

2021 ANNUAL SUSTAINABILITY REPORT

SHARRCEM

SHARRCEM

a  TITAN Group Company



ABOUT THE REPORT

It is a great honor for us to present you with the Sharrcem Annual Sustainability Report 2021, especially as this year marks the 10th anniversary of Sharrcem's on-going commitment and practice of annual reporting to its stakeholders. This practice, embedded in our culture is related to build trust and collaboration. This Report highlights in this respect an important milestone indeed in our journey in Kosovo – and worldwide – considering that throughout the years, Sharrcem has contributed to elevate stakeholder dialogue and corporate transparency in the country following international standards and industry's best practice.

The goal of such reporting is not only to demonstrate our determination to be and act as decent neighbors among our peers, both within and outside of the company, respecting the terms of equality and impartiality, but also to listen to the expectations of our stakeholders and add value to the sustainability and prosperity of the communities we interact together to face present and future risks and opportunities. Since the time of the first annual reporting in 2012, the company has remained faithful to its commitment to present its growth, development, contribution, and innovation to all stakeholders, doing so in a transparent and timely manner. This year, as we celebrate the 10th Anniversary of Reporting, we have reason to feel proud of how far we have come together and of the impact of our commitment.

The Sharrcem 2021 Annual Sustainability Report (hereinafter: "the Report") provides insight into company operations and performance for the period of 01 January - 31 December 2021. The Report is a comprehensive document containing up to date and relevant information about company processes, outcomes, commitment and performance, especially as they relate to sustainability. It also supports and feeds the company's strategic vision in alignment with the TITAN Cement Group global approach to monitoring and reporting.

In line with the company's overall observance of quality standards, the Report complies with the relevant global sector specific reporting standards. This is assured 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). The Report also 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).

In line with the TITAN Cement Group global approach, since 2018, Sharrcem observes and abides by the Guidance of the United Nations Conference on Trade and Development (UNCTAD) that connects reporting on Sustainability with the UN SDGs 2030 and relevant to our impacts sub-targets.

Information about Sharrcem's performance in 2021 is included in the TITAN Cement Group Integrated Annual Report 2021 (IAR 2020) too, which can be accessed by mobile devices using this QR code.



It is important to emphasize that all information disclosed in this Report are processed and supported by the Group systems developed to organize and control ESG performance data. Grant Thornton L.L.C. in Pristina provided an independent Limited assurance report of the 2021 Annual Sustainability Report, at a limited level to verify that the Report meets both 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. This is the 4th consecutive year that the Sharrcem Annual report is independently verified according to international (UNGC CoP) and industry specific standards (GCCA) at the advanced level of the UNGC requirements.

The Independent Limited Assurance Report is included in the 2021 Annual Sustainability Report and is available online at our webpage: www.sharrcem.com

The Report covers the operations of the 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 the ones in Duh  l and Klina, respectively.

The Report plays an additional important role. It serves as an instrument to guide the company's engagement in line with our values and standards, towards accomplishing the company vision through the relevant areas of work.

Sharrcem places a great value on an open and transparent communication with stakeholders, partners, and the community. Thus, we welcome any feedback about our performance. We are genuinely interested in your opinion that helps us further improve and explore new areas of work so that we can consistently contribute to a shared growth between business and society.



Note for the use of the Logo of the UNGC 'We Support':
We acknowledge that our parent company TITAN Group 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 consolidated our support for this initiative fully under 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.

TABLE OF CONTENT

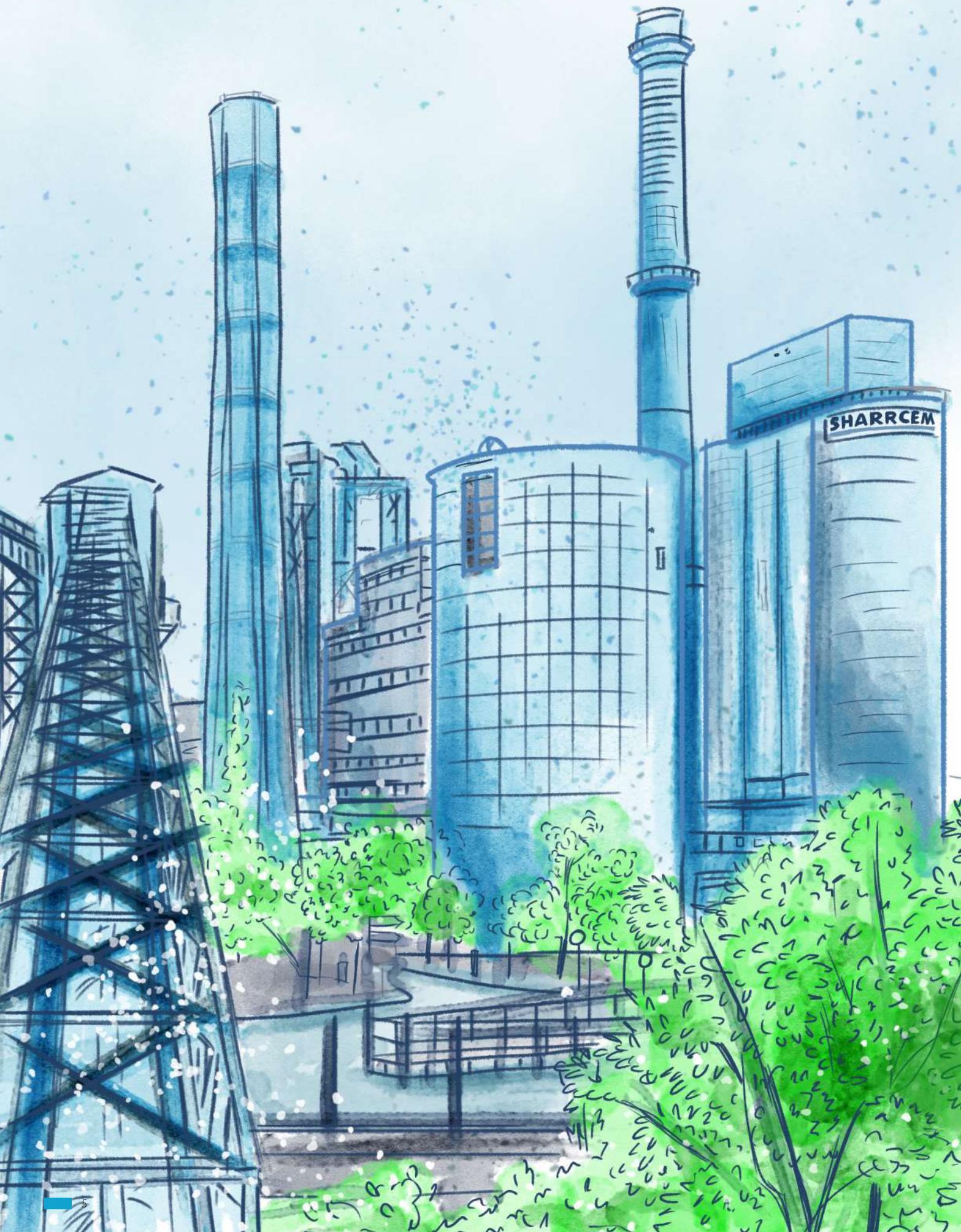
2021 HIGHLIGHTS	6
MESSAGE FROM THE CEO	7
UNDERSTANDING TITAN GROUP	11

UNDERSTANDING SHARRCEM

OUR MILESTONES	19
SHARRCEM TODAY	21
OUR PRODUCTS	23
OUR COSTUMERS	23
MANAGEMENT SYSTEMS	24
DELIVERING VALUE FOR ALL	25
MATERIALITY ASSESSMENT	26

MANAGEMENT REPORT

GOVERNANCE STRUCTURE, BOARDS, AND THEIR ROLES	29
ESG PERFORMANCE REVIEW	33
DECARBONIZATION AND DIGITALIZATION	33
GROWTH-ENABLING WORK ENVIRONMENT	35
POSITIVE LOCAL IMPACT	40
RESPONSIBLE SOURCING	49
GOOD GOVERNANCE, TRANSPARENCY AND BUSINESS ETHICS	51
FINANCIAL PERFORMANCE	54
ESG PERFORMANCE STATEMENTS	55
UNGC 10 PRINCIPLES PROGRESS REVIEW INDEX	80
INDEPENDENT LIMITED ASSURANCE REPORT	81
GLOSSARY	85



2021 HIGHLIGHTS

523,439 TON

Raw materials extracted from
our active quarries

2,981,754 EURO

Total investments in 2021

369,504 TON

Marl-Dimce

69,791 EURO

Local taxes (municipal and property, paid)

0 TON

Marl - Paldenice

816,569 EURO

Income corporate taxes

108,993 TON

SHIST – Seqishte quarry

177,772 EURO

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

44,942 TON

Limestone -Seqishte quarry

39,288,953 EURO

Amount of money for goods
and services paid to suppliers

628,867 TON

Total cement production

159,071 EURO

Total investment (social benefits)

MESSAGE FROM THE CEO

Dear Stakeholders,

Adaptation and recovery emerged as crucial dimensions of Sharrcem SH.P.K.'s operations in 2021, in light of the developments two full years into the pandemic. Despite significant challenges and volatile markets, we are proud to report achieved progress and positive results, further consolidation of operations and practices, and broader impact on the communities we serve and the environment where we operate.

At the time of writing the annual report for 2021, the world is already faced with the additional unpredictability that the impact of the conflict in Ukraine might have on the geopolitical situation and the economy – especially the energy markets – worldwide. The European economies are entering a difficult phase, with increased risks of rising inflation and a slowdown of economic growth. The implications cannot be yet assessed, even more so as the TITAN Cement Group has no exposure to Ukraine, Russia, or the affected regions. Nevertheless, at Sharrcem SH.P.K. we have already demonstrated in practice that we can respond to new, unanticipated realities fairly quickly, and thus, stay on track of company vision and objectives.

The year we left behind was marked, for the business world, by enormous efforts to reclaim ground and get back on track following the COVID-19 setbacks. The resulting recovery in demand, in conjunction with workforce shortages have created supply chain disruptions but on the other hand, the continued growth of the construction sector in Kosovo in 2021 resulted in a direct increased demand for cement by approximately 4.5% compared to previous year, whereas Sharrcem SH.P.K. increased sales by approximately the same percentage. Main drivers for cement consumption were the residential constructions strongly supported by positive migration trends, remittances from the Diaspora, low interest rates and money availability, and overall good weather conditions during the winter months.

The operating profit (Earnings Before Tax Depreciation and Amortization – EBITDA) for 2021 was 20% lower compared to the corresponding figure of year 2020 despite the increase of sales volume by 5% compared to the same period in 2020. The reason was the higher energy cost, especially during the second half of the year. Electricity price in Euro per kWh increased by 153% compared to 2020, while the Pet Coke price which is our main fuel cost increased by 53%.

Health and Safety remains a top priority for the TITAN Cement Group, and our vision is to achieve a healthy and safe working environment, with zero injuries and zero incidents. To this end, Sharrcem has transitioned to ISO 45001, increased our efforts on awareness raising of its direct and indirect employees, and contributed to the efforts of the country as a member of the Kosovo National Health and Safety Council.

In addition, we work in compliance with Human Rights standards as described in the International Labor Organization conventions, the United Nations Convention on the Rights of the Child, and the Universal Declaration of Human Rights.

Since 2012, when we put in place an intensive modernization program, Sharrcem SH.P.K. has managed to entirely change the environmental footprint of our business operations, creating the right conditions for continued improvement of the environmental sustainability in the future. Such strong basis includes the ISO 14001 certification for the environmental management system received in 2013, the first ever IPPC permit in Kosovo received in 2014, and the contribution given by our Environmental Manager to the drafting of the national adaption strategy for Kosovo in 2013.

We attribute the positive results and progress achieved in 2021 to continuously fostering our group-wide culture. This culture relies on strong pillars that guide and sustain all business operations: job creation in the community, environment, health and wellbeing, and youth empowerment. As part of the TITAN Cement Group, Sharrcem SH.P.K. too adheres to the ten principles of the UNGC, and we report annually on the progress of each principle.

As member of the big family of the TITAN Cement Group, Sharrcem SH.P.K. upholds their global common values. These values unfold in particular in the Corporate Social Responsibility (CSR) dimension of our business operations. Indeed, in 2021 the Kosovo CSR Network awarded Sharrcem SH.P.K. for its sustainability initiatives. This year, Sharrcem SH.P.K. celebrates another important milestone, as it is the tenth year in a row that we include CSR in the annual report to the stakeholders. With every report, we see how far we have come in terms of sustainability, environment responsibility, governance, transparency, and social responsibility. All these aspects combined render our company a leader that sets an example not just within our industry but for the overall private sector too.

For Sharrcem SH.P.K., CSR is ingrained in all areas of our operations. Over the years, we have put in place and elaborated structures, policies, and management systems for our products, processes, and people. We have already achieved a solid track record of CSR integration in operations, investments, community engagement, public transparency, and stakeholder relations. This contribution is channeled through its three key CSR pillars:

Job creation, fighting unemployment. Sharrcem SH.P.K., partners with municipal authorities, formal and non-formal education institutions, the private sector, and the community, to implement programs that benefit especially the youth.

Through such programs we have enabled youth to gain new skills, advanced their knowledge to be competitive in the job market, create businesses (primarily in the agricultural production), and become active participants in various activities catering to local community needs.

Youth empowerment. Good habits last a lifetime if behaviors are changed early. This principle guides our direct engagement with youth through behavior change campaigns, mentoring, training, and internship schemes that we have implemented in collaboration with the public schools, private sector, and international donor organizations.

Wellbeing and environment. Sharrcem SH.P.K., takes community wellbeing and environment responsibility seriously. Our programs tackle physical wellbeing along with emotional and mental one, regarding people as part of an overall ecosystem. The activities under this pillar range from awareness raising and medical check-ups for school children, financial support for the more vulnerable children, blood donation actions, and training for nurses on COVID-19 effects. We continuously observe the air emissions and other relevant environmental standards.

As we progress solidly through 2022, our forward-looking vision continues to focus on sustainability, innovation, and positive change for the communities with which and in which we operate.

I would like to express my gratitude and to acknowledge the contributions of everyone in our company, stakeholder group and community.

Their support is crucial to the accomplishment of our goals and we look forward to another year of successful collaboration.



*Mario Bracci
CEO*

GREETINGS FROM THE MANAGEMENT

Dear Partners, Friends, and Community members.

It has been a great privilege for me to be trusted during the past 5 years for leading Sharrcem SH.P.K., an affiliated member of Titan Group of Companies, through a crucial period of its operations not only towards maintaining business viability but also creating space for sustainable growth. This period was particularly marked by intensified proactive steps to align operations with advanced social and environmental policies, bringing together corporate values with business excellence, resulting in an improved business environment and better conditions for the community.

Looking back at what has been achieved, I can say with both honesty and pride that we have kept our promises and we have exercised the best to accomplish our goals. The common values of the Titan Group worldwide served as unwavering guidance through a tough journey and helped us remain loyal to our core principles of ethical business practices, transparency, good governance, always caring for our people, the larger community, and the society in general.

Our commitment to the people, the environment, and the core business principles is eternal, that is why we constantly dedicate numerous resources to maintain business continuity, whilst accelerating growth in the longer term.

Thanks to the dedication of our company people and enjoying the support of our stakeholders, we have managed to progress further than planned, despite coming across roadblocks beyond our control, such as the COVID-19 pandemic, frequent changes in the local and broader business landscape, not to mention even unexpected developments worldwide that have severely affected the social and economic industry activities across the globe.

Our key accomplishments have been driven by fundamental business targets, such as results and performance, people and talent, corporate governance and social responsibility, people safety and environmental footprint, community opportunities, and contribution to the global initiatives' agendas, out of which I would like to indicatively highlight some as follows:

- | | |
|--|---|
| <ul style="list-style-type: none">● Business expansion goals● New jobs created● Examples of measures to ensure the safety of people at work● Growth opportunities for the teams | <ul style="list-style-type: none">● Diversity indicators● Stakeholder activities and networking● Community programs● Contribution to environmental measures● SDG local/global goals achievement |
|--|---|

In addition to achieving business excellence and creating more opportunities for our people, it is important to note that our operational activities have created valuable income for individuals and companies, having a strong positive impact on the local economy and the well-being of Kosovo citizens.

Nonetheless, we remain committed to our enduring commitment to respect and follow the UNGC Ten Principles and to support the implementation of the Sustainable Development Goals (SDGs) looking towards 2030 focusing on elevating our positive impact and expanding the implementation of UNGC principles throughout our supply chain.

Sharrcem SH.P.K., along with the other companies of the Titan Group has been oriented to successfully navigate through the challenges stemming from the worldwide various crisis, whether financial, health, or any otherwise related. On the other hand, Kosovo continues to have a positive economic growth rate, a vibrant young workforce that needs to be offered the opportunities, and it is progressing towards a stable playfield. Thus, we have the people, we have the processes in place, we build our skills and competences continually as a learning organization and we have the trust and the support from the stakeholders and the community.

I would like to thank all keys stakeholders and mostly our employees who share the values and the goals of the Titan Cement Group and will continue to mark significant achievements to grow our business operations and increasingly contribute to the development of the country. As the company is in good and trustworthy hands, there is a good reason to expect more positive outcomes to come the coming years.

Yours sincerely,

Thomas Glavas
Managing Director

2017-2021



UNDERSTANDING TITAN GROUP

OVERVIEW

An overview of our Group and our strategy in a changing global landscape. Our approach to value creation for our stakeholders, our materiality assessment process and our ESG targets for 2025 and beyond.

OUR BUSINESS APPROACH IN A CHANGING GLOBAL LANDSCAPE

TITAN celebrates 120 years of industry experience in 2022 and its commitment to sustainable growth is a matter of culture and enduring, authentic commitment. TITAN has become an international cement and building materials producer, serving customers in more than 25 countries through a network of 14 integrated cement plants and three cement grinding plants. TITAN also operates quarries, ready-mix plants, terminals, and other production and distribution facilities.



ONE SET OF STRONG VALUES

At TITAN Group, our values are at the core of who we are; they guide our strategy and provide the foundation for all our operations. They have provided our people with a strong bond and supported the growth that has sustained us for over a century, stemming directly from the principles, beliefs, and vision of our founders back in 1902. They remain the solid basis of our 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

GROUP STRATEGY

TRANSFORMING FOR GROWTH

TITAN's growth-oriented Group strategy aims to harness the opportunities presented by Decarbonization and Digitalization, and to provide the building materials and solutions that will bring additional benefits to our customers, employees, suppliers and communities.



GROWTH

Leverage assets and expand in new sources of growth



DECARBONIZE

Manufacturing
Commercial Adjacencies



DELIVER

Continuous improvement
Customer Operations



TALENT

Skills & organization



DIGITIZE

Manufacturing
Supply Chain
Customer Data

GLOBAL PRESENCE

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



FOCUSING ON MATERIAL ISSUES

We are engaging with our stakeholders across our locations to obtain a deeper understanding of their expectations and needs. Mapping what is most material to them and to the business through a double materiality process helps us develop sustainable business strategies and create value that lasts.





MOVING AHEAD WITH AMBITIOUS ESG TARGETS FOR 2025 AND BEYOND

TITAN Group continued to improve its long-term ESG performance and in 2021 launched a set of Environmental, Social and Governance (ESG) targets for 2025 and beyond, focusing on four areas.

1 De-Carbonization and digitalization

2 Growth - Enabling Work Environment

3 Positive Local Impact

4 Responsible Sourcing



GOOD GOVERNANCE, TRANSPARENCY AND BUSINESS ETHICS

Through sound corporate governance, we aim to ensure that every management decision is aligned with our purpose and core values, takes due account of our sustainability considerations and serves the best interests of our stakeholders. By proactively identifying, assessing and managing all our potentially significant risks and opportunities, we ensure that we are prepared to achieve our strategic objectives and address issues that may affect the long-term sustainability of our business.

RISK MANAGEMENT

TITAN Group is active in a diverse geographical, business and operational landscape, resulting in a multitude of potential risk exposures, including strategic, sustainability (ESG), operational and financial risks.

In order to effectively identify and mitigate such exposures, the Group manages its risks in accordance with established international practices for industrial companies, embedding key dimensions of Enterprise Risk Management (ERM) into its processes, systems, and governance. In particular, the following five main components of the ERM framework are supported by a set of principles, providing the basis for the Group's understanding and management of risks associated with its strategy and business objectives:



Governance and values

Including oversight model, operating structures, definition of desired cultural traits, commitment to core values and development of appropriate talent;



Strategy and objective-setting

Including definition of risk appetite, analysis of context, evaluation of options, and formulation of strategic objectives;



Performance

Including risk identification, assessment, and prioritization, implementation of responses, and development of risk portfolio view;



Information

Communication of risk information, use of IT and reporting of risk performance.



