.	Resources efficiency for Kosovo (contributing to national plans for reducing the dependency from imported raw materials and fuels).	Waste minimization from own operations, and also contribution to the local and national plans for minimizing the needs to landfill any such waste.

Since 2011, Sharrcem has invested in its own facilities and third-party installations and facilities (such as KEK\*) to consume/co-process/utilize a portfolio of resources, specifically:

- Fly ash, from KEK where Sharrcem consumed more than 84,122 tons in 2020 and has exceeded 999,984 tons of total consumption since 2011 (cumulatively).
- Bottom ash, again from KEK where Sharrcem consumed more than 19,909 tons in 2020 and has exceeded 78,615 tons of total consumption since 2011 (cumulatively).
- Pyrite ashes, from the Trepca where Sharrcem consumed more than 6,994 tons in 2020 and has exceeded 49,573 tons of total consumption since 2016 (cumulatively).

Sharrcem addresses the partial substitution of fossil fuels by alternative fuels to further protect the environment and increase competitiveness. Sharrcem intends to use RDF (Refuse Derived Fuels) and other (AF) Alternative Fuels originating from municipal, commercial, and industrial waste as supplementary energy source in the clinker kiln. Sharrcem is willing and aiming to promote the use of alternative fuels in the country, thus improving its business standing, viability, and sustainability, while providing important environmental, economic, and social benefits to all.

For more details, please refer to the ANNEXES under Environmental Performance Index KPIs with last three-year history of consolidated data (2018-2020).

# SOCIAL PERFORMANCE



## HEALTH AND SAFETY

Health and safety of people is a top priority for Sharrcem. The company invests every year in improving conditions for a healthy and safe working environment for employees, customers, suppliers, contractors, and the communities where we operate.

Sharrcem uses management systems and best industry practices globally to raise awareness and inspire a culture of safety and wellbeing. We invest systematically in training our employees and contractors' employees. The purpose of collaborative efforts is to improve living conditions of customers and communities.

In 2020, with the full support of the Management, we engaged in several awareness raising efforts about occupational health and safety for everyone, to strengthen this culture, encourage everyone to stay alert at all times on how

to improve the company performance in this respect, and ensure a healthy and safe working environment for everyone.

## A CHALLENGING YEAR

Due to the COVID-19 pandemic, 2020 was a most challenging year in terms of health. No-one could have foreseen the health-related challenges this year would bring. Unfortunately, there was one fatal misfortune at the beginning of the 2020, while a contractor's crew was performing a specific task at Homo Silo. Two LTIs were recorded within a year (one had to do with our direct employee while the other with a contractor).

Nonetheless, the encouraging signs from our health and safety performance indicators showed sustainable improvement trends. Sharrcem has made good progress in the application of safety procedures and guidelines, while at the same time conducting the necessary

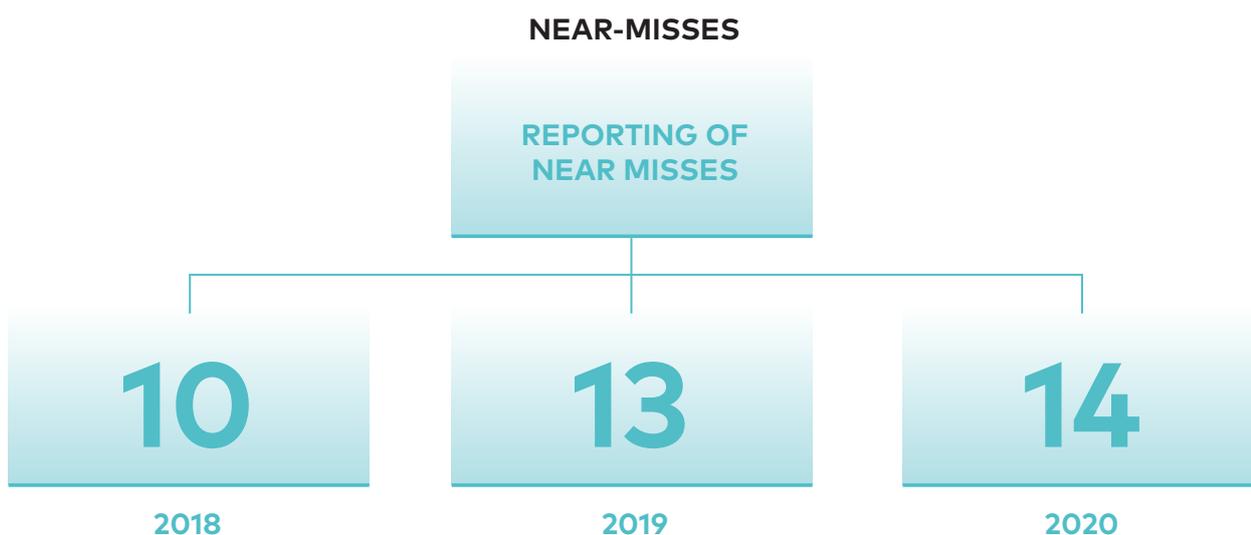
training programs, audit, and safety walks as per its annual plan. The implementation of the training programs was more challenging due to the limitations for face-to-face meetings and activities by COVID-19 measures. In 2020, the average training hours per employee were 12.07.

Despite difficulties, TITAN Cement Group managed to conduct the annual health and safety management audit. Accordingly, Sharrcem successfully completed the transition of OHSAS 18001 to ISO 45001 and the annual certification of the health and safety management system, (OHSAS 18001 to ISO 45001).

Smooth communication and cooperation among staff at Sharrcem were fostered

through the business line and business unit health and safety councils. The risk control was enabled through coordinated actions like audit, reporting of hazard, inspection of activities, facilities, reporting of unsafe conditions and unsafe acts, reporting of near misses, etc., by all Sharrcem departments.

The near miss reporting, and investigation of incidents needs more attention. Therefore, a training shall be organized about this to encourage everyone to report near misses and improve in terms of quality of reporting. All findings from the health and safety controls raised through the reporting of near misses, unsafe acts, and unsafe conditions were addressed for improvement through work orders or action logs.



#### KPIs

KPIs	2020
LTI	2
Lost Time Injuries frequency rate (LTI FR) for direct employees	2.06
Lost Time Injuries severity rate (LTI SR) for direct employees	59.61
Lost Time Injuries frequency rate (LTI FR) for indirect employees	3.09

For more details, please refer to the ANNEXES under Social Performance Index KPIs with the last three-year history of consolidated data (2018- 2020).

## HUMAN CAPITAL



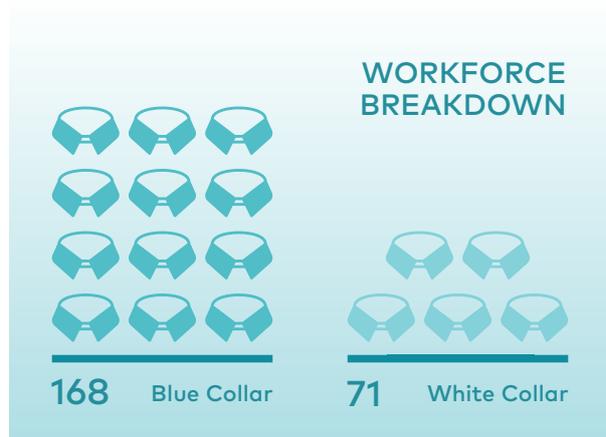
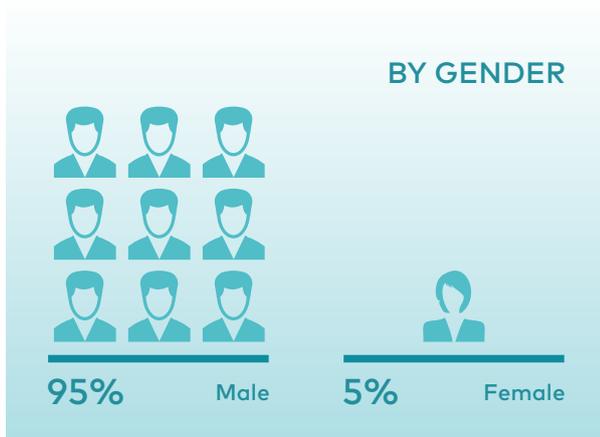
Sharrcem recognizes and values the contribution of its people in all company achievements. The company invests in ensuring a healthy and safe working environment, and in supporting their personal and professional development. Employees are offered various opportunities to grow their potential and improve their professional skills. Sharrcem has in place a process to monitor employee performance and engages with employees to create development plans, while promoting mobility of talented individuals.

Current processes to recruit, develop and retain talented individuals, and promote their mobility may be inadequate. This has risk potential for employee and management attrition, causes difficulties in succession planning, and an inadequate pipeline of future talent, thus potentially affecting high operational performance and future growth. In cooperation with TITAN Cement Group, we conducted

employee surveys, focus groups for feedback, training and capability-building programs, adoption of Diversity & Inclusion global best practices, provision of ubiquitous access to the TITAN Cement Group reporting platform EthicsPointR, and fostering of a continuous dialogue on industrial relations with all relevant stakeholders.

Every success in our company is connected to our people. Mutual cooperation is key. Therefore, providing people with opportunities to gain experience helps them feel connected, supported, and empowered. The main concern among everyone in the plant this year was the situation created by the COVID-19 pandemic. Therefore, the Sharrcem Management took extra measures to protect people by giving its contribution to the efforts to mitigate the health impact, as well as maintained the continuity in all the sites of the plant operations.

