

# Building Our Future Together

Corporate Social Responsibility  
and Sustainability Report

# 2016



**TITAN**  
CEMENT EGYPT

# Contents



**17** **CEO Message**  
Highlights of our business in 2016, commitments and priorities



**17** **Strategic Review**  
Our values and strategy, our approach to conducting business and how we engage with our stakeholders



**17** **Financial / Non-financial Performance Highlights**  
TCE performance in 2016 across a widerange of financial and non-financial measures



**17** **Environmental Performance**  
Our environmental standards and how we manage our environmental footprint



**31** **Health and Safety**  
TCE performance in 2016 across a widerange of financial and non-financial measures



**31** **People Development**  
TCE performance in 2016 across a widerange of financial and non-financial measures



**31** **Engaging with local Communities**  
Our goals and commitments supporting the communities we serve and operate in



**31** **Annexes**  
Awards and recognition of our continuous efforts

# Welcome to TITAN Cement Egypt 2016 Corporate Social Responsibility and Sustainability Report

In 2016, we made further progress toward our key priorities of balancing profitability and growth, building operational excellence and nurturing the long-term sustainability of our business.

While strengthening the business is a priority, collaboration with stakeholders at all levels is a key component of our approach to sustainability. We work to ensure that our operations grow responsibly, learn from stakeholders and deepen partnerships at all levels. To this end, we are committed to supporting the 2030 Agenda for Sustainable Development, engaging in global and local partnerships toward the achievement of its Sustainable Development Goals (SDGs). Continuous improvement remains a key driver for everyone at TITAN.

This is the summary of our third Corporate Social Responsibility and Sustainability Report to review our commitment, and efforts toward contributing to a sustainable future for all. This report outlines our action plan based on, our related to, key Non-Financial Performance Indicators and it covers all relevant environmental, and social issues transparently, seeking feedback from stakeholders to initiate future progress.

TITAN Cement Egypt (TCE) through its legal entities Alexandria Portland Cement Company, Beni Suef Cement Company and Titan Beton and Aggregates Egypt, aims to be the preferred choice for each of its key stakeholders. We have an enduring commitment to social, environmental and economic sustainability, and Corporate Social Responsibility and environmental stewardship are fundamental pillars of our strategy for sustainable growth. We contribute both financial and non-financial resources toward local development through a range of programs and activities, aiming to create shared value for all stakeholders considering the issues that matter the most.

We are strongly committed to all environmental standards and we abide by all the requirements set by the United Nations Global Compact Initiative, to which TITAN is committed at both Group level and local level. Moreover, we have engaged with recognized global institutions, local networks and associations, as is the case with the International Finance Corporation, the Cement Association, the International Labor Organization, to continue improving our practices and performance, aligned with TITAN Group values. These include: Integrity, Know-How, Value to the Customer, Delivering Results, Continuous Improvement, and Corporate Social Responsibility (CSR).

## 2016 highlights

 **Turnover**  
EGP 2,595 m

 **EBITDA**  
EGP 434 m

 **Total Assets**  
EGP 3,824 m

 **Capital expenditure**  
EGP 343 m

 **Employees**  
661

## CEO message



### Dear Shareholders and Stakeholders,

Welcome to our third Corporate Social Responsibility and Sustainability Report. This report confirms our continued commitment to the UN Global Compact principles, outlines the process of incorporating the materiality assessment in our business strategy and model, and summarizes the on-going efforts to improve on our financial, social and environmental performance, through disclosing the relevant financial and non-financial indicators.

Highlights 2016: TCE enjoyed a growth in demand and benefited significantly from a decline in production costs as it progressed towards its goal of solid fuel self-sufficiency. The last component of the relevant capital expenditure program, the coal mill in Alexandria plant, commenced operations in last December. Having completed the strategic investments, and successfully commissioned the operating facilities with the latest technology of solid fuels grinding in both plants, TCE achieved in 2016 in ensuring energy sufficiency for full capacity operation. On the basis of the above, TCE has restored production volumes and reduced significantly production costs. As a consequence, and in spite of the devaluation of the Egyptian pound by more than %50 in the course of 2016, which had a negative impact on results and generated volatility in the market, our operations managed to improve in profitability, even in EUR terms, albeit from a low comparative basis.

The economic situation in Egypt remains very challenging, with devaluations of the Egyptian pound of %12.5 in March and %51 in November 2016, an increasing inflation and a fragile economic environment. TCE accomplished in 2016, under the given conditions a major and strategic fuel self-sufficiency program which secures sustainability of operations and new perspectives for meeting long-term goals within the framework of the UN Global Agenda 2030 and the Sustainable Development Goals that Egypt has also endorsed since September 2015.

We remain focused in the implementation of our program to utilize more alternative resources, materials and fuels, and we continued our campaign directed at public authorities, communities, customers and non-governmental organizations (NGOs) under the title "Our Waste is Our Fortune". The effort aims at increasing awareness and creating the environment for promoting the use of alternative fuels in the cement kilns to reduce our environmental impact.

In the autumn of 2016, both the Alexandria and Beni Suef plants substituted appreciable levels of solid fuels by alternative fuels.

Materiality assessment: TCE acknowledges that as expectations from businesses are growing at all levels, focusing on material issues is becoming increasingly important in developing a coherent, inclusive and consistent sustainability strategy. First in 2015 TCE had made an early assessment of materiality, based mainly on the internal stakeholders' view. In 2016 we followed the established process according to TITAN Group standards, which aims to align material issues of highest priority with the most relevant UN Sustainable Development Goals (SDG's 2030). The process of materiality assessment was founded on the basis of stakeholder engagement, and the feedback of various stakeholders was evaluated in 2016.

Material issues were ranked according to their impact and importance for both the external (local and national) stakeholders, and the internal stakeholders of the company who are responsible for decision making and for shaping the business model.

Issues with the highest priority were identified: health & safety, environment & energy management, community development, currency devaluation, transparency, and suppliers' relations & management.

Overall in 2016 TCE explored and utilized opportunities for developing improvement plans, and collaborative initiatives, in line with the results of the materiality assessment. The reduction of %37 in total dust emissions and %24 decrease in specific water consumption in our cement plants and attached quarries compared to 2015, are only two examples of performance improvement acc. to our ambition for responsible environmental management on local level. The utilization of alternative fuels is yet another important area of potential improvement, which can be sustainable only as a collaborative initiative with the national and local stakeholders, and TCE.

Collaboration on national level: In an effort to identify and assess the available technologies for improving energy efficiency and reducing CO2 emissions on country level (mitigating the impact of CO2 from solid fuels) TCE collaborated with the European Bank for Reconstruction and Development (EBRD) and the Government of Egypt for the Study "Low-Carbon Roadmap for the Egyptian Cement Industry". Which was conducted by a multitude of specialized consultants under the coordination of the EBRD.

Collaboration on local level: In the areas of community development and employment TCE continued with its Quality Education Program, which meets the TITAN Group pledge to the European Pact for Youth, a Group-wide initiative that aims at promoting quality education for young people primarily from local communities. Other initiatives include the increasing of awareness for waste management, and for hygiene and preventive health of contractors, and leverage a number of community engagement opportunities related to education.

In the areas of transparency and suppliers' relation & management, TCE has made large steps in 2016, as detailed in this report. TCE was audited by a third-party Assurance Company (ERM) both on the level of corporate offices (Cairo) for our procedures, processes, and data integrity, and on plant level (Beni Suef), for the implementation of practices and the recording and monitoring of all non-financial key performance indicators. The results were very satisfactory and the findings of the assurance report will be used for the next steps in further improving our systems and performance.

In TCE we are committed to align our strategy and action plans for our business with the material issues of highest priority for our stakeholders and work towards meeting their needs, using the SDG's 2030 as a 'compass'.

We thank you in advance for your feedback, which we kindly request that you to send to us at Florida Towers, Floor # 7, ElSheikh Ali Gad ElHak Street, Cairo. We truly believe that strengthening the foundations of our sustainability is securing a better future for all and we continue to work for this goal.

**Khaled Badawy**  
Chief Executive Officer





**Strategic  
Review**

## About TITAN Group

**TITAN is a multiregional cement and building materials producer. Headquartered in Athens, Greece, the Group operates cement plants in ten countries.**

In 2016, we made further progress toward our key priorities of balancing profitability and growth, building operational excellence and nurturing the long-term sustainability of our business.

While strengthening the business is a priority, collaboration with stakeholders at all levels is a key component of our approach to sustainability. We work to ensure that our operations grow responsibly, learn from stakeholders and deepen partnerships at all levels. To this end, we are committed to supporting the 2030 Agenda for Sustainable Development, engaging in global and local partnerships toward the achievement of its Sustainable Development Goals (SDGs). Continuous improvement remains a key driver for everyone at TITAN.

This is the summary of our third Corporate Social Responsibility and Sustainability Report to review our commitment, and efforts toward contributing to a sustainable future for all. This report outlines our action plan based on, our related to, key Non-Financial Performance Indicators and it covers all relevant environmental, and social issues transparently, seeking feedback from stakeholders to initiate future progress.

TITAN Cement Egypt (TCE) through its legal entities Alexandria Portland Cement Company, Beni Suef Cement Company and Titan Beton and Aggregates Egypt, aims to be the preferred choice for each of its key stakeholders. We have an enduring commitment to social, environmental and economic sustainability, and Corporate Social Responsibility and environmental stewardship are fundamental pillars of our strategy for sustainable growth. We contribute both financial and non-financial resources toward local development through a range of programs and activities, aiming to create shared value for all stakeholders considering the issues that matter the most.

We are strongly committed to all environmental standards and we abide by all the requirements set by the United Nations Global Compact Initiative, to which TITAN is committed at both Group level and local level. Moreover, we have engaged with recognized global institutions, local networks and associations, as is the case with the International Finance Corporation, the Cement Association, the International Labor Organization, to continue improving our practices and performance, aligned with TITAN Group values. These include: Integrity, Know-How, Value to the Customer, Delivering Results, Continuous Improvement, and Corporate Social Responsibility (CSR).

### USA



**Cement plants**  
1 Roanoke (Virginia)  
2 Pennsuco (Florida)

### Greece and Western Europe



**Cement plants**  
1 Thessaloniki  
2 Kamari  
3 Patras  
Grinding plant  
4 Elefsina

### Southeastern Europe



**Cement plants**  
1 Kosjeric (Serbia)  
2 Zlatna (Bulgaria)  
3 Sharr (Kosovo)  
4 Usje  
(F.Y.R. of Macedonia)  
5 Antea (Albania)

### Eastern Mediterranean



**Cement plants**  
1 Tokat (Turkey)  
2 Alexandria (Egypt)  
3 Beni Suef (Egypt)  
Grinding plants  
4 Marmara (Turkey)  
5 Antalya (Turkey)

## About TITAN Cement Egypt

🌱 Sustainable development is fundamental to the cement industry. Cement is a key material for any country's economic and social development, but the cement industry has an ecological footprint which it needs to be managed over the long term. Indeed, it is precisely because of this footprint that the cement industry has been working hard for a number of years to put into place mechanisms to mitigate its environmental impact. ♻️

*World Business Council for Sustainable Development/Cement Sustainability Initiative (WBCSD/CSI)*

TITAN Cement Egypt (TCE) produces cement and concrete to provide our society with essential building materials that are durable, long-lasting and match the needs of modern society. TCE operates two cement plants, one in Beni Suef Governorate "Beni Suef Cement Company" and one in Alexandria Governorate "Alexandria Portland Cement Company," two ready-mix units, in Giza and Alexandria Governorates, and one aggregate plant, in Suez Governorate. TCE also has a cement import terminal in Hurghada Governorate.

Alexandria Portland Cement Company is a member of the Egyptian Stock Exchange (EGX), one of the oldest established stock markets in the Middle East.