Review and revision

Including reviews of risk and performance, assessment of changes, and continuous improvement of approach;

UNDERSTANDING SHARRCEM

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 CO2 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

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. 2016 - Sharrcem was additionally certified with the SA 8000 standard. This standard supports social responsibility and accountability, by ensuring the implementation of reliable systems designed to protect people and community. In addition, 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 ensure 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.



OUR MILESTONES

2017

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.

2018

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.

2019

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.

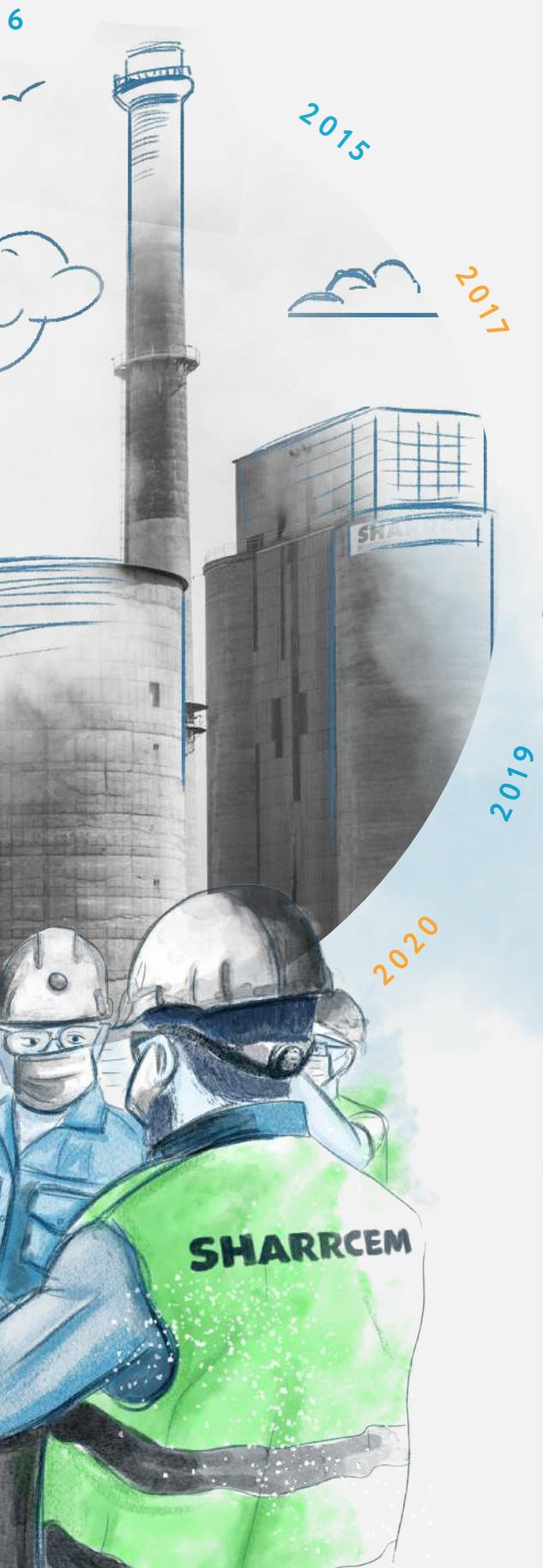
2020

New project with LAB – SPEEX was initiated. The transition from OHSAS 18001 to ISO45001 was implemented, and the re-certification with health and safety management system (OHSAS 18001 to ISO45001) by Eurocert was obtained.

2021

In its first annual report in 2012, Sharrcem committed to continue with the annual report presentation going forward. This year, we proudly celebrate the 10th anniversary of such annual reporting. In 2021, Sharrcem received the "Taxpayer of the Year 2021" award by the Kosovo Chamber of Commerce and the Customs Authorities. In 2021, the company transitioned from OHSAS 18001 to ISO 45001 health and safety standard. To this end, our Health and Safety Department was equipped with the relevant knowledge and expertise to further support the company in planning and implementing the process of transitioning from an OHSAS 18001 to ISO 45001 in a timely and efficient manner.

Sharrcem initiated locally the SAP by TITAN Cement Group. This project will enable Sharrcem to manage complex business processes more efficiently and further the integration of its operations with those of the TITAN Cement Group. Consequently, the company will speed up workflows, improve efficiency, increase productivity, and be in a position to offer an elevated customer experience.



SHARRCEM TODAY

The story of Sharrcem began in 1936. It all started with one vertical kiln that had a production capacity of 4,415 tons per year.

Fast forward today, Sharrcem has grown – not just its production capacities but most importantly, how the company approaches the doing business concept. Sharrcem believes that now, business is more than just making profit. In our day to day activities and operations, we take due consideration of concerns such as the climate change, the economic inequality, or other conditions that may affect our people and communities. We follow the highest standards to ensure good governance, integrity and ethical business conduct, being always a purpose-driven organization, while direct future investments on issues that are material for the sustainability of the business and the key stakeholders, depending or influencing the business.

Guided by a company-wide shared commitment to sustainable growth, Sharrcem brings together its industry experience acquired over the many years of operations with the forward-thinking strategies of adding value to sustainable solutions.

For Sharrcem, the acquisition by the TITAN Cement Group, was a pivotal event in its history. As a result, the company managed to significantly upgrade its intellectual, manufacturing, and human capital. In doing so, Sharrcem further strengthened its capacities to create long-term value for the stakeholders, communities, and the business itself. In Sharrcem vision, sustainability is of paramount importance for the times we are living in. Thus, we have deeply embedded social responsibility and sustainability practices into our operations and spirit of work.

The TITAN Cement Group is closely involved in the most up to date sustainability initiatives. By extension, Sharrcem practices and initiatives are designed with the goal of contributing to sustainability solutions, with special emphasis on the local level. That is why we consider membership in relevant organizations or networks as a critical step in meeting goals and targets and providing value for the stakeholders, and we work diligently on consistent basis to keep up to date with the global developments in this area.

Sharrcem believes in the value of thorough and diligent audits conducted by various stakeholders as a tool to demonstrate its commitment to and ensure full compliance with the national law and regulations with regards to achieving solid sustainability of its performance evaluation initiatives. In the reporting year, Sharrcem accommodated several visits by various state institutions, organized with the purpose of verifying the state of affairs in the field.

As a result of its commitment and performance levels, in the reporting year, both the Ministry of Finance and the Customs Authority of Kosovo have acknowledged Sharrcem as the best taxpayer of the year.

Reducing the environmental footprint is one of the key overall business goals and in particular of the green efforts of Sharrcem. Along with the continuous efforts to increase the safety culture within and outside the company, this strategy contributes significantly to the wellbeing of employees, the immediate community, and the society at large.

SHARRCEM OPERATIONS

Sharrcem is the only cement plant in Kosovo. It is conspicuously located at the country's border with North Macedonia. The company has its Head Offices in the border town of Hani i Elezit, with two subsidiary offices in Prishtina and Skopje. Sharrcem continues to use only road transportation for the distribution of its products.

Associates And Joint Ventures

PLANT/HQ	PRISHTINA OFFICE	SKOPJE OFFICE	TERMINALS
Sharrcem SH.P.K. Adem Jashari 280 71510 Hani i Elezit Kosovo	Representative Office in Pr. Tringe Smajli 21 10000 Prishtine Kosovo	Representative Office in Sk. Mitropolit Teodosij Gologanov 32 1000 Skopje North Macedonia	Terminal in Duhle Duhle 23000 Suhareka Kosovo
Tel. 00383 38 768 000 contact@sharrcem.com	Tel. 00383 38 777 011	Tel. 003892311544	Terminal in Klina Highway Pristina – Peja 32000 Klina Kosovo

SHARRCEM MEMBERSHIPS



Kosovo Chamber of Commerce



Kosovo-German Chamber of Commerce



Kosovo CSR Network



European Investors Council



KOSHA



CIGRE

SHARRCEM BOARD/COUNCIL ACTIVITY:

Health and Safety National Council

Kosovo CSR Network

European Investors Council

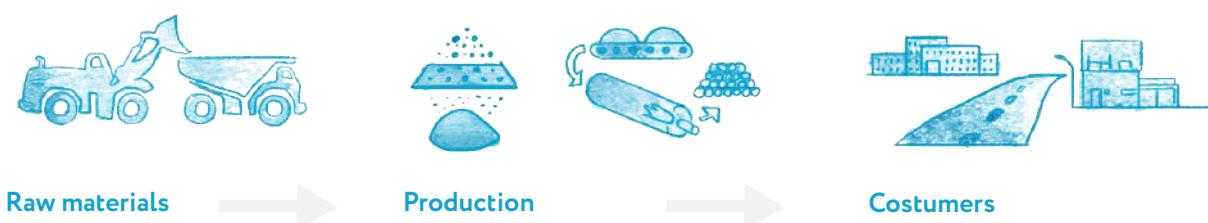


OUR PRODUCTS

Sharrcem has taken a stance being known with high reputation to behave correctly. The organized supply chain as well as the network demonstrate a solid business sustainability and development. The clients, contractors and vendors are very key part to maintain our business activity. Sharrcem has adopted/introduced specific policies and procedures as for procurement and recruitment as well. Whenever conditions allow so, the company gives preference to local stakeholders though in competitive terms, by adhering all the time the International and European Certified Management Systems.

Value Chain

Sharrcem is part of a larger value chain within the country borders that serves the needs of the society with regards to safe, sustainable, and affordable housing and construction. Its key operations consist of production, transportation, and distribution of cement, transportation of fly ash, and other raw materials. The production process at the cement plant in Hani i Elezit comprises of these steps: crush, homogenize, grind, heat, and cool raw mix to transform them mineralogical to clinker, which is then grinded further to produce the final product: the cement. The raw material, such as limestone, is extracted from Sharrcem's two active quarries in Dimec and Paldenice. Additionally for cement production we utilize the alternative raw materials such as bottom ash, fly ash and pyrite ashes which are generated from other Kosovo industries in order to reduce the environmental footprint and increase eco-efficiency. (For data and facts, please read more on page 50)



OUR COSTUMERS

Sharrcem has duly positioned itself in the market through its high-quality products and professional approach with clients. Such prestigious and reliable standing was achieved through significant investments in technology, human resources and projects, which eventually generated a positive impact on process optimization, environmental protection, community development, and occupational health and safety. We constantly maintain regular communication and cooperation with clients, to ensure that at all times we comply with the highest industry

Project: Automatic Loading

By the end of September 2021, we successfully implemented the automation of cement loading. Thanks to this project, the drivers, using their personalized ID tag are now able to print the loading order and proceed to the loading station. Next, the drivers are able to load the cement using their ID tag, based on the previous e-order made under their name in the Customer Web Portal. This project has improved the cement loading process which has been applied in both bulk and bagged cement.

Customer Feedback

To ensure continuous customer satisfaction, Sharrcem has in place a smooth process of assessing customer feedback through questionnaires. The customer questionnaire is a consolidated useful tool to understand customer opinions about their cooperation with Sharrcem in different matters, starting from quality of products, cooperation with Sharrcem's departments, loading condition, and the waiting time for loading.

Quality of Cement	Quality of Sharrmal	Pallets	Foils	Bags	Adds value in the ordering of cement	
55%	63%	70%	70%	63%	71%	
42%	33%	26%	22%	26%	29%	
3%	4%	4%	7%	7%	-	
-	-	-	-	4%	-	

MANAGEMENT SYSTEMS

Providing adequate working conditions to all employees is indispensable for our company. To ensure that we never compromise on this commitment, we implemented in entirety the International and European Certified Management Systems. In fact, Sharrcem is the first ever company in Kosovo that was awarded the IPPC (Integrated Prevention Pollution and Control) permit, according to the European Union Directive and was issued by the Government of Kosovo. Sharrcem is also the first company in Kosovo that received the Eurocert Certification of SA 8000 on Social Accountability. In addition, Sharrcem founded the Laboratory for Business Activities (LAB), which provides financial and technical support to all efforts for creating and supporting small and medium enterprises. Through this 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 by assuming responsibility towards fostering a fair and transparent market.

ITEM	MGT SYSTEM / CERTIFICATION	STATUS
All Products/ Cement Types	CEM I 52.5 N CEM II/B-M (W-L) 42.5 R CEM II/B-M (W-P-L) 42.5 N CEM IV/B (P-W) 32.5 R	✓ ✓ ✓ ✓
CO ₂ Footprint	CO ₂ management system	Incorporated in EMS ISO
Environmental	Water management system	Incorporated in EMS ISO
Environmental	ISO 14001	✓
Quality	ISO 9001:2015 CE MARK Accreditation ISO 17025:2018	✓ ✓
Safety	ISO 45001	✓
Accountability	Social Accountability / SA 8000	✓
Finance	Voluntary Mid-Year Independent	✓
ESG Reporting	Independent Limited Assurance and at the advanced level of the UNGCI requirements	✓



REPUBLICA E KOSOVËS
MINISTRIA E MJEDISIT, PLANIFIKIMIT HAPËSINOR
DHE INFRASTRUKTURËS



DELIVERING VALUE FOR ALL

Inspired by the meaningful action of the TITAN Cement Group, Sharrcem has placed significant company resources to create value for its stakeholders and contribute towards achieving the UN Sustainable Development Goals 2030. We strongly believe that Sharrcem's growth is sustainable only when the same is coupled with the proportional growth of the community as well as the society in general, and we work towards this goal on daily basis.

Total investments in 2021	2,981,754 €
Local taxes <small>(municipal and property, paid)</small>	69,791 €
Income corporate taxes	816,569 €
Employee pension contributions, paid <small>(5% of contribution paid from Sharrcem)</small>	177,772 €
Total investment <small>(social benefits)</small>	159,071 €
Investments in environment, and occupational health and safety	457,716 €

MATERIALITY ASSESSMENT

MATERIAL ISSUES

Material issues are increasingly taking a prominent position in any coherent, inclusive, and consistent business sustainability strategy. To ensure consistency of sustainability initiatives group-wide, in 2021 the TITAN Cement Group conducted a comprehensive assessment of all Sharrcem initiatives. The purpose of this assessment exercise was to identify whether these sustainability initiatives met an adequate or high level of alignment with the material issues important for both stakeholders and business activities at business unit level.

The TITAN Cement Group used the SASB Materiality Map methodology as the primary tool to analyze the connection between material issues and initiatives. Subsequently, the Social Capital area was ranked as the most relevant material issue for its business units through community engagement initiatives, followed by the Human Capital, specifically for the engagement and wellbeing of company employees.

According to Sharrcem Materiality Assessment cycle held in 2020, there were addressed eight high material issues grouping under the four Focus Areas of TITAN Cement Group and all are underpinned by good governance, transparency, and business ethics.

The identified material issues were ranked based on their impact and importance for both, internal and external stakeholders.

STAKEHOLDERS

- Employees**
- Customers**
- Local Communities and Governments**
- Regulators, Authorities**
- Shareholders**
- Business Partners and Suppliers**
- Contractors**
- Local Authorities**
- Investors and Analysts**
- Youth**
- NGOs**
- Civil Society**
- Media**
- Academia and Research**

Our process confirmed that safe and healthy working environment for everyone, environmental performance, engaging and contributing to our local communities are at the top of the list of Sharrcem material issues.

FOCUS AREAS ON TITAN GROUP



De-carbonization and Digitalization

- Climate change and energy efficiency



Governance

- Good Governance, Transparency and Business Ethics



Responsible Sourcing

- Responsible, reliable, and sustainable supply chain



Growth-enabling Work Environment

- Safe and healthy working environment for our employees and business partners along the value chain
- Employee engagement and development
- Diverse and inclusive workplace



Positive Local Impact

- Environmental performance
- Engaging and contributing to our local communities

TITAN Cement Company has set ambitious Environmental, Social and Governance (ESG) targets for 2025 and beyond, as presented in their report. These targets underscore its enduring commitment to sustainability and value creation for all, with special emphasis on four pillars:

- | | | | |
|---|-------------------------------------|---|-----------------------|
| 1 | De-Carbonization and digitalization | 3 | Positive Local Impact |
| 2 | Growth - Enabling Work Environment | 4 | Responsible Sourcing |

All these pillars are underpinned by good governance, transparency, and business ethics. Having the unwavering support of the TITAN Cement Group and in particular, of the Group's ESG Performance Department, Sharrcem has built sufficient skills and competences to manage, monitor, and report sustainability-related performance. Sharrcem has set the targets in alignment with the most material issues identified, following the outcomes of the materiality assessment process held in 2020, while building upon the definition provided by the TITAN Group Sustainability Targets for 2025 and 2030.

MATERIALITY MATRIX 2021-2025



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

CORRESPONDING UN-SDGS 2030 TO SHARRCEM MATERIAL ISSUES

The materiality assessment provides a clear connection between the material issues identified as key and how these issues are connected (related) to Sustainable Development Goals (SDGs), established by the UN to achieve long-term growth and development by 2030. All countries, including Kosovo, have voluntarily engage to meet these Global Targets and in this Report, Sharrcem focus on material issues to be addressed by 2025 and relevance with the UN Sustainable Development Goals for 2030 (SDGs) global call. Social responsibility and collaboration for a more sustainable future continue to drive actions, initiatives and investments planned by Sharrcem.

Material issues 2021 - 2025	Contributing to SDGs
Safe and healthy working	  
Environmental Performance	  
Engage and Contribute	   
Good governance, Transparency, and Business Ethics	 
Employee Engagement	   
Climate Change and Energy Efficiency	 
Diverse and Inclusive Workplace	 
Responsible, Reliable, and Sustainable Supply Chain	 

VALIDATION PROCESS FOR MATERIALITY ISSUES

Receiving feedback from our stakeholders is part of the validation and engagement that the Group follows and ensures an on-going dialogue with local stakeholders. Through this validation process, Sharrcem communicates material issues as prioritized in 2021 to key stakeholders and requests constructive insights and feedback that will help to steer on-going improvement the coming years.

MANAGEMENT REPORT

GOVERNANCE STRUCTURE, BOARDS, AND THEIR ROLES

Sharrcem is governed by a one-tier governance structure. The Management Board is authorized to carry out all actions necessary to reach company objectives. 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; maintaining communication with employees and other relevant stakeholders; and perform, facilitate and monitor the engagement with the local community.

Legal Structure of Sharrcem

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



SHARRCEM'S SUSTAINABILITY GOVERNANCE STRUCTURE



CSR COMMITTEE ORGANIZATIONAL STRUCTURE



PRIORITIES

Giving close and thoughtful attention to people, the society, and the environmental protection remain on top of the priority list of the Sharrcem management.

The company is fully committed to initiatives that raise awareness so that all members of the society can work together to achieve sustainable development for all.

PRIORITITES	ACTION
 SAFETY Focus on protecting the health and safety, physical and mental integrity of our direct and indirect employees, within and outside of the workplace.	Investing in them, meetings, and training programs for CSI guidelines implementation.
 PEOPLE 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.	Training programs, continuous improvement, employee development plan.
 EXCELLENCE and INNOVATION 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.	Communication, events, and awareness building.
 RESPECT Continuous engagement with all our stakeholders.	Disclosure and transparency.
 CUSTOMERS Ensure customer satisfaction by establishing open and clear communication and building relations.	Meetings and training programs for CSI guidelines implementation.
 CONTRACTORS AND SUPPLIERS Ensure contractors respect the company rules.	Meetings and training programs for CSI guidelines implementation, SA 8000, continuous training for awareness
 COMMUNITY AND SOCIETY Focus on material issues of the community and the country.	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.
 ENVIRONMENT Focus on continuously reducing the carbon footprint of our operations and participate in the de-carbonization of the construction value chain.	Continuous improvement, close cooperation with the authorities and training programs.
 SUSTAINABILITY Continue to do business within the principles of sustainability and corporate social responsibility.	Continue to raise awareness on CSR within the company, community and beyond.

ESG PERFORMANCE REVIEW

ESG PERFORMANCE OVERVIEW

In 2021, Sharrcem's efforts in further developing its living standards for sustainability projects that bring together the endeavors and commitment of all parties reached a noteworthy level. This accomplishment was made possible through an organic intertwining of the TITAN Cement Group meaningful contribution on a global level with Sharrcem's efforts for local engagement of key stakeholders through transparent relationships and shared values. Thus, Sharrcem actions directed at sustainability of its operations reached in the reporting year a point of maturity where sustainability actions and planning are no longer an issue of negotiations but rather a joint effort with absolute engagement, first and foremost of the community in Hani i Elezit along with state institutions, business partners, and Sharrcem employees.