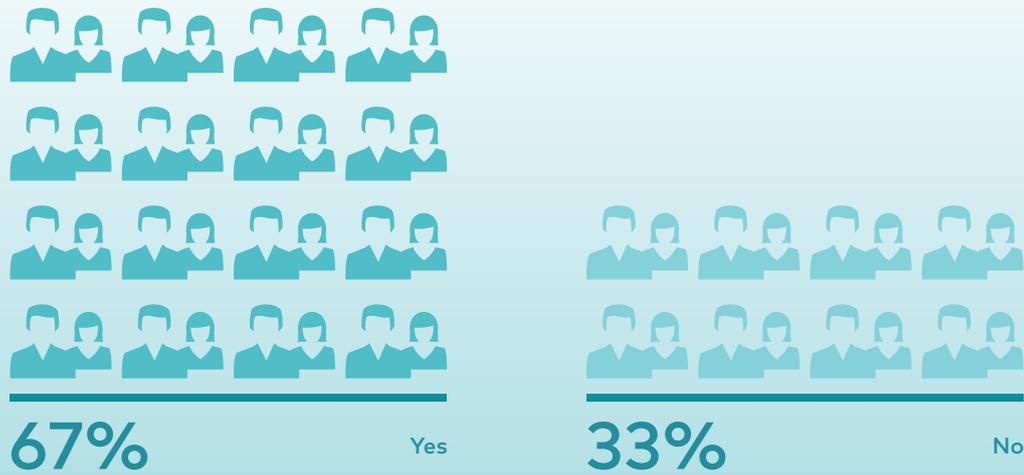
# EMPLOYEE FIGURES



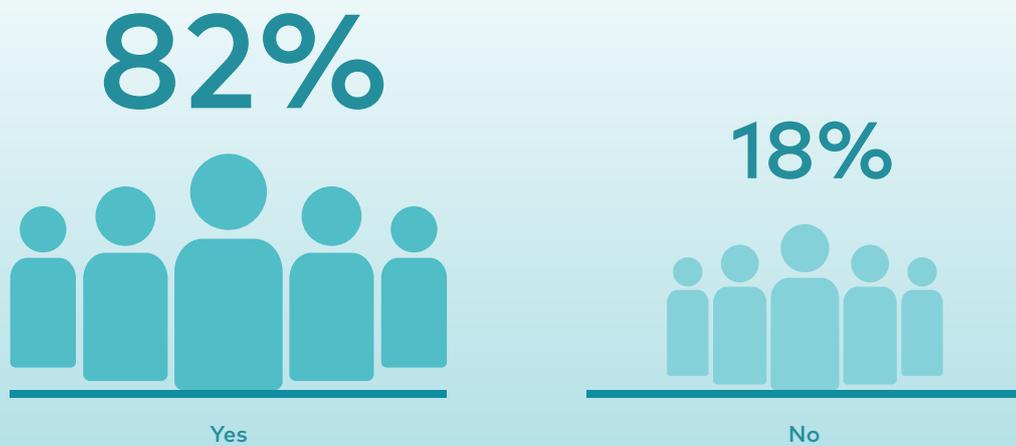
## MEMBERS OF EXTENDED MANAGEMENT BOARD



### EMPLOYEE FROM THE LOCAL COMMUNITY



### UNION MEMBERS



## EMPLOYEE ENGAGEMENT

High employee engagement correlates positively with higher company growth, more sustainable operations, better customer satisfaction, and higher earnings. Employee engagement indicates that opportunities provided to employees to participate in the company initiatives and projects results positively in our daily business plans and strategy.

### WELLBEING FRAMEWORK AND EMPLOYEE ASSISTANCE PROGRAMS

Employee well-being is at the core of Sharrcem operations. To deal with the situation created by the COVID-19 pandemic, Sharrcem engaged with stakeholders to ensure the wellbeing of its people. In 2020, the Managing Directors of Sharrcem introduced the TITAN Cement Group 'Employee Assistance Program (EAP)'. This confidential service is provided to all employees and their families, with the aim to make available expert advice on personal, family, or work-related issues, and to help enhance health, mental and emotional well-being, and performance. It is part of the group's legacy for employee care.

To make the EAP easily available, TITAN Cement Group partnered with ComPsych® Corporation for its "GuidanceResources™" service. ComPsych® is the world's largest provider of EAP and a leader in its industry. The program initiated by TITAN Cement Group offers strictly confidential, short-term counseling, someone to talk to, in your language, whenever you need to. The service offers access to local counselors who listen to your concerns and provide practical, expert advice, and guidance to you and your family members. You can directly contact them to arrange the counseling sessions at your convenience. Additionally, options for short phone consultations with legal and financial experts are available.

All employees and their family members can use EAP whenever in need for expert consultation, support, and direction. The program aims to help anyone who faces challenges, no matter how small or big.



## NEW FORMS OF TRAINING AND PEOPLE DEVELOPMENT

In 2020, the Managing Directors of Sharrcem informed the employees about the launch of a series of interactive eLearning courses. The courses are part of a TITAN Cement Group initiative to raise awareness and understanding across all its business units around the code of conduct and the policies, as the tools that foster ethical behavior and represent "TITAN Cement Group Culture in Practice".

- The code of conduct of TITAN Cement Group provides the framework for the TITAN Cement Group core operating principles and establishes guidelines for our daily business conduct and behavior.
- TITAN Cement Group policies convey these principles and guidelines to employees and external business associates to ensure compliance with the applicable internal and statutory rules.

It is essential that all employees across the TITAN Cement Group are adequately informed about policies. Each employee was invited to plan the schedule for completing the eLearning courses assigned by the end of 2020.

## unTe

The information about eLearning courses assigned to each employee was shared via the unTe system notification. The HR team is available to guide the employees through the process. Each employee should comply with applicable

laws and regulations and adhere to the requirements of the Code of Conduct and TITAN Cement Group policies. Completing the courses and raising our awareness helps safeguard the TITAN Cement Group values and its culture. Sharrcem was actively involved in this.

*Leading  
the TITAN way*  
Grow and Succeed Together



LinkedIn

unTe  
people

## LAUNCHING "Connections"

The TITAN Cement Group launched the "Connections: that has come to help us get and stay connected!" platform, which replaces the Intranet Agora. It shares with employees news of TITAN Cement Group and its business units, helps inspire us with interesting stories, gives access to practical information, and helps us get to know each other better!

## COVID-19 PANDEMIC

The coronavirus (COVID-19) pandemic created a health crisis in Kosovo and disrupted nearly every aspect of people's lives in every part of the country. From the emergence of the coronavirus crisis, Sharrcem took measures to: protect the health and safety of its people; ensure operational continuity; and customer satisfaction. Sharrcem supported and participated in efforts to deal with the pandemic. Several precautionary measures were taken, and business continuity plans also implemented, along with other integrated activities. As a result, the business remained operational.

The company maintained close communication and cooperation with the relevant authorities, including the medical centers, to implement action plans. Sharrcem promoted remote working. Protective measures were taken for people working on-site. Sharrcem contributed to collaborating closely with the community through different engagements and initiatives in order to help to safeguard its people and also with suppliers and contactors with the aim to support them to sustain their business.

## Message from TITAN Cement Group CEO related to COVID-19

As a result of the situation created by the COVID-19 pandemic, the company CEO shared two messages with all company employees. Both messages thanked the employees for their commitment – especially the ones working in the front lines, the ones going to the plants, and the ones making sure we can continue to produce and serve our customers, despite difficulties. The messages reminded people to take care of themselves, and help others around them, both at home and at work.

The messages sought to encourage everyone to maintain positivity and continue to be engaged in their activities, thus leading the way of TITAN Cement Group. The messages asked everyone to be true to their values, which never carried more weight that during the trying times caused by the COVID-19 pandemic. The messages also prompted everyone to stay connected, despite the physical distances. Through the messages, the CEO informed everyone about the concerns related to the impact of COVID-19 on our families, our lives, and business. The closing sentiment was:

*'This storm, too, will pass and we will have weathered it together'*

*'Thank you for your dedication and your continuing efforts'*



## ENGAGEMENT WITH STAKEHOLDERS

Sharrcem believes that creating long lasting relationships with our communities is essential to the long-term sustainability of our business. We remain committed to working with all our stakeholders and understanding their expectations and interests. This in turn creates opportunities to improve our business and align it with the supply chain for stronger operations.

The stakeholder list that is relevant to our activities was revisited and updated in the framework of the materiality assessment process in 2020. Through our programs and channels, we were able to stay engaged with our stakeholders. Therefore, we have had regular interaction with them, and this is part of our efforts to listen in and learn. Stakeholder feedback is very important for Sharrcem, as it leads to

decisions being made for our business and helps us tackle important issues, which result in laying down the foundations of our sustainability actions and reporting.

- **Employees**
- **Customers**
- **Local communities and governments**
- **Regulators, authorities**
- **Shareholders**
- **Business partners and suppliers**
- **Contractors**
- **Local authorities**
- **Investors and analysts**
- **Youth**
- **Non-governmental organizations (NGO's)**
- **Civil society**
- **Media**
- **Academia and research**



## LOCAL COMMUNITY OF HANI I ELEZIT

Engagement with the local community drives our efforts to share the value we create. Our community is most affected by poverty and the high rate of unemployment. They experience distance from public care and welfare services, lack of infrastructure and other significant aspects for its sustainability. Therefore, we implement long-term community engagement plans, which are fully aligned with the CSR policy of TITAN Cement Group.

Sharrcem evidence of such commitment is demonstrated by strategic plans aligned with the local and national conditions. Our projects include sharing know-how, expertise, technical support, and financial

support for initiatives that support the social and environmental development of Hani i Elezit.

To date, we have completed numerous projects. We will continue to engage in new projects reflecting our commitment towards CSR for the employees and the community, with the goal of improving life by increasing the wellbeing of everyone.

Unemployment is one of the biggest problems our community faces. Sharrcem addressed this issue through the CSR project for the development of the agriculture sector, which resulted in new job creation for the community.