Since 27 September 1995, we have fully complied with EGX legislation and rules. As a result of our membership at the EGX, each shareholder has the right to attend the General Assembly of the Shareholders, either in person or by proxy.

## TITAN Beton and Aggregates Egypt (TBAE)

TBAE is a subsidiary of TCE and specializes in the production, distribution and sale of ready-mix concrete in the areas around Borg El-Arab in Alexandria Governorate, and 6th of October City in Giza Governorate.

We provide ready mix directly to customers' locations, in addition to a pumping service and quality assurance.

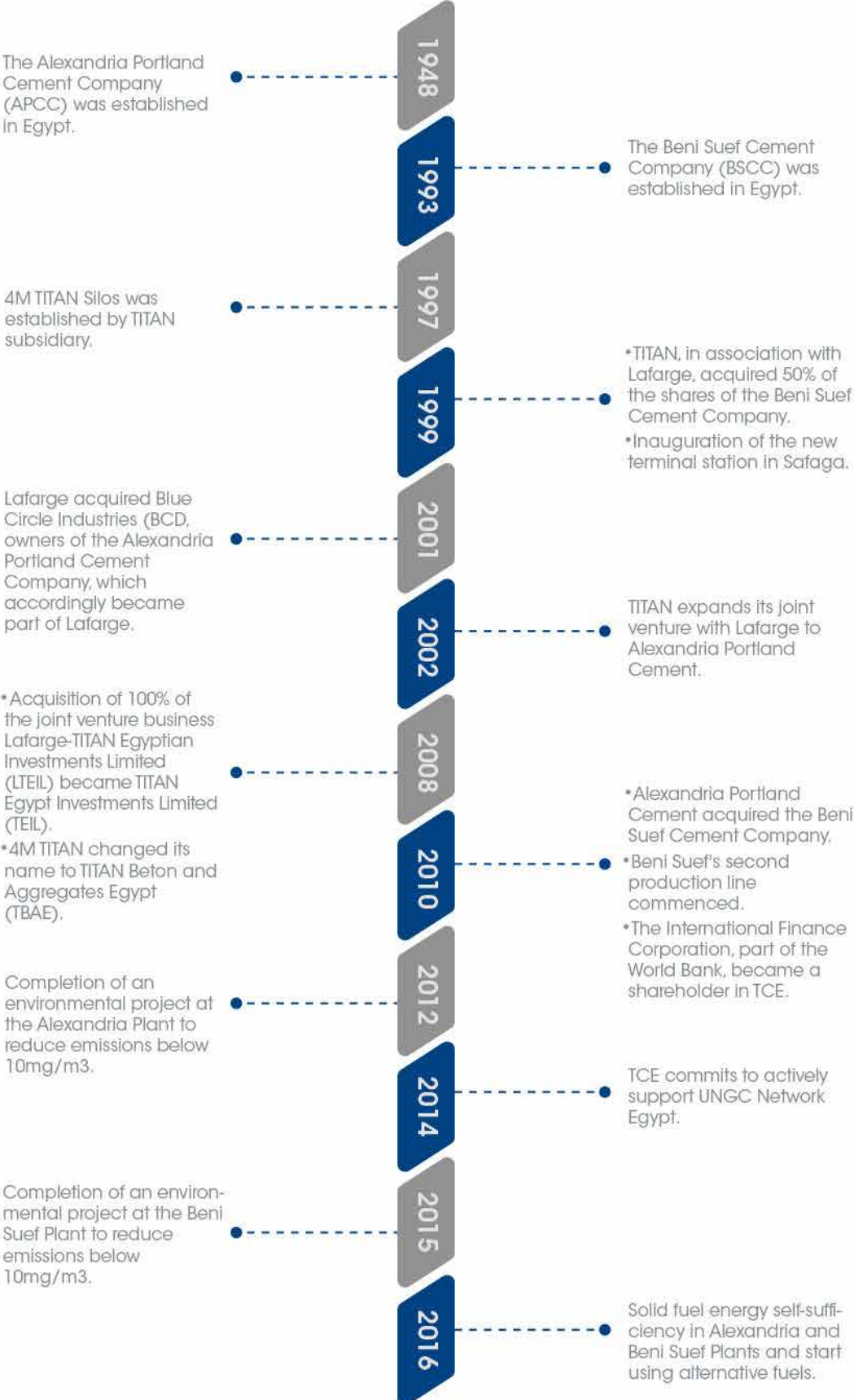
Production of aggregates from the Attaqa quarry (Suez Governorate) of the BU started in 2015. In 2016 TCE produced and sold more than 160,000 tons of aggregates from this newly established operation, mainly for inter-company use (raw materials input to our ready-mix batch plants).

## Our Operations





# Our History



## Our Products and Services

Our products and services are used for a variety of purposes, from major infrastructure projects (roads, airports, hospitals, schools, etc.) to housing, commercial buildings and social projects.

We actively promote new products that will improve quality and durability for our customers, as well as methods and materials that will make construction easier or contribute to reduced environmental impact.



### Cement:

A binding substance and the main component in ready-mix concrete. It is made by grinding clinker, gypsum and other cementitious materials to a fine powder.



### Ready-mix concrete:

This is made from cement, aggregates and water to produce a durable product that can be set in a variety of formats.



### Aggregates:

Coarse materials such as sand, gravel, crushed stone and recycled concrete are used as a raw material in cement and as a strengthening agent in asphalt and concrete. They can also be used in foundations for roads and railways.

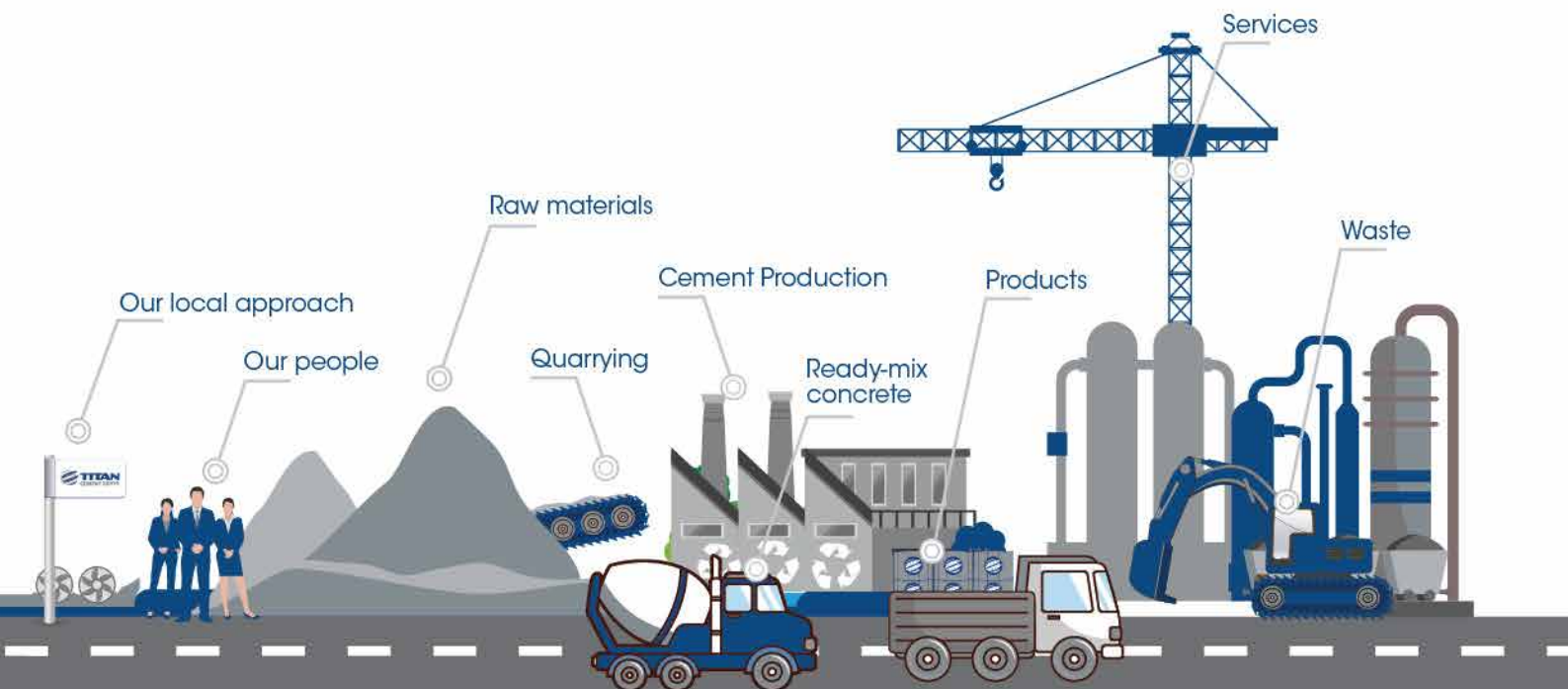


### Alternative fuel and waste management services:

Provide systems for recycling, production and use of alternative fuels through the newly established joint venture, Green Alternative Energy Assets (GAEA).

## Other service and collaboration

Transportation and distribution of products, the transfer of know-how and expertise through collaborations with customers and business partners, local communities and academia, and research and development of new products.



# One governing objective, one set of strong values

## Our governing objective

We aim to grow as a multiregional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

## Strategic priorities

To achieve our governing objective, we focus on four strategic priorities:

### Geographical diversification

We expand our business through acquisitions and greenfield developments into attractive new markets, to diversify our earnings base and mitigate the reliance on few markets.

### Continuous competitive improvement

We implement new efficiencies throughout our business to reduce costs and compete more effectively.

### Vertical integration

We extend our business into other product areas in the cement value chain, serving our customers better and accessing new profit opportunities.

### Focus on human capital and corporate social responsibility

We care for and develop our employees and continuously improve our good relationships with all internal and external stakeholders, always aiming for mutual respect and understanding.

Underpinning these priorities is our approach to sharing best practice and leveraging expertise. Applying this approach across the Group helps the development of our capabilities and the efficient delivery of our governing objective.

## Our values

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



### Know-how

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



### Value to the customer

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



### Delivering results

Shareholder value  
Clear objectives  
High standards



### Continuous improvement

Learning organization  
Willingness to change  
Rise to challenges



### Corporate Social Responsibility

Safety first  
Sustainable development  
Stakeholder engagement



Our values are ingrained in the Group's ethos – the Greek word for "character" or "spirit" – that guides the way we conduct our business with respect, accountability and responsibility.

## Our governance structure

Our corporate governance principles and Code of Conduct, along with our values, guide us through every aspect of our business.

TCE has a governance system in place that fully complies with TITAN Group's strategic objective, corporate values, and international standards, going in many instances beyond local legal requirements.

For us, good corporate governance is synonymous with ethical business practices, transparency, open communication, accountability and sustainable development.

### Our committees

Four distinctive committees on Management, Health and Safety, Environmental, and Corporate Social Responsibility are operating at both business unit and plant level in order to ensure good corporate governance.

### Our Code of Conduct

TITAN Group's Code of Conduct defines the framework of agreed-upon principles and commitments to all of the Company's stakeholders, including employees, their families, customers, suppliers and society in general.

These principles include promoting human rights, eliminating forced labor and discrimination, and advancing environmental sustainability and stakeholder engagement. All local policies are expected to comply with the Code.

### Our Code of Procurement

Our supply chain is integral to the organization's sustainability practices in accordance with TITAN Group's Code of Procurement. It guides the selection, management and evaluation of the suppliers who provide us with goods and services.

### Policies update

Following a review of all Group policies in 2015, a comprehensive Human Rights Policy was issued in 2016, expanding on the Group's Code of Conduct. Additional Group policies issued in 2016 are the revised Anti-bribery and Corruption Policy, the Competition Law Compliance Policy and Guidelines and the Sanctions Policy.