Sharrcem continues to pay significant attention to people, society, and the protection of the environment. The main focus of Sharrcem this year were on protecting the health and safety, physical and mental integrity of our direct and indirect employees, within and outside of the workplace. There were different initiatives organized and implemented to 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. As a result of these engagements, Sharrcem reported 0 LTI during the year of 2021.

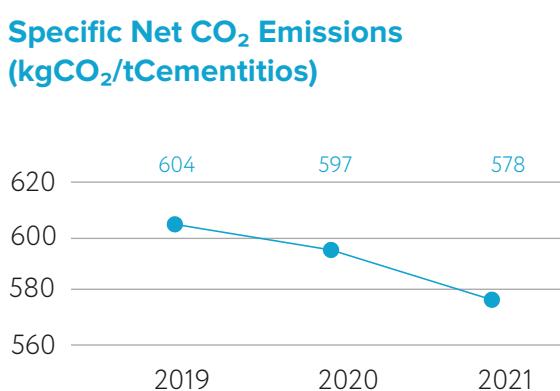
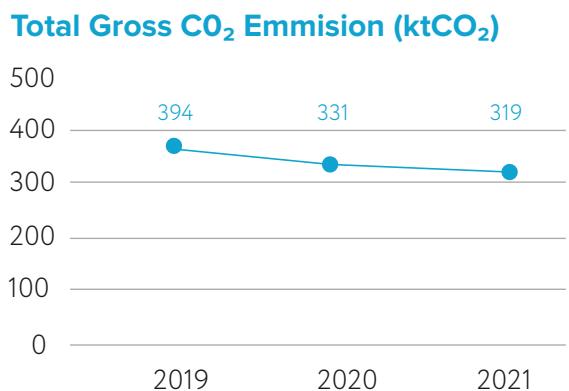
FOCUS AREA: DECARBONIZATION AND DIGITALIZATION

Material issue: Climate change and energy efficiency

CLIMATE CHANGE

Climate change remains the major challenge of our time. The cement industry production process produces and emits carbon dioxide (CO₂), thus contributing to the greenhouse effect and climate changes. To counter such effects, Sharrcem continuously endeavors to address environmental challenges through careful planning and actions, coupled with the necessary investments. In 2013, the Environmental Manager of Sharrcem was a national consultant to support the drafting of the National Adaption Strategy for Kosovo.

In addition, a scientific team was established to support the Kosovo Ministry of Environment and Spatial Planning to contribute to capacity building and align the mid and long-term strategies. Sharrcem observes the climate change mitigation strategy of TITAN Cement Group that is minutely reflected also in the environmental policy and in addition, drives our Group decarbonization roadmap. In 2021, we managed to reduce specific CO₂ emissions mainly due to the clinker factor reduction in cement by using increased quantities of suitable alternative raw materials.



On focus of Titan group strategy on decarbonization process in 2021, for very first time start with emission monitoring & reporting of the Scope 3 of CO₂ emissions and data collation has been reported for the

The scope 3 CO₂ emission is referred to the following sources:

Emissions related to

Purchased goods and services

Fuel and energy related activities

Upstream transportation and distribution

Downstream transportation and distribution

Categories	Scope CO ₂ Emissions	
1 Purchased goods and services	14,081 t	26.8%
2 Fuel and energy- related activities	24,950 t	47.4%
Fuels purchased	1,590 t	
Fuels upstream transportation	201 t	
Energy purchased	23,159 t	
4 Upstream Transportation and Distribution	6,395 t	12.2%
6 Business Travel	1 t	0%
7 Employee Commuting	117 t	0.2%
9 Downstream transpoataion and distribution	7,082 t	13.5%
Total Scope 3 CO₂ Emissions	52,626 t	100,0%
Total Scope 1 gross CO ₂ Emissions	318,740t	72.0%
Total Scope 2 CO ₂ Emissions	71,291t	16.1%
Total Scope 3 CO ₂ Emissions	52626,740	11.9%
Total	442,657t	100.0%

DECARBONISATION

The focus on the production of lower clinker products and on the preparation of a new type of cement with a lower clinker content also relates to Sharrcem's efforts for decarbonization and product portfolio optimization. This approach was tested technically with success and is present in the market since July 2021. The full breadth of the impact will be accurately present in 2022.

It should be noted that as far as the environmental performance is concerned, all emissions are kept well below the integrated permit levels.

FOCUS AREA: GROWTH-ENABLING WORK ENVIRONMENT

Material issue: Safe and healthy working environment for our employees and business partners along the value chain

HEALTH AND SAFETY

In 2021, Sharrcem marked an important milestone with regards to its health and safety performance. Thanks to the initiatives kicked off by the TITAN Cement Group, which are tailored to the socio-economic context of Kosovo and deal with both the awareness raising and wellbeing of the community members, we had some noteworthy achievements. Among those, we highlight the fact that no LTIs were recorded in the reporting year, we completed with success the transition from ISO 18001 to ISO45001, we launched a series of wellbeing activities, and 85% of employees were vaccinated with second dose.

In terms of health and safety measures, Sharrcem acts in full compliance with all relevant local applicable laws and directives, and is guided by the TITAN Cement Group vision and policy. The aim of such enormous and continuous efforts is to create a healthy work environment that is free of incidents, injuries, and accidents for all people who are directly or indirectly related to our work.

The integrated system of responsibilities and accountabilities in the area of health and safety at Sharrcem enables the sharing of know-how with everyone. Ensuring that third parties also adopt similar health and safety policies is a crucial element of Sharrcem's work.

Sharrcem was one of the first Kosovo companies to join the National Council for Health and Safety to draft an action plan for the implementation and reporting to the state authorities on health and safety policies.

H&S performance highlights

- No LTIs recorded within a year.

Encouraging signs in health and safety performance indicators. Trends demonstrate sustainable improvement.

- Good progress made in the application of the safety procedures and guidelines.

Conducted the required trainings, audits, and safety walks as per the annual plan., despite challenges in conducting the training program due to COVID-19 measures.

- The Regional Health and Safety director of the TITAN Cement Group carried out an audit.

Eurocert conducted an audit for ISO45001

 - Safety Management System and certified Sharrcem for that.

- Demonstrated commitment to raise standards for the entire BU.

The health and safety legislation register continues to be monitored and reviewed to ensure that the BU is meeting its statutory obligations.

- Communication and co-operation between staff fostered through the BL, BU, H&S Council.

Risk control achieved through coordinated action.

- Good cooperation with contractors.

- All findings from the H&S controls were addressed for improvement through work orders or action logs.
-
- In 2021 implemented systematic health checks, in compliance with the legal requirements.
-
- Reports were delivered to the respective department for further needed actions.
-
- STIF CAMPAIGN conducted for all (delivered a presentation and followed up with all employees). The campaign included sharing of material like, posters, leaflets, signs, and stickers.

KEY ACTIONS

- Monitoring the COVID-19 measures according to the protocols.
-
- Developing safety management processes.
-
- Supporting the targets at the Group level.
-
- Training and awareness.
-
- Performance measurement and monitoring.
-
- Meeting legal and other requirements.
-
- Operational control.
-
- Emergencies response.

KPIs

The KPIs structure is in place. The health and Safety Department conducts effective regular monitoring through 5 leading indicator tools.

LTIs

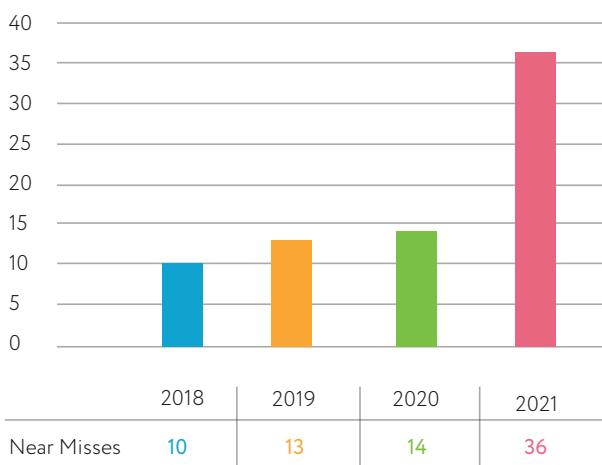


LTIFR

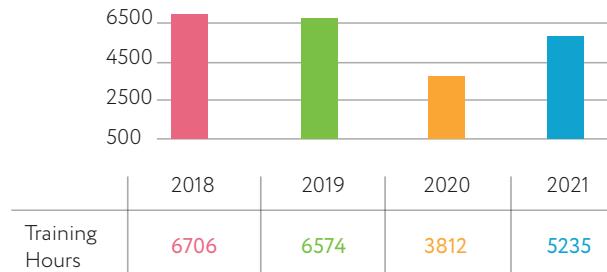


1 Fatality 2020/Contractor

Near Misses



Trainings



A remaining challenge involves the investigation of incidents and near misses. This area requires still improvement in terms of quality for people who are directly or indirectly linked with Sharrcem. Of a total of 36 incident investigations in the course of 2021 the 8 near misses were categorized as PSIF. We make continuous efforts to increase assurance of clients and contractors that we comply with the appropriate health and safety requirements.

COVID-19

For Sharrcem, health of all employees and other people related to the company is important and a top priority, at all times. Considering the health-related challenges that emerged as a result of COVID-19, in 2021 Sharrcem committed plenty of efforts and investments in this respect by undertaking all necessary measures. Such measures involved nurturing open communication channels for employees as a way to counter the effects of social distance, to share timely and useful information on personal hygiene measures etc. Sharrcem also established a new paid leave scheme and remote working opportunities. As a result, many people have directly and indirectly benefitted from these actions to counter the effects of COVID-19.

The purpose of all such measures put in place was to protect the health and safety of our direct and indirect people, ensure operational continuity.

Thanks to our proactive measures and awareness raising action, 85% of our employees are vaccinated with second dose.

Below is the action plan with preventive measures:

- Relevant communications to employees and stakeholders regarding the implementation of the preventive action plan.
- Coordination with all on-site contractors, critical suppliers, clients, regarding all government decisions with possible impact on our operations, both direct and indirect.
- Implementation of the new work schedule: work from home, annual leave, working on weekly rotating basis.
- Helping the community with basic medical preventive disposable materials, (as needed).
- Blood donation - 50 employees.
- Employee assistance program in progress.

WELLBEING INITIATIVES

The TITAN Cement Group legacy of caring for its people continues to evolve through our 2025 commitment to cultivate a safe and healthy work environment and implement initiatives addressing the physical, mental, social and financial dimensions of wellbeing for the employees in all countries, including Sharrcem in Kosovo.

In 2021, on World Mental Health Day, the TITAN Cement Group launched a Mental Health campaign, aiming to raise awareness of and promote good mental health across the Group. Addressing local needs, Sharrcem provided initiatives and opportunities to its employees for this purpose.

The 'Employee Assistance Program (EAP)' – is a unique tool that serves all employees and their families, providing expert advice on personal, family, or work-related issues, and helping both to enhance health, mental and emotional well-being, and to improve employee performance. It is part of the group's legacy for employee care.



Material issue: Employee engagement and development

PEOPLE, ENGAGEMENT AND HUMAN RE COURSE MANAGEMENT SYSTEM

People are always at the forefront of our decision-making and the company invests greatly in improving the safety culture, in ensuring their wellbeing, and in their personal and professional development. Our people continue to be our most valued resource. Respect for their human rights, providing safe, open, non-discriminatory, diverse and good working conditions and an emphasis on employee relations, remain a priority for Sharrcem so the company can attain its objectives. The internal employment and procurement policies of Sharrcem focus primarily on people and businesses from the local community.

The engagement and collaboration with our people lies at the heart of our strategy. The feedback from our people is collected in a structured and organized way, using tools such as group-wide surveys, focus groups, and local pulse surveys. In 2021, TITAN Cement Group implemented the Group and Country Action Plans that were developed to address the results of the 2019 Employee Engagement Survey.

As a result, a number of initiatives were introduced, from more frequent employee communications on strategic priorities and a focus on employee health and wellbeing across TITAN,

to local actions, such as the simplification of work processes, focused development programs and the enhancement of local communication tools and processes.

We believe that by working closely together, we embed a collaborative and non-discriminative working culture. Ensuring a safe and healthy work environment is our commitment to focusing on our people's safety and promoting their physical and mental well-being. Sharrcem has an open and diverse culture to engage its employees and promote inclusion and diversity. The company offers many opportunities for its people's development, and rewards them on regular basis through competitive, performance-based compensation, and benefits.

Sharrcem is committed to comply with the U.N. Global Compact Principles (www.unglobalcompact.org). The HR procedures provide preference for local hirings as a response to the community's unemployment problem.

Local Community	2021	Percentage
Yes	160	68%
No	76	22%

In 2021 - Two people were hired under full-time employment contracts (both locals).

New Hires	2021	Percentage
Female	1	50%
Male	1	50%

Leaving	2021	Percentage
Female	0	0%
Male	5	100%

Employment at Sharrcem, as of the end of the year, remained stable. Two new people were hired under full-time employment contracts (both locals) and the number of women employees in the plant has increased to 5.08%. 50% of new hires are females, which meets to our ESG targets and contribute to balance the employment profile on gender wise.

Employees by gender	2021	Workforce Breakdown	2021
Female	12	Blue Collar	165
Male	224	White Collar	71

Members of Extended Management Board	Union Member	2021
16 National (thereof locals: 4)	Yes	82%
4 Expats	No	18%

The TITAN Cement Group has capitalized on the recent investment in a human resources management system (HRMS) the goal of which is to effectively use data and manage all key processes throughout the employee life cycle, from talent acquisition to performance management, learning and development, career planning, and reward management. The TITAN Cement Group HRMS data on recruitment, learning, and performance is analyzed to provide insights and inform improvement efforts and investment decisions on future programs. In addition, performance data and individual development plans are used in the People Development Review process and Talent Spotlight sessions, both of which are integral parts of the Group's Strategic Workforce Planning process.

Additionally, the TITAN Cement Group has defined its Global Principles for Hybrid Work Models and has outlined the key areas to incorporate locally. Sharrcem, based on local needs, the market practice, and employee expectations, has further elaborated and introduced local remote work practices.

Kosovo Generation Unlimited

The "Kosovo Generation Unlimited" project which is being implemented by the CSR Kosovo Network and supported by the UNICEF Kosovo Program and SIDA was very active during this year as well. The Network have managed to accommodate many young girls and boys in practical positions to enhance the professional experience of young people in Kosovo. In 2021, Sharrcem accommodated six interns through the project "Kosovo Generation Unlimited". This project is currently the largest multi-sector coalition in Kosovo that produces a shared agenda to transform national outcomes for young people in the country. The Kosovo Generation Unlimited project continues to 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 staff of Sharrcem provided a lot of effort to share their skills and technical know-how with the interns who were accommodated at Sharrcem premises.

Material issue: Diverse and Inclusive Workplace

Sharrcem a part of TITAN Cement Group is committed to creating an environment where all differences are valued and where everyone has the opportunity to flourish and experience a sense of belonging.

Following the identification of equality, diversity and inclusion as TITAN material issues for 2020–2025, specific targets were set to increase female participation the company. These include a commitment to promote equal opportunities and inclusion, to increase by 20% the participation of women in senior roles, talent pools and new hires, and to achieve at least one-third representation of females on the Board of Directors. The share of women in management remains same at 5.56%, like previous year.

During the reporting year, Sharrcem hired new people under full-time employment contracts where 50% was female. **This lead that Sharrcem increased the women employees to 5.08% from 4.60% in 2020.**



FOCUS AREA: POSITIVE LOCAL IMPACT

Material issue: Environmental performance

ENVIRONMENT

Every individual within Sharrcem company and in the group of stakeholders, business partners, and the immediate community have full awareness of the impact that Sharrcem operations have on nature and how much they draw on natural resources. Therefore, caring for the environment is one of the top priorities of our daily responsibilities at all levels of management and operations. To this end, we take into consideration in what we do and plan the impact of our operations in respect to air emissions, dust and noise, health and safety, landscape alteration and the use of raw materials, energy and water consumption, that are all material aspects for the present and the future of people and communities. That is why every one of us is fully committed to carrying out actions that reduce our operational impact on the natural environment and use BAT and sustainability best practices to ensure that we fully address these environmental issues through diligent and strategic monitoring, measuring, reporting, cooperating, continuous acting and improving of our operations.

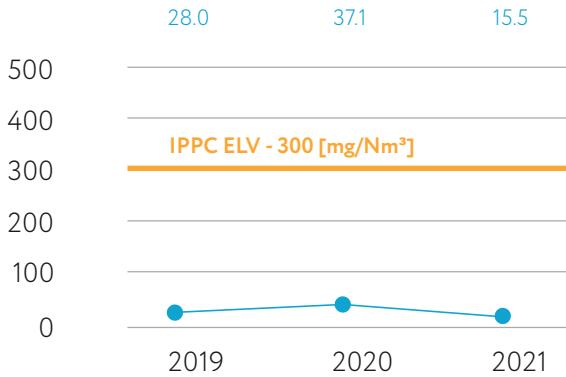
We apply management systems to monitor and report the environmental impact, equipping Sharrcem with targets for the reduction of air emissions, the protection of biodiversity, water and waste management, as well as quarry rehabilitation. We move beyond simply complying with local applicable environmental laws and regulations and we follow TITAN Group standards that meet global and industry specific standards. We invest in raising awareness among key stakeholders, including our employees, our communities, our customers and suppliers to address material issues, set long-term targets and meet our strategic objectives. We control the outcomes of our management performance through internal and external, independent audits every year. Sharrcem cares for and invests in educating the community how to preserve a clean, safe, and sustainable environment. To support such efforts, two audits of our management systems were conducted in 2021: an internal audit by TITAN Cement Group ESG Dpt. and an external one.

AIR EMISSIONS

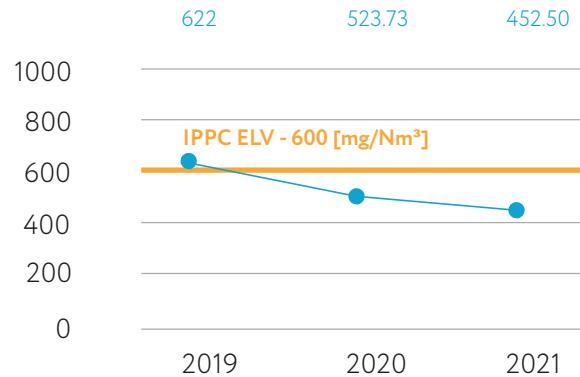
Beyond legislative requirements, the company voluntarily decided to establish and operate a Continuous Emission Monitoring System (CEMS), since the beginning of 2013. SHARRCEM operates according to Best Available Technique (BAT), in accordance with industrial Emissions Directive 2010/75/EU and IPPC permit.

SOx emissions are very low, due to their low concentration in fuels and raw materials. SOx emissions are substantially below the limits (EV) set by the applicable local and EU regulations. Furthermore, SOx emissions are reduced more.

SOx Emissions [mg/Nm³]



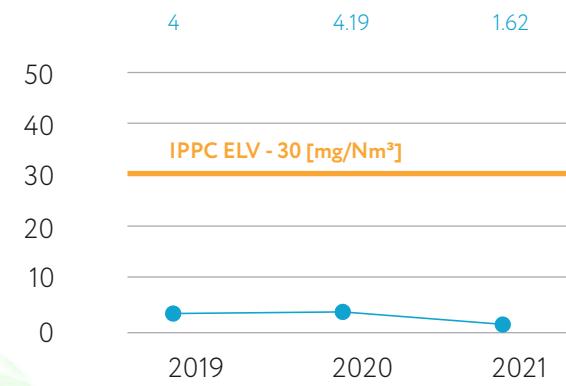
NOx Emissions [mg/Nm³]



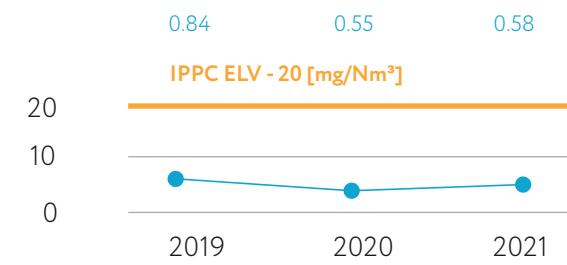
In 2021 Sharrcem's overall NOx Emissions were below the limits (ELV) set by IPPC permit and there is improvement in performance compared to last years.