## CHARACTERISTICS OF THE HANI I ELEZIT

Location	Territory	Population	Employment	
			Emplo.	Unemplo.
Hani i Elezit is located in the south eastern part of Kosovo close to the border with North Macedonia	The territory of Hani i Elezit Municipality is composed from these villages, settlements and urban neighborhoods: Hani i Elezit, Gorance, Paldenice, Krivenik, Seçishte, Pustenik, Dimce, Rezhance, Neçavc, Vertomice, Dromjak, Laç, Lagjia Uji i Thart, Lagjia e Re	According to the data from field surveys the population is estimated to be around 10,000 inhabitants, who are predominately ethnic Albanians	33%	67%

## LAB - LABORATORY FOR BUSINESS ACTIVITIES

Unemployment and high poverty rates are prevalent in the Municipality of Hani i Elezit, the community where our company operates. To help mitigate the situation, in 2014 Sharrcem initiated the LAB project. The aim was to create new small and medium sized enterprises to reduce unemployment. Through the project, local community members were educated in entrepreneurship, business management, and agriculture. They received support to establish new small and medium sized enterprises and subsequently create employment. Sharrcem allocated a substantial budget to this project over the years.

### OVERVIEW OF LAB DEVELOPMENTS (2014-2020):

Between 2014-2020, the total value of investments exceeds 1 million euros, from which Titan Group - Sharrcem contributed with 856,582 €

- 110 individual farmers, 2 public institutions (schools) and 1 private business benefited from the financial support in the amount of € 659,155 (co-financing supply equipment, goods and necessary inputs), whereas € 298,468 are investment for realization of necessary trainings and technical advisory services including expenses for office operational cost.
- 795 LAB beneficiaries and other individuals have benefited from the training programs for improving theoretical and practical knowledge for implementing innovative farming as well as production techniques and management of established business activities.
- 165 various types of thematic vocational and practical field trainings have been organized to up skill all beneficiaries with necessary information, all relevant per each sector.

- The value of agricultural production generated between, 2014-2020 from operational startups reached the amount of € 821,046 which is equivalent to over 50% of the goals of the LAB project.
- The inclusion of women as beneficiaries in the LAB Project is promising; so far out of 110 individual beneficiaries, 16 of them or 15% of the beneficiaries are women.
- Investment in 11 sub sectors in agricultural production aimed to achieve self-employment and income, and the other part aimed modernization of the heating system in two primary schools. This meant contributing toward the heating quality using renewable energy sources which is helpful for climate change. The remainder investment was dedicated to support (co-financing with private business) the establishment branch unit in Hani I Elezit for providing services in the telecommunications sector.

### FACT AND FIGURES FOR 2020:

- The total grant contribution donated by Titan Group its CSR of Committee of Sharrcem for 2020 is €106,219.36.
- With the approved grant LAB was able to provide support for establishing 15 new business activities in agroforestry sector in amount of € 53,341.20, whereas the amount of € 24,842.96 was awarded for supply and installation equipment for 20 working seats in for co –finance establishment a branch unit of SPEEEX LLC Prishtina in Hani I Elezit. This also, included covering the costs for providing technical service and office administration in amount of €35,865.82
- Separate amount of €20,000.00 grant donated and managed by donor SPEEEX LLC Prishtina for co-investment for

renting office premises for five years and purchasing furniture for 20 working seats, whereas €20,000.00 granted by donor Organization Helvetas Interoperations Project EYE (Prishtina) and managed by SPEEEX Education (Pristina) for implementation program for education in German language (B1 level) and professional training for those selected to be employed.

- New call for investment competition was open from 06th Jul until 31th Jul 2020 published locally and via LAB website for all individual farms and existing businesses registered for performing agriculture activities.
- We have received 15 applications that meet the required criteria for receiving support, of which two for growing vegetable in greenhouse, three for establishing chestnut in plantations and 10 beekeepers for supply equipment for improving conditions for honeybee maintenance, harvesting and storage of honey.

- To ensure successful implementation and expected performance of new star-ups, LAB team organized 30 field visits focusing in providing necessary experience and knowledge they need to quickly adopt innovative techniques for implementation activities and development of entrepreneurship.
- 120 new beneficiaries and other individual farmers benefited from attending different theoretical and practical training in horticulture and farming.

For more details, please visit LAB's website at:  
[www.lab-ks.org](http://www.lab-ks.org)



## Business Process Outsourcing (BPO) CENTER UNDER LAB

The aim is to enhance collaboration among private sector actors to generate employment opportunities and improve the socio-economic welfare in the community of Hani i Elezit, thus contribute to the decrease of migration rate among young generation.

## BOPAL

Through this initiative, Sharrcem aims to deepen cooperation and communication with the community where it operates. The scope of the BOPAL is to detect and prioritize the needs of the community and to accordingly allocate community development funds for the improvement of the living standards for the community. This initiative is responsible for enabling the company to understand the needs of local stakeholders for financial support for different initiatives/activities like culture and sports, or and individual solidarity help.

## SUPPORT TO THE COMMUNITY IN RELATION TO THE COVID-19 PANDEMIC

### DISPOSABLE/AVAILABLE MATERIALS

Due to the rapid spread of the COVID-19 in March 2020, Kosovo imposed a variety of measures. Sharrcem too undertook measures to safeguard the health of people and ensure a safe working environment at all the stages.

Sharrcem maintained communication with stakeholders about the implementation of preventive action plans and coordinate about Government decisions. Sharrcem supported the community by donating basic medical preventive disposable materials (face masks and gloves) for the Local Police Authorities, Local Customs Authorities, and Local Medical Center. This was especially relevant at the time when these were severely lacking in the market of Kosovo.

Taking into the consideration that the local/social habits were changing along with a general increase of uncertainty and panic due to the unknown developments with the COVID-19 situation, we continued to be in a close contact with the Local Authorities to monitor closely the needs arising from the Local Community and assess the possibilities for assisting them, by responding to their urgent needs.

Through collaboration with all stakeholders, Sharrcem demonstrated its commitment to the health and safety of people and shared its disposable/available materials to ensure in practice a healthy and safe working environment in all aspects.

### BACK TO SCHOOL

Through Kosovo CSR Network, we joined efforts with the UNICEF Kosovo Program initiative "Back to School" #back2school. We provided versatile (multi-use) face masks to all schools of Hani Elezit. More than 4,000 masks in total were given, 2 masks per person for each of all students, teachers, and technical staff.

By supporting these two activities, Sharrcem aimed to:

- Provide reassurance that our company was monitoring the developments with a view to protecting the workplaces and people from exposure.
- Raise awareness about the importance of health and safety and building trust.
- Secure a healthy working and living environments for all.
- Maintain cooperation with all stakeholders, assess the development of the situation at the municipal level, so that we could closely cooperate with stakeholders to address activities based on the developments of the epidemiological situation in the country.



## DRINKING WATER

Through this project, Sharrcem improves the living conditions of pupils and citizens in general, by providing safe drinking

water. This initiative increases awareness on realizing the importance of providing such services and raising the voice when appropriate services are lacking.

## BLOOD DONATION

Our company joined the campaign of the national blood transfusion center. Many direct and indirect employees responded to the call despite the difficult situation caused by the COVID-19 pandemic. As in the previous years, each blood donor received a free meal gift card and one day off in accordance with the instruction applicable in Kosovo. The blood donation activity was organized in cooperation with the company management and the National Center for Blood Transfusion

in Prishtina. The activity was organized having full regard for the adequate and essential information about blood donation. We undertook all requisite protective measures given that the event took place during a difficult year, namely due to the COVID-19 pandemic. In the end, 51 donors contributed and on behalf of the company, we hope that we were able to save someone's life. We affirm that the Sharrcem employees are strongly encouraged to donate blood voluntarily and on regular basis.



## TRAINING TO THE TEACHERS

Sharrcem supported the initiative of the Municipality of Hani i Elezit by covering expenses for teachers participating in a training program about supporting children with special education needs. The

training dealt with how to provide proper and professional education for their individual needs as determined by the Administrative Instruction No. 16/2017 On Pedagogical Evaluation of Children with Special Educational Needs of the Ministry of Education, Science and Technology.

## PARTICIPATION AT THE COMPETITION ORGANIZED BY THE EU OFFICE IN KOSOVO

The EU Office in Kosovo organized a competition related to the situation

created by the COVID-19 pandemic with the theme "Women and Their Stories". The best collected stories then would be published in a book and disseminated around Europe. Our nurse shared her story and was one of three selected stories.



# GOVERNANCE, TRANSPARENCY, AND ETHICS

## COMPLIANCE AND DUE DILIGENCE

Sharrcem operates under the ethics and compliance programs set by TITAN Cement Group. Our company has strongly reinforced the risk management culture as well.

Sharrcem observes the highest governance principles, seeking consistent enhancement of its corporate governance performance and promoting transparency, sustainability, and long-term value creation. Our business practices are guided by and based on the TITAN Cement Group values and Code of Conduct.

## CODE OF CONDUCT

The Code of Conduct and the policies of the TITAN Cement Group, applicable to all its operations, cover all strategic areas and material issues, convey the principles, rules of conduct, and standards, and provide guidelines to employees and external business collaborators, such as vendors and customers, to ensure compliance with the applicable internal and statutory rules.

The TITAN Cement Group policies include, but are not limited, to:

- **Anti-Bribery and Corruption Policy**
- **Conflict of Interest Policy**
- **Competition Law Compliance Policy**
- **Corporate Social Responsibility Policy**
- **Environmental Policy and Climate Change Mitigation Strategy**
- **Framework Policy for the Protection of Personal Data**
- **Human Rights Policy**
- **Occupational Health and Safety Policy**

In 2020, the TITAN Cement Group reviewed, updated, and further elaborated its policies to address specific topics of increasing importance. New versions of the Code of Conduct, Health and Safety Policy, Competition Law Compliance Policy, Human Rights Policy, and Corporate Social Responsibility Policy, which are now more aligned with the TITAN Cement Group on the matter of diversity and inclusion, were developed. The TITAN Cement Group policies repository in the intranet (connections) of the TITAN Cement Group was re-organized under a new taxonomy with the following categories: regulatory-driven, sustainability- and social-responsibility driven and operational. The revised Code of Conduct was distributed to all employees of the TITAN Cement Group, including the employees of Sharrcem. In addition, Sharrcem conscientiously implements its ethical principles founded on the Code of Conduct of the TITAN Cement Group in order to accomplish of its business objectives.