The TITAN "Principles Day program", launched in 2015 to emphasize TITAN's Corporate Values and Principles, and continued to be rolled out in 2016 with 78 participants from TCE. As an on-going program, it links the TITAN Group Code of Conduct to its values and Policies, while providing direction to our employees on ethical dilemmas, increasing awareness and facilitating dialogue on issues related to business ethics.

TCE has a comprehensive set of local policies that are based on Group standards (beyond local legislation and market norms).



## Certified management systems

TCE has adhered to ISO international standards since 2004. Both of Alexandria Portland Cement Company and Beni Suef Cement Company have integrated certificates ISO 9001, ISO 14001 and OHSAS 18001 by TUV SUD Management Service GmbH.

APCC certificates are valid until 2017-10-05 and BSCC certificates are valid until 2018/08/04. In 2016, TCE continued the efforts to upgrade, enhance, 'instill' and 'institutionalize' the ISO-certified management systems in both plants of Beni Suef and Alexandria.



## Ensuring Fair Competition and Fighting Corruption

We are committed to ensuring that our activities are carried out within a framework of fair competition and in strict compliance with all applicable laws and regulations.

As a standard process, we assess the risks that might affect our operations following a thorough review of performance regarding the UN Global Compact principles. Among else we review the Transparency International Index and relevant reports annually to inform our risk assessment process.

TCE's employees are the Company's ambassadors. Their behavior impacts how our external stakeholders perceive the Company, and they are therefore expected to live by our values in every decision and action they take. To this end, all transactions must comply with the United Nations Convention against Corruption and employees must not offer, provide, accept or promise, either directly or indirectly, any undue financial or other advantage to a public and/or private official for the purpose of obtaining any favorable treatment or business advantage. Employees violating this principle of ethical conduct are subject to civil and criminal liability.

# Meeting our CSR and Sustainability Commitments

## Our CSR Vision

Our Corporate Social Responsibility vision is "To pursue at all times our business goals and create value, in an ethical and socially responsible manner, doing less harm, and endeavoring to do more good".

## Group CSR Policy

In support of this vision, CSR is one of our corporate values and is embedded in our governing objective. It is a step further than legal or regulatory compliance, a conscious and free pledge to improve the world around us. It has human, social and environmental dimensions.

To achieve our goals, we place CSR at the heart of our operations.

## Achieving Sustainable Growth

Building collaborations to address material issues is crucial for fulfilling our governing objective and in line with our strong set of values. We have worked together with stakeholders at global, regional and local level since 2002 to ensure collaboration for sustainable development. Through partnerships and collaborative action, we aim to multiply the value we create, sharing our know-how, experience and best practices, while working together with stakeholders to address the impacts and opportunities facing our business.

The following are our most important global collaborations:



WE SUPPORT

### The United Nations Global Compact Initiative

The UN Global Compact is the world's largest corporate sustainability initiative. It is a call to companies to align their strategies and operations with ten universal principles on human rights, labor, the environment and anti-corruption, and take actions that advance societal goals.

TCE signed the UNGC pledge in 2014. Since then we have actively participated in the local Global Compact network, aiming both at awareness-building and collaboration with key stakeholders, to further embed the ten principles.

As a natural progression of the Global Compact network in Egypt is to move towards its next goal which is to establish itself as an independent entity according to the UN Global Compact mandate that encourage this business led initiative to all local networks all over the world to turn into independent entities to work on achieving and mainstreaming the main objective of the Global Compact where just few local networks globally have stepped forward and could achieve their independency form. TCE is one of the founding organizations of the new independent entity.

TITAN Group was among the first 500 signatories of the UNGC worldwide. It is involved in the development of local networks in the countries in which it operates, particularly in Greece, Serbia, FYROM and Egypt.



wbcscd

## The World Business Council for Sustainable Development and Cement Sustainability Initiative

The World Business Council for Sustainable Development ( WBCSD ) is a CEO-led organization of forward-thinking companies that galvanizes the global business community to create a sustainable future for business, society and the environment.

The Cement Sustainability Initiative ( CSI ) is a global effort by 24 major cement producers with operations in more than 100 countries who believe there is a strong business case for the pursuit of sustainable development. Collectively, these companies account for around %30 of the world's cement production and range in size from very large multinationals to smaller local producers.

Following TITAN Group's voluntary engagement in the framework of the (WBCSD) and CSI, TCE applies the CSI Guidelines for monitoring, assessing and reporting its sustainability performance, in particular for the following areas:

- Safety and health at work;
- CO2 emissions;
- Dust and other air emissions;
- Water stewardship;
- Quarry rehabilitation and protection of local biodiversity;
- Responsible procurement and supply chain;
- Stakeholders engagement and environmental and social impact assessment.



## Supporting the European Pact for Youth

Fully aligned with TITAN Group priorities, we have undertaken a detailed mapping of our activities focused on Youth, and aiming at improving professional skills and capability for employment.

In Egypt, we are currently working, among else, on the implementation of four distinctive initiatives:

- Since 2015, an annual scholarship program in partnership with the Technical University of Berlin El-Gouna Campus and the Sawiris Foundation for Social Development. This scholarship supports the academic and personal careers of young graduate engineers.
- Similar to every year, summer internship opportunities in our plants and head office for university undergraduates to gain work experience.
- For the second year consecutively, we have also established a close partnership with Cairo University and the Technical University of Berlin El-Gouna campus, and joined -youthinkgreen-Egypt, a national organization that fosters sustainability and entrepreneurship among young people.
- During 2016, in the general area of interest: 'Care for education and employability', and with target group: Youth and technicians in the Alexandria Governorate in general and in the neighborhood in particular, TCE proceeded with the project of 'Gheit ElEnab Vocational Training and Employability Center (VTEC) of Alexandria Businessmen Association (ABA)', VTEC's mission is to provide the market with professional technicians; by providing vocational training programs designed according to international standards.

## Focus on material issues

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

## Stakeholder engagement

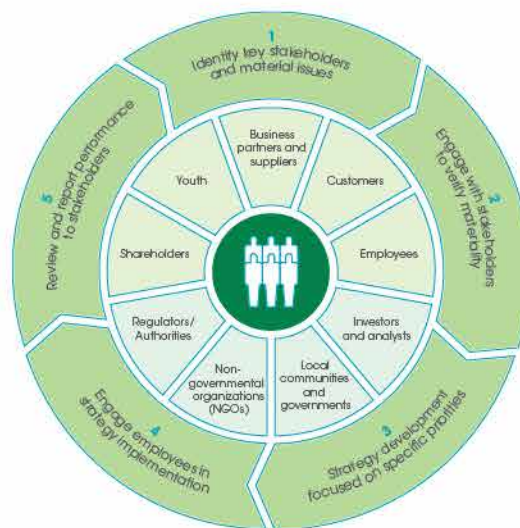
Stakeholder engagement is an important element of our corporate social responsibility policy; it builds trust, improves understanding of the impacts of our operations and addresses stakeholder concerns, while providing input to the materiality assessment process.

TCE seek out feedback to help us address and further improve on issues that are of increasing importance to our stakeholders.

We regard stakeholder engagement as a long-term, ongoing process, enabling mutual understanding, establishing and maintaining good relationships, building consensus on issues of common interest, and activating bilateral and multilateral partnerships to support sustainable solutions at both global and local levels.

The following diagram illustrates our ongoing five-step stakeholder engagement process and key stakeholders as defined for the Group.

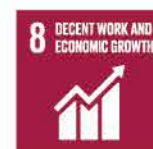
**We follow a five-step approach to stakeholder engagement:**



## Materiality assessment

In 2016, TCE reviewed – and updated where needed – their materiality assessments, taking into consideration the outcomes of employee opinion surveys (completed in 2015) and stakeholder consultations (through sustainability initiatives like the Cement Sustainability Initiative, investor roadshows and meetings with local stakeholders).

The results will serve as a basis for the next review of the Group Materiality Assessment in 2017. For 2016, TCE material issues were determined to be quality education, decent work and economic growth, good health and well being and partnerships for the goals.





We have aligned the outcomes of Group and local materiality assessments with the SDGs and strengthened collaboration through initiatives promoting engagement to “make the global goals local business”, as stated by the UN Global Compact.

A special focus has been put on the enhancement of the professional skills of young people through educational and internship programs in line with the commitment undertaken by TITAN as an initiator of the European Pact for Youth.

Issues with the highest priority were identified in 2016: provides a clear connection between the identified key materiality issues and the relevant SDGs, and could help in aligning future action plans with the assessment of materiality.

Overall in 2016 TCE explored and utilized opportunities for developing improvement plans, and collaborative initiatives, in line with the results of the materiality assessment. The reduction of %37 in total dust emissions and %24 decrease in specific water consumption in

Priority level 1					
Health & Safety	Environment & Energy Management	Community Development	Currency Devaluation	Transparency	Supplier's relations & management

our cement plants and attached quarries compared to 2015, are only two examples of performance improvement acc. to our ambition for responsible environmental management on local level. The utilization of alternative fuels is yet another important area of potential improvement, which can be sustainable only as a collaborative initiative with the national and local stakeholders, and TCE.

### Collaboration on national level:

In an effort to identify and assess the available technologies for improving energy efficiency and reducing CO2 emissions on country level (mitigating the impact of CO2 from solid fuels) the Study “Low-Carbon Roadmap for the Egyptian Cement Industry” was initiated by EBRD under its Sustainable Resource Initiative (SRI), and was supported by the Ministry of Environment / Egyptian Environmental Affairs Agency (EEAA) and the Ministry of Trade and Industry (MTI) in Egypt. TCE provided crucial input and guidance via the Chamber of Building Materials Industries of the Federation of Egyptian Industries (Cement Industry Association). The study, was finally submitted to the Competent Authorities in July 2016, and can be a Guide for future industry efficiencies.

### Collaboration on local level:

In the areas of community development and employment TCE continued with its Quality Education Program, which meets the TITAN Group pledge to the European Pact for Youth, a Group-wide initiative that aims at promoting quality education for young people primarily from local communities. Other initiatives include the increasing of awareness for waste management, and for hygiene and preventive health of contractors, and leverage a number of community engagement opportunities related to education. In this respect,



TCE focused its efforts on the "Vocational Educational and Training Center" of Alexandria, and continued to seek feedback from our stakeholders on material issues, including:

Governmental authorities, academia, NGOs, the Federation of Egyptian Industries and other specialized bodies, organizing or participating in various relevant activities such as:

- Municipal Solid Waste Awareness Campaign in schools and universities in Alexandria
- World Environment Day
- Nile Center Health Awareness Session in Alexandria.
- Employment fairs
- 1st Environmental Security and Global Climate Change Conference in Beni Suf University
- CSR conference organized by the Federation of Egyptian Industries/ International Labor Organization



In the areas of transparency and suppliers' relation & management, TCE has made large steps in 2016. TCE was audited by a third-party Assurance Company (ERM) both on the level of corporate offices (Cairo) for our procedures, processes, and data integrity, and on plant level (Beni Suf), for the implementation of practices and the recording and monitoring of all non-financial key performance indicators. The results were very satisfactory and the findings of the assurance report will be used for the next steps in further improving in our systems and training of our employees. In addition, TCE publishes every quarter on its website the dust emission and water consumption indicators.

We are committed to align our strategy and business action plans with material issues of our stakeholders highest priority and work towards meeting their needs, using the SDG's 2030 as a 'compass'.





# Financial/ Non-Financial Performance Highlights

In 2016, the challenges in the economic environment in Egypt continued, but TCE was well positioned to leverage the improvements in its business model. Our overall results were improved in both the financial and non-financial performance. This demonstrates TCE's strength and positioning for future growth.