Performance on dust emissions from main sources of the plant remain very low in compared to IPPC limits. Moreover dust emissions were further reduced from the previous year.

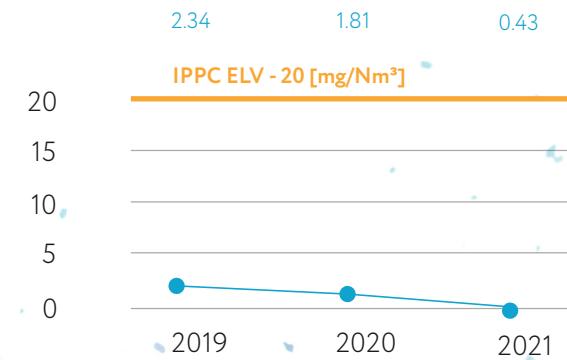
Dust Emissions Kiln [mg/Nm³]



Dust Emissions Clinker Cooler [mg/Nm³]



Dust Emissions CEM2 [mg/Nm³]



JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

The Kosovo Ministry of Environment, Spatial Planning and Infrastructure, in the course of implementing phase two of the “Capacity Development for Air Pollution Control in the Republic of Kosovo” project, which was supported by JICA, had to arrange for one study visit to a company in Kosovo which has in place a monitoring system for emissions into the air and implements environmental standards. The MESPI selected Sharrcem as the visit site. Consequently, a team of experts from Japan joined the ministry representatives in a visit to our premises, identified as a company setting an example as the first company in the country to be issued the first IPPC permit.

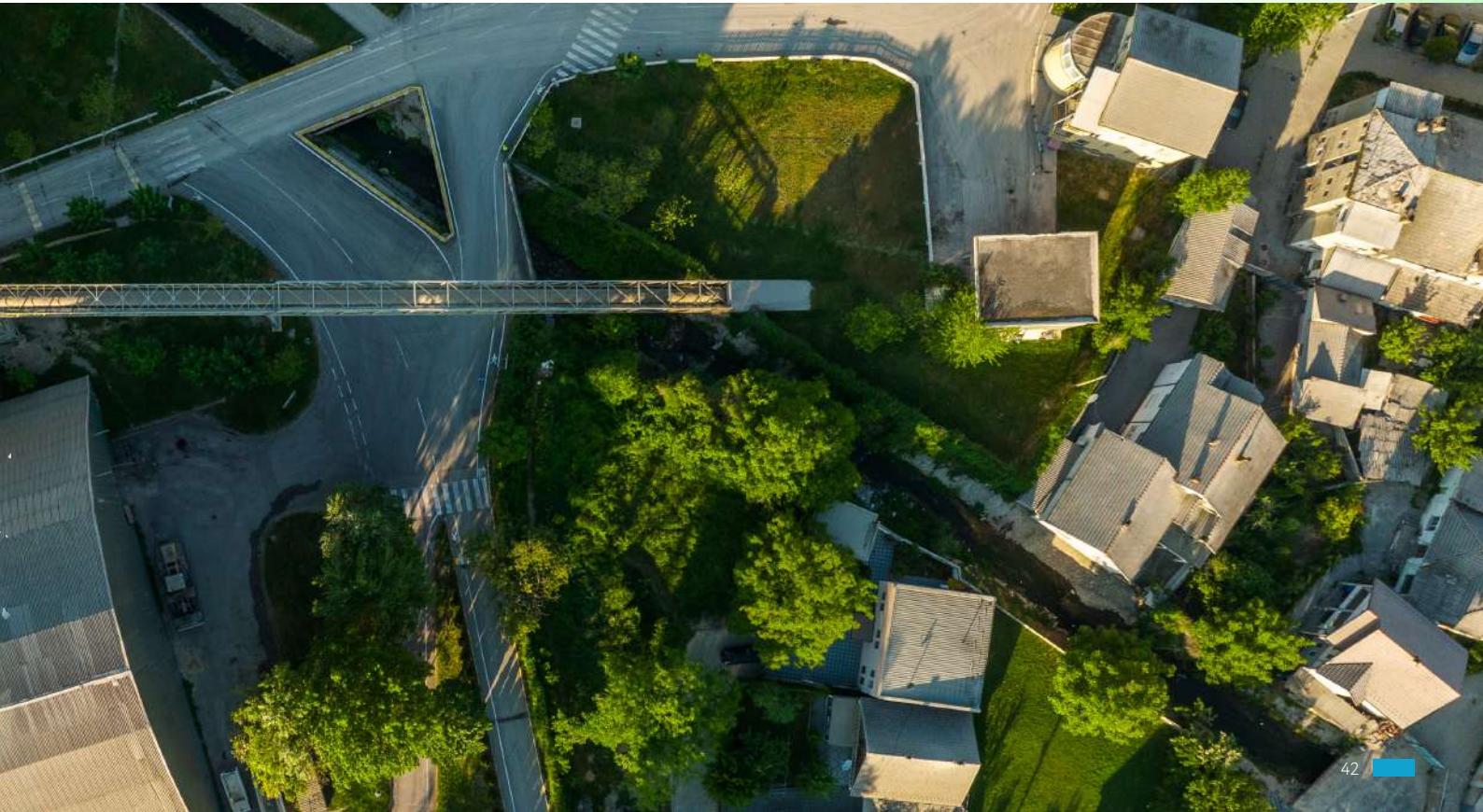
QUARRIES REHABILITATION AND BIODIVERSITY

After the decision to expand the benches to the east of the quarry in order to use the exploitation as rationally as possible, the progressive rehabilitation plan of the Dimce marl quarry (5 years rehabilitation plan) will continue next year.

Actual percentage (%) of quarry rehabilitated/affected is about 23%

So far more than 1200 young trees have been planted, since the beginning of the quarry rehabilitation program in 2014 (cumulatively).

The limestone quarry in Seqishte operates for the needs of the Sharrcem plant, which is in the initial phase of exploitation, has an Environmental Permit issued by the MESP in December 2018 for a period of 5 years. The technical rehabilitation of the bunches will be done after their expansion in the areas for which a new exploitation permit will be applied during 2022.



Material issue: Engaging and Contributing to our Local Communities

ASSESSMENT OF INITIATIVES AND ACTIONS FOR COMMUNITY ENGAGEMENT IN 2021

Summary of main points for 2021 assessment

15 ESG initiatives & actions for closing of 2021 were assessed in

- coordination between SharrCem and Group ESG Performance. (Note: 90% of all initiatives were implemented for Community Engagement)

- Initiatives assessed for connection with Material Issues under the SASB Capitals:

Social Capital

56% of cases connected

Leadership Governance

19% of cases connected

Human Capital

15% of cases connected

Followed by:

Business Model and Innovation

7% of cases

Environment

4% of cases

- Community Engagement Initiatives mostly related to 5 key priorities of communities:



Education of people in the communities (schools)

SUPPORTED BY 9 INITIATIVES



Other (support to communities under conditions of distress),

SUPPORTED BY 5 INITIATIVES



Skills for new jobs (training, internships etc)

SUPPORTED BY 8 INITIATIVES



Infrastructure for communities, and Increased employment, and job creation

3 INITIATIVES EACH

- Strong level of community engagement: 'Involve' and 'Collaborate' levels reached 100%, and 'Empower' reached 53% share of all initiatives.

- Participants exceeded 180 in total, of which app. 90 TITAN employees as volunteers.

- Beneficiaries reached app. 4,830 in total.

- Total Cost app. 129,000 Euros.

Indeed, the analysis ascertained that as far as the level of Sharrcem engagement with community is concerned, more than 80% of the initiatives successfully achieved active involvement of stakeholders, while nearly 20% promoted good collaboration with community members.

Inspired by such results and guided by the global group values, Sharrcem is focused on persisting in strengthening authentic social engagement as a way to increasing our social positive impact.

Sharrcem also succeeded in setting a positive example of the benefits of being actively engaged in initiatives that improve local community infrastructure related to public schools and hospitals, as well as recreation and centers for youth activities.

In 2021, Sharrcem initiatives and actions were included in a structured assessment carried out by TITAN Cement Group's in-house information management system –the ESG databank. The purpose of this exercise was to ensure Sharrcem alignment with group-wide material issues.

LAB - Laboratory for Business Activities

Cooperation with municipal authorities and local institutions remains a key topic in the agenda of Sharrcem. The LAB project that started in 2014 to positively impact the socio-economic situation in the Municipality of Hani i Elezit basically aims to create new small and medium enterprises, which can help reduce unemployment and poverty. In 2021, Sharrcem supported one more generation of new SMEs, primarily in agricultural production, all supported by the well-established LAB foundation. LAB continued the successfully tested support for sectors from the previous years and developed new sectors pursuing the strategic goals of the LAB project and the Titan Group CSR strategy. Results to-date: 139 new start-ups have been created in agroforestry sector (Greenhouse, Small Fruits, Beekeeping, Mushrooms, Livestock, Vineyards, Forestry - Utilization of Wood Biomass for Energy, Poultry, etc.).

There was the women participation to benefit also from LAB program. For all beneficiaries within the corresponding sector, relevant theoretical and practical training was arranged in preparing them to engage more effectively in the implementation of project objectives.

Moreover, various types of thematic vocational training were provided as well as similar field practical trainings in order to improve knowledge in sustainable intensive agriculture and farming with standards.

Since the basic aim of this project is the creation of new small and medium enterprises in order to reduce unemployment and poverty, we believe that through LAB, Sharrcem has addressed some of the most critical issues affecting our community. In line with its CSR values, Sharrcem has promised to always be close to the community offering various opportunities for positive impact. Such is the LAB project whose objective is to provide jobs for the unemployed in the community.



INDEPENDENT LOCAL ADVISORY BOARD (ILAB/BOPAL)

This is also one more program to benefit the local community. Sharrcem has established the Independent Local Advisory Board (ILAB) back in 2011, which is a body comprised of stakeholders from the local community such as the Municipality, NGO's and citizens designed to independently invest Sharrcem's community development fund where they find the greatest needs.

In 2021, Sharrcem continued to contribute to the local community also through the Independent Local Advisory Board (ILAB/BOPAL). Sharrcem held several meetings with the Independent Local Advisory Board and during these meetings different proposals were implemented. This year there was support provided in the fields of community support and cultural and sport activities. The ILAB continued to serve as an excellent instrument of communication in developing and improving the local community needs.

Breakdown of ILAB/BOPAL contribution in 2021

Community Support: 3000 Euro
10 persons/families benefited

Cultural and Sport Activities: 12000 Euro
4 clubs/associations benefited

BLOOD DONATION CAMPAIGN

Sharrcem organizes annually the blood donation campaign as a means to emphasize the importance of contributing to saving lives through this activity, motivating regular blood donors to continue giving blood, and encouraging people in good health, particularly younger people, who have never given blood, to begin doing so.

In September 2021, 50 blood donors responded to our call. It has become tradition now to host a meal for the donors at our canteen. **The table below shows the total number of blood donors for the last 10 years.**

Year	Total Yearly	Donors		Total in 10 Years
		Male	Female	
2012	39	31	8	
2013	54	48	6	
2014	40	37	3	
2015	80	73	7	
2016	100	91	9	
2017	48	44	4	
2018	64	61	3	
2019	70	64	6	
2020	51	47	4	
2021	50	45	5	

596



DONATION OF CEMENT

The public regional hospital of Ferizaj invested in building an annex for the Radiology Ward and for a new CT apparatus with the support of the Ministry of Health, and international donors. Since this hospital provides the closest medical treatment facilities for the Hani i Elezit population, Sharrcem supported the investment by donating six (6) ton of cement (type 42.5 bags), used to make concrete vases for planting flowers in front of the hospital.

SHARRCEM HOSTED STUDENTS OF THE VOCATIONAL SCHOOL OF SUHAREKA

Sharrcem continued with the long-established tradition of welcoming stakeholders, especially the students, in its premises. In 2021 we accommodated 14 students and 2 teachers from the vocational school of Suhareka. during the visit they had an opportunity to see firsthand the technology of cement production, environmental activities and commitments, quality control, and laboratory equipment. Such visits are particularly important, as students are given access to information about the environment and environmental components, such as air, water, biodiversity, climatic conditions, changes due to global warming, etc. This activity contributes to Sharrcem efforts to advance skills and knowledge of students about environmental protection.

NEW YEAR GIFTS

Distributing New Year's gifts to children of our community has now become an annual tradition for Sharrcem. Besides sharing the holiday spirit, this activity enshrines our core values: philanthropy, sharing with the community, and caring for children. Gift recipients were children of Sharrcem employees, of families registered in the social assistance scheme of the municipality, children identified through Handikos, and children of the kindergarten age to fifth grade. In 2021, Sharrcem distributed 1,675 gifts to children, valued at thousands of euros. However, the joy of children receiving these gifts is priceless.



INSPECTION OF FIRE EXTINGUISHERS FOR ALL PUBLIC SCHOOLS OF HANI I ELEZIT

In 2021, Sharrcem arranged for an inspection of fire extinguishers installed a couple years ago at all the schools of Hani i Elezit.

Sharrcem believes that good habits tend to last a lifetime if children are taught them early on in childhood. That is why we initiate such projects for our community and arrange for lectures and trainings for children about health and safety topics, teaching them how to behave in cases of fire risk.

MENTORSHIP

The Mentoring Scheme Program for Internships invited Sharrcem to contribute to the empowerment of young interns and assist them in their professional journey. The mentoring took place in virtual group meetings between 1 mentor and 15 interns. Our employee, Adnan Vila was a mentor for two months and he used the opportunity he shares his know-how with the interns.

MOU FOR TRAINING OPPORTUNITIES

The Municipality of Hani i Elezit, LAB (Laboratory for Business Activities) and SPEEEX Education SH.P.K. in Prishtina signed a Memorandum of Understanding to facilitate cooperation between the signatory parties and create opportunities for high school students for free professional training in the field of business process outsourcing and practical work.

SUPER VOLUNTEER GROUPS IN HANI I ELEZIT

Sharrcem organized a weekend camp for high school students back in 2018 to increase awareness of voluntarism and develop soft skills. Participants of this first camp have become now our new super volunteers engaged in plenty volunteer activities about environment awareness, soft skills development, and various other activities with the younger generations.

SUPPORTING “UP TO YOUTH”

This year, Sharrcem supported the USAID “Up to Youth” initiative in line with its philosophy that youth matters. Part of this support involved providing space for free at LAB premises and IT equipment to be used for digital skills training of initiative participants.

TRAINING FOR ALL THE NURSES FROM PHMC OF HANI I ELEZIT

One of COVID-19 consequences involved emotional distress for everyone affected by the pandemic in one way or another, especially the medical staff at the frontlines. To counter this specific effect, Sharrcem launched a training program for nurses on how to manage stress, anxiety, or distress associated with COVID-19. Participants welcomed the training and acknowledged Sharrcem's initiative.

VISION SCREENING FOR PRIMARY SCHOOL CHILDREN

Having access to and using screen devices from an early age means has affected the eyes and vision of many children, hence the importance of regular vision checks for an early detection of possible problems, eye diseases and ensure preventive measures. Sharrcem initiated one vision check activity for all the schools in Hani i Elezit – a total of 875 children from kindergarten to the VI grade. Promoting well-being is important during early childhood, and early prevention can have a huge impact on the mental health of a person in the future.



PERSONAL HYGIENE

Sharrcem places a lot importance on behaviors that contribute to health, well-being, and overall happiness. This year, our company launched a project to raise the awareness of children about personal hygiene, starting with oral hygiene courses. In cooperation with the public health center of Hani i Elezit, we organized visits to schools and shared with the children information on the health benefits of keeping their teeth and mouth always clean.

SOS

Going beyond the planned projects and initiatives for 2021, Sharrcem extended support to the children of SOS Children Villages in Kosovo. This year, we purchased all New Year's greeting cards from them, thus providing sound financial support to this specific group. The children from the SOS Children Villages in Kosovo are an important part of our society and should not be neglected. Sharrcem will actively raise awareness about this group among businesses and individuals in its network.

OUR CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF OUR LOCAL COMMUNITIES

Our company operates under a written policy which supports local contractors and suppliers as a way to build trustworthy relationships and increase the creation of value in the local community. On top of that our company engages in continuous communication through regular meetings and trainings: safety, environment, knowledge transfer, to enhance the level of cooperation and quality of service. Our company continues to keep in its agenda to improve local supplier relationships or provide technical assistance to them. We also source from local suppliers for our daily purchasing needs and with this engagement we strive to support the small businesses as well. This is a good way to help improve the economic development of our local community. More businesses, more jobs to be created for the locals and more taxes for the government - to be used in different projects which also give back to the community.



FOCUS AREA: RESPONSIBLE SOURCING

Material issue: Environmental performance

WATER MANAGEMENT

Water risk assessment is a crucial component for the sustainable management of water resources by the TITAN Cement Group. The Water Risk Assessment was conducted in the previous year for all Group sites with the use of the Aqueduct tool of the World Resources Institute (WRI) and the Water Risk Filter of WWF. The results of this assessment will be used to further enhance company practices for sustainable water management and to develop specific water management tools and actions.

Specific water consumption for cement products [l/tcementitious]



In 2021, total water consumption in Sharrcem showed a decrease of about 12% comparing to previous year (2020) and about 32% less than in 2019. During this year there is also improvement in Specific Water Consumption, a decrease of 11%, from 144 to 128 l/t cementitious product, well below the Group targets set for 2025.

WASTE MANAGEMENT AND CIRCULAR ECONOMY

To temporarily store solid waste kept in proper boxes, containers, or places intended and specially marked/labeled for such a purpose, a specific site was identified in the vicinity of areas where such waste is generated. The subcontractors possessing adequate licenses provide waste collection and/or render freight services. The handling and management of non-hazardous waste follow this rule of priority: reduce, reuse, recycle

Data on the amount of waste generated, disposed, and utilized by the plant in 2021 are presented as below:

WASTE GENERATION

Mix domestic waste (t/y)	Scrap (t/y)	Refractory bricks (t/y)	Cem. torn bags (t/y)	Paper and packaging waste (t/y)	Waste from demolition (t/y)	Wooden pallets (m /y)	Waste Oil (t/y)
46	281	78	18	2.5	559	20.2	0.5

WASTE UTILIZATION

FLY ASH (t/y)	BOTTOM ASH (t/y)	PYRITE ASH (t/)	REFRACTORY BRICKS (t/y)
86,389	1,264	3,457	0

Material issue: Responsible, Reliable, And Sustainable Supply Chain

SUPPLY CHAIN AND LOCAL CONTRACTORS AND SUPPLIERS

For Sharrcem, the contractors, including suppliers, are a critical and direct part of the generation of business activity in the region.

The SA 8000 is considered a tool with additional responsibilities imposed for continuously working to improve local supplier relationships and provide technical assistance for them, to enhance the level of cooperation and quality of service. We continue to endeavor to improve the living conditions in the community, thus, by giving preferences to our local contractors and suppliers we support indirectly the unemployment matter in the area we operate which continues to be a very big issue for the community.

CIRCULAR ECONOMY

As cement production heavy industry, our company 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, thus,

Sharrcem invests continuously to contribute to the:

- A** Reduction of the use of natural raw materials (from Sharrcem quarries and third party supplied raw materials).
- B** 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).
- C** 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.
- D** Resources efficiency for Kosovo (contributing to national plans for reducing the dependency from imported raw materials and fuels).
- E** Waste minimization from own operations, and also contribution to the local and national plans for minimizing the needs to landfill any such waste.

Sharrcem has invested since 2011 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 86,389 tons in 2021 and has exceeded 1,086,373 tons of total consumption since 2011 (cumulatively).

Bottom ash, again from KEK where Sharrcem consumed more than 1,264 tons in 2021 and has exceeded 79,879 tons of total consumption since 2011 (cumulatively).

Pyrite ashes, from the Trepca where Sharrcem consumed more than 3,457 tons in 2021 and has exceeded 53,030 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.

DRIVING SUSTAINABILITY THROUGH CIRCULAR ECONOMY IN KOSOVO

In 2021, the Kosovo CSR Network began implementation of the "Fostering sustainability through circular economy and corporate social responsibility" project. The project is supported by GIZ as part of the 'Sustainable Municipal Services', which is co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development.