### CODE OF CONDUCT



## KOSOVO CSR NETWORK

The Kosovo CSR Network, which was founded in 2011 as the first business network in Kosovo for CSR was very active in 2020 despite the COVID-19 pandemic crisis. Sharrcem continues to have a strong seat in the CSR Network.

### LAUNCH OF THE ONLINE PLATFORM OF THE KOSOVO GENERATION UNLIMITED PROJECT

On December 2, the online platform of the project "Kosovo Generation Unlimited", KGenU, was launched through Zoom, where over 300 participants were present. The "Kosovo Generation Unlimited" project, K-GenU, is implemented by the CSR Kosovo Network and supported by the Unicef Kosovo Program and SIDA. Through the Kosovo Generation Unlimited project, KGenU, the Network have managed to accommodate over 500 young girls and boys in practical positions to enhance the professional experience of young people in Kosovo - throughout the COVID-19 pandemic. The online platform of the Kosovo Generation Unlimited project which was launched during December will serve as a bridge between interns and employers from various fields. Through the platform, interns and businesses will have the opportunity to create their own profiles, a form which will facilitate cooperation between them.

### THE RESPONSIBILITY OF ENTERPRISES TO THE ENVIRONMENT IS DISCUSSED

Kosovo CSR Network, in cooperation with the German Agency for Cooperation 'GIZ', and with additional support from

the European Social Responsibility Network 'CSR Europe', held a workshop on corporate responsibility for the environment in Kosovo. This event was held in the framework of the Kosovo Week for Sustainable Development. The spread of the COVID19 pandemic has put increased pressure on the sustainable development of companies in Kosovo. Although the principles and values of "corporate responsibility to the environment and society" are an important part of many businesses in Kosovo, the spread of the COVID19 virus and its impact on the country's economy has stagnated their plans and activities. At the beginning of the pandemic, about 95% of businesses in Kosovo reported a negative impact of the pandemic on their businesses, and 59.4% expressed concerns about survival. Despite the economic pressures, however, many businesses in the country have come together for the common good of the community and have continued their "corporate social responsibility" activities. Sharrcem practice accountability as an important part of their operation also outlined the challenges they have faced since the pandemic began. Despite the crisis, Sharrcem has managed to create permanent jobs in the agricultural sector, through the Business Activities Laboratory. LAB is an organization founded by Sharrcem whose main mission is to address unemployment and poverty through the financing of start-up businesses in the municipality of Hani i Elezit.

For more information, please visit Kosovo CSR Network website at:

[www.csrkosovo.org](http://www.csrkosovo.org)



## EIC

The European Investors Council, which was founded in 2014, is a business council to make Kosovo a better place for doing business by addressing key business barriers in different sectors and partnering with the Government of Kosovo and relevant ministries to eliminate any possible barriers. Sharrcem continues to have a strong seat in the EIC.

### EIC's COOPERATION WITH STATE INSTITUTIONS TO ADDRESS PRIORITY ISSUES FOR THE PRIVATE SECTOR

The European Investors Council (EIC) continues to cooperate with state institutions to address priority issues for the private sector but also issues of general interest. The Chairman of the Board of Directors of EIC, Mr. Visar Ramajli and the Executive Director, Mr. Emrush Ujkani met with the Minister of Finance, Mrs. Hykmete Bajrami, to discuss the current issues of our country, including the Economic Recovery Package. EIC has expressed readiness to assist the ministry and any other relevant institution, giving its recommendations regarding the Emergency Package and the Economic Recovery Package. We as a Council are interested in being part of every forum and discussion related to the economic development of our country.

### THE EIC CONTINUES TO SERVE AS A BRIDGE BETWEEN INSTITUTIONS AND EUROPEAN INVESTORS IN KOSOVO

EIC hosted a meeting with the General Director of TAK Mr. Ilir Murtezaj and with the Deputy General Director of Operations Mr. Nijazi Asllani, as well as Mr. Nikson Mirdita - Director of the Department of Independent Functions.

Director Murtezaj said that our will is to support all foreign investors and provide the best possible services to facilitate their operations in Kosovo. He further added that we will try to provide support within the legal framework so that this economic recession created due to the pandemic is overcome and businesses return to their normalcy, as their economic stability is vital for the post-pandemic recovery of our country. EIC members and the General Director of TAK agreed to establish a more frequent cooperation and communication plan to establish another relationship with businesses, touching on the problems and difficulties they have in the implementation of Tax Legislation, as well as building partnerships in combating and preventing the informal economy.

For more information, please visit EIC website at: [www.eic-kos.eu](http://www.eic-kos.eu).

#### EIC members:



#### EIC Honorary Members



# FINANCIAL PERFORMANCE

The financial performance of Sharrcem in 2020 was monitored and assured. Despite the COVID-19 pandemic crisis, Sharrcem managed to deliver good results.

<b>Turnover</b>	<b>43,336,772 €</b>
<b>Total Assets</b>	<b>49,642,636€</b>
<b>EBITDA</b>	<b>15,398,145 €</b>
<b>Profit (loss) after Taxes</b>	<b>8,798,763 €</b>
<b>Capital Expenditure</b>	<b>1,575,489 €</b>
<b>Investments in Environment and Occupational Health and Safety</b>	<b>191,604 €</b>



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# ANNEXES

# ESG PERFORMANCE

## STATEMENTS

TITAN Group discloses information related to ESG Performance in alignment with voluntary commitments to IIRC principles, UNGC, and GCCA based on a long-term practice of integration which is referred to as the Global Sectoral Approach in this Report.

Since 2018, in order to further align its disclosures with the SDGs 2030, TITAN incorporated the "Guidance on Core Indicators for Entity Reporting on the Contribution Towards the Attainment of the Sustainable Development Goals" of the United Nations Conference on Trade and Development (UNCTAD, 2019 edition), and promoted the connection of selected indicators with SDGs Targets based on the Guidance. In 2020, TITAN also incorporated the Sustainability Accounting Standards Board (SASB) Framework in preparation of ESG performance statements, in order to appropriately address the more financially material ESG disclosures.

The SASB Framework was leveraged for the purpose of connecting the SASB Materiality Map® with the 2020 Group's Materiality Assessment, which allowed for alignment between the Group and its subsidiaries. In the same direction, the Group also started reporting in alignment with the Sustainability Accounting Standard Board (SASB) for the specific requirements of industries mostly relevant to our operations.

For committing on targets 2020 and reporting on progress for all other environmental parameters except CO<sub>2</sub>, the baseline year is 2003 (when TITAN reported for the first time consolidated non-financial performance indicators). For CO<sub>2</sub> emissions the baseline year for relevant target(s) is 1990, in line with the Kyoto Protocol.

The ESG Performance Review and Statements focus on material issues for TITAN operations and key stakeholders. TITAN's Global Sectoral Approach encompasses the disclosure of Core Indicators for Value Creation and Governance, Social and Environmental Performance. Indicators (KPIs) are structured under two separate tables: Social Performance Index and Environmental Performance Index. TITAN Group ESG Performance Statements are structured according to TITAN's reporting standards, which are in alignment with global (UNGC, SDGs 2030, UNCTAD and SASB) as well as sector specific (GCCA) reporting standards and frameworks.

## SECTOR STANDARDS FOR THE NON-FINANCIAL DISCLOSURES

Sector Association or Initiative	Guidelines and other documents of reference	Published
GCCA	Sustainability Charter	Latest edition in 2019 or 2020
	Sustainability Framework Guidelines	
	"Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing [Pillar 1] This document has been agreed within the GCCA to have extended application to concrete and other related activities."	
	Sustainability Guidelines for the monitoring and reporting of CO <sub>2</sub> emissions from cement manufacturing [Pillar 2]	
	Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing [Pillar 4]	
	Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing [Pillar 4]	
	Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing [Pillar 5]	
	Sustainability Guidelines for quarry rehabilitation and biodiversity management [Pillar 4]	
(Previously) WBCSD/CSI	Guidelines for Environmental and Social Impact Assessment (ESIA)	2016
	Recommended Good Practices for: (a) Contractor Safety, and (b) Driving Safety	2009

### NOTES

- The GCCA has built its Sustainability Charter around five (5) Sustainability Pillars: Pillar 1: Health and Safety, Pillar 2: Climate Change and Energy, Pillar 3: Social Responsibility, Pillar 4: Environment and Nature and Pillar 5: Circular Economy
- TITAN was actively participant in five (5) Working Groups under the framework of activities of the GCCA in 2020:  
WG1. Health and safety in the cement and concrete industries, WG2. Thought leadership and policy for cement and concrete, WG4. 2050 concrete roadmap, WG5. Innovation in cement and concrete, and WG6. Good practices and benchmarking.