## Financial performance highlights

The cement demand in the Egyptian market grew by approximately 5% in 2016, and our plants' production output recovered to high levels. Having completed the investments which allow for the local grinding and usage of solid fuels, TCE ensured both the needed energy sufficiency for full capacity operation, as well as a significant reduction in production costs. Operating results recorded a significant improvement. On the other hand, the devaluation of the Egyptian pound, by more than 50% in 2016, had a negative impact on results, generating, among other effects, an increased volatility in market prices.

In total, results in Egypt in 2016 improved, with turnover increasing by 26% in local currency terms, reaching EGP 2.595 billion compared to EGP 2.059 billion in 2015. The Gross profit of TCE was significantly increased to EGP 544m in 2016 compared to EGP157m in 2015.

The impact of foreign currencies exchange differences led the consolidated results to losses for the period of MEGP 51, the other comprehensive income (Foreign exchange losses from translation of monetary items at the date of Egyptian Pound devaluation) marked a loss of MEGP 652 with net comprehensive losses of EGP 703.

Key Financial Indicator in Million EGP (MEGP)	Definition	2012	2013	2014	2015	2016
Total Assets	The sum of all current and noncurrent assets	2,719	2,568	2,877	3,201	3,824
Shareholders' Equity	Total assets minus total liabilities	673	722	532	318	386
Turnover	Revenue received from the sale of goods and services to customers in all regions of operation	2,009	2,287	1,850	2,058	2,595
Earning before tax and minority interest	Net profit before minority interests and taxes	404	337	129	264	275
Earning after tax and minority interest	Net profit after minority interests and taxes	306	240	41	214	51
	FX losses resulted from translation of monetary items at the date of EGP devaluation	-	-	-	-	652
Earning after tax and minority interest	Total Comprehensive Losses	-	-	-	-	703
Shareholder equity ratio	Shareholder equity ratio = total shareholder equity over total assets	25%	28%	18%	10%	-10%

## Looking ahead

Despite uncertainties and short term pressures, demand for building materials will likely remain resilient, owing to the requirements of an ever increasing population, urbanization trends, as well as the realization of large scale public works. On the other hand, starting 2017, new capacities are coming to the market and it is expected that during the next two years, the total production capacity will be increased by more than %30 leading the market to an over-capacity.

Having completed the investments for the utilization of solid fuels at the TCE plants, the Group has ensured fuel sufficiency and improved its cost structure and plant performance

for the long run, aiming to reduce costs even further and also curtail its environmental footprint.

It is expected that by the end of 2016, both our plants will run exclusively on solid and alternative fuels by March 2016, and the Alexandria plant will do so by the end of the year.

## Non-financial performance

Despite all the challenges faced in 2016, we remained focused on responding and delivering results, creating value and following our commitments to employees, communities and the environment.

Key Non-Financial Indicator	Definition	2012	2013	2014	2015	2016
Employment (End Year)	Number of direct employees end year	781	773	767	767	661
Lost Time Injury Frequency Rate	Number of LTIs in a year per 1,000,000 hours worked i.e. LTI Frequency Rate = (Number of Lost Time Injuries in a year x 1,000,000)/Total actual hours worked and paid to employees in the year.	0.68	0	0.72	0.61	0.68
Training man-hours	Time measured in hours dedicated to training.	22,154	15,938	19,701	13,152	18,640
Environmental expenditure (Million EGP)	Cost of environmental management and environmental friendly technologies for cement plants	33.59	57.50	30.28	198.98	110

## Value creation

The value we create from our operations is shared with a wide range of stakeholders contributing to sustainable growth and social progress in the long term.



Direct employees' total cost includes salaries, social insurance, additional benefits beyond those provided by law, and training and development.



# Environmental Performance

**We recognize that our operations inevitably create an environmental footprint, but this is something we are actively seeking to reduce. Addressing environmental concerns is not an add-on to our business - it is central to what we believe and what we do. The actions we take in support of this, underpin both our operational efficiency and our focus on sustainability.**

Managing our environmental footprint means reducing our environmental impact. This is not only a key part of our environmental stewardship, but also central to our responsibility toward local communities. We focus on the development and implementation of sustainable and responsible solutions through waste processing projects, as well as by applying the best available techniques for emissions control, energy efficiency, and all other aspects. This is in line with the country's municipal solid waste management plan that serves local communities and helps combat energy shortage problems.

## Environmental Policy and management systems

We are committed to sustainable development aiming to be acknowledged as a responsible and transparent company. We are focused thus, in continuously improving our environmental footprint by mitigating negative impacts and multiplying positive ones.

We also actively engage in worthwhile local and international initiatives, such as the UN Global Compact (UNGC) and the Cement Sustainability Initiative (CSI), under the auspices of the World Business Council for Sustainable Development.

All our cement and quarry operations apply environmental management systems certified by independent third parties to the ISO 14001 standard, along with OHSAS for Health and Safety and 9001 for Quality. We are also applying a Waste Management System according to TITAN Group standards.

As part of our carbon footprint management, we report our CO<sub>2</sub> emissions publicly on a voluntary basis, applying the WBCSD/CSI Guidelines: "The Cement CO<sub>2</sub> and Energy Protocol - CO<sub>2</sub> and Energy Accounting and Reporting Standard for the Cement Industry", v.3 (2011).

Data is also used for a global industry benchmark; TITAN participates and contributes to the "GNR" for CO<sub>2</sub> and energy information, acc. to the 2016 CSI Document: "Getting the Numbers Right" (GNR), on Cement Industry Energy and CO<sub>2</sub> Performance", and to the CSI data bank, where our Group performance indicators are reported annually.





Efforts continue on Water: As a result of implementing a persistent program of water monitoring and appropriate reporting systems in the last two years, TCE has identified opportunities for improvement, such as upgrading our plants' piping system and enhancing water recycling practices. This has reflected directly in a positive way on our water footprint, and will enable TCE to achieve a major and strategic sustainability improvement target: To optimize our water management and the responsible use of this sensitive resource in the long term horizon. TCE reports on water measurement of withdrawal and consumption, based on the WBCSD/CSI Guidelines: "Protocol for Water Reporting" (2014), and its CSI companion document: "Guidance on good practices for Water Accounting" (2016).

Further, on the areas: Quarry Rehabilitation, and Biodiversity Management, wherever needed or advised, TCE implements the Guidelines of the WBCSD/CSI: "Guidelines on Quarry Rehabilitation" (2011), and "Biodiversity Management Plan" (2014).

### **Ensuring compliance**

We are very pleased to state that in 2016 our cement plants dust emission levels were in full compliance with legal limits and regulations stipulated by the Egyptian Environmental Affairs Agency, as well as European Union and International Finance Corporation limits. This is a direct result of our implementation of best available technologies and best practice. We continue to invest in developing our expertise, as well as in state-of-the-art control equipment.

### **Controlling our emissions**

Monitoring and reporting our air emissions is part of our effort to tackle our impact on the environment and an essential part of our environment management system. TCE is applying an online monitoring system to measure and report air emissions as required, by the legislation in Egypt. Results are transferred directly to the Egyptian Environmental Affairs Agency control room.

This enables us to monitor the emissions closely in real time and take action accordingly. In addition, TCE publishes every quarter on its website the dust emission and water consumption indicators.

For emission data quality assurance, calibration and emission measurements, work is carried out by governmental third-party and specialized international laboratories. Based on these monitoring programs, we are able to make the right decisions regarding environmental protection projects, as well as provide interested stakeholders with regular, updated information on our performance.



## Improving our environmental performance

The investments in the area of Environment continued in 2016 with total expenditures of about 110 million EGP, the majority of this amount was invested in environmentally friendly technologies. Previously in 2015, TCE had completed a five-year environmental action plan in line with our environmental policies, aiming to ensure compliance with national and international standards, which reached a total expenditure of EGP 378 million.

According to the plan, the investments and overall expenditures were aiming at installing and enforcing environmentally friendly technologies, and implementing projects of upgrading and modernization of our industrial facilities, related to environmental sustainability. The biggest project of improvement in the industrial facilities was the Beni Suef Line 1 filter upgrade from electrostatic filter to the latest, state-of-the-art bag filter. This upgrade was completed before the end of 2015, and was actively contributing to reaching our emissions reduction target in 2016 (a full year of operation of Line 1 with the new bag filter). Such projects are helping us today to achieve our targets in specifically reducing our dust emissions, reaching performance levels even lower than the European limit values.

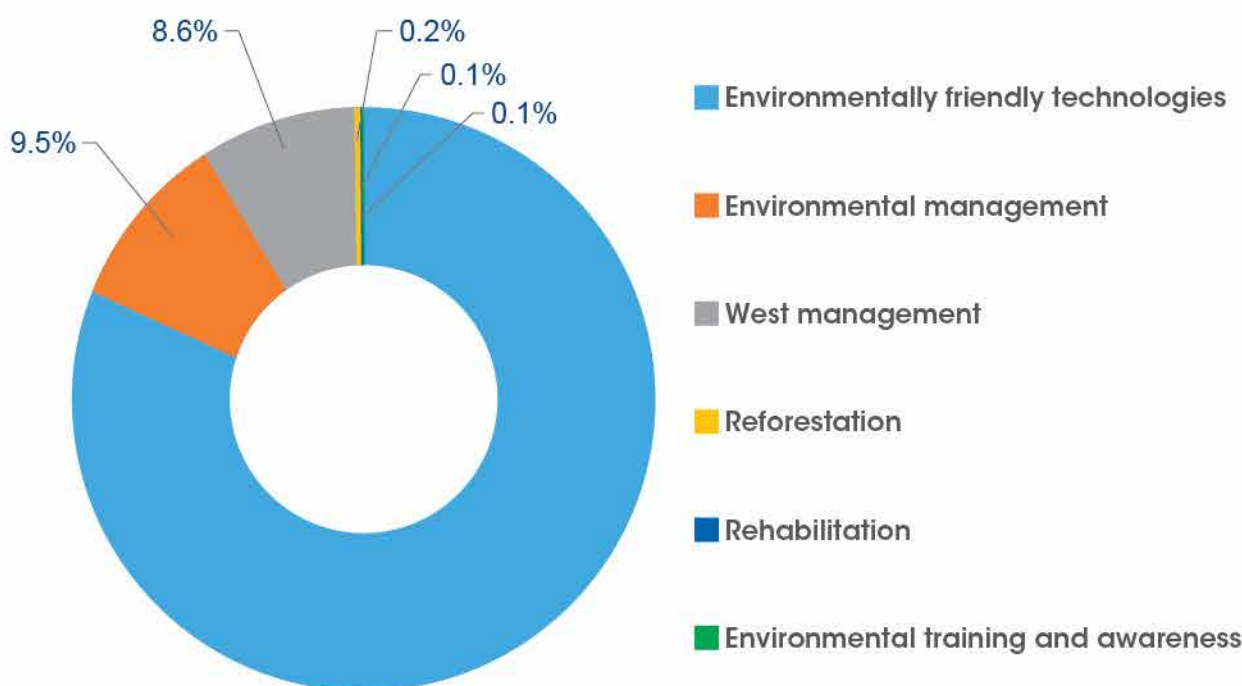
Also, a new investment in the environmental sustainability was initiated in 2016, this time for constructing an 'environmentally friendly' storage area for:

- Solid-fuels in Beni Suef plant (building concrete floor, retaining walls and wind-breakers around the piles, and a water spray system), with total capacity around 50,000 tons, and budget of app.

15.0 million EGP.

- Covered storage in Alex plant for Gypsum, Iron Ore, and clinker.