The project will raise public awareness on Circular Economy within Kosovo, create a pool of local 'change agents', trigger and advance sustainable thinking, and identify possible cooperation and investments. For more information, please visit the Kosovo CSR Network website at: www.csrkosovo.org

GOOD GOVERNANCE, TRANSPARENCY, AND BUSINESS ETHICS

Compliance and Due Diligence

Sharrcem operates in adherence to the ethical and compliance standards of the TITAN Cement Group. Throughout the years, the company has considerably strengthened its risk management culture as well. Sharrcem meets the highest governance principles, seeking consistent enhancement of its corporate governance performance. It promotes transparency, sustainability, and long-term value creation. Our business practices are led by and comply with the TITAN Cement Group values and its Code of Conduct.

Code of Conduct

The Code of Conduct, along with the various policies and regulations of the TITAN Cement Group, applicable to the entire range of operations, cover all strategic areas and material issues. They convey the principles, the 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.

Efforts on Human Rights

Sharrcem's efforts to improve relations with local suppliers and contractors are systemized through internal policies, purchasing manual procedures, ISOs and the TITAN Cement Group Code of Conduct for Procurement, which also relates to human rights issues and corruption. Sharrcem fosters communication and collaboration with the aim to develop relevant mechanisms and make sure it is always following the highest standards of conduct and operations.

SA 8000 – Social Accountability

The international standard SA 8000 that Sharrcem has in place is one more step in our continuous commitment to manage through certified system, so as to safeguard good governance and transparency. Sharrcem is also the first company in Kosovo that received the of SA 8000 – Social Accountability certificate, an international standard - system for improving working conditions based on the principles of international human rights norms as described in international labor organization conventions, the United Nations convention on the rights of the child and the universal declaration of human rights. Furthermore, two audits per year takes place by a third-party certification company, a practice only for this management systems instead of once per year comparison with the standard practice for other ISO management system certification. This management system covers contractors too. In addition to other initiatives, our company promotes the Group's human rights policy through this standard as well.

Effort, communication and compliance with policies

The trainings, compliance with our policies and the communication with our key stakeholders were very well targeted at our management agenda during the 2021, thus, Sharrcem did not manage to keep up only with its operation activities but also with other activities for the community especially related to health and wellbeing, which added value to the business.

Kosovo CSR Network

Sharrcem Contribution Acknowledged with the Kosovo CSR Award for its sustainability initiatives

The Kosovo CSR Network is the first network of businesses in Kosovo united to promote and implement socially responsible practices. Sharrcem was a founding member of the Network and is represented at the BoD leading the Network's evolution in a well-recognized business association that promotes collaborative action and just transition to a sustainable economy. It brings together businesses and organizations operating in Kosovo willing to contribute towards Sustainable Development, by promoting the concept, ideas and taking actions that enhance the impact of Corporate Social Responsibility on Kosovo society.

The Kosovo CSR Network is committed to increasing the importance of social responsibility in addressing many-dimensional challenges our society faces, in the fields of: human rights; labor rights; environment; fighting corruption; and various issues of social character, under the assumption that something voluntary must be done to address our responsibility to the society, which goes beyond the obligation to comply with regulations and laws in force.

The Kosovo CSR Network was very active in 2021. It undertook various initiatives to increase the awareness of the society to work together towards a more sustainable and inclusive world. Sharrcem continues to have a strong seat in the Kosovo CSR Network.

Responsible Business, Healthy Society

The Kosovo CSR Network is the first network of businesses in Kosovo united to promote and implement socially responsible practices. It brings together businesses and organizations operating in Kosovo willing to contribute towards Sustainable Development, by promoting the concept, ideas and taking actions that enhance the impact of Corporate Social Responsibility on Kosovo society.

The Kosovo CSR Network is committed to increasing the importance of social responsibility in addressing many-dimensional challenges our society faces, in the fields of: human rights; labor rights; environment; fighting corruption; and various issues of social character, under the assumption that something voluntary must be done to address our responsibility to the society, which goes beyond the obligation to comply with regulations and laws in force.

EIC

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

Nowadays, the EIC continues to take different initiatives in order to contribute to the economic development of the country by improving the business climate, fostering transparency and full compliance with the law and regulations. Sharrcem continues to have a strong seat in the EIC.

For more information, please visit the EIC website at: www.eic-kos.eu



FINANCIAL PERFORMANCE

In the reporting year, the financial performance of Sharrcem was monitored and assured. Regardless of the continued presence of the COVID-19 pandemic crisis, Sharrcem managed to deliver good results and was selected as one of the best taxpayers in the country.

Turnover	47,858,444 €
-----------------	---------------------

Total Assets	51,176,457 €
---------------------	---------------------

EBITDA	12,285,508 €
---------------	---------------------

Profit (loss) after Taxes	5,970,644 €
--------------------------------------	--------------------

ESG PERFORMANCE STATEMENTS

TITAN's approach for ESG Performance reporting, and adopted by Sharrcem SH.P.K. in this Report

"In 2021 the approach of TITAN Group for integrated ESG Performance reporting on the basis of voluntary commitments to IIRC principles, UNGC Communication on Progress according to Criteria Advanced Level, GCCA Charter and Guidelines, and connection with the Sustainability Accounting Standards Board (SASB) Framework, was expanded for covering the Regulatory requirements of the EU Taxonomy Regulation (in brief: EU Taxonomy), and the TCFD requirements for climate-related risks.

In more specific about the EU Taxonomy: TITAN encompassed in the TITAN Integrated Annual Report 2021 (in brief: TITAN IAR 2021) the requirements of the EU Taxonomy (Regulation (EU) 2020/852), as supplemented with the respective Commission Delegated Regulation EU 2021/2178 of 6 July 2021 in specific for climate change mitigation and adaptation. The Regulation specifies the content and presentation of information to be disclosed by undertakings concerning environmentally sustainable economic activities, and the methodology to comply with that disclosure obligation. TITAN complies in the TITAN IAR 2021 with the requirements on disclosures pursuant to Article 8 of the Regulation, for its EU Taxonomy-eligible economic activities in their total turnover, capital, and operational expenditures, these being the key performance indicators (KPIs) set by the Regulation and provides qualitative information (description) for its Taxonomy-eligible activities and investments. TITAN acknowledges that the requirements for the EU Taxonomy reporting is linked to the EU Non-Financial Reporting Directive (NFRD), which allows subsidiaries to meet their reporting obligations if the reporting is addressed by the 'mother' company. In this case, no separate report from the Sharrcem SH.P.K. as TITAN's subsidiary is required for the requirements of the EU Taxonomy." "

Baseline years: For committing on targets 2025 and reporting on progress for all other environmental parameters except CO2, the base line year is 2020. Also 2020 is used as base line for SBTi Targets on CO2 emissions. For CO2 emissions other than SBTi the baseline year for relevant target(s) is 1990 in line with the Kyoto Protocol.

Changes in the structure and content of this Report: Materiality: TITAN's framework of material issues, as outcomes of the last cycle for materiality assessment for the Group (2019), is presented in Table 1 of the ESG Statements. In this framework we have connected the outcomes of BUs' materiality, again following the outcomes of assessment in the most recent cycle for each country/BU level completed between 2020-2021.

The connections provide a more inclusive approach of materiality for TITAN, which is seen as a bottom-up and top-down approach and combines the merits of BU level analysis and engagement with the Group level blueprint and guidance."

"Restructuring of the ESG KPIs Index: All disclosures for the performance KPIs for the areas of Environment, Social and Governance, were restructured by following the outcomes of materiality assessment on Group level, with using the "compass" of TITAN's Focus Areas. The respective KPIs for ESG performance were aligned according to material issues mostly relevant under each of the Focus Areas. The new approach for our ESG Statements aimed at providing to the external as well as internal stakeholders an efficient flow of metrics around disclosures of performance focused on TITAN's materiality framework and connected with TITAN's targets 2025 and beyond. See Tables 2.1, 2.2, 2.3, 2.4, and the group of Tables 2.5.1-2.5.8, aligned with the Focus Areas of TITAN's materiality: 1. De-carbonization and Digitalization, 2. Growth-enabling work environment, 3. Positive local impact, and 4. Responsible sourcing. All underpinned by 5. Good governance, transparency, and business ethics.

New disclosures under the Focus Area Decarbonization and Digitalization, Table 2.1: Scope 1 gross and net direct CO2 emissions, also with regional performance data and % clinker production emissions coverage rate, Scope 2 CO2 emissions, and Scope 3 emissions, also with regional performance data, % clinker production emissions coverage rate, and specific CO2 emissions per t cementitious product. Also, we report on Sustainable products as part of our cement production, disclosed as %cement production, and annual investment in Research and Innovation.

New disclosures under the Focus Area Growth-enabling work environment, Table 2.2: We added the KPIs for Wellbeing initiatives for employees, % Turnover breakdown by gender and age structure, %share of employees with performance evaluation and % Share female employees with performance evaluation.

Under the Focus Area Positive local impact, Table 2.3, we added the KPIs: % employees from local communities, % Share of Internships from local community, total number of Initiatives under community engagement plans, total number of participants to community engagement plans, TITAN employees as volunteers to community engagement plans, total amount of "social investment" for the implementation of these community engagement plans, and blood donations (TITAN employees, business partners and communities)."

"Under the Focus Area Responsible sourcing, Table 2.4, we added KPIs for: water withdrawal and discharge, % water demand covered with recycled water, also regional performance in water consumption, regional performance in specific thermal energy consumption, Group performance and regional performance in specific electrical energy consumption, % renewable energy as part of total electrical energy consumption, number of integrated cement plants with "Zero Waste to Landfill" certification, and Key suppliers meeting TITAN ESG standards.

Last, under the Focus Area Good governance, transparency, and business ethics, we added the information under the Table 2.5.1 for: KPI for Grievance mechanism (EthicsPoint) coverage, % Unionized employees, and % Employees covered by Collective Bargain Agreements.

New and revised Tables under the ESG Statements as new KPIs and supplementary information supporting our disclosures for Governance: ESG Policies, Political contributions & Fines and other non-monetary sanctions, Environmental Audits, Management Systems, Report on Payments to Governments for extractive operations, and

Notes for Value Creation Indicators.

See Notes below for facilitating the ESG performance statements review (in connection with KPIs under Tables 2.1, 2.2, 2.3, 2.4, and the Tables of the group 2.5.1-2.5.8).

GCCA: Specific KPIs calculated according to sector commitments integrated by TITAN, following the GCCA Charter and Framework Guidelines.

UNGC: TITAN follows the reporting requirements for meeting the criteria of UN Global Compact concerning to a Communication on Progress (COP) Advanced Level.

UNCTAD: TITAN has adopted under its reporting framework the applicable KPIs according to the Guidance of UNCTAD, as supplementary to the above Reporting Standards.

SASB: TITAN aligns its reporting on ESG performance with the Sustainability Accounting Standard Board (SASB)."

1. MATERIAL ISSUES

TITAN Group	Kosovo
Future-ready business model for a carbon neutral world	Safe and healthy working environment for our employees and business partners along the value chain
Safe and healthy working environment	Environmental performance
Good Governance, transparency and business ethics	Engaging and contributing to our local communities
Diverse and inclusive workplace	Good governance, transparency, and business ethics
Positive local social, economic and environmental	Employee engagement and development
Innovation with emphasis on digital and de-carbonization	Climate change and energy efficiency
Continuous development of our people	Diverse and inclusive workplace
Reliable and sustainable supply chain	Responsible, reliable, and sustainable supply chain
Resource efficiency, recycling and recovery, contributing to circular economy	

1. Notes

The first column of the Table above provides the order of prioritization of the material issues for TITAN and Sharrcem SH.P.K., according to the outcomes of the materiality assessment of the last cycle in 2020 and 2021.

About definitions:

The boundaries of reporting for each material issue are defined by the principles of "materiality", "relevance", "conciseness", "consistency", and "connectivity" aligned with the guidance of the International Integrated Reporting Council (IIRC)¹:

Materiality

A matter is material if it is of such relevance and importance² that it could substantively influence the assessments of providers of financial capital with regard to the organization's ability to create value over the short, medium and long term. In determining whether or not a matter is material, senior management and those charged with governance should consider whether the matter substantively affects, or has the potential to substantively affect, the organization's strategy, its business model, or one or more of the capitals it uses or affects.

Relevance

Relevant matters are past, present or future matters that impact or may impact the organization's strategy, its business model or one or more of the capitals and thus ultimately affect the organization's ability to create value over time. Identifying relevant matters for inclusion in the integrated report includes identifying the population of potentially relevant matters and narrowing these down to matters that are relevant for inclusion in the integrated report. Information about relevant matters will have either, or both, predictive value or confirmatory value with respect to intended users' decisions.

Conciseness

Disclosures about material matters should include concise information that provides sufficient context to make the disclosures understandable and should avoid information that is redundant in nature.

Consistency and comparability

Reporting policies should be followed consistently from one period to the next unless a change is needed to improve the quality of information reported. This includes using the same KPIs to report on the same matters if they continue to be material across reporting periods. When a significant change has been made, the organization explains the reason for the change, describing (and quantifying if practicable and material) its impact. Comparability of reported information is intended to enable comparison with other organizations to the extent it is material to the organization's own ability to create value over time.

Connectivity

Connectivity is intended to address the connection between financial and non-financial information, in order to provide a holistic view of the combination, interrelatedness and dependencies between all the factors that affect the organization's ability to create value over time.

1. Sources: 'Materiality Background Paper for <IR>' (IIRC, 2013), and 'The International <IR> Framework' (IIRC 2013). Further information about the IIRC can be found on its website www.theiirc.org.

2. TITAN uses the equivalent term "significance".

2. ESG PERFORMANCE INDICATORS (KPIs)

2.1 Focus Area: De-carbonization and digitalization

ESG Performance Indicators	Unit	2019	2021	GCCA	UNGC	UNCTA	SASB	SDGs
----------------------------	------	------	------	------	------	-------	------	------

2.1.1 MATERIAL ISSUES: FUTURE-READY BUSINESS MODEL IN A CARBON NEUTRAL WORLD

Cement And Cementitious Production Activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
1.1 Scope 1 gross CO2 emissions ²	million t	0.3	0.3	0.4	●	●	●	EM-CM-110a	9.4
1.2 Scope 1 gross CO2 emissions covered under limiting regulations	%	0	0	0		●	●	EM-CM-110a	
1.3 Scope 1 gross CO2 emissions coverage rate ¹	% Clinker production	100.0	100.0	100.0					
1.4 Scope 1 net CO2 emissions	million t	0.3	0.3	0.4	●	●	●		
1.5 Scope 1 net CO2 emissions coverage rate ¹	% Clinker production	100.0	100.0	100.0					
1.6 Scope 1 specific gross CO2 emissions	kg/t Cementitious Product	578.23	596.72	604.15	●	●			SDGs 9.4
1.7 Scope 1 specific net CO2 emissions	kg/t Cementitious Product	578.23	596.72	604.15	●	●			
1.8 Scope 2 CO2 emissions ³	million t	0.1	0.1	0.1	●	●			
1.9 Scope 2 CO2 emissions coverage rate ¹	% Clinker production	100.0	100.0	100.0					
1.10 Scope 2 specific CO2 emissions ¹	kg/t Cementitious Product	129.33	125.66	122.91					
1.11 Scope 3 CO2 emissions ^{1,4,5}	million t	0.1	n/a	n/a					
1.12 Category 1 - Purchased goods and services ^{1,5}	million t	0	n/a	n/a					
1.13 Category 3 - Fuel and energy related activities ^{1,5}	million t	0	n/a	n/a	●	●			
1.14 Category 4 - Upstream transportation and distribution ^{1,5}	million t	0	n/a	n/a	●	●			
1.15 Category 6 - Business travels ^{1,5}	million t	0	n/a	n/a		●	●		
1.16 Category 7 - Employee commuting ^{1,5}	million t	0	n/a	n/a	●	●	●		
1.17 Category 9 - Downstream-transportation and distribution ^{1,5}	million t	100	n/a	n/a					
1.18 Scope 3 CO2 emissions coverage rate ^{1,5}	% Clinker production	95,4	n/a	n/a					
1.19 Scope 3 specific CO2 emissions ^{1,5}	kg/t Cementitious Product	100	101,9	n/a					

Cement And Cementitious Production Activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
1.20 Conventional fossil fuels substitution rate	% Heat	100,0	100,0	100,0					
1.21 Alternative fuel substitution rate	% Heat	0	0	0					
1.22 Biomass in fuel mix ⁶	% Heat	0	0	0					
1.23 Fuel mix, energy consumption for clinker and cement production	% Heat	100,0	100,0	100,0					7.2 12.2
1.24 Conventional fossil fuels	% Heat	100,0	100,0	100,0					13.1
1.25 Coal, anthracite, and waste coal	% Heat	0	0	0					
1.26 Petroleum coke	% Heat	97,9	96,8	99,1					
1.27 Lignite	% Heat	0	0	0					
1.28 Other solid fossil fuel	% Heat	0	0	0					
1.29 Natural gas	% Heat	0	0	0					
1.30 Heavy fuel (ultra)	% Heat	2,0	3,2	0,9					
1.31 Diesel oil	% Heat	0,1	0,1	0,1					
1.32 Gasoline, LPG (Liquified petroleum gas or liquid propane gas)	% Heat	0	0	0					
1.33 Alternative fossil and mixed fuels	% Heat	0	0	0					
1.34 Tyres	% Heat	0	0	0					
1.35 RDF	% Heat	0	0	0					
1.36 Impregnated saw dust	% Heat	0	0	0	●	●	●		
1.37 Mixed industrial waste	% Heat	0	0	0	●	●	●		EM-CM-130a.1
1.38 Other fossil based and mixed wastes (solid)	% Heat	0	0	0	●	●	●		EM-CM-130a.1
1.39 Biomass fuels	% Heat	0	0	0		●			
1.40 Dried sewage sludge	% Heat	0	0	0		●			
1.41 Wood, non-impregnated saw dust	% Heat	0	0	0		●			
1.42 Agricultural, organic, diaper waste, charcoal	% Heat	0	0	0		●			
1.43 Other	% Heat	0	0	0		●			
1.44 Alternative fuels consumption (total)	t	0	0	0		●			
1.45 Clinker to cement ratio	%	67,47	68,27	68,41		●			
1.46 Lower carbon products as part of our cement production ^{1,5,7}	% Cement production	99,0	98,2	n/a		●			

2.1 Notes

Notes for the external verification, standards, guidance, and terms used

"Standards: For the reporting standards under TITAN's Global Sectoral Approach, namely the GCCA, UNGC, UNCTAD and SASB, please refer to the section "TITAN's approach for ESG Performance reporting" in the ESG performance statements.

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing, and coprocessing fuels and raw materials. The above Guidelines had superseded before 2021 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. For the Sector standards, see details in Table 2.5.7 "Sector Standards for the Non-financial disclosures in 2021".

Notes on specific KPIs

1. New indicator.
2. Direct CO₂ emissions related to the operation of TITAN's cement production facilities.
3. Indirect CO₂ emissions related to emissions released for the production of the electrical energy consumed at TITAN's cement production facilities. For their calculation, we use emission factors provided by the supplier of the electrical energy or other publicly available data sources.
4. Indirect CO₂ emissions related to the emissions of the supply chain.
5. Relevant information is not available for the specific years denoted as 'n/a'.
6. Biomass rate corresponds to the percentage of total thermal energy consumption that comes from renewable energy sources.
7. Lower carbon products refer to produced cement types with a carbon footprint that is at least 10.0% lower than that of a typical OPC type as well as any cementitious product sold to be used as cement or concrete additive."

Notes for connection of KPIs with the SASB Standards

Connection of ESG performance indicators with metrics according to SASB Standards, in specific:

- EM-CM-110a.1 under the area "Greenhouse Gas Emissions" for Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations, and
- EM-CM-130a.1 under the area "Energy Management" for total energy consumed, percentage grid electricity, percentage alternative, and percentage renewable.