# SOCIAL PERFORMANCE INDEX

Kosovo Key Performance Indicators		2020	2019	2018	SDGs & Targets	Codes	Global Sectoral Approach
Health and safety	<b>All activities performance acc. to the TITAN Global Sectoral Approach</b>						
	Employee fatalities	0	0	0	SDG 3; Target 3.6 and 3.8	SP01L	UNCTAD 8.8.1
	Employee fatality rate	0.00	0.00	0.00		SP02L	
	Contractors fatalities	0	0	0		SP03L	
	Third-party fatalities	0	0	0		SP04L	
	Employee Lost Time Injuries (LTIs)	1	0	1		SP05L	
	Employee Lost Time Injuries Frequency Rate (LTIFR)	2.06	0.00	1.72		SP06L	
	Employee lost working days	29	0	20	SDG 4; Target 4.3	SP07L	UNCTAD 8.8.1
	Employee Lost Time Injuries Severity Rate	59.61	0.00	34.4		SP08L	
	Contractors Lost Time Injuries (LTIs)	1	0	1		SP09L	
	Contractors Lost Time Injuries Frequency Rate (LTIFR)	3.09	0.00	3.09		SP10L	
	<b>All activities performance leading indicators</b>				SDG 8; Target 8.8		
	Near misses <sup>1</sup>	14	13	10		SP11L	
	Training man-hours on health and safety per employee <sup>2</sup>	12.07	20.94	21.10		SP12L	
Training man-hours on health and safety per contractor <sup>2</sup>	5.81	7.77	4.44	SP13L			
Expenditures for employee health and safety (Euros) <sup>3,6</sup>	332.556	-	-	SP14L		UNCTAD 3.8 and 8.8	
Employment	<b>Number of employees as of 31 December</b>	<b>239</b>	<b>244</b>	<b>282</b>	SDG 5; Targets: 5.1, 5.4, and 5.5	SP15L	
	<b>Employee turnover (%)</b>	<b>1.67%</b>	<b>15.57%</b>	<b>2%</b>		SP16L	
	Employees left	4	38	5		SP17L	
	<b>Employee new hires (%)</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>		SP18L	
	Employee new hires	0	0	3		SP19L	
	<b>New hires per age group</b>					SP20L	
	Under 30	0	0	0			
	Between 30-50	0	0	3			
	Over 50	0	0	0			
	<b>New hires per gender</b>					SP21L	
	Females	0	0	0			
	Males	0	0	3			
	<b>Employment per age group <sup>4</sup></b>				SP22L		
	Under 30	7	7	-			
	Between 30-50	87	97	-			
	Over 50	145	140	-			
	<b>Employment per type</b>				SDG 8; Targets: 8.5, 8.6, and 8.8	SP23L	
	Full time	239	244	282			
	Part Time	0	0	0			
	Temporary	0	0	0			
	<b>Employment per category <sup>4</sup></b>				SDG 10; Target 10.3	SP24L	
	Managers	16	17	16			
	Senior managers	2	2	2			
	Administration/technical	54	56	78			
Semi skilled/unskilled	167	169	189				
<b>Employment per gender <sup>4</sup></b>					SP25L		
Females	11	11	15				
Males	228	233	267				
<b>Share of women in employment (%) <sup>4</sup></b>	<b>4.60%</b>	<b>4.51%</b>	<b>6%</b>		SP26L		
<b>Share of women in management (%) <sup>4</sup></b>	<b>5.56%</b>	<b>5.26%</b>	<b>11%</b>		SP27L	UNCTAD 5.5.2	
<b>Share of women in Senior Management (%) <sup>4</sup></b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>		SP28L		
<b>Employees from local community (%) <sup>4</sup></b>	<b>67.36%</b>	<b>66.80%</b>	<b>65%</b>		SP29L		
<b>Unionized employees (%)</b>	<b>82.01%</b>	<b>81.56%</b>	<b>79%</b>		SP30L		

People Development	Training investment per (trained) employee (Euros) <sup>4,5,6</sup>	38	145	112		SP31L	UNCTAD 4.3.1
	Training investment per gender (Euros) <sup>4,5,6</sup>	8,126	37,257	31,823		SP32L	
	Females	1,560	2,678	252			
	Males	6,566	34,579	31,571			
	Trained employees <sup>4</sup>	213	257	285		SP33L	
	Share of trained employees (% in total workforce) <sup>4</sup>	89%	100%	100%		SP34L	
	Share of trained female employees (% in total trained) <sup>4,5</sup>	81.82%	100%	94%		SP35L	
	Trained employees per category <sup>4</sup>					SP36L	
	Managers	17	17	13			
	Senior managers	2	2	3			
	Administration/technical	54	63	76	SDG 4; Targets: 4.3, 4.4, and 4.5		
	Semi skilled/unskilled	140	175	193			
	Trained employees per age group					SP37L	
	Under 30	7	9	23	SDG 5; Targets: 5.1, and 5.5		
	Between 30-50	85	100	106			
	Over 50	121	148	156			
	Training hours <sup>4</sup>	3,673	7,920	7,560	SDG 8; Target 8.5		
	Average training hours per employee (over the total number of direct employees), and breakdown per gender <sup>3,4</sup>	15	32	27			
	average female	11	35	18		SP38L	UNCTAD 4.3.1
	average male	16	32	27	SDG 10; Target: 10.2, and 10.3	SP39L	
	Training hours per subject <sup>4,5</sup>					SP40L	
	Company on-boarding	0	0	0			
	Compliance (previously: TITAN Group Code of Conduct)	201	264	0	SDG 16; Target 16.5		UNCTAD 16.5.2
	CSR and Sustainability (previously: Human Rights)	5	25	0			
	Digital	94	438	0			
	Environment (previously: Environment: care and management systems)	0	89	399			
	Foreign languages	52	104	0			
Functional competence (previously: Non-technical skills and specialization)	20	18	0				
Generic competence (previously: Non-technical skills and specialization)	0	976	0				
Health and safety	2,910	5,340	6,017				
Managerial skills (previously: Management and managerial skills)	24	352	0				
Other	247	144	555				
Security	0	0	0				
Technical know-how (previously: Technical know-how and core competence)	120	170	589				

Stakeholder Engagement	Donations (Euros) <sup>6</sup>	166,262	176,071	295,285	SDG 2; Targets 2.1 and 2.3	SP41L	UNC-TAD 17.17.1
	Donations in cash (Euros)	166,262	176,071	295,026	SDG 4; Targets: 4.3, and 4.4	SP42L	
	Donations in kind (Euros)	0	0	259	SDG 8; Targets: 8.5, and 8.6	SP43L	
	Internships	3	25	7	SDG 9; Targets: 9.1, and 9.5	SP44L	
	New entry level jobs from internships/traineeships	0	0	1	SDG 11; Target 11.4 SDG 16; Target 16.5 SDG 17; Target 17.17	SP45L	
Local Spend (%) <sup>3,6</sup>		75.67%	78.81%	-	SDG 9; Target 9.3	SP46L	UNC-TAD 9.3.1

#### NOTES Notes for the external verification, standards and guidance

- Standards: The reporting standards under TITAN's Global Sectoral Approach, namely GCCA, UNGC, and UNCTAD.

- Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing (last edition in February 2020). This document has been agreed within the GCCA to have extended application to concrete and other related activities.

#### Notes for specific Social Performance indicators

- The reported figures of 'Near misses' are the total figures for both direct employee and contractors. This should be clear to All involved in the Social Performance, and in conjunction with the last revised and communicated Guidance by the Group Corporate Dept. for H&S.
- The KPI was calculated for closing of the reporting period 2020 in accordance with the practice for all Safety data, being the use of 'average employment' (see Note 3). This is consistent with all years prior to 2020.
- Relevant information is not available for the specific years denoted as 'n/a'. In specific for the new KPI "Expenditures for Health and Safety": TITAN launched a Group-level approach and methodology for the first time in 2020, following the UNCTAD "Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (2019), and building on bench strength and the technical capacity of internal systems. The efforts were coordinated by the Group Health & Safety Dpt., and the project was rolled-out in all BUs across the Group with consistent rules. Data collection covered 4 categories of expenditures: (1) Consumables (PPEs etc.), (2) Training on Occupational H&S, and awareness building, (3) Facilities (spend in infrastructure), and (4) H&S Management. The information was secured with the use of the Group internal data collection system. Comparable figures for this kpi are not available for years before 2020.
- KPIs calculated on the basis of 'Average' number of Employees for year 2018. As of 2019, the specific KPIs are calculated on the basis of the Number of employees as of 31 December.
- KPIs based on the new definition of TITAN Group (according to the Sustainability Glossary & Guidelines for Social Performance, ed. 2019). The figures for the KPI "Share of trained female employees" and KPI "Training hours per subject" were adjusted by re-calculation for years before 2019, in order to reflect the performance acc. to the new definition. Figures for the KPI "Share of trained female employees (in total female employees)" which were calculated above 100% (because of the Turnover for Females, or other reasons) needed to be reported as 100%.
- For the definitions of: "Expenditures for employee health and safety", "Training Investment", "Donations", and "Local Spend" see 'Glossary' (required). Note in specific for the "Local Spend": TITAN launched an improved methodology in 2019, following the approach of the UNCTAD (see Glossary), and building on bench strength and the technical capacity of internal systems (coordinated by the Group Procurement). It is implied that comparable figures for the Local Spend were not available for years before 2019.

## ENVIRONMENTAL PERFORMANCE INDEX

ENVIRONMENTAL PERFORMANCE			2020	2019	2018	SDGs & Targets	Codes	Global Sectoral Approach	
1. All Activities - Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)									
LOCAL IMPACTS	Natural raw materials extracted (total, wet)	million t	0.7	0.7	0.7	SDG 12 Target 12.2	EP01L		
	Raw materials extracted for clinker and cement production	million t	0.5	0.6	0.7		EP02L		
	Raw materials extracted for aggregates	million t	0.0	0.0	0.0		EP03L		
	Impact on natural raw materials recourses	Externally recycled waste materials (total, wet)	t	106	216	171	SDG 12 Targets 12.4 and 12.5	EP04L	UNCTAD 12.5.1
		Recycled	t	88	164	137			
		Reused	t	18	53	34			
	Impact on water recourses	Recovered	t	0	0	0			
Water consumption (total)		million m <sup>3</sup>	0.08	0.10	0.14	SDG 6 Targets 6.3, 6.4 and 6.5	EP05L		
Water withdrawal (total, by source)		million m <sup>3</sup>	0.11	0.15	0.18		EP06L		
Ground water		million m <sup>3</sup>	0.11	0.15	0.18				
Municipal water		million m <sup>3</sup>	0.0	0.0	0.0				
Rain water		million m <sup>3</sup>	0.0	0.0	0.0				
Surface water		million m <sup>3</sup>	0.0	0.0	0.0				
Quarry water used (from quarry dewatering)		million m <sup>3</sup>	0.0	0.0	0.0				
Ocean or sea water		million m <sup>3</sup>	0.0	0.0	0.0				
Waste water		million m <sup>3</sup>	0.0	0.0	0.0				
Water discharge (total, by destination)		million m <sup>3</sup>	0.03	0.04	0.04		EP07L		
Surface (river, lake)		million m <sup>3</sup>	0.03	0.04	0.04				
Ocean or sea		million m <sup>3</sup>	0.0	0.0	0.0				
Off-site treatment	million m <sup>3</sup>	0.0	0.0	0.0			UNCTAD 12.5.1		
Impact on biodiversity and land stewardship	Active quarry sites with biodiversity issues <sup>1,3</sup>		0	0	0	SDG 15 Targets 15.3, 15.4, 15.5, 15.9 and 15.a	EP08L		
	Active quarry sites with biodiversity management plans <sup>2,3</sup>		-	-	-		EP09L		
	Active quarry sites with biodiversity management plans	%	-	-	-		EP10L		
	Sites with community engagement plans <sup>3</sup>	%	100.0	100.0	100.0		EP11L		
	Sites with quarry rehabilitation plans <sup>3,4</sup>	%	21.8	-	-		EP12L		
	Active quarry sites (wholly owned) with Environmental Management System (ISO14001 or similar)	%	75.0	75.0	75.0		EP13L		
FUELS AND ENERGY	Thermal energy consumption (total)	TJ	1,237	1,498	1,587	SDG 7 Target 7.2	EP14L	UNCTAD 7.3.1	
	Electrical energy consumption (total)	TJ	205	250	267		EP15L	UNCTAD 7.3.2	
Impact on energy recourses									