### Environmental investments cost - All activities 2016 Total EGP 110 million

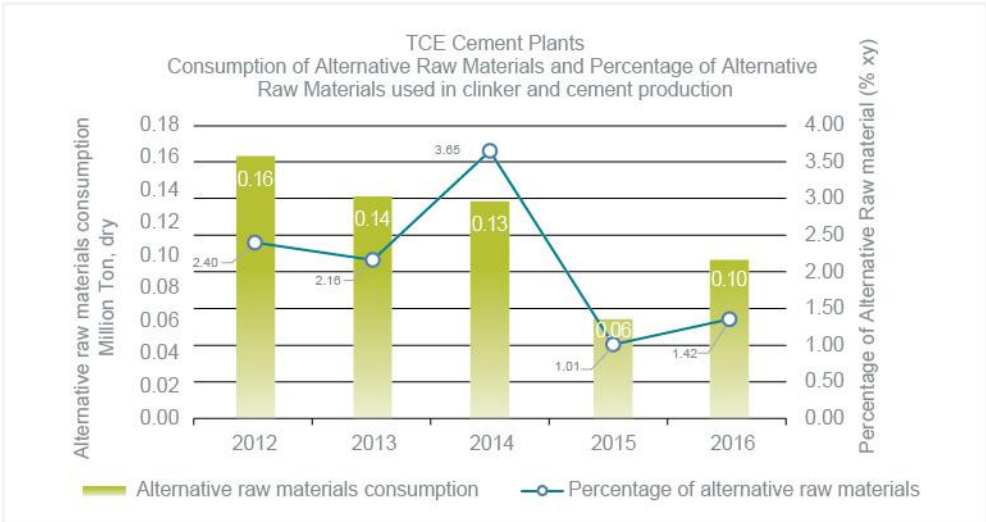
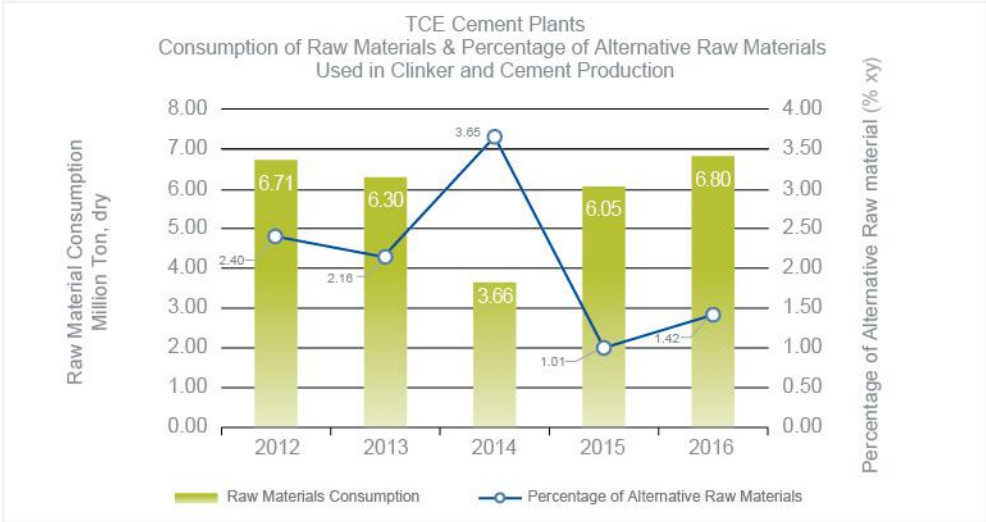


## 2. Raw materials, water, and energy conservation

Cement production consumes natural resources (raw materials and water) and also energy, in the form of thermal and electric energy. Systematic monitoring and recording of consumed quantities is required to ensure that any environmental impact is adequately appraised. Being environmentally conscious, and aiming always to lead by example, TITAN Group gives a high priority to applying and improving its monitoring mechanisms.

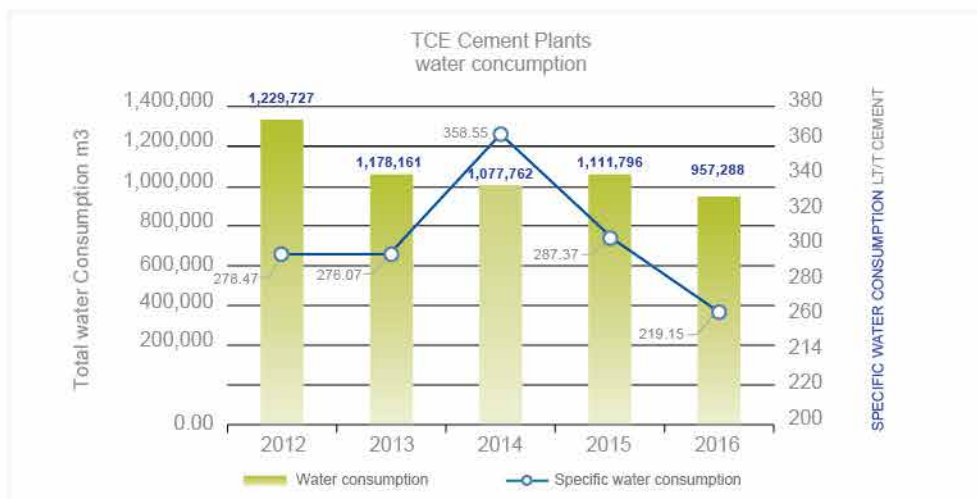
- **Raw materials**

In 2016, we used 6.8 million metric tons (dry basis) of raw materials for our total cement production. Approximately 1.4% of all raw materials (about 0.1 million metric tons - dry basis) were alternative raw materials, namely recyclable by-products recycled from other industries, such as blast furnace slag (from steel production) and industrial gypsum. The remaining 6.7 million metric tons (dry basis) were natural materials from mining and quarrying activities



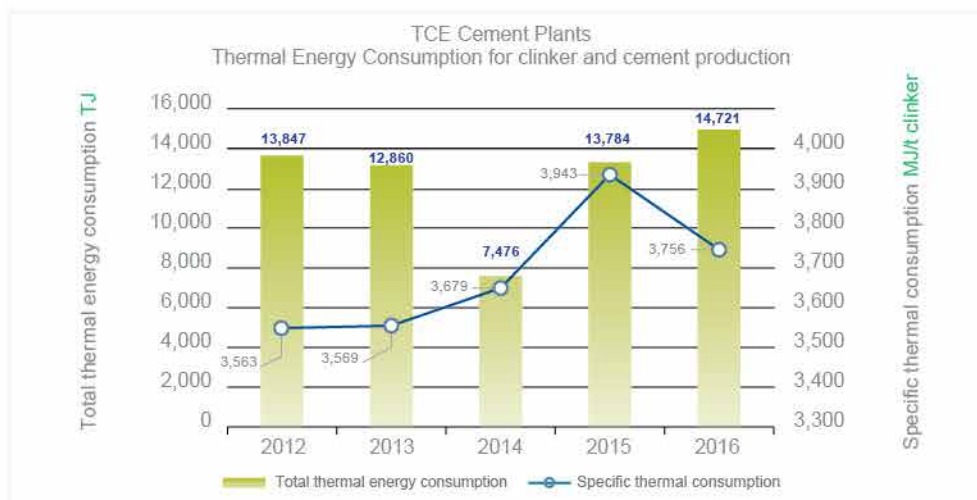
## • Water consumption

In 2016, the total water consumption for our cement plants and attached quarries was decreased by almost 14% compared to 2015, despite the substantial increase in cement production in 2016. Specific water consumption in 2016 was decreased to 219 lit/ton of cement, improved by 24% compared to previous year. Revamping water network in Beni Suef is one of the major actions to reduce water losses, in addition to enhancing water recycle and re-use strategy in both plants. Recycled water will be also used in the new dust suppression system in the solid fuel storage in Beni Suef plant.



## • Thermal energy

In 2016, TCE consumed 14,721 TJ of thermal energy, in total for our clinker and cement production processes. The annual total thermal energy consumption increased in 2016 compared to 2015, which is a direct impact of the increase in cement production, however; specific heat consumption highly improved. Heat efficiency audits were conducted with practical action plans to optimize thermal energy consumption and reduce heat losses. Finding better raw materials in Beni Suef resulted in reducing heat losses in by-pass and improving heat efficiency.



## • **Substituting solid fuels by alternative fuels**

TCE continued to use alternative fuels, as part of the strategic action plan for substituting solid (fossil) fuels with biomass and other alternative sources of thermal energy for the pyro-line. In 2016 GAEA Egypt commenced operation, producing refuse-derived fuel from municipal solid waste in Alexandria to supply the local cement plant, and dried sewage sludge and biomass for the Beni Suef plant. Co-processing also began in the autumn of 2016, with daily peaks of thermal substitution rate around 20% in Alexandria and 5% in Beni Suef. The improvement in 2016 was substantial: The total consumption of alternatives, mainly dried sewage sludge (DSS) and refuse-derived fuel (RDF) and bio-mass reached 20,000 tons, compared to 2,200 tons in 2015. This was equivalent to 1.8 % substitution of fossil fuels, calculated on the basis of heat value on compound average figures for the two cement plants.

The effort of TCE is to utilize the best available technologies, having as first priority the safety and health of employees and of the local citizens, and the protection of the natural environment. Under our policy we seek for the consent and support from the local communities where we operate, while aiming at contributing to the sustainability of the local communities, through fostering the responsible management of municipal solid waste within the country. These conditions provide the basis for a 'balanced' approach, which creates win-win solutions for the society and our business.

TCE's strategy of continuous development, with GAEA's facilitation, is in line with the strategic plan of TITAN Group, focuses on the local waste markets, including the commercial & industrial sectors, and the agriculture areas for biomass, where we expect stricter enforcement of regulations and higher State controls. Such regulations and the rule-of-law for proper waste management practices of the country, are expected to generate higher volume of waste materials under proper treatment (like DSS and RDF), and enable the access to secured and sustained 'waste streams', resulting in higher long-term benefits to TCE.

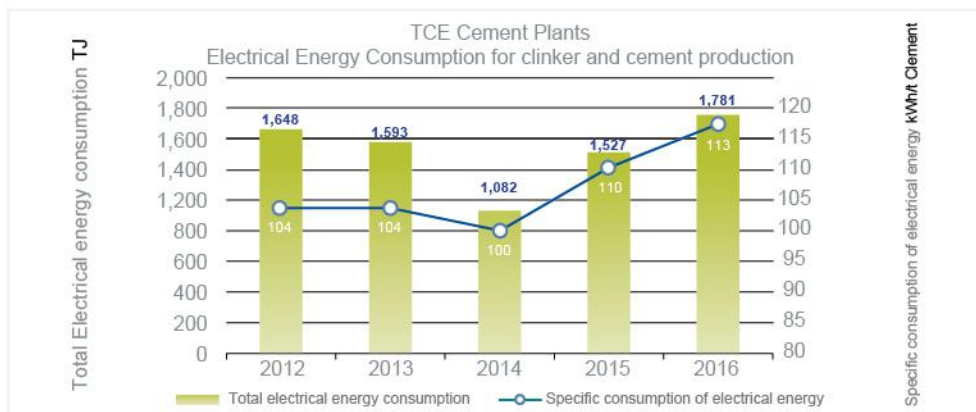
## • **Green Alternative Energy Assets - GAEA:**

In late 2015, TITAN Cement (mother company) joined forces with Polyeco, a specialized contractor waste management based in Greece Company, to create the company 'Green Alternative Energy Assets' ('GAEA' SAE) in Egypt. The business purpose of GAEA is to act as an independent waste management service provider for the public and private sectors in Egypt, in order to provide turnkey solutions to the local market. TCE engages with GAEA as a producer and supplier of alternative fuels to its cement plants. GAEA has its corporate base in Cairo and in its first year it commenced operations in Abis, Alexandria, for the local production of RDF (refuse derived fuel) from the municipal solid waste of the city of Alexandria. In addition, it expanded the DSS (dried sewage sludge) treatment operations that TCE had undertaken in Beni Suef & Fayum, together with the local Governorates. In 2016, GAEA in co-operation with the local Governorate and the BSCC plant, also started the rehabilitation of local municipal solid waste transfer stations and a major investment program in Sanur, Beni Suef to produce RDF from the local waste, enhancing the green footprint of TCE in the region. RDF production is expected in late 2017.