2.2 FOCUS AREA: GROWTH-ENABLING WORK ENVIRONMENT

2.2.1 Material issues: Safe and healthy working environment

All activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Employee fatalities	#	0	0	0	●	●	●		3.6
Employee fatality rate	#/ 10^4 persons	0	0	0	●	●	●		3.8
Contractors fatalities	#	0	1	0	●	●	●		4.3
Third-party fatalities	#	0	0	0	●	●	●		8.8
Employee Lost Time Injuries (LTIs)	#	0	1	0	●	●	●		
Employee Lost Time Injuries Frequency Rate (LTIFR)	#/ 10^6 h	0	2.06	0	●	●	●	EM-CM-320a	SDGs
Employee lost working days ¹	d	0	29	0	●	●			3.6
Employee Lost Time Injuries Severity Rate ¹	d/ 10^6 h	0	59.6	0	●	●	●		3.8
Contractors Lost Time Injuries (LTIs)	#	0	1	0	●	●	●		4.3
Contractors Lost Time Injuries Frequency Rate (LTIFR)	#/ 10^6 h	0	3.09	0	●	●	●	EM-CM-320a	8.8

All activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Near misses	#	36	14	13		●		EM-CM-320a	3.6
Training man-hours on health and safety per employee ²	h/person	17.51	12.07	20.94		●	●		3.8 4.3 8.8
Training man-hours on health and safety per contractor ²	h/person	6.94	5.81	7.77		●	●		
Expenditures for Health and Safety, BU Total ^{3,6}	€	524,537	332,556	n/a		●	●		

Cement Production Activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Employee fatalities	#	0	0	0	●	●	●		3.6
Employee fatality rate	#/ ⁴ persons	0	0	0	●	●	●		3.8 4.3
Contractors fatalities	#	0	1	0	●	●	●		8.8
Third-party fatalities	#	0	0	0	●	●	●		
Employee Lost Time Injuries (LTIs)	#	0	1	0	●	●	●		
Employee Lost Time Injuries Frequency Rate (LTIFR)	#/ ⁶ h	0	2.06	0	●	●	●	EM-CM-320a	
Employee lost working days	d	0	29	0	●	●			
Employee Lost Time Injuries Severity Rate	d/ ⁶ h	0	59.6	0	●	●	●		
Contractors Lost Time Injuries (LTIs)	#	0	1	0	●	●	●		
Wellbeing initiatives for employees, BU total for all activities ^{3,6}	#	9	7	n/a					

2.2.2 Material issues: Diverse and Inclusive workspace

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Average employment, BU total ⁴	#	237	241	255		●			5.4
Number of employees as of 31 December 2020, BU total	#	236	239	244		●			8.5 8.6
Employee turnover per gender, BU average ³	%	2.12	1.67	15.57		●			10.3
Females	%	0	0	36.36					
Males	%	2.23	1.75	14.59					

Employee turnover per age group^{3,5,6}

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Under 30	%	0	0	71.43					
Between 30-50	%	0	1.15	6.19					
Over 50	%	3.36	2.07	19.29					
Employees left, BU total ⁵	#	5	4	38		●			

Employees left per age group³

Under 30	#	0	0	5					
Between 30-50	#	0	1	6					
Over 50	#	5	3	27					

Employees left per gender³

Females	#	0	0	4					
Males	#	5	4	34					
Employee new hires, BU average ⁵	%	0.85	0.0	0.0		●			
Employee new hires, BU total ⁵	#	2	0	0		●			

Employee new hires per gender⁵

Females	#	1	0	0		●			
Males	#	1	0	0		●			

New hires per age group⁵

Under 30	#	2	0	0		●			
Between 30-50	#	0	0	0		●			
Over 50	#	0	0	0		●			

Employment per type⁵

Full time	#	2	0	0		●			
Part Time	#	0	0	0		●			
Temporary	#	0	0	0		●			

Employment per category⁵

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Managers	#	16	16	17		●			5.4
Senior managers	#	2	2	2		●			8.5
Administration/technical	#	55	54	56		●			8.6
Semi skilled/unskilled	#	163	167	169		●			8.8
									10.3

Employment per gender⁵

Females	#	12	12	11		●			5.4
Males	#	224	228	233		●			8.5
Share of women in employment, BU average ⁵	%	5.08	4.60	4.51		●			8.6
Share of women in management, BU average ⁵	%	5.56	5.56	5.26		●	●		8.8
Share of women in Senior Management, BU average ⁵	%	0	0	0		●	●		10.3

2.2.3 Material issues: Continuous Development of our People

Training investment per (trained) employee, BU average ^{3,5}	€	96	38	145		●			4.3
Training investment, BU total ³	€	22,600	8,126	37,257		●			4.4
									5.1
									5.5
									8.5
									10.2
									10.3
									16.5

Training Investment per Gender, BU Total ^{3,5}

Females	€	3,755	1,560	2,678	●	●			
Males	€	18,845	6,566	34,579	●	●			
Trained employees, BU total ⁵	#	236	213	257	●				
Share of trained employees (in total workforce), BU average ⁵	%	100	89.12	100	●				
Share of trained female employees (in total female employees), BU average ⁵	%	91.67	81.82	100	●				

Trained Employees per Category, BU Total

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Managers	#	2	17	17					
Senior Managers	#	16	2	2					
Administration/technical	#	53	54	63					
Semi skilled/Unskilled	#	165	140	175					

Trained Employees per Age Group, BU Total

Under 30	#	5	7	9	●				
Between 30-50	#	90	85	100	●				
Over 50	#	141	121	148	●				
Training hours, BU total	#	5,622	3,673	7,920	●	●			
Average training hours per employee (over the total number of direct employees), and breakdown per gender, BU total ⁵	#	23,82	15,37	32,46	●	●			
Average female	#	15,13	10,73	35,10					
Average male	#	24,29	15,59	32,33					

Training Hours per Subject, BU total

Company on-boarding ^{3,6}	#	0	0	0					
Compliance	#	879	201	264	●				
CSR and Sustainability	#	6	5	25	●				
Digital ^{3,6}	%	47	94	438					
Environment	%	21	0	89					
Foreign languages		0	52	104					
Functional competence		34	20	18					
Generic competence		1	0	976					
Health and safety		4,150	2,910	5,340					
Managerial skills		90	24	352					
Other		104	247	144					
Security		0	0	0					
Technical know-how		291	120	170					
Share of employees with performance evaluation, BU average ³		30.08	27.20	n/a					
Share of female employees with performance evaluation, BU average ³		58.33	54.55	n/a					

2.2 Notes

Notes for the external verification, standards, guidance, and terms used

Standards: For the reporting standards under TITAN's Global Sectoral Approach, namely the GCCA, UNGC, UNCTAD and SASB, please refer to the section 'TITAN's approach for ESG Performance reporting' in the ESG performance statements.

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 on specific KPIs"

1. Figure for 2020 was adjusted to include previously unreported data,

2. 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 below). This is consistent with all years prior to 2021.

3. New KPIs and other notes:

- "Wellbeing initiatives" was introduced in this report for providing the total number of initiatives which aim to support employees on all dimensions of the TITAN Health and Wellbeing framework (the four dimensions are: physical, mental, social, and financial), in a holistic and integrated way. The KPI aims to strengthen our reporting on performance for the Material Issue Safe and healthy working environment, under the Focus Area Growth-enabling work environment.

- "Employee turnover per gender" (females and males), "Employee turnover per age group" (under 30, between 30-50, and over 50), "Employees left per age group", and "Employees left per gender", were introduced for the first time in this report, to enlarge the coverage of TITAN's disclosures on performance related to the Material Issue Material Issue Diverse and Inclusive workplace.

- Also new KPIs were introduced for TITAN's disclosure of performance related to the Material Issue Continuous development of our people, in specific: "Share of employees with performance evaluation", and "Share of female employees with performance evaluation". TITAN follows an inclusive approach for increasing the coverage of employees under the performance evaluation programs on each BU level and engages employees from all categories of employment (managers and senior managers, administration/technical, and employees in the category semi-skilled/unskilled).

- Last, for the definition of KPI "Training Investment" see the section 2.5.8 "Notes for Value Creation Indicators".

4. The calculation of the KPI "Average Employment" was made according to Belgian Law (sec. 165 XIVB of RD of 30 January 2001).

5. Other notes for KPIs calculated on the basis of "Average Employment": As of 2019, the specific KPIs are calculated on the basis of the number of employees as of 31 December. 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%.

The total hours of training under the subject area "Environment" cover also the hours of training for the topics related to "Decarbonization" which was introduced as a new subject area in the last quarter of 2021 and accounted for insignificant in the total hours of training on Group level.

6. Relevant information is not available for the specific years denoted as 'n/a'.

Notes for connection of KPIs with the SASB Standards

Connection of ESG performance indicators with the metric EM-CM-320a.1 according to SASB Standards, under the area "Workforce Health and Safety", and in specific for the near misses and frequency rate for full-time employees, and contract employees.

2.3 FOCUS AREA: POSITIVE LOCAL IMPACT

2.3.1 Material issues: Environmental Positive Impact

Air Emissions

Cement Production Activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Coverage rate continuous measurement	%	100.0	100.0	100.0	●	●		EM-CM-120a.1	3.9 9.4
Specific dust emissions	g/t Clinker	3.8	10.4	10.5	●	●		EM-CM-120a.1	
Specific NOx emissions	g/t Clinker	1,055.0	1,294.4	1,636.7	●	●		EM-CM-120a.1	
Specific SOx emissions	g/t Clinker	36.2	91.8	73.3	●	●		EM-CM-120a.1	
Integrated cement plants and cement grinding plants with certified Environmental Management System (ISO 14001 or similar)	% of plants	100.0	100.0	100.0		●			

All activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Environmental complaints ^{1,2}	#	1	0	1		●	●		15.3 15.4
Greece	#				●	●		EM-CM-120a.1	15.9
USA	#				●	●		EM-CM-120a.1	
Southeastern Europe	#				●	●		EM-CM-120a.1	
Eastern Mediterranean	#					●	●		

REHABILITATION

Cement Production and Aggregates Activities

Sites with rehabilitation plans ^{3,6}	%	100.0	100.0	100.0	●	●		EM-CM-120a.1	15.3 15.4
Sites rehabilitated areas over affected areas (cumulative) ^{3,6,7}	%	21.2	21.8	n/a	●	●		EM-CM-120a.1	15.9
Sites with Environmental Management System (ISO14001 or similar)	%	66.0	75.0	75.0	●	●		EM-CM-120a.1	

BIODIVERSITY

Cement Production and Aggregates Activities

Sites in high biodiversity value areas ^{3,4}	#	0	0	0		●	●		15.3 15.4
Sites with biodiversity management plans ^{3,5}	#	0	0	0	●	●		EM-CM-120a.1	
Sites with biodiversity management plans	%	-	-	-	●	●		EM-CM-120a.1	

INVESTMENTS IN ENVIRONMENTAL PROTECTION

All Activities

Environmental expenditures across all activities ⁸	million €	00.1	0.7	0.3	●	●		EM-CM-120a.1	7b 9.4
Environmental management	million €	0.0	0.0	0.1	●	●		EM-CM-120a.1	
Reforestation	million €	0.0	0.0	0.0	●	●		EM-CM-120a.1	
Rehabilitation	million €	0.0	0.3	0.1	●	●		EM-CM-120a.1	
Environmental training and awareness building	million €	0.0	0.0	0.0	●	●		EM-CM-120a.1	
Application of best available technologies	million €	0.0	0.0	0.0	●	●		EM-CM-120a.1	
Waste management	million €	0.0	0.3	0.1	●	●		EM-CM-120a.1	

2.3.1 Material issues: Environmental Positive Impact

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Donations, Group total ⁹	€	159 071	166 262	176 071		●	●		15.3
Donations in cash, Group total ⁹	€	159 071	166 262	176 071		●	●	EM-CM-120a.1	15.4
Donations in kind, Group total ⁹	€	-	-	0		●	●	EM-CM-120a.1	15.9
Employees from local community, Group average ¹⁰	%	67,80	67,36	66,80					EM-CM-120a.1
Internships, Group total	#	8	3	25		●			
New entry level jobs from internships/traineeships, Group total	#	1	0	0		●			
Internships from Local Community, Group total ²	%	87,50	100,00	84,00					
Key operations with Community Engagement Plans related to material issues and Group policies ¹	#	1	1	1		●	●		
Total number of Initiatives under Community Engagement Plans, Group total ¹	#	15	9	n/a					
Total number of Participants to Community Engagement Plans, Group total ¹	#	182	181	n/a					
TITAN Employees, volunteers to Community Engagement Plans, Group total ¹	#	88	n/a	n/a					
Total amount of "social investment" for the implementation of the Community Engagement Plans, Group total ¹	million €	129 188	140 155	n/a					
Blood donations (TITAN employees, business partners and communities), Group total ¹	#	50	51	70					

2.3.3 Material issue: Economic positive impact

Local Spend, Group average ⁹	%	77,19	75,67	78,81	●	●		
---	---	-------	-------	-------	---	---	--	--

2.3 Notes

Notes for the external verification, standards, guidance, and terms used

"Standards: For the reporting standards under TITAN's Global Sectoral Approach, namely the GCCA, UNGC, UNCTAD and SASB, please refer to the section "TITAN's approach for ESG Performance reporting" in the ESG performance statements.

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing, and quarry rehabilitation and biodiversity management. The above Guidelines had superseded before 2021 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. For the Sector standards, see details in Table "Sector Standards for the Non-financial disclosures in 2021"."

Notes on specific KPIs

"1. New indicators. More details:

- "Internships from Local Community", "Total number of Initiatives under Community Engagement Plans", "Total number of Participants to Community Engagement Plans", "TITAN Employees, volunteers to Community Engagement Plans", "Total amount of 'social investment' for the implementation of the Community Engagement Plans", and "Blood donations (TITAN employees, business partners and communities)" were introduced as new KPIs in this report for strengthening our disclosures on performance related to the Material Issue "Social positive impact".

In more specific:

- The number of "Internships from Local Community" is calculated as %share of Interns (students or other) who are residents from the local communities, over the total number of Internships, as reported by the KPI "Internships".
 - The KPIs of "Total number of Participants to Community Engagement Plans", "TITAN Employees, volunteers to Community Engagement Plans", and "Total amount of 'social investment' for the implementation of the Community Engagement Plans" are related to the KPI "Key operations with Community Engagement Plans related to material issues and Group policies" which was incorporated for the first time in the ESG performance statements in the TITAN IAR 2020. In 2021 TITAN progressed with the implementation of a new framework guidance for Community Engagement Plans across all BUs and strengthened its approach. The discussion on performance in 2021 is provided in the Management report, section "ESG performance review", for Material issue: "Social positive impact". Few definitions for providing more clarity about TITAN's approach to stakeholders engagement in communities, are as follows:
 - "Inform" refers to: Provide (local) Stakeholders with info on the BU Materiality Assessment outcomes and the ESG targets, and assist in understanding problems, alternatives, and solutions, as well as exploring opportunities for win-win collaborative initiatives.
 - "Consult" refers to: Obtain Stakeholders feedback following the 'Inform' stage, and explore synergies of the BU with the local community.
 - "Involve" refers to: Work directly with Stakeholders, and consider their concerns, aspirations, and expectations from the company (BU).
 - "Collaborate" refers to: Listen to the input of Stakeholders as part the decision-making of the BU, following the previous 3 stages. Identify best option(s) for solutions, and agree on win-win opportunities for the local community and the company. Plan for implementation jointly with Stakeholders, and agree on the adequate level of advocacy for your decisions and actions.
 - "Empower" refers to: Stakeholders and the local community can make their decisions and plan for their actions, for leading (their) solution-based efforts. The company aims to be the 'enabler' or 'facilitator'.
2. Relevant information is not available for the specific years denoted as 'n/a'.

"3. Coverage includes all wholly-owned quarries attached to cement plants and quarries for aggregates production.

4. Active quarries within, containing or adjacent to areas designated for their high biodiversity value. See also Table "Quarry Sites with High Biodiversity Value".

5. Active quarries with high biodiversity value where biodiversity management plans are actively implemented. See also Table "Quarry Sites with High Biodiversity Value".

6. Performance figures of previous years have been re-calculated and adjusted to reflect the revised baseline (scope) (see Note 2).

7. 2020 is the initial year for disclosing data for this indicator.

8. The definition of "Environmental expenditures across all activities" is equivalent to the definition of "Investment in the Environment", see section 2.5.8 "Notes for Value Creation Indicators".

9. For definitions related to "Donations", and "Local Spend", see section 2.5.8 "Notes for Value Creation Indicators" (see the equivalent definitions, respectively: "Total spend on donations and social engagement initiatives", and "% local spend of TITAN").

10. Specific information is not available for the operations of TITAN in USA. The percentages for the Group Average are calculated excluding the employment of TITAN in USA. For specific method of calculation see respective Note under the Table 2.2 "Growth-enabling work environment", part of the ESG performance statements.

Notes for connection of KPIs with the SASB Standards

"Connection of ESG performance indicators with metrics according to SASB Standards, in specific:

- EM-CM-120a.1 under the area "Air Quality" for air emissions of pollutants including NOx, SOx, particulate matter (PM10), dioxins/furans, volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), and (7) heavy metals,
- EM-CM-160a.1 and EM-CM-160a.2 under the area "Biodiversity Impacts" for the environmental management policies and practices for active sites, and terrestrial acreage disturbed, percentage of impacted area restored (see also Table "TITAN Group Quarry Sites with High Biodiversity Value" part of the ESG performance statements),

Quarry Sites with High Biodiversity Value

Site	Country	Raw Material use	Location	Status	Biodiversity Management Plan	Notes
Xilokeratia Quarry	Greece	Cement	Milos Island	Inside/adjacent to NATURA 2000 area for protection of terrestrial and maritime ecosystems (SAC/SPA)	YES	Biodiversity Studies for the 'baseline' assessment completed in 2015, followed by BMPs. The Apsalos and Aspra Homata quarries are covered by the same biodiversity study and BMP.
Apsalos (West and East) Quarries	Greece	Cement	Apsalos, Pella	Inside NATURA 2000 area for protection of terrestrial ecosystems (SPA)	YES	
Aspra Homata I + II Quarries	Greece	Cement	Apsalos, Pella	Inside NATURA 2000 area for protection of terrestrial ecosystems (SPA)	YES	
Rethimno Quarry	Greece	Cement	Rethimno, Crete Island	Inside area for protection of terrestrial ecosystems on national level		

Notes

1. The above Table is complementary to the Table 2.3, "Focus area: Positive local impact" , and in specific for the KPIs: a) Active quarries with biodiversity issues, b) Active quarry sites with biodiversity management plans (number), c) Active quarry sites with biodiversity management plans (percentage).
2. The above Table includes the needed disclosures for supporting TITAN's performance monitoring and reporting according to the sectoral commitments (GCCA Sustainability Guidelines for Quarry Rehabilitation and Biodiversity Management, May 2020). Also this information, combined with the disclosures under the respective section of this report, cover the requirements for reporting according to the SASB Standards for 'Biodiversity Impacts' and in more specific the KPI EM-CM-160a.1 'Description of environmental management policies and practices for active sites'.
3. In 2020 an updated biodiversity risk assessment was made for all TITAN Group sites with the use of the Integrated Biodiversity Assessment Tool (IBAT).