ENVIRONMENTAL PERFORMANCE			2020	2019	2019	SDGs & Targets	Codes	Global Sectoral Approach
2. Cement Activities - Environmental Performance (acc. to the Sectoral Approach adopted by TITAN)								
<b>CLIMATE CHANGE</b>  <b>Impact on Green House Gas Emissions</b>	Specific gross direct CO <sub>2</sub> emissions	kg/t Cementitious Product	596.7	604.2	610.1	<b>SDG 9 Target 9.4</b>	EP016L	
	Specific net direct CO <sub>2</sub> emissions	kg/t Cementitious Product	596.7	604.2	610.1		EP017L	
	Indirect CO <sub>2</sub> emissions (total) <sup>(6)</sup>	million t	0.04	0.08	0.08		EP018L	UNCTAD 9.4.1
<b>Alternative fuels and materials</b>	Alternative fuel substitution rate	% <sub>Heat Basis</sub>	0.0	0.0	0.0	<b>SDG 7 Targets 7.2, 7.3 and 7.a</b>	EP019L	UNCTAD 7.2.1
	Biomass in fuel mix	% <sub>Heat Basis</sub>	0.0	0.0	0.0		EP020L	
	Clinker to cement ratio		68.27	68.41	71.13		EP021L	
<b>Impact on energy recourses</b>	Thermal energy consumption					<b>SDG 12 Target 12.2</b>		
	Cement and grinding plants and attached quarries	TJ	1,237	1,498	1,587		EP022L	
	Alternative fuels consumption (total)	t	0	0	0		EP023L	
	Electrical energy consumption (total)							
	Cement plants and attached quarries	GWh	56.9	69.6	74.3		EP024L	
<b>LOCAL IMPACTS</b> <b>Impact on natural raw materials recourses</b>	Materials consumption (total, dry)	million t	0.8	0.9	0.9	<b>SDG 12 Target 12.2</b>	EP025L	
	Extracted (natural) raw materials consumption (dry)	million t	0.7	0.8	0.8			
	Alternative raw materials consumption (dry)	million t	0.1	0.1	0.1			
	Alternative raw materials use (of total raw materials consumed)	% <sub>Dry</sub>	13.4	12.2	10.9		EP026L	
	Alternative raw materials rate (based on clinker-to-cement (equivalent) factor)	% <sub>Dry</sub>	16.3	15.2	13.3		EP027L	
<b>Impact on water recourses</b>	Water consumption (total)	million m <sup>3</sup>	0.08	0.10	0.14	<b>SDG 6 Targets 6.4 and 6.5</b>	EP028L	
	Water recycled (total)	million m <sup>3</sup>	0.61	0.73	0.78			
<b>Other air emissions</b>	Coverage rate continuous measurement	%	100.0	100.0	100.0	<b>SDG 3 Target 3.9</b>	EP029L	
	Specific dust emissions	g/t <sub>Clinker</sub>	10.4	10.5	9.1		EP030L	
	Specific NO <sub>x</sub> emissions	g/t <sub>Clinker</sub>	1,294.4	1,636.7	1,492.3	<b>SDG 9 Target 9.4</b>	EP031L	
	Specific SO <sub>x</sub> emissions	g/t <sub>Clinker</sub>	91.8	73.3	122.6		EP032L	

ENVIRONMENTAL PERFORMANCE		2020	2019	2018	SDGs & Targets	Codes	Global Sectoral Approach
3. All Activities - Disclosures concerning materials, fuels and wastes							
Impact on fuels and energy resources	Fuel mix, energy consumption for clinker and cement production	% <sub>Heat Basis</sub>	100.0	100.0	100.0	SDG 7 Target 7.2 SDG 12 Target 12.2	EP033L
	Conventional fossil fuels	% <sub>Heat Basis</sub>	100.0	100.0	100.0		EP034L
	Coal, anthracite, and waste coal	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Petrol coke	% <sub>Heat Basis</sub>	96.8	91.1	96.4		
	Lignite	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Other solid fossil fuel	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Natural gas	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Heavy fuel (ultra)	% <sub>Heat Basis</sub>	3.2	0.9	3.5		
	Diesel oil	% <sub>Heat Basis</sub>	0.1	0.1	0.1		
	Gasoline, LPG (Liquified petroleum gas or liquid propane gas)	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Alternative fossil and mixed fuels	% <sub>Heat Basis</sub>	0.0	0.0	0.0		EP035L
	Tyres	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	RDF including plastics	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Impregnated saw dust	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Mixed industrial waste	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Other fossil based and mixed wastes (solid)	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Biomass fuels	% <sub>Heat Basis</sub>	0.0	0.0	0.0		EP036L
	Dried sewage sludge	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
	Wood, non-impregnated saw dust	% <sub>Heat Basis</sub>	0.0	0.0	0.0		
Agricultural, organic, diaper waste, charcoal	% <sub>Heat Basis</sub>	0.0	0.0	0.0			
Other	% <sub>Heat Basis</sub>	0.0	0.0	0.0			
Management of waste	Waste disposal (total, wet)	t	110	262	235	SDG 12 Targets 12.4 and 12.5	EP037L UNCTAD 12.4.2 and 12.5
	Non-hazardous waste	t	110	262	235		
	Hazardous waste	t	0.0	0.0	0.0		
	Waste disposal, break down by destination-usage (wet)	% <sub>By mass</sub>	100.0	100.0	100.0		EP038L UNCTAD 12.5.1
	Reuse	% <sub>By mass</sub>	16.4	20.0	14.5		
	Recycled	% <sub>By mass</sub>	80.6	62.4	58.2		
	Recovered (including energy recovery)	% <sub>By mass</sub>	0.0	0.0	0.0		
	Incineration	% <sub>By mass</sub>	0.0	0.0	0.0		
Landfilled	% <sub>By mass</sub>	3.0	17.6	27.4			
Other (incl. storage)	% <sub>By mass</sub>	0.0	0.0	0.0			

ENVIRONMENTAL PERFORMANCE		2020	2019	2018	SDGs & Targets	Codes	Global Sectoral Approach
4. All Activities - Investments for the Environment							
Impact on fuels and energy resources	Environmental expenditures across all activities <sup>7</sup> million €	0.67	0.26	0.23		EPO39L	UNCTAD 7.b.1
	Environmental management million €	0.04	0.06	0.08	SDG 7 Target 7.b		
	Reforestation million €	0.00	0.00	0.01	SDG 9 Target 9.4		
	Rehabilitation million €	0.32	0.08	0.00			
	Environmental training and awareness building million €	0.00	0.00	0.00			
	Application of environmental friendly technologies million €	0.00	0.00	0.00			
	Waste management million €	0.31	0.10	0.13			

## NOTES

### Notes on external verification, standards, and guidance

- Standards: The reporting standards under TITAN's Global Sectoral Approach, namely GCCA, UNGC, and UNCTAD.

- Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of: CO<sub>2</sub> emissions from cement manufacturing, co-processing fuels and raw materials, monitoring and reporting of emissions, monitoring and reporting of water in cement manufacturing, and quarry rehabilitation and biodiversity management (for all documents the reference is the latest edition of 2019 or 2020). The above Guidelines had superseded in 2020 the previous – and respective – Guidelines of the WBCSD/CSI, which were the guidance for measuring, reporting and verifying environmental performance until (and including) year 2018.

### Notes for specific Environmental Performance indicators

- Active quarries within, containing or adjacent to areas designated for their high biodiversity value.
- Sites with high biodiversity value where biodiversity management plans are actively implemented.
- Coverage includes both quarries attached to cement plants and quarries for aggregates production.
- New indicators
  - Quarry land areas rehabilitated from total impacted (cumulative)  
Coverage includes all quarries under TITAN management control. This KPI is calculated as the percentage of the impacted/disturbed quarry areas that has been rehabilitated (total and cumulative), aggregated at BU level. Under TITAN approach, this KPI is complementary to the KPIs under the topic of Impact on biodiversity and land stewardship in this Table, namely: "Sites with quarry rehabilitation plans" and "Active quarry sites with biodiversity management plans". Data disclosing started in 2020.
  - Water recycled (total)  
This KPI is calculated in line with GCAA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing.
- Indirect CO<sub>2</sub> emissions are related to emissions released for the production of the electrical energy consumed at TITAN's facilities. For their calculation, we use emission factors provided by the supplier of the electrical energy or other publicly available data sources.
- Biomass rate corresponds to the percentage of total thermal energy consumption that comes from renewable energy sources.
- The definition of Environmental expenditures across all activities is equivalent to the definition of Green Investment. See 'Glossary'.