## • Electrical energy

Electrical energy consumption for our cement plants and attached quarries in 2016 was 1,781 TJ, increased by almost 17% compared to 2015. This is attributed mainly to the increase in cement production volume in 2016, and moreover; the operation of the new solid fuel mills needed for the grinding of the solid fuels is also an attributing factor. TCE has some initiatives for increasing renewable energy sources, waste heat recovery and solar systems are main renewable potentials; however financial funding and pay-back time is still under verification.



## 3. Audits and verifications

The following audits were carried out in 2016:

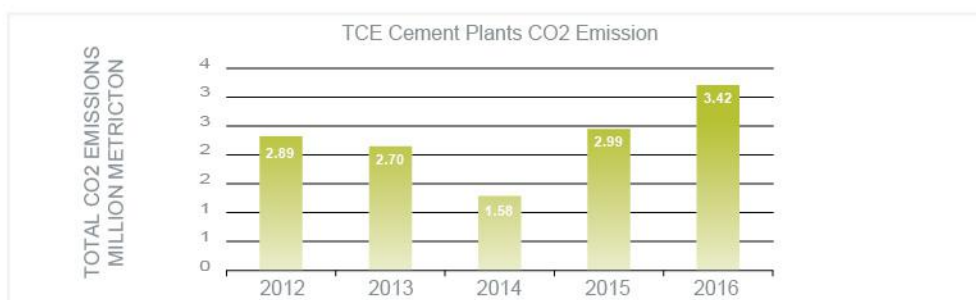
- Regular external audits by relevant local and national authorities to monitor our progress and level of compliance including, Joint audit by GIZ and local authority was done in Feb.
- An integrated management system ISO 14001 surveillance audit by inspection body, TÜV

## 4. Reducing emissions and impact on the environment

### • CO<sub>2</sub> emissions

TCE reports according to the Guidance of TITAN Group, and in line with the WBCSD/CSI Guidelines on CO<sub>2</sub> and energy. We have reported the total direct gross CO<sub>2</sub> emissions related to our activities every year since 2003, in line with our commitments to the WBCSD/CSI.

In 2016, total direct gross CO<sub>2</sub> emissions from our cement plants and attached quarries were 3.42 million metric tons, including emissions from on-site vehicles and mobile equipment. The increase in total CO<sub>2</sub> emissions volume, compared to 2015, is justified and directly attributed to the increased production volume of cement. On the other hand, improvements in our thermal efficiency as well as the introduction of alternative fuels helped in lessening the increase in CO<sub>2</sub> due to fuel switching from natural gas to solid fuels.

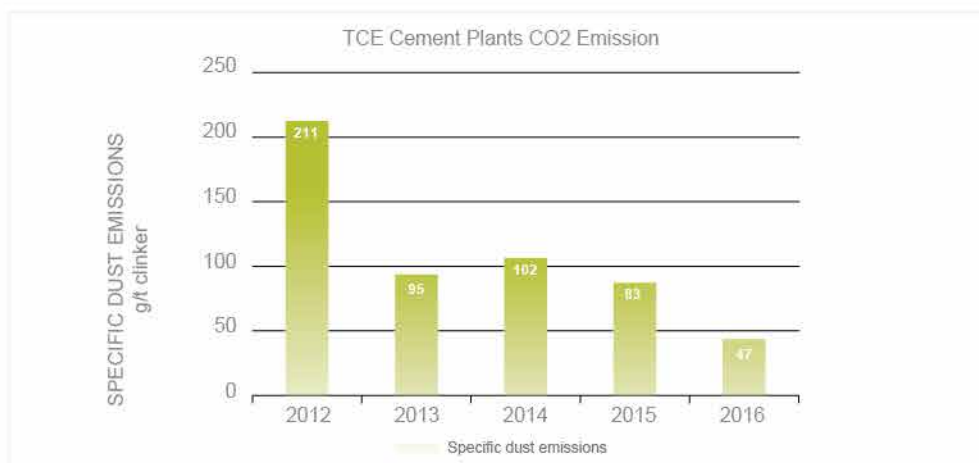


## • Dust

All of TCE's facilities have been equipped with dust monitoring and recording equipment, enabling systematic measurements and relevant reporting in accordance with environmental legislation and TITAN Group standards. Dust emissions at our facilities in 2016 were well below the limits set by the environmental terms and conditions of related operating permits. The improvement between 2015 and 2016, based on the actual tons, was 37%, and this was a major improvement in environmental performance and efficiency of the installations for the control of dust emissions"

This in turn demonstrates the effect of the technological improvement of the Beni Suef Line 1 bag filter for the reduction in specific dust emissions. The investment in Beni Suef has actively contributed to the sustainability targets of TCE in 2016.

Total dust load in 2015 was 290 tons and improved to 182.3 tons in 2016. We should mention here that the dust emissions in 2015, represented already an improvement of more than 80% compared to the 2010-year figure of 377g/ton of clinker, due to the upgrade of the Alexandria main kiln and the investments in the filters of cement mills.



## Investing in best available techniques to minimize impacts

In 2011, TCE launched the project for upgrading the Line 1 kiln electrostatic precipitators at Beni Suef to a new, 'state-of-the-art' bag house. The bag house installation has an efficiency better than 10mg/m<sup>3</sup>, well below the new environmental regulation of 50mg/Nm<sup>3</sup> and the EU and World Bank standards of 30mg/Nm<sup>3</sup>. The installation was completed in December 2015 at a total cost of EGP 112 million.

This new installation was fully in operation and delivered results in 2016. As a result, we have recorded and reported here very low dust emissions, to a level that meets international standards, while at the same time we have increased efficiency by fully incorporating best available techniques.

In the last years TCE has replaced a cement mill filter at Alexandria, again with a bag house system, producing similar results. As a result, these facilities now produce far lower emissions, making them safer and significantly reducing their environmental impact.



## Recycling and managing our Waste

In 2016, 2,743 tons of waste from the operating cement plants and attached quarries were collected, and recycled externally, with the help of third-party contractors, which are specialized and equipped with the appropriate licenses for this purpose. This process was active for the first time, and will surely continue on annual basis, while it is expected to raise the awareness on environmental responsibility for other industrial facilities in the areas where TCE operates.

## Rehabilitation of Quarries

Quarry rehabilitation and biodiversity management are a key focus area for TITAN. The effort is to mitigate the adverse impacts from the extraction process and to have a positive effect on biodiversity where possible. In line with the Group target, TCE initiated an effort in 2013 with the development of rehabilitation plans at the quarries of Alexandria plant and in 2016 completed the rehabilitation plans also for the quarries of the Beni Suef plant, thus covering all TCE quarry sites for the cement operations. The rehabilitation plans were prepared in cooperation with local experts and in accordance with the WBCSD/CSI Guidelines on Quarry Rehabilitation.

## Strengthening environmental responsibility

In 2016, we continued the efforts in developing our employees' capabilities regarding the handling and use of new energy sources. This was in order for us to manage the major challenges and rapid changes in the country involving new energy sources, with a shift to both solid fuels and new alternative fuels.

We also raised employees' environmental awareness and responsibility through increasing the green areas in our cement plants.

### Training of employees and contractors

Our aim is to develop a culture in which all types of fuel are used in the most environmentally responsible way.

To this end, we have created a training program that increases employees' understanding of issues around environmental protection and health and safety, and develops their capability to respond to changes in our day-to-day operations.

We also run training courses for employees and contractors on a range of environmental topics, such as solid fuel management, energy use and management, waste management and recycling, water use, quarry rehabilitation and raw materials handling. As we continue to apply monitoring and integrated management systems, these courses equip our employees to participate in helping us achieve our objectives.

At the same time, we are working to increase the awareness of our stakeholders in these issues. We sponsor selected events, conferences and initiatives, and support the environmental campaigns of academic organizations.

### Raising awareness at local community

We truly believe that only in collaboration with stakeholders and peers can we achieve our long-term objectives.

TCE continued in 2016 to participate effectively in local and international events on environmental protection and raising environmental awareness:

- We participated in the celebration of World Environment Day in cooperation with Alexandria University in Alexandria and with New Urban Communities Authorities in Beni Suef.
- We organized, in cooperation with the Egyptian Environmental Affairs Agency, a World Environment Day celebration as sessions and marathon in Alexandria.
- In coordination with Nile Center, we organized a Health awareness session in Alexandria.
- In coordination with Beni Suef University, we participated in the 1st Environmental Security and Global Climate Change Conference.

## Engaging stakeholders in culture change “Our Waste is Our Fortune Campaign” - Case Study

In 2016 we continued to extend our environmental protection activities in order to serve local communities. For the fourth consecutive year, we continued and strengthened our municipal solid waste campaign (MSW) in coordination with Alexandria Public University, Directorate of Education, Alexandria University and Alexandria Governorate.

The target populations are the youth centers, schools and universities. The target is to improve our external stakeholders’ environmental awareness about solid waste management. We demonstrated to the students how these projects will improve our ecological footprint by reducing the use of fossil fuels, conserving natural resources, and offering a safer solution for waste disposal.

During 2016, we focused on the public and private university students and staff. We covered 325 universities staff, students, other industrial facilities representatives and NGOs members. During every session, APCC distributes a brochure to all attendees.

In the frame of the World Environment Day celebration in collaboration with High Institute Alexandria University, APCC was awarded for the second year consecutively for the good records of awareness sessions in schools and universities as well as the continuous support to Municipal Solid Waste Awareness Campaign.



## Looking ahead

TCE will continue to apply the continuous improvement plan, and to reduce our environmental footprint. Specifically, we will further mitigate CO2 emissions through sustainability initiatives, and continue to improve our performance in water management, through recycling and reuse, and usage. Using state-of-the-art facilities, we aim to reduce our consumption of non-renewable resources by using municipal and agricultural waste as alternative fuels in our cement plants, in line with the Egyptian regulations and guidelines. In addition to environmental benefits, the use of these alternative fuels will also benefit local economic development through the creation of new jobs, and will further improve the national solid waste management system.





Health and  
Safety

**Health and safety is a top priority for us, at all times and in all we do. We aim to build a culture of awareness and care across the company and beyond-at home, in schools and in the community. Through regular audits, communications, activities and initiatives, we engage closely both with our employees and contractors, and with external partners and communities to embed health and safety in all our operations.**

Providing a healthy and safe working environment for all our direct employees and contractors at all our operations and locations is among the highest Group priorities.

Our vision is to achieve a healthy working environment free of incidents, injuries and accidents. Our OH&S policy is supported by a Group Framework for action aiming at continuous improvement of our safety performance. Our goal is to have zero fatalities and zero serious accidents. We benchmark our Group safety performance against the Cement Sustainability Initiative (CSI).

We all take a proactive, precautionary approach to health and safety at work and we aim to achieve a safer, healthier working environment with zero fatalities or serious accidents. This is clearly demonstrated by our Health and Safety Performance which defines the role of everyone involved in achieving and continuously improving our strong culture of accident prevention in all our operations.

Having recognized health and safety as a material issue-not only in the workplace but also at home, at school and in the community-we are working on the development and implementation of targeted, selected initiatives that will create a wider culture of awareness and care. We have strict safety systems and processes in place across both Group and business unit levels, monitored by the Group's Health and Safety division. We continuously monitor, measure, develop and improve our health and safety performance and we run educational programs to train and educate our direct employees and contractors. In addition, our Annual Safety Awards recognize the Group's best performers and the most innovative initiatives.