2.4 FOCUS AREA: RESPONSIBLE SOURCING

2.4.1 Material issue: Resource efficiency, recycling and recovery, contributing to circular economy

All activities

	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
4.1 Water consumption (total)	0.1	0.1	0.1	●	●		EM-CM-140a.1	6.3
4.2 Water withdrawal (total by source) ²	0.1	0.1	0.1	●	●	●	EM-CM-140a.1	6.4
4.3 Ground water	0.1	0.1	0.1				EM-CM-140a.1	6.5
4.4 Municipal water	0.0	0.0	0.0				EM-CM-140a.1	
4.5 Rain water	0.0	0.0	0.0				EM-CM-140a.1	
4.6 Surface water	0.0	0.0	0.0				EM-CM-140a.1	
4.7 Quarry water used (from quarry dewatering)	0.0	0.0	0.0				EM-CM-140a.1	
4.8 Ocean or sea water	0.0	0.0	0.0					
4.9 Waste water	0.0	0.0	0.0					
4.10 Water discharge (total by destination) ³	0.0	0.0	0.0	●	●	●		
4.11 Surface (river, lake)	0.0	0.0	0.0					
4.12 Sub-surface water (well)	0.0	0.0	0.0					
4.13 Ocean or sea	0.0	0.0	0.0					
4.14 Off-site treatment	0.0	0.0	0.0					
4.15 Other ⁴	0.	n/a	n/a					
4.16 Water consumption (total)	0.1	0.1	0.1	●	●			6.3
4.17 Water withdrawal (total) ²	0.1	0.1	0.1				EM-CM-140a.1	6.4
4.18 Water discharge (total) ³	0	0	0					6.5
4.19 Water recycled (total)	0.6	0.6	0.7	●	●	●	EM-CM-140a.1	
4.20 Specific water consumption	127,74	144,29	158,55	●	●	●		
4.21 Specific water consumption	111,97	133,73	148,19	●	●	●		
4.22 Water demand covered with recycled water	87,5	85,1	83,3	●	●			

2.4.1 Material issue: Resource efficiency, recycling and recovery, contributing to circular economy

All Activities

	Unit	2021	2020	2019	GCCA	UNGC	UNCTA	SASB	SDGs
Thermal energy consumption (total)	TJ	1,224	1,237	1,498				EM-CM-140a	7
Electrical energy consumption (total)	TJ	204	205	250					12

Cement production activities

	Unit	2019	2020	2021	GCCA	UNGC	UNCTA	SASB	SDGs
Integrated cement plants with certified Energy Management System (ISO 50001 or similar)	Clinker	0.0	0.0	0.0	●	●	●	EM-CM-140a	7.2 7.3 9.4
Specific thermal energy consumption	kcal/kg Clinker	843.4	809.3	829.5	●	●	●		12.2
Specific electrical energy consumption ¹	kWh/t Cement	90.1	94.9	99.8		●			
Renewable energy as part of total electrical energy consumption ^{1,5}	% Electrical energy consumed	5.3	5.3	n/a					

All Activities

Natural raw materials extracted (total, wet)	million t	0.5	0.5	0.6	●	●	●	EM-CM-130a	12.2
Raw materials extracted for clinker and cement production	million t	0.5	0.5	0.6	●	●	●	EM-CM-130a	
Raw materials extracted for aggregates	million t	0.0	0.0	0.0		●			

Cement production activities

Materials consumption (total, dry)	million t	0.8	0.8	0.9	●	●	●	EM-CM-130a	12.2
Extracted (natural) raw materials consumption (dry)	million t	0.7	0.7	0.7	●	●	●		12.4
Alternative raw materials consumption (dry)	million t	0.1	0.1	0.1					12.5
Alternative raw materials use (of total raw materials consumed)	% Dry	12.0	13.4	12.2					
Alternative raw materials rate (based on clinker-to-cement (equivalent) factor)	% Dry	14.3	13.4	12.2					

All activities

	Unit	2021	2019	2020	GCCA	UNGC	UNCTA	SASB	SDGs
Externally recycled waste materials (total, wet)	t	306	106	216	●	●	●	EM-CM-130a	12.2 12.4
Reused	t	22	18	53				EM-CM-130a	12.5
Recycled	t	284	88	164					
Recovered	t	0	0	0					
Waste disposal, break down by destination-usage (wet)	% By mass	100.0	100.0	100.0					
Reuse	% By mass	6.0	16.4	20.0					
Recycled	% By mass	76.6	80.6	62.4					
Recovered (including energy recovery)	% By mass	0.0	0.0	0.0					
Incineration	% By mass	0.0	0.0	0.0	●	●			
Landfilled	% By mass	17.4	3.0	17.6	●				
Other (incl. storage)	% By mass	0.0	0.0	0.0	●				
Waste disposal (total, wet)	t	370	110						
Non-hazardous waste	t	370	110						
Hazardous waste	t	0	0						

Cement production activities

Integrated cement plants with "Zero Waste to Landfill" certification ^{1,5}	% Clinker production	0.0	0.0	n/a			12.2 12.4
---	----------------------	-----	-----	-----	--	--	--------------

2.4.2 Material Issue: Reliable and Sustainable Supply Chain

All activities

Key suppliers meeting TITAN ESG standards ^{5,6}	%	See Note below	n/a	n/a			6 7 12 13
--	---	----------------	-----	-----	--	--	--------------------

Notes for the external verification, standards, guidance, and terms used

"Standards: For the reporting standards under TITAN's Global Sectoral Approach, namely the GCCA, UNGC, UNCTAD and SASB, please refer to the section "TITAN's approach for ESG Performance reporting" in the ESG performance statements.

Guidance: TITAN follows the GCCA Sustainability Framework Guidelines, and the Sustainability Guidelines for the monitoring and reporting of monitoring and reporting of water in cement manufacturing. The above Guidelines had superseded before 2021 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. For the Sector standards, see details in Table "Sector Standards for the Non-financial disclosures in 2021"."

2.4 Notes

"Notes on specific KPIs

1. New indicator.
2. Total withdrawal includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
3. Total discharge includes also the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
4. Refers to the water quantities withdrawn by TITAN and supplied to third parties without being used in any of TITAN facilities.
5. Relevant information is not available for the specific years denoted as 'n/a'."
6. TITAN progressed in 2021 with building an internal Sustainable Supply Chain Roadmap and establishing: (a) New Group Procurement Policy, and (b) Foundations for ESG criteria to evaluate key suppliers, as defined in accordance with the GCCA Guidance for Sustainable Supply Chain management, and with a meaningful level of spend for TITAN.

Notes for connection of KPIs with the SASB Standards

Connection of ESG performance indicators with metrics according to SASB Standards, in specific:

- EM-CM-130a.1 under the area "Energy Management" for total energy consumed, percentage grid electricity, percentage alternative, and percentage renewable,
- EM-CM-140a.1 under the area "Water Management" for total fresh water withdrawn, percentage recycled, percentage in regions with high or extremely high baseline water stress (see also Table "TITAN Group Cement Plant Sites within water-stressed Areas" part of the ESG performance statements), and
- EM-CM-150a.1 under the area "Waste Management" for amount of waste generated, percentage hazardous, percentage recycled.

2.5.1 GOOD GOVERNANCE, TRANSPARENCY AND BUSINESS ETHICS

Performance 2022	0	100%	81.78%	SDGs
Code Governance Core Indicators	Compliance And Business Ethics	Grievance Mechanism (Ethicspoint) Coverage	Percentage of unionised Employees (%)	5.5 16.5 16.6 16.7
Performance 2022	93.64%	3.72		UNGC UNCTAD SASB
Code Governance Core Indicators	Percentage of employees covered by Collective Bargain Agreements (CBAs)	Average number of hours of training on subjects related to Compliance, per employee		

Note for the standards, guidance, and terms used

The KPIs referred in ESG Performance Statements as Governance core indicators are in line with the requirements of the UNCTAD Guidance on reporting of Core Indicators (UNCTAD, 2019), and are connected with the most relevant SDGs and specific Targets for each SDG. Specific KPIs from this list are also essential to reporting on progress with respect to TITAN Group commitments for the UNGC Ten Principles.

2.5.2 ESG POLICES

Group Policies	New or Updated in 2021	TITAN Focus Areas mostly relevant				
		Decarbonization and Digitalization	Growth-enabling work environment	Positive local impact	Responsible sourcing	Good governance, transparency and business ethics
Environmental Policy		●		●	●	
Occupational Health and Safety (OH&S) Policy			●			
Code of Conduct Policy	✓		●			●
Diversity and inclusion Policy	✓		●			
CSR Policy				●		
Procurement Policy	✓			●	●	
Whistleblowing Policy						●
Human Rights Policy			●	●	●	●
Anti-Bribery and Corruption Policy						●
Competition Law Compliance Policy						●
Conflict of Interest Policy						●
Data Protection Policy			●			●
Information Security Policy		●				●
Sanctions Policy						●

2.5.3 GOOD MANAGEMENT SYSTEMS

Area	H&S	Environment	Quality	Energy	Social
Kosovo	ISO 45001 All operations	ISO 14001 All operations	ISO 9001 All operations		GHRMS/SF and SA 8000 All operations

Note for the standards, guidance, and terms used

The KPIs referred in ESG Performance Statements as Governance core indicators are in line with the requirements of the UNCTAD Guidance on reporting of Core Indicators (UNCTAD, 2019), and are connected with the most relevant SDGs and specific Targets for each SDG. Specific KPIs from this list are also essential to reporting on progress with respect to TITAN Group commitments for the UNGC Ten Principles.

2.5.4 POLITICAL CONTRIBUTIONS AND FINES AND OTHER NON-MONETARY SANCTIONS

Country	Political contributions ¹ (in Euros)	Significant fines ^{2 3} (in Euros)	Total number of non-monetary sanctions ²
Kosovo	0	0	

Note

1. Total value of political contributions by country, including the total monetary value of financial and in-kind contributions made directly and indirectly. In 2021, no cases of political contributions were recorded, neither financial nor in-kind, directly, or indirectly.

2. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations, including but not limited to environmental laws and regulations, laws and regulations concerning the provision and use of products and services, labor laws and regulations, and laws and regulations concerning anti-corruption, anti-competitive behavior and anti-trust or monopoly practices. Whereas: TITAN considers 'significant fine' any fine over 10,000 Euros.

3. No corruption-related fines were imposed by regulators and courts in the reporting period. The above disclosures cover the requirements for reporting according to the SASB Standards for 'Pricing Integrity and Transparency' and in more specific the metric (KPI) EM-CM-520a.1. 'Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities'.

2.5.5 ENVIRONMENTAL AUDITS

Area		Albania	Bulgaria	Egypt	Greece	N.Macedonia	Kosovo	Serbia	Turkey	USA	Total
Environmental Management System	External	1	1	2	4	3	1	1	3		16
	Internal			1	20	1		1			23
Energy Management System/Energy audits	External		1	2	3	1			1	1	9
	Internal			1	3						4
CO2 emissions	External		1		5	2	1		1		10
	Internal				3	1				4	8
Waste Management	External		1		3	1	1		25		31
	Internal				2	1					3
Complaints	External			6		3			1		10
	Internal										-
Permitting	External	1		5	1						7
	Internal				1						1
Other	External	4	3	4	1	10		4			26
	Internal			1	2		1	3	1	1	9
Total	External	6	7	19	17	20	3	5	31	1	109
	Internal	0	0	3	31	3	1	4	1	5	48

2.5.6 CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS FOR EXTRACTIVE OPERATIONS

Group Companies	Country	Payment type	Amount
Interbeton S.A.	Greece	Quarry Rental Fees	2 127 848,76
		Municipality Taxes	667 571,91
Alexandria Portland Cement Co.	Egypt	Clay Tax	2 333 374,00
		Quarry Royalties	1 006 625,00
Beni Suef Cement Co	Egypt	Clay Tax	3 356 420,00
		Quarry Royalties	1 289 823,00
		Road maintenance	138 314,00
SHARRCEM SH.P.K.	Kosovo	Extraction Royalties	206 903,00

TITAN Cement International S.A. hereby reports, in accordance with article 3:33 of the Belgian Companies and Associations Code, that TITAN Cement Group has paid to municipal authorities of EU Member States and third countries the total amount of €206.903 for extractive operations in 2021 as presented in the above table. As specified in article 6:2 par. 2 of the Royal Decree dated 29 April 2019 on the execution of the Belgian Companies and Associations Code, the limit for disclosing the respective data is set at 100,000€ as a single payment or as a series of related payments.

2.5.7 SECTOR STANDARDS FOR THE NON-FINANCIAL DISCLOSURES IN 2021

Sector Association or Initiative	Guidelines and other documents of reference	Published
GCCA	<p>Sustainability Charter</p> <p>Sustainability Framework Guidelines</p> <p>Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing. This document has been agreed within the GCCA to have extended application to concrete and other related activities [Pillar 1]</p> <p>Sustainability Guidelines for the monitoring and reporting of CO2 emissions from cement manufacturing [Pillar 2]</p> <p>Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing [Pillar 4]</p> <p>Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing [Pillar 4]</p> <p>Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing [Pillar 5]</p> <p>Sustainability Guidelines for quarry rehabilitation and biodiversity management [Pillar 4]</p> <p>Guidance for Sustainable Supply Chain Management [Pillars 1, 3 and 5]</p>	Latest edition (publications between 2019 and 2021)
(Previously) WBCSD/CSI	Recommended Good Practices for: (a) Contractor Safety, and (b) Driving Safety	2009

Notes

The Global Cement and Concrete Association (GCCA) has built its Sustainability Charter around five (5) Sustainability Pillars, to encompass the full sustainability spectrum for its work purposes:

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. The terminology of 'Pillars' is specific to the GCCA Charter of commitments for member companies, and details are available in the Charter and Framework Guidelines in the GCCA website: <https://gccassociation.org/sustainability-innovation/sustainability-charter-and-guidelines/> TITAN was actively participant in 2021 in various working groups of the GCCA, contributing with knowhow and expertise, in line with its practice in the previous years.

2.5.8 NOTES FOR VALUE CREATION INDICATORS

The following Notes are inclusive of definitions for terms used in specific for Value creation and distribution to stakeholders and serves as index of Notes for Table "Creating and sharing value"

Notes for the standards, guidance, and terms used

TITAN Group ; Most terms related to the Value Creation Core Indicators were adopted from the "Guidance on Core Indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (in short: UNCTAD Guidance, 2019), and incorporated under the TITAN standards. The related terms are outlined here and connected with the KPIs in the Index above. The figures for the Value Creation Core Indicators are provided in "Understanding TITAN, Creating and sharing value".

Notes for the standards, guidance, and terms used

TITAN Group ; Most terms related to the Value Creation Core Indicators were adopted from the "Guidance on Core Indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (in short: UNCTAD Guidance, 2019), and incorporated under the TITAN standards. The related terms are outlined here and connected with the KPIs in the Index above. The figures for the Value Creation Core Indicators are provided in "Understanding TITAN, Creating and sharing value".

Detailed figures are provided in the Report under 'Creating and sharing value', see also: Tables 2.1, 2.2 and 2.3.

1. The economic value created and distributed to key stakeholders has been calculated using the United Nations – UNCTAD "Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals" (2019 edition).
2. Gross Value added. Revenue minus costs of bought-in materials, goods, and services (called also: Value Added, according to the UNCTAD Guidance, 2019). TITAN's approach is based on the verified and disclosed Financial Statements for the same reporting period, acc. to the IFRS.
3. Net value added. Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (UNCTAD Guidance, 2019). TITAN's approach is based on the verified and disclosed Financial Statements for the same reporting period, acc. to the IFRS.
- 4a. Total spend on Suppliers, local and international, for goods and services. According to TITAN Standards and the application of the IFRS, see Financial Statements.
- 4b.% local spend of TITAN. The ratio of spend to local suppliers over the spend to all suppliers, as a percentage. Costs of local procurement are a general indicator of the extent of an entity's linkages with the local economy (UNCTAD Guidance, 2019). TITAN uses a bottom-up approach of raising awareness, guiding, and supporting the local BUs, in the direction of gathering – from the respective data sources – all such information, and consolidating on Group level. 'Local' are those suppliers which provide goods or services to TITAN and have company tax registration inside the country of interest, same as the country of TITAN BUs' location and tax registration. For cases of countries with governmental structure characterized as 'Federation-of-states' – in specific applies today to USA where different states have 'local' governments and vast geographical extent – the term 'local' refers to those suppliers with company tax registration in the same state with the tax registration of the BU or location of operations. TITAN discloses the respective figure in Table 2.3 of the ESG Performance Statements.
5. Taxes to national and local authorities. According to TITAN Standards and the application of the IFRS, see Financial Statements.
6. Payments in cash, to shareholders and minorities. According to TITAN Standards and the application of the IFRS, see Financial Statements.
7. Total spend on donations and social engagement initiatives. Total amount of charitable/voluntary donations and investments of funds (both capital expenditures and operating ones) in the broader community where the target beneficiaries are external to the enterprise incurred in the reporting period, in absolute amount (UNCTAD Guidance, 2019). TITAN discloses this amount as "Donations", as equivalent to "charitable/voluntary donations and investments of funds", and in detail in Table 2.3 based on the verified and disclosed Financial Statements for the same reporting period.
8. Investments in environmental protection. Total amount of expenditures (capital and operational) for those investments whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation to the environment (UNCTAD Guidance, 2019). TITAN discloses the respective figures in detail in Table 2.3 of the ESG Performance Statements (KPI "Environmental expenditures across all activities").
9. Salaries (contributions to) pensions, and social benefits, including additional benefits beyond those provided by law. According to TITAN Standards and the application of the IFRS, see Financial Statements.
10. Investments in training of direct employees. Total expenditures including the direct and indirect costs of training for direct employees (including costs such as trainers' fees, training facilities, training equipment, related travel costs etc.) reported also per employee and per year, and broken down by employee category (UNCTAD Guidance, 2019). TITAN discloses the respective figures in detail in Table 2.2 of the ESG Performance Statements.
11. Investments for Research and Innovation. Total amount of expenditures on research and development (R&D) and Innovation by the reporting entity during the reporting period (UNCTAD Guidance, 2019). It includes all expenditures for the R&D and Innovation activities, and projects, and incl. salaries, participations, travelling and other expenses of our employees which are related directly and indirectly, and other expenditures for promoting innovative technologies and products. TITAN uses the verified and disclosed Financial Statements for the same reporting period. TITAN discloses the respective figure in detail in Table 2.1 of the ESG Performance Statements.
12. Capital expenditures. Capital expenditures, commonly known as CapEx, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.

3. 2021 TITAN GROUP GLOBAL COMPACT ADVANCED COMMUNICATION ON PROGRESS REVIEW (COP)

The contents of TITAN Group 2021 Integrated Annual Report also serve as a progress report on implementation of the ten principles of the UN Global Compact and the Sustainable Development Goals. Since 2015, TITAN communicates performance to stakeholders also aligned with SDGs 2030 and key performance indicators in the ESG Performance statements are accordingly codified to serve understanding of TITAN's contribution to sustainable development.

Scope	Principle	Criteria	TITAN Approach	TITAN Reference
Implementing the Ten Principles into Strategies and Operations		<p>Criterion 1 The CoP describes mainstreaming into corporate functions and business units</p> <p>Criterion 2 The CoP describes value chain implementation</p>	<p>TITAN's commitment to responsible business is embedded into governing objective and business practice, articulated in TITAN's Code of Conduct and Group Policies for Human Rights, Occupational Health and Safety, Environmental Policy and Climate Mitigation Strategy, Anti-Corruption and Bribery</p>	<p>IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Corporate governance and risk management, ESG performance review, and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, Table 2.5.4, Table 2.5.7, 2.5.10 Value Creation Core Indicator Index. TITAN Website: Sustainability, and Corporate Governance/Group Policies</p>
Human Rights Management Policies and Procedure	<p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights</p> <p>Principle 2 Businesses should make sure they are not complicit in human rights abuse</p>	<p>Criterion 3 The CoP describes robust commitments, strategies or policies in the area of human rights</p> <p>Criterion 4 The CoP describes effective management systems to integrate the human rights principles</p> <p>Criterion 5 The CoP describes effective monitoring and evaluation mechanisms of human rights integration</p>	<p>TITAN's Human Rights Policy (updated in 2020) is in line with the UN Guiding Principles on Business and Human Rights (2011). The policy explicitly addresses the provisions of the International Bill of Human Rights (consisting, in addition to the Universal Declaration of Human Rights), of the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.</p> <p>We set targets to improve continuously our performance particularly in the areas identified and prioritized as more material for our stakeholders.</p>	<p>IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Corporate governance and risk management, ESG performance review, and ESG performance statements: Table 1, ESG performance KPIs, Table 2.5.3, and Table 2.5.4.</p> <p>Additional Notes to the ESG performance statements:</p> <ol style="list-style-type: none"> 1. TITAN received no fines for non-compliance with human rights-related laws and regulations in 2021. 2. Unions, where established, operate freely according to each country's laws and regulations. 3. Sustainability clauses referring to respect of human rights are included in all tenders for global suppliers and contracts for local suppliers. 4. Security is fundamental for a safe working environment, protection of assets and intellectual property. Third parties providing or interested to provide security services must ensure that their employees are trained appropriately and respect the international standards and principles. 5. A Group-level grievance mechanism is in place to facilitate reporting of potential violations of Group Code of Conduct and respective policies (EthicsPoint). 6. All operations certified according to ISO 14001 and ISO 9001 (see Table 2.5.4) apply mechanisms to record feedback and complaints by key external stakeholders. TITAN Website: Sustainability, and Corporate Governance/Group Policies"
Implementing the Ten Principles into Strategies and Operations	<p>"Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4 The elimination of all forms of forced and compulsory labor</p> <p>Principle 5 The effective abolition of child labor</p>	<p>Criterion 6 The CoP describes robust commitments, strategies or policies in the area of labor</p> <p>Criterion 7 The CoP describes effective management systems to integrate the labor principles</p> <p>Criterion 8 The CoP describes effective monitoring and evaluation mechanisms of labor principles</p>	<p>TITAN's People Management Framework safeguards common standards throughout the Group operations and enables the implementation of the Group Human Rights Policy in accordance with international standards and the UN Guiding Principles for Business and Human Rights. The TITAN Group Occupational Health and Safety Policy provides the framework to implement TITAN's ambition and long-term targets for health and safety at work.</p> <p>Equal opportunities and work-life balance are ensured with the provision of job opportunities and career development, flexible working options for female employees and various additional benefits for employees' families.</p>	<p>"IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN, (Our business approach in a changing global landscape, Materiality assessment and stakeholder engagement), Corporate governance and risk management (Corporate governance statement), ESG performance review, and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, Table 2.5.4, 2.5.10 Notes for Value Creation Indicators.</p> <p>Additional Notes to the ESG performance statements:</p> <ol style="list-style-type: none"> 1. TITAN received no significant fines for non-compliance with labor laws in 2021. There was one case of fine related to non-compliance of TITAN's operations in Greece, but not considered significant. See details in the ESG Statements, Table 2.5.5 Political contributions and Fines and other non-monetary sanctions. 2. Regular meetings with union representatives are conducted with the management throughout the year. Main topics cover among else wages and additional benefits, proposals to improve health and safety conditions at work and other topics raised by employees. Health and Safety Councils or Committees comprising of management and employee representatives are formed at plant level to ensure employee engagement in efforts to improve health and safety performance.