# UNGC 10 PRINCIPLES PROGRESS REVIEW INDEX

UNGC Area	UNGC Related Principle(s)	Our Commitments	Reference in 2020 Sharrcem Annual Sustainability Report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within the scope of their influence.		<p><u>UNDERSTANDING SHARRCEM: Our History, TITAN Group Values, TITAN Group CSR Policy, Managing Sustainability, Materiality Assessment</u></p> <p><u>HEALTH AND SAFETY: Occupational Health and Safety and SP KPIs (SP01L-SP14L).</u></p>
	Principle 2: Business should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Code of Conduct for Procurement</li> <li>e. Occupational Health and Safety Policy and guidelines</li> <li>f. TITAN Group Anti-Bribery and Corruption policy</li> <li>g. SA 8000</li> </ul>	<p><u>EMPLOYMENT AND PEOPLE DEVELOPMENT: SP KPIs (SP15L-SP40L).</u></p> <p><u>ENGAGING WITH LOCAL COMMUNITIES: SP KPIs (SP41L-SP46L).</u></p> <p><u>HUMAN RIGHTS: Code of Conduct, Policies and Procedures, SA 8000, TITAN Group Code of Conduct for Procurement, Governance within Sharrcem, TITAN Group Anti-Bribery and Corruption Policy, European Investors Council, Kosovo CSR Network</u></p> <p><u>ANNEXES: Environmental Performance Index of KPIs (EP KPIs), and Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health &amp; Safety.</u></p>

Labor Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Code of Conduct for Procurement</li> <li>e. TITAN Occupational Health and Safety Policy and guidelines</li> <li>f. TITAN Group Anti-Bribery and Corruption policy</li> <li>g. OHSAS 18001</li> <li>h. SA 8000</li> </ul>	<p><u>UNDERSTANDING SHARRCEM: Our History, TITAN Group Values, TITAN Group CSR Policy, Managing Sustainability, Materiality Assessment</u></p> <p><u>ESG Performance.</u></p> <p><u>HEALTH and SAFETY: TITAN Group Health and Safety Guidelines, ISO 45001, and SP KPIs (SP01L-SP14L).</u></p> <p><u>EMPLOYMENT AND PEOPLE DEVELOPMENT : Human Rights Labour Issues and Equal Opportunities, Trade Union, SA 8000, Continuous Education, Employee Benefits, Group Code of Conduct and SP KPIs (SP41L-SP46L).</u></p> <p><u>ENGAGING WITH LOCAL COMMUNITIES: Stakeholders and Engagement, SP KPIs (SP41L-SP45L).</u></p> <p><u>ANNEXES: Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health &amp; Safety.</u></p>
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor		
	Principle 5: should uphold the effective abolition of child labor		
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation		
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Environmental Policy</li> <li>e. ISO 14001</li> <li>f. IPPC Permit</li> </ul>	<p><u>UNDERSTANDING SHARRCEM: Our History, TITAN Group Values, TITAN Group CSR Policy, Managing Sustainability, Materiality Assessment</u></p> <p><u>PERFORMANCE HIGHLIGHTS: ESG Performance</u></p> <p><u>ENVIRONMENTAL PERFORMANCE, ISO 14001, IPPC and EP KPIs (EP01L-EP39L).</u></p> <p><u>ENGAGING WITH LOCAL COMMUNITIES: LAB, BPO Center under LAB, BOPAL, Disposable/available materials to support community for COVID-19, Back to School, Drinking Water, Blood Donation, Training to the teachers, Participation at the competition organized by the EU Office in Kosovo and SP KPIs (SP41L-SP46L).</u></p> <p><u>ANNEXES: Environmental Performance Index of KPIs (EP KPIs) and Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health &amp; Safety.</u></p>
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility		
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies		
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> <li>a. TITAN Corporate Values</li> <li>b. TITAN Group Code of Conduct</li> <li>c. TITAN Group CSR Policy</li> <li>d. TITAN Group Code of Conduct for Procurement</li> </ul>	<p><u>UNDERSTANDING SHARRCEM: Our History, TITAN Group Values, TITAN Group CSR Policy, Managing Sustainability, Materiality Assessment</u></p> <p><u>GOVERNANCE, TRANSPARENCY and ETHICS: Compliance and Due Diligence, Code of Conduct, European Investors Council, Kosovo CSR Network.</u></p>

## ANNEX D

# MEMBERSHIPS 2020

Memberships	Website
EIC - (European Investors Council)	<a href="http://www.eic-ks.eu">www.eic-ks.eu</a>
German-Kosovo Chamber of Commerce	<a href="http://www.kdww.eu">www.kdww.eu</a>
Kosovo Chamber of Commerce	<a href="http://www.oek-kcc.org">www.oek-kcc.org</a>
Kosovo CSR Network	<a href="http://www.csrkosovo.org">www.csrkosovo.org</a>
CIGRE Kosovo	<a href="http://www.cigre.org">www.cigre.org</a>

## ANNEX E

# COOPERATION 2020

Cooperation	Website
Trade Union of Sharrcem	-
Municipality of Hani i Elezit	<a href="http://www.kk.rks-gov.net/hanielezit">www.kk.rks-gov.net/hanielezit</a>
LAB	<a href="http://www.lab-ks.org">www.lab-ks.org</a>
BOPAL	N/A
Children's Board	N/A
Government of Kosovo	<a href="http://www.rks-gov.net">www.rks-gov.net</a>
European Union Office	<a href="http://www.eeas.europa.eu">www.eeas.europa.eu</a>
Labor Inspectorate	<a href="http://www.ip.rks-gov.net">www.ip.rks-gov.net</a>
Ministry of Health	<a href="http://www.msh-ks.org">www.msh-ks.org</a>
Ministry of Labor and Social Welfare	<a href="http://www.mpms.rks-gov.net">www.mpms.rks-gov.net</a>
Ministry of Environment and Spatial Planning	<a href="http://www.mmph-rks.org">www.mmph-rks.org</a>
Ministry of Agriculture, Forestry and Rural Development	<a href="http://www.mbpzhr-ks.net">www.mbpzhr-ks.net</a>
Education Department - Hani i Elezit	-
Agriculture and Forestry Dpt. - Hani i Elezit	-
Elementary Schools - Hani i Elezit, (including villages)	-
High School - Hani i Elezit	-
Medical Health Center - Hani i Elezit	-
Fire Fighting Brigade - Hani i Elezit	-
Police Authorities - Hani i Elezit	-
HELLENIC Republic Liaison Office in Prishtina	<a href="http://www.mfa.gr">www.mfa.gr</a>
GIZ	<a href="http://www.giz.de">www.giz.de</a>
IADK	<a href="http://www.iadk.org">www.iadk.org</a>
HELVETAS	<a href="http://www.easterneurope.helvetas.org">www.easterneurope.helvetas.org</a>
UNDP	<a href="http://www.ks.undp.org">www.ks.undp.org</a>
UNICEF	<a href="http://www.unicef.org">www.unicef.org</a>
Raiffeisen BANK	<a href="http://www.raiffeisen-kosovo.com">www.raiffeisen-kosovo.com</a>
ProCredit Bank	<a href="http://www.procreditbank-kos.com">www.procreditbank-kos.com</a>
KOSHA	<a href="http://www.oshkosova.webs.com">www.oshkosova.webs.com</a>
Kosovo Manufacturing Club	<a href="http://www.klubiprodhuesve.org">www.klubiprodhuesve.org</a>
Handikos	<a href="http://www.handi-kos.org">www.handi-kos.org</a>
SOS Children's Village	<a href="http://www.sos-childrensvillages.org">www.sos-childrensvillages.org</a>

## ANNEX F

# RECOGNITIONS 2020

Country	Award, Recognition or Other	Who was awarded	By Whom	Name of the Award or Recognition	Why this award/ recognition was awarded	First time? yes/ no	Other related information or further details
Kosovo	Recognition	Sharrcem SH.P.K.	Hani I Elezit Municipality	Gratitude	For the contibution and support to community during COVID-19 pandemic time	Yes	During pandemic time, we have provided the community with facemasks
Kosovo	Recognition	Sharrcem SH.P.K.	Elementary School "Ilaz Thaci"	Gratitude	For support during COVID-19 pandemic time	Yes	We have provided to all students, teachers and administrative staff with facemasks

## ANNEX G

# PARENTAL LEAVE 2020

Parental Leave 2020 - PL												
Country	Male Entitled PL	Female Entitled PL	Male Took PL	Female Took PL	Male Return After PL	Female Return After PL	Male Took PL Stay12	Female Took PL Stay12	Male Reten. Rates After PL	Female Reten. Rates After PL	Male Return TWork Pers.	Female Return TWork Pers.
Kosovo	0	1	0	1	0	1	0	0	0	0	0	0

## POLICIES RELATED TO NFP

Policies related to NFP (Non-Financial Performance)	Percentage of coverage in TITAN key operations (cement plants, RM, aggregates, terminals)	
	Launched	
	Communicated to Managers	Translated and sent to Employees
"Group Human Rights Policy (Freedom of association, child labor)"	100%	100%
"Group Anti-Bribery and Corruption Policy (Compliance, grants, donations and contributions)"	100%	100%
"Group People Management Framework (Labor rights and freedom of association, equal opportunities)"	100%	100%
Group CSR Policy	100%	100%
"Group Code of Conduct (Labor rights, freedom of association, equal opportunities, compliance, human rights, environment, donations, bribery and corruption, conflict of interest)"	100%	100%
Group Environmental Policy	100%	100%
<i>Group Climate Mitigation Strategy - to be updated</i>		
Group Occupational Health and Safety Policy	100%	100%
Group Occupational Health and Safety Framework	100%	100%
"Group Code of Conduct for Procurement (Supply chain/Procurement issues)"		
Group Purchasing Manual	100%	
<i>Preference to locally based suppliers</i>	100%	100%
<i>Preference to local residents, when hiring</i>	100%	
<i>Hiring local contractors/subcontractors</i>	100%	
Group Social Media Policy for Employees	100%	100%
Conflict of Interest Policy	100%	100%
"Group Competition Law Compliance Policy and Guidelines (compliance, customers and suppliers)"	100%	100%
Group Sanctions Policy	100%	100%



**Sharrcem SH.P.K.**  
Adem Jashari Street No. 280  
Hani i Elezit,  
Republic of Kosovo

**Grant Thornton LLC**  
Rexhep Mala 18  
10000 Pristina  
Kosovo  
T +383 (0)38 247 801  
F +383 (0)38 247 802  
E [Contact@ks.gt.com](mailto:Contact@ks.gt.com)  
VAT No. 330086000

### Independent limited assurance report

To the management of Sharrcem SH.P.K.