## Safety performance

### Employees' safety performance

No fatalities were recorded in 2016 for direct employees. Only one case of injury for direct employees was recorded in 2016, same as in 2015, while there was a reduction in the total number of working man-hours. This reflected in a slightly increased indicator of Lost time injuries frequency rate (LTIFR) in 2016 (0.68) compared to 2015 (0.61). The LTIFR is calculated as lost time injuries (LTIs) per million hours worked.

In 2016 TCE continued to undertake specific actions to strengthen its safety performance. These measures include: on-the-job training to weave safety into all daily tasks; and zero-based reviews of selected work processes' safety improvement programs to enhance the safety skills of employees and contractors. TCE offers a high-standard private medical coverage, above what is required by law for our direct employees and their families.

Direct Employees	2012	2013	2014	2015	2016
Fatalities (1)	0	0	0	1	0
Fatality Rate (2)	0	0	0	13.46	0
LTIs (3)	1	0	1	1	1
LTI Frequency Rate (4)	0.68	0	0.72	0.61	0.68

Direct Employees	2012	2013	2014	2015	2016
Fatalities (1)	0	0	0	1	0
Fatality Rate (2)	0	0	0	5.95	0
LTIs (3)	3	2	1	1	0
LTI Frequency Rate (4)	0.83	0.6	0.29	0.19	0

### Contractors' safety performance

The safety improvement process for contractors continued in 2016. Zero fatalities and zero cases of injury were recorded.

TCE expects that all contractors will apply the required health and safety standards and provide all necessary training, personal protective equipment and tools to safeguard healthy and safe working conditions and medical care for their employees. All contractors are regularly evaluated for how well they meet their contractual obligations, and TITAN provides special training for contractors to ensure that safety standards are met.



## Definitions as per the WBCSD/CSI

**(1) Fatality:** A death resulting from a work-related accident, with no time limit between the date of the accident and the date of death.

**(2) Fatality Rate:** Number of fatalities in a year per 10,000 people directly employed i.e. Fatality rate (Directly employed) = (Number of Fatalities in a year (Directly employed) x 10,000 / Number of Directly employed personnel).

**(3) Lost Time Injury (LTI):** a work-related injury causing the loss on one or more working days (or shifts), counting from the day after the injury, before the person returns to normal or restricted work. Injuries incurred while travelling to and from work, arising from criminal acts and due to natural causes are excluded.

**(4) Lost Time Injury Frequency Rate (LTIFR):** Number of LTIs in a year per 1,000,000 hours worked, i.e. LTI Frequency Rate = (Number of Lost Time Injuries in a year x 1,000,000) / Total actual hours worked and paid to employees in the year.

## Site audits and preventing incidents

Throughout 2016, there were numerous internal inspections carried out by TCE senior management. Internal audits by the TITAN Group auditors' teams have also been conducted. The findings were used to improve safety behavior, processes, equipment and training.

## Strengthening corporate safety culture of employees and contractors

### Communicating health and safety

TITAN Group places great emphasis on continuously seeking and sharing health and safety-related information, including descriptions of incidents that have occurred in the Group's business units or elsewhere. Lessons learned are disseminated throughout the Group and introduced into training programs across all business units.

Within the context of further enhancing our corporate safety culture, TCE has developed an occupational health and safety manual that is inspired by international standards and practices but adapted to the local Egyptian context. To encourage employees to attend the safety inductions and monthly training, and to motivate them to adopt our safety standards, TCE has devised fictitious characters, Salama (Arabic word for "safety") and Darbaka (Arabic word for "chaos"), who feature in entertaining visual materials, including booklets and a video for employees and their families.

In 2016, we continued with the health and safety training cycle. Training sessions were addressed to employees and contractors and took place throughout the year, at an average of 11,2 hours per person per annum, including a full day of health and safety training per employee.

Completion of the first phase of the Prevention of Serious Accidents program: TCE continues with the program roll-out, while the focus of training of operational staff is today on the change from natural gas to solid fuels. This program has been identified as 'key' for the awareness and education of personnel within TITAN, and TCE shall persist in 2017 as well.



## Promoting employee health and hygiene



TCE, in collaboration with specialist organizations runs medical examinations and health care programs beyond the local legal requirements to monitor the health of our employees. Doctors and occupational physicians monitor individual employees' health, ascertaining their fitness to work and offering advice or intervening as appropriate. Further improvements to our health protection program will be considered within the framework of our Sustainability 2020 strategy.

During 2016, we had two medical examination events for our people. The first one was the Occupational Health Surveillance covering 697 employees in all locations in coordination with a private medical provider. The second one was in collaboration with Faculty of Medicine, Beni Suef University and Upper Egypt Diabetes Association during the National Campaign of early diagnosis of diabetes & Blood pressure diseases in Egypt for 280 employees and Contractors in Beni Suef Plant.



## Contractor safety days

TCE cares about improving the safety performance both for employees and contractors. We understand the need for an increased emphasis on safety in the management of contracts of all types, at all scales and risk levels, both on and off-site. In 2016, we held safety days outside the two cement plants (5 days for ALX plant & 6 days for BSF plant to cover all workers Titan & Contractors). We invited contractors on all types of contracts, including both daily workers and seasonal contractors who work with us during shutdown periods.

During these safety days we launched a contractor safety management program that complies with TITAN Group standards and requirements. We carried out a gap analysis, set procedures and held a communication event with all contractors.



## Celebrating World Occupational Health and Safety day

TCE promotes its safety culture and exchanges knowledge and ideas on occupational health and safety best practice. At a local level, TCE has been among the main sponsors and participants of the World Occupational Health and Safety day in Alexandria since 2010.

## Health & Safety at Work NEBOSH Certification

TCE seeks to enhance and develop the experiences and excellence of employees performance, and because this comes from being updated with the most modern techniques and international standards, TCE had six training sessions for 100 white collar employees covering a well-recognized international training in association with NEBOSH which is the Health and Safety at Work (HSW) NEBOSH certificate.

The training contributes to the continuous improvement of safety performance of TCE personnel, and enhance the compliance of the company with the international codes and standards in its last updated shape.





# People Development

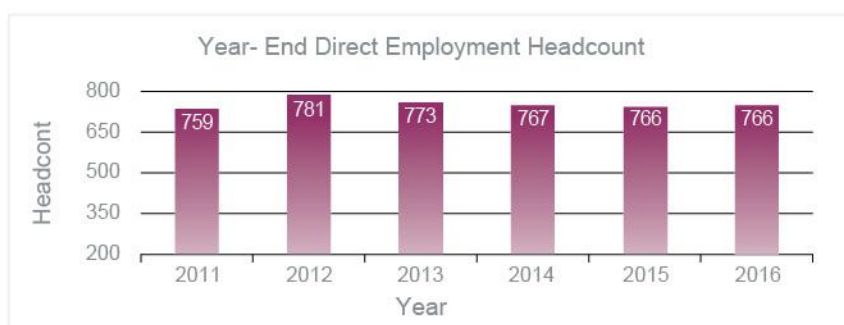
Our success is dependent on our employees and contractors. Our vision is to grow a workforce-including both employees and contractors-that is fully engaged in every way with our goals and aligned with our values. We acknowledge our responsibility to provide fair employment that respects people's rights, and to create opportunities for all, including young people and those from the communities in which we operate.

Employment (End Year)	Training man-hours
661	18,640

## Creating and safeguarding employment

Unemployment is a material issue for our stakeholders. This is particularly so for employees who feel they and their families could be exposed to risk due to uncertainties in the economy, and to wider local communities who rely on local employers to generate income. Regulators and society at large also see unemployment as an important issue.

Creating opportunities for long-term and stable employment for competent and talented people, particularly those who live in our local communities, is not only good for our business on a day-to-day basis, but also contributes to our overall efforts for sustainable development.



Our policy is to be a preferred employer in our local markets. By providing education and vocational training, we aim to make employment opportunities available to people in our local communities and help them to join us as employees or as contractors.

Thus, we pay an equivalent rate for the same job, with no differentiation by gender. The only differentiation factor for pay is related to employees' personal performance. The ratio of basic salaries and remuneration remains in line with market norms.

In 2014, the volatility in performance due to the energy crisis in Egypt brought corresponding instability in our direct employees' total income. In line with TITAN's deep-rooted values around caring for our employees, we signed a three-year collective agreement with direct employees covering the period until 31 December 2017. This agreement is based on a new remuneration system that guarantees paying part of the profit sharing on a monthly basis in advance.

In addition, TCE supports the family environment and upholds the rights of female employees to exercise parental leave. In 2016, four female employees entitled to take parental leave did so, returning to work afterwards. TCE has a %100 employees return to work rate. Although the Group operates globally, %99.24 of employees at our operations in Egypt, including management teams, were Egyptian nationals.



## Our approach to people management

We believe that an effective and engaged workforce should live our values and have a strong understanding of our Group Code of Conduct. Following the update of our Code of Conduct, a People Management Framework was launched to provide all TITAN operations with clear and consistent guidance on how to address people-related issues. The framework serves as the pathway toward the accomplishment of our vision. It applies both to direct employees and to our business associates and serves as a guidance for all people-related policies developed at local level.

The framework incorporates TITAN's commitments to building and retaining an engaged workforce, building trust by living our values and respecting human rights.

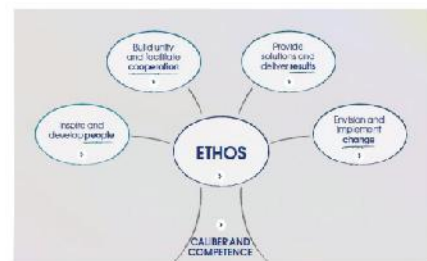
We apply equal opportunity principles in all our employment selection decisions, while also taking into account the local employment needs. We respect human rights, promoting them within our sphere of influence and ensuring a safe and healthy working environment for all.

### "Titan Leadership Platform" Group initiative for people development

The "Titan Leadership Platform", our platform that describes the fundamental behaviors that define good leadership within TITAN was announced in 2015.

This platform combines the elements of our culture that brought our success up to today. These are the elements we want to safe keep. At the same time, it introduces the behaviors we want to reinforce to guarantee that our success continues in the decades to come.

It was rolled out to all countries, promoting the behaviors that drive strong leadership performance. The rollout and embedding in the everyday operations was a main corporate initiative throughout 2016.



As "Leading the TITAN way" will be used to inform all our internal people processes, we started with linking it with the Performance & Development Process.

The revised Performance & Development Process captures and combines both the 'WHAT' and the 'HOW' of performance and emphasizes transparent and participative facilitation mechanisms. The 'HOW' of performance is defined in "Leading the TITAN way" and has a clear developmental emphasis.

All managers were trained in the implementation of the process throughout 2016.

### Employee Engagement survey

TITAN recognizes the importance of being a responsible employer and building long-term relationships with employees that will be based on mutual trust, reliability and shared values, across all business units. For this reason, TITAN has responded to the key areas identified by the 2015 employee engagement survey namely leadership and performance management.

In Egypt, the survey revealed that more than 70% of our employees feel that TCE has a strong safety culture and engages well with its employees. The survey also highlighted areas for improvement, such as improving communication across all organizational levels, and management development. During 2016, the management started to implement an action plan

to address these issues, through the following actions:

- Local implementation of the Group initiative of new leadership platform "Leading the TITAN Way".
- Local implementation of the Group initiative of new Performance Development Process.
- Increase in the number of communication days or employee exchange events implemented in 2016.