Scope	Principle	Criteria	TITAN Approach	TITAN Reference
	Principle 6. The elimination of discrimination in respect of employment and occupation			<p>3. A health surveillance program focused on potential impacts like noise, dust and crystalline silica is implemented according to TITAN Group Guidelines.</p> <p>4. Collective bargaining agreements are applicable to TITAN employees in all countries that such agreements exist. The continuous increase of employment for TITAN operations in countries with limited union presence (compared to other countries with extensive union presence) has led to a trend of relevant decrease of the number of TITAN employees covered by collective bargaining agreements during the last 5 years. For details about 2021 data related to TITAN operations see the ESG Statements, Table 2.5.1 Good governance, transparency and business ethics.</p> <p>TITAN Website: Sustainability, and Corporate Governance/Group Policies"</p>
Robust environmental management policies and procedures	Principle 7 Business should support a precautionary approach to environmental challenges Principle 8 Undertake initiatives to promote greater environmental responsibility and Principle 9 Encourage the development and diffusion of environmentally friendly technologies	Criterion 9 The CoP describes robust commitments, strategies or policies in the area of environmental stewardship Criterion 10 The CoP describes effective management systems to integrate the environmental principles Criterion 11 The CoP describes effective monitoring and evaluation mechanisms for environmental stewardship	TITAN early recognized that Climate Change is a major challenge with planetary impacts and also corporate risks, and committed to playing its part in developing practical solutions at national, regional and global level. The Environmental Policy and Climate Change Mitigation Strategy of TITAN (published in 2018) reflects our commitment to sustainable development and our approach towards addressing the challenges and opportunities of climate change. As a heavy industry also focus on assessing and reducing environmental impacts at each facility while increasing the positive impact through on-going collaborative efforts, extensive use of Best Available Techniques, innovation and adoption of best practice. Environmental due diligence is conducted by internal and external experts on operating facilities and new projects.	IIAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN, (Our business approach in a changing global landscape, Creating and Shaping Value, Focusing on Material Issues), Corporate governance and risk management, ESG performance review and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, Table 2.5.4, Table 2.5.8 and Table 2.5.9.. Additional Notes to the ESG performance statements: 1. In 2021 no cases of significant fines or penalties were recorded, related to noncompliance of TITAN's operations with environmental laws. TITAN Website: Sustainability, and Corporate Governance/Group Policies "
Robust anti-corruption management policies and procedures	Principle 10 Business should work against corruption in all its forms, including extortion and bribery	Criterion 12 The CoP describes robust commitments, strategies, or policies in the area of anti-corruption Criterion 13 The CoP describes effective management systems to integrate the anti-corruption principle Criterion 14 The CoP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	TITAN acknowledges the risk of bribery and corruption and accordingly endorsed the Global Compact collaborative efforts for the 10th principle. The following TITAN Group policies provide relevant guidance to all employees, underline the principle of non-tolerance, and mandate the BUs to follow regular training to employees: Group Anti-Bribery and Corruption Policy, Conflict of Interest Policy, and Group Code of Conduct.	IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN, Corporate governance and risk management, ESG performance review, and ESG performance statements: Table 1, Table 2.5.1, Table 2.5.3, Table 2.5.4, Table 2.5.5, Table 4. Additional Notes to the ESG performance statements: 1. TITAN received no fines for non-compliance with anti-corruption laws and regulations, and no incidents of legal action for anti-competitive behavior, anti-trust or monopoly practices recorded during 2021. 2. TITAN continues to engage with governments and take public positions on different business issues through business associations and business driven initiatives such as the UN Global Compact and the Global Cement and Concrete Association (GCCA). 3. Since 2020 the Group has established a common platform of use by all countries, providing access to anonymous reporting of incidents to all TITAN employees, called TITAN EthicsPoint. In 2021, 11 cases in total were reported through the EthicsPoint platform, ten (10) of which were classified as allegations and one as an inquiry or complaint. For details about 2021 data related to TITAN's operations see the ESG Statements, Table 2.5.1 Governance Core Indicators. 4. Mechanisms for supporting our communities and local stakeholders to report incidents operate in all countries, while guidance and technical infrastructure is provided to BUs. In more specific TITAN follows the good practice of recording cases of incidents from local communities (as 'complaints' or 'grievance') through an internal data collection system. No important cases of incidents were recorded in 2021 in any of BUs of TITAN's operations.

Scope	Principle	Criteria	TITAN Approach	TITAN Reference
				<p>5. TITAN's Code of Conduct ensures transparency regarding relations with political institutions. In 2021, TITAN America contributed with the total amount of 20,307 Euros various political organizations in support of local elections in Virginia and Florida. For details about 2021 data related to TITAN's operations see the ESG Statements, Table 2.5.5 Political contributions and Fines and other non-monetary sanctions.</p> <p>TITAN Website: Sustainability, and Corporate Governance/Group Policies</p>
Taking action in support of broader UN goals and issues	The ten principles of the United Nations Global Compact	<p>Criterion 15 The CoP describes core business contributions to UN goals and issues</p> <p>Criterion 16 The CoP describes strategic social investments and philanthropy</p> <p>Criterion 17 The CoP describes advocacy and public policy engagement</p> <p>Criterion 18 The CoP describes partnerships and collective action</p>	<p>TITAN was among the first 500 signatories of the UN Global Compact initiative and remains a participant at both global and local levels with active engagement in local UNGC Networks in Greece, Serbia and N. Macedonia. TITAN is also member of CSR Europe since 2004 and an elected Board member since 2019. At local member, TITAN is a founding and active member in CSR Hellas, CSR Albania and CSR Kosovo, as well as in the Hellenic Business Council for Sustainable Development where TITAN Greece holds the President's position. As of 2018, TITAN is a member of the Global Cement and Concrete Association (GCCA).</p> <p>"</p>	<p>IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN (Our business approach in a changing global landscape, Creating and Sharing Value, Focusing on Material Issues), ESG performance Review and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.3, and Table 2.5.4</p> <p>TITAN Website: Sustainability, and Corporate Governance/Group Policies</p>
Corporate sustainability governance and leadership	The Ten principles of the United Nations Global Compact	<p>Criterion 19 The CoP describes CEO commitment and leadership</p> <p>Criterion 20 The CoP describes Board adoption and oversight</p> <p>Criterion 21 The CoP describes stakeholder engagement</p>	<p>Corporate social responsibility is one of TITAN's corporate values and underlines its enduring commitment to engage with stakeholders for sustainable development. TITAN CSR policy focus on understanding material issues for key stakeholders and delivering value for all, using available resources.</p>	<p>IAR 2021 Understanding TITAN and Management report. In specific: Understanding TITAN (Our business approach in a changing global landscape, Creating and Sharing Value, Focusing on Material Issues), ESG performance Review, and ESG performance statements: Table 1, ESG Performance KPIs, Table 2.5.1, Table 2.5.3 and Table 2.5.4.</p> <p>Notes - See Criteria 1-18 - Independent Auditors' Assurance Statement Non-financial performance review according to the UNGC criteria (see criteria 2-14)</p> <p>TITAN Website: Sustainability, and Corporate Governance/Group Policies</p>
Business and peace	The Ten principles of the United Nations Global Compact	Criterion22 The CoP describes policies and practices related to the Company's core business operations in high-risk conflict-affected areas stewardship	TITAN Group has no core business operations in countries or areas identified as high-risk conflict-affected	<p>IAR 2021 Understanding TITAN and Management report. In specific: Message from the Chairman of the BoD, Message from the Chairman of the Group Executive Committee, Understanding TITAN (Our business approach in a changing global landscape, Creating and Sharing Value, Focusing on Material Issues), Corporate governance and risk management, Performance highlights (Regional performance), ESG performance Review, and ESG performance statements: Table 1, Table 2.5.3 and Table 2.5.4</p> <p>General Notes - See above, criteria 1-21</p> <p>Additional Notes to the ESG performance statements: 1. TITAN does not operate in or near areas of conflict, according to data of the Uppsala Conflict Data Program UCDP - see the web site: Uppsala Conflict Data Program (uu.se).</p>

Scope	Principle	Criteria	TITAN Approach	TITAN Reference
				<p>2. TITAN has completed an analysis of Materiality Assessment in 2020 for all countries of operations, including a focus country research in each country by third party. The country-level research concluded that no such matters of conflicts had emerged. No new information on the subject matter was noted in the press/media in any of the countries of our operations, in 2021.</p> <p>3. TITAN followed a thorough process of addressing Material Issues in all countries of operations in 2020, under the Materiality Analysis and Assessment for all BUs. This process enabled the engagement of TITAN's management in each country, and the due diligence on BUs level with respect to human rights and indigenous peoples' rights. In 2021 TITAN prepared the 'blueprint' of a new campaign for receiving direct feedback from our key stakeholders in each country, in specific for the material issues prioritization for each BU. The survey is planned to be implemented in 2022 and the outcomes will be part of the TITAN IAR 2022.</p> <p>4. TITAN operated in 2021 a dedicated Group e-platform to record our community initiatives and actions as well as to facilitate their self-assessment and align with our priorities. Community engagement plans are implemented in all countries where we operate, covering programs of initiatives for contributing to the engagement with local stakeholders, and with long-term positive impacts for our communities. See section Social Positive Impact in the Management Report for the assessment of TITAN's community engagement initiatives across all countries or operations.</p> <p>The above disclosures (Notes 1-4) cover the requirements for reporting according to the SASB Standards for 'Security, Human Rights and Rights of Indigenous Peoples' and in more specific the metrics (KPIs) EM-MM-210a.1, EM-MM-210a.2, and EM-MM-210a.3.</p> <p>5. Concerning the SASB Standards under the area of 'Business Ethics and Transparency' and in specific the metric (KPI) 'EM-MM-510a.2' see Table 4. "Transparency International - Corruption Perception Index 2021".</p> <p>TITAN Website: Sustainability, and Corporate Governance/Group Policies</p>

4. TRANSPARENCY INTERNATIONAL - CORRUPTION PERCEPTION INDEX 2021

Country	CPI 2021 rank	CPI 2020 rank	Change in rank ^{1,2}
Kosovo	87	104	▼

2. Symbols for the change in rank explained:

- ▼ Improving conditions in the country reflected by the decrease of rank
- ▲ Deteriorating conditions in the country reflected by the increase of rank"

UNGC 10 PRINCIPLES PROGRESS REVIEW INDEX

UNGC Area	UNGC Related Principle(s)	Our Commitments	Reference in 2021 Sharrcem Sustainability Annual Report
Human Rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within the scope of their influence.</p> <p>Principle 2: Business should make sure that they are not complicit in human rights abuses.</p>	TITAN Corporate Values TITAN Group Code of Conduct TITAN Group CSR Policy TITAN Group Code of Conduct for Procurement Occupational Health and Safety Policy and guidelines TITAN Group Anti-Bribery and Corruption policy SA 8000	UNDERSTANDING TITAN GROUP: TITAN Group Values, Good Governance, Transparency and Business Ethics, TITAN Group CSR Policy UNDERSTANDING SHARRCEM: Our History, Management Systems, Materiality Assessment MANAGEMENT REPORT: Governance Structure, Boards, and their Roles, Health and Safety, People, Engagement and Human Recourse Management System, Code of Conduct, Compliance and Due Diligence, SA 8000, Efforts on Human Rights, European Investors Council, Kosovo CSR Network ANNEXES: ESG Performance Statements"
Labor Standards	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor</p> <p>Principle 5: should uphold the effective abolition of child labor</p> <p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation</p>	TITAN Corporate Values TITAN Group Code of Conduct TITAN Group CSR Policy TITAN Group Code of Conduct for Procurement TITAN Occupational Health and Safety Policy and guidelines TITAN Group Anti-Bribery and Corruption policy ISO 45001 SA 8000	UNDERSTANDING TITAN GROUP: TITAN Group Values, Good Governance, Transparency and Business Ethics, TITAN Group CSR Policy UNDERSTANDING SHARRCEM: Our History, Management Systems, Materiality Assessment MANAGEMENT REPORT: Legal Structure of Sharrcem, ESG Performance Overview, Health and Safety, People, Engagement and Human Recourse Management System, Diverse and Inclusive Workplace, Compliance and Due Diligence, Code of Conduct, Human Rights, SA 8000, ANNEXES: ESG Performance Statements
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p> <p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</p>	TITAN Corporate Values TITAN Group Code of Conduct TITAN Group CSR Policy TITAN Group Environmental Policy ISO 14001 IPPC Permit	UNDERSTANDING TITAN GROUP: TITAN Group Values, Good Governance, Transparency and Business Ethics, TITAN Group CSR Policy UNDERSTANDING SHARRCEM: Our History, Management Systems, Materiality Assessment MANAGEMENT REPORT: ESG Performance Overview, Climate Change; Decarbonisation; Environmental performance; Engaging and Contributing to our Local Communities ANNEXES: ESG Performance Statements"
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	"a. TITAN Corporate Values b. TITAN Group Code of Conduct c. TITAN Group CSR Policy d. TITAN Group Code of Conduct for Procurement"	"UNDERSTANDING TITAN GROUP: TITAN Group Values, TITAN Group CSR Policy UNDERSTANDING SHARRCEM: Our History, Management Systems, Materiality Assessment MANAGEMENT REPORT: Good governance, transparency and business ethics Compliance and Due Diligence, Code of Conduct, European Investors Council, Kosovo CSR Network. ANNEXES: ESG Performance Statements "

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
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. Annual Sustainability Report for 2021 (further referred as to "the Sustainability Report"):

- The consistency of qualitative and quantitative non-financial 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 non-financial disclosures, in specific for the areas of Environment and Social performance and regarding the criteria applicable in 2021 on Group level, which are aligned with the sectoral guidelines and reporting standards (GCCA) and with the specific framework guidance and reporting standards developed by TITAN and have been adopted by the Group also for the individual Business Unit (further referred to as "BU"), within the audit scope. All disclosures for the reporting on Environment and Social performance on BU level are aligned with the Titan Group Standards, which are embedded into process in place.. More specific the disclosure and indicators for:
 - Environmental Performance have been established in all material aspect in accordance with the Reporting Criteria, and in specific with the respective GCCA Sustainability Framework Guidelines,
 - Social performance, covering the following: Health & Safety, where TITAN BUs follow the GCCA Sustainability Framework Guidelines, People Development (for Training hours of Employees) and Community Engagement (according to the Group Target for all key operations having in place community engagement plans aligned with material issues for stakeholders and the Sustainable Development Goals).
- 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.

Management responsibility

The Management of the Company is responsible for complete and accurate preparation and presentation of the non-financial data provided to us, as incorporated in 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 Company's Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process. In particular, the Company's Management is responsible for internal controls being designed and implemented to prevent the Report from being materially misstated.

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;
- 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;
- 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

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.

Our Independence and Quality Control

The firm implement the requirements of International Standard on Quality Control 1. Based on this, it maintains an integrated quality control system that includes policies and procedures for compliance with moral principles, professional standards and relevant legal and regulatory requirements. We have complied with the independence and other ethical requirements of the IFAC 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 2021.

Limited assurance conclusion

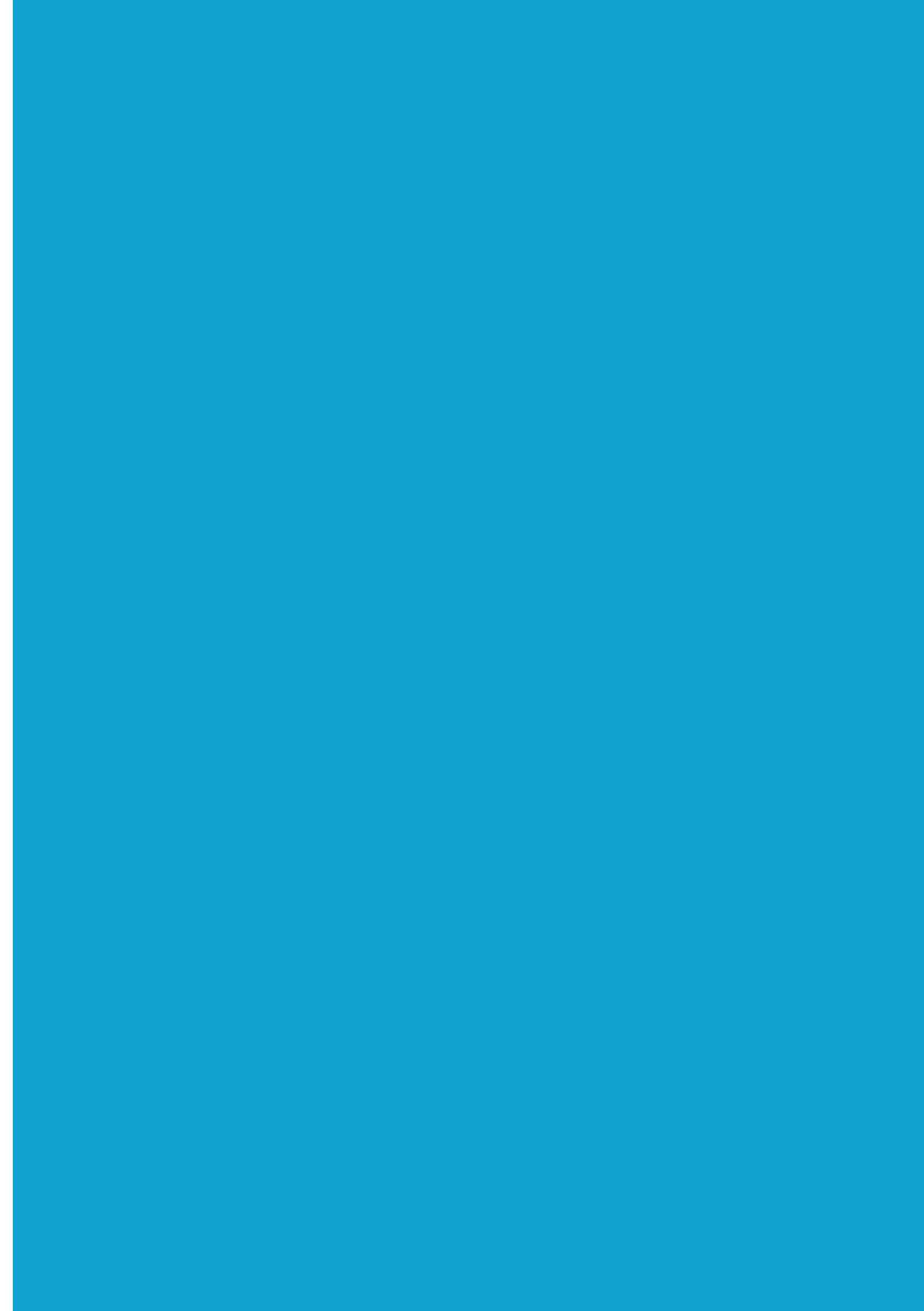
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that there are any errors or misstatements that would materially affect the non-financial disclosures (including explanatory notes and relevant references) as presented in the Sustainability Report for 2021 of SharrCem SH.P.K.. Moreover, nothing has come to our attention that causes us to believe that the non-financial data presented are not prepared, in all material respects, in accordance with the criteria mentioned above, in the "Introduction and scope of work" section.

Skopje,

29 June 2022

Grant Thornton LLC, Prishtina

Suzana Stavriki
Statutory auditor



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.

- 
- ✉ contact@sharrcem.com
 - 👉 www.sharrcem.com
 - 📍 **Adem Jashari 280
71510 Hani i Elezit, Kosovo**
 - 📞 **+383 38 768 000**