#### Introduction and scope of work

We were engaged by Sharrcem SH.P.K. (further referred to as “the Company”), to provide limited assurance in relation to the following information, presented in Sharrcem SH.P.K. 2020 Annual Sustainability Report (further referred to as “the Sustainability Report”):

- The consistency of qualitative and quantitative sustainability disclosures presented, with regard to the UN Global Compact principles and specifically to the Advanced Level of Communication on Progress Report criteria.
- 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 2020, which are aligned with the sectoral guidelines and reporting standards (GCCA<sup>1</sup> Sustainability Charter, GCCA Sustainability Framework Guidelines, and other relevant and applicable GCCA Guidelines, and the guidelines of the World Business Council for Sustainable Development / Cement Sustainability Initiative (WBCSD/CSI) only as applicable in 2020) and with the TITAN Group<sup>2</sup> Standards for Reporting on Group level and Business Unit level.
- The methodology of materiality assessment with regard to the guidelines of AA1000 Standard and more specifically the process followed by the Company with respect to identifying and prioritising the most relevant Material Issues, considering the impact which each Material Issue has on the company and its stakeholders.

#### Management responsibility

The Management of the Company is responsible for complete and accurate preparation and presentation of the Sustainability Report in accordance with the principles and standards listed in “Introduction and scope of work” paragraph above. This responsibility also includes the selection and application of appropriate methods to prepare the 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 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), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In this context, the assurance team is independent from the Company and has not participated in the preparation of the Company’s Sustainability Report for the year 2020.

<sup>1</sup> Global Cement and Concrete Association (GCCA)

<sup>2</sup> TITAN Cement International (referred to as “TITAN Group”) is the Owner of the Company.

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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 TITAN 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 Sustainability Report:

- Read the Sustainability Report (in its entirety) to ensure it is in accordance with the criteria detailed in the “Introduction and scope of work” section in this Independent limited assurance report;
- Review of external media reports to identify relevant sustainability issues in the reporting period, if any;
- Interviews with key personnel responsible for the preparation of the 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;
- Review the materiality process followed by the Company and in addition, review the Desk research/study provided by Group ESG Performance Department and the Benchmark external studies (GCCA), validating the material issues assessed during the internal materiality workshop.
- Participate in the Company’s materiality workshop ensuring the implementation of the AA1000 AS requirements during the analysis and development of the Materiality Matrix 2021 finalization.
- Comparing text and data (on a sample basis) presented in the 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 Sustainability Report (including explanatory notes and relevant references) and that the 2020 Annual Sustainability Report of Sharrcem SH.P.K. was not prepared, in all material respects, in accordance with the criteria mentioned above, in the "Introduction and scope of work" section.

Prishtina,

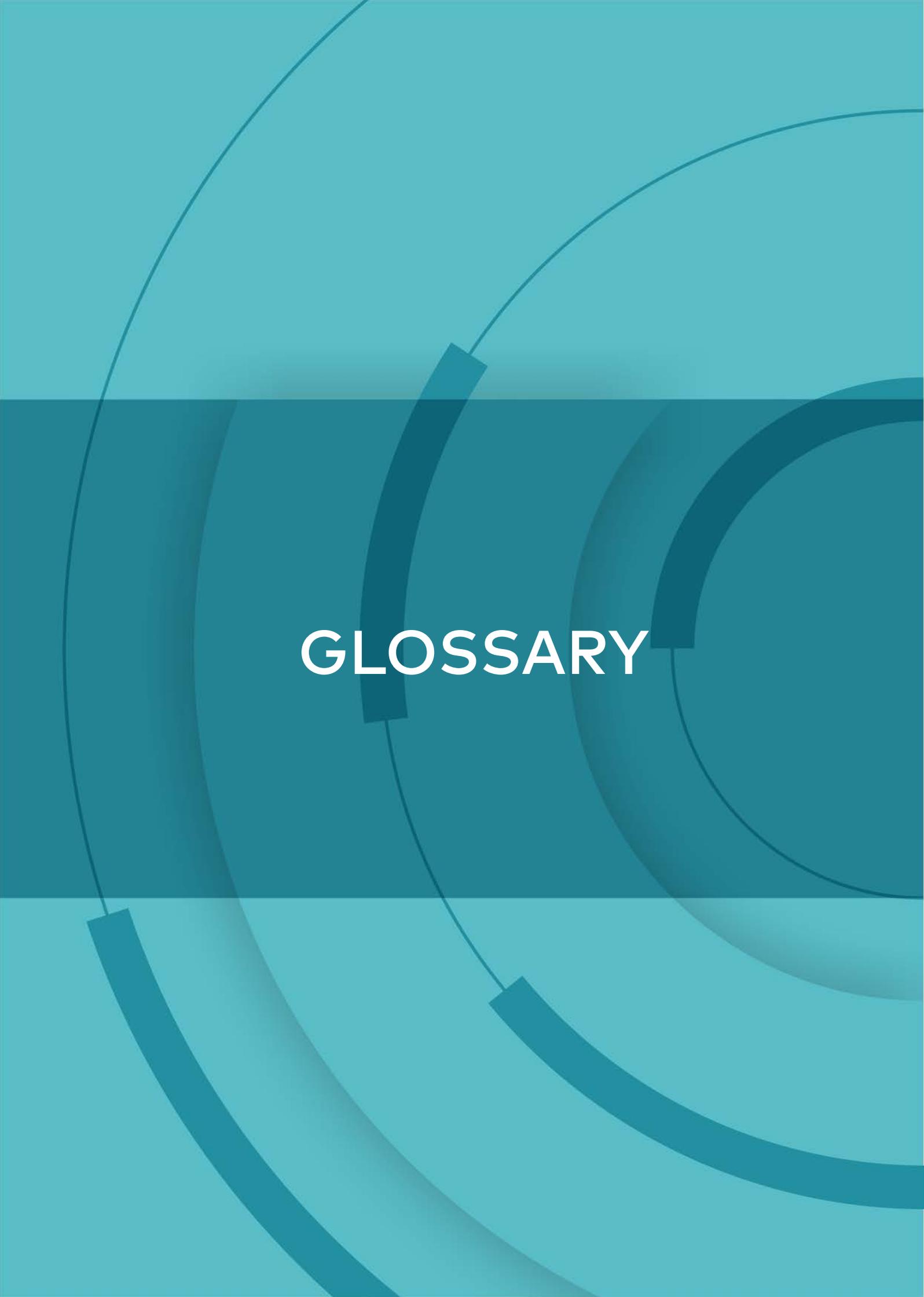
01 September 2021

Grant Thornton LLC


Suzana Stavriq  
Statutory auditor



The background is a solid teal color. It features several large, overlapping circular arcs in various shades of teal, creating a sense of depth and movement. A horizontal band of a darker teal color runs across the middle of the page. The word "GLOSSARY" is centered in white, bold, uppercase letters.

# GLOSSARY

# GLOSSARY

## FINANCIAL

**CAPEX:** is defined as acquisitions of property, plant and equipment, right of use assets, investment property and intangible assets.

**EBITDA:** corresponds to operating profit plus depreciation, amortization and impairment of tangible.

## NON-FINANCIAL

**COP:** the Communication on Progress is intended as a mechanism to inform, in a standardized format of an annual report, company stakeholders (e.g., investors, consumers, civil society, and governments) on progress made in implementing the Ten Principles of the United Nations Global Compact.

**CSR Europe:** the leading European business network for Corporate Sustainability and Responsibility. The network supports businesses and industry sectors in their transformation and collaboration towards practical solutions and sustainable growth. The ambition is the systemic change; therefore, following the

**GCCA:** The Global Cement and Concrete Association is a CEO-led industry initiative established in 2018, representing the global voice of the sector. The GCCA took over the role of the former CSI Project of the WBCSD and has carried, since January 1 2019, the work programs and sustainable development activities of the CSI, with key objectives to develop and strengthen the sector's contribution to sustainable construction across the value chain, and to foster innovation in collaboration with industry, associations and key experts-stakeholders.

**IBAT:** The Integrated Biodiversity Assessment Tool, developed through a partnership of global conservation leaders including BirdLife International, Conservation International and IUCN, provides key decision-makers with access to critical information on biodiversity priority sites, to inform decision-making processes and address potential impacts.

**IIRC:** The International Integrated Reporting Council is a global coalition of regulators,

investors, companies, standard setters, the accounting profession, academia and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting.

**SDGs:** the Sustainable Development Goals are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs, set in 2015 by the United Nations General Assembly and intended to be achieved by the year 2030, are part of UN Resolution 70/1, the 2030 Agenda.

**UNCTAD:** The United Nations Conference on Trade and Development is a United Nations body responsible for dealing with economic and sustainable development issues with a focus on trade, finance, investment and technology, in particular for helping developing countries to participate equitably in the global economy.

**UNGC:** the United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles ('Ten Principles') and to take steps to support UN goals. 'Ten Principles' are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

**WBCSD:** the World Business Council for Sustainable Development is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world, helping member companies to become more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.





**SHARRCEM**

a  **TITAN** Group Company

**SUSTAINABILITY  
ANNUAL REPORT 2020**