## TITAN Group Employee Standards

Employee Standard	Employee Standard
Non-discrimination	Prohibit discrimination in all employment related practices
Working hours	Respect the right to leisure and avoid excessive overtime
Wages and benefits	Guarantee a wage that – at a minimum – meets national legal standards and provides additional benefits that respond to local needs
Discipline	Apply appropriate disciplinary measures
Fair treatment	Prohibit bullying and harassment
Prohibition of child and forced labor	Prohibit the use of all forms of forced and child labor, complying with International Labor Organization standards
Freedom of association	Respect our employees' freedom of association and related rights, within the framework of local laws

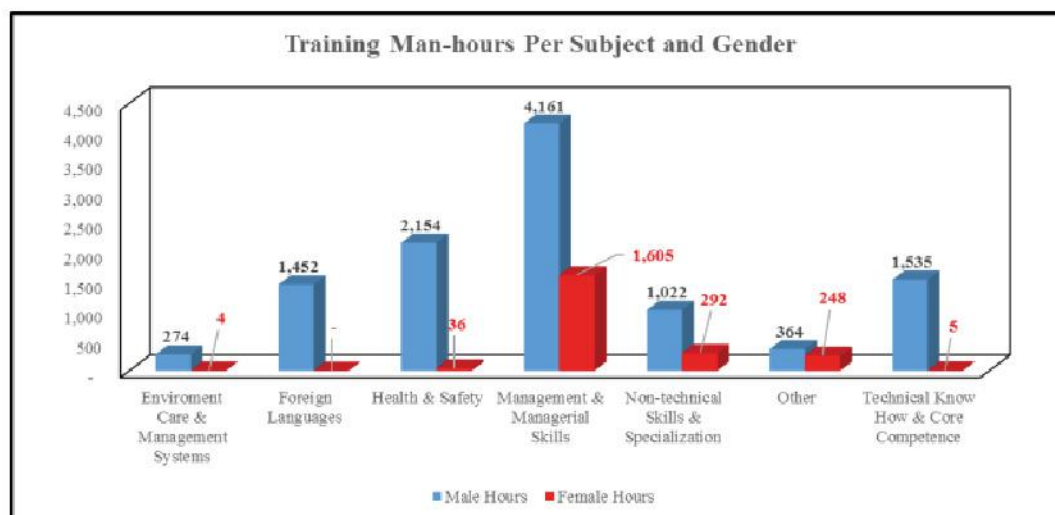
## Performance evaluation and new people development process

All TCE employees participate in an annual performance review. This ensures a fair and transparent evaluation process for all employees. In addition, the process of People Development Review ensures that there is a senior forum to:

- Agree on priorities for people agenda going forward
- Understand health of talent coverage and succession for key roles
- Validate development actions for key talent

## Training and development

We seek to promote life-long learning among our people and enhance their professional skills and competencies to meet local and global challenges. For this reason, in 2016, training hours have increased by %41.7 resulting to an overall number of 18,640 training hours for 671 direct employees, with a total investment per employee of EGP 4,308, demonstrating our continuing commitment to the development of our employees. The ratio of training man-hours was 25 man-hours per employee.



## iLEAD 100 Development Program- Case Study



During 2016, TCE launched one of the major development programs "iLEAD 100" to all TCE employees on Section Head level and up, with the objective of engaging, supporting and equipping them with the required learning tools and the how to of "Leading the TITAN Way" to further instill it in our day-to-day working behaviors, interactions and operations. It covers the first key element of the TITAN Way-PEOPLE (Inspire & Develop People), through five learning modules being On Situational Leadership, How to develop people (and self), How to energize people, How to manage performance, How to build & maintain teams.



We managed to complete two modules in a period of four months, and almost had 2,567 training man-hours. The programme will continue during 2017.

## Fostering human rights and equal opportunities

We fully acknowledge the importance of protecting human rights in our sphere of influence. We follow the UN Global Compact principles and the Universal Declaration of Human Rights as a reference in our assessment of potential risks, and we continuously work on improving our policies and practices. TITAN's Code of Conduct and People Management Framework ensure we fully comply with applicable legislation, particularly relating to diversity, equality and non-discrimination. We pay particular attention to the following principles:

- Forced, compulsory and child labor are prohibited;
- Harassment is not tolerated;
- Employees' health and safety is a top priority
- The right of freedom of association is respected;
- Employees are equipped to address current and future challenges.

In fostering a culture that respects human rights, TCE has developed a set of policies on equal opportunities and recruitment that are based on the 1948 United Nations Declarations of Human Rights and the International Labor Organization's Declaration on Fundamental Rights at Work.

To this end, recruitment, compensation and career development are all carried out regardless of gender, ethnic origin, ethnicity, race, religion or sexual orientation. Similarly, harassment and abuse are not tolerated within TITAN Group. Local management is responsible for ensuring that these human rights principles are implemented locally.

We aim to promote respect for human rights within areas of our influence, including respect for the freedom of association. We value diversity, with equal opportunities for all, the elimination of any kind of discrimination, and consideration of human rights issues in investment decisions. In 2016, women made up 4.28% of all employees, while the percentage of women in managerial positions is 2.7%.



## Ensuring labor rights and freedom of association

Respect for labor rights is a material issue for all employees, regulators and communities. Acknowledging the importance of our commitment to safeguarding these rights, TCE actively promotes the freedom of association of employees, in compliance with local legal requirements. Unions, when established by employees, participate in bilateral meetings with the management on a yearly basis. approximately 88% of our employees belong to unions. Union representatives in TCE have the right to meet with line management to discuss their concerns and suggest improvements, and to negotiate agreements on different issues covering employees' expectations, such as salaries, additional benefits, and proposals to improve health and safety conditions.

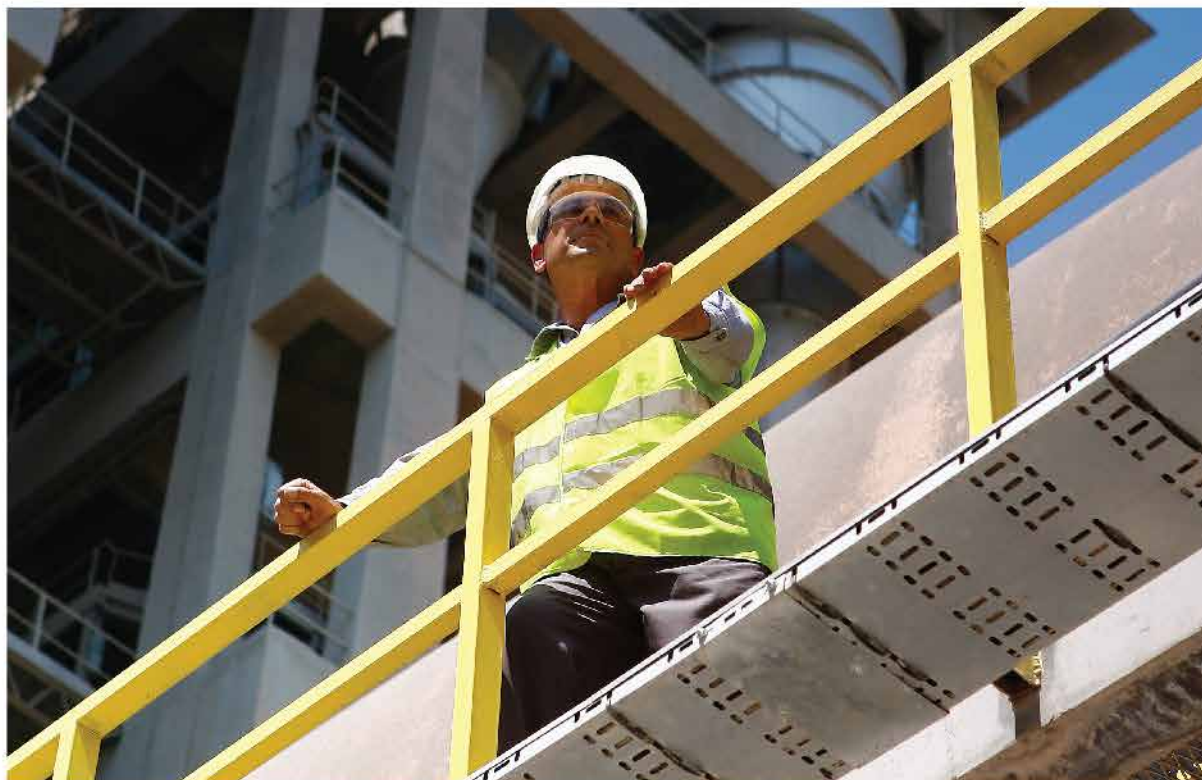
### Employee benefits, compensation and welfare programs

Employees and their families are a key stakeholders and direct beneficiaries of the value we create through our operations.

We seek to employ the best and most talented employees in our market. For this reason, we provide fair and competitive wages based on employees' competences and expertise. We also offer additional benefits packages fostering the principle of "reward and recognition" in our continuous effort to retain exceptional and motivated employees.

Accordingly, our employees' benefit and social welfare program follows, as a minimum, Egyptian labor law. TCE also contributes to the wellbeing of employees and their families with additional benefits above local legal requirements. These are paid either in cash or in kind, and include life insurance, family medical insurance, further financial support for medical cases that exceed or are not covered by the medical insurance, a pilgrimage lottery, jubilee and retirement awards, financial aid to our employees in the case of emergency, a savings plan, subsidized summer resorts, amusement park tickets, football and sports tournaments, transportation, housing, meal allowances, parking and playground renting.

We also provide our employees with professional development opportunities to help them improve their competencies and reach their potential.



## Communicating with employees

Our values are based on transparency and open dialogue. We believe that it is very important to communicate regularly with our employees to inform them about TCE's and the Group's performance. Employee opinion surveys and organized events provide opportunities for all employees to communicate openly with management, exchanging views and opinions and contributing to a process of continuous improvement.



TCE management invests one-day of communication with TITAN Group CEO as well as several of the Group Senior Executives.

We especially recognize employees who reach 25 and 35 years of service, celebrating their anniversaries with special awards and events.

## One Team Campaign - Get out of the stress, let's have some fun

Beni Suef plant exerted huge efforts during the big shutdown and Coal Mill Commissioning. Consequently, as a recognition to their efforts, to get people out of the stress, having some fun and re-charging their energy. Plant engineers enjoyed lunch and had a nice time in the Plant Club playing various games.

## Ramadan Football Tournaments for direct employees and contractors

Similar to every year, Alexandria and Beni Suef plants organize a football tournament for direct employees and contractors. In Beni Suef, the tournament took place in Beni Suef Public Stadium having 40 players and in Alexandria, it took place in El Dekheila Youth Center having 100 players.

By the end of the tournament, big celebration events attended by 215 direct employees, contractors and their families took place in Beni Suef and Alexandria.





Engaging with  
Local  
Communities

**We aim to make a positive contribution to sustainable community development, supporting and participating in the wider communities in which we operate. From environmental protection and developing employment opportunities to providing educational, cultural and sporting activities, TCE aims to be at all times a good neighbor.**

The assessment of material issues at local level underlined the importance of quality education and new skills requested for employment and economic growth. This is a common area of interest among stakeholders due to the high rates of unemployment and the need for developing skills necessary for the young generation of employees.

## **Focusing on local development**

Our operations are local and our relationship with neighboring communities around our operations is fundamental for meeting our strategic objectives. We work with local stakeholders such as public authorities, civic society groups, academia and business partners to ensure we understand local needs and stakeholders' expectations, and we incorporate feedback received into our plans and activities.

We contribute both financial and non-financial resources toward local development. While priorities vary from one community to another, they usually fall into one of our strategic social investment themes: support for health, safety and the environment, and employment and education. In 2016, we contributed EGP 8.7 million to communities in cash and in kind for community development programs primarily in the areas of education, health and safety, unemployment and environment. On average, the total direct employment during 2016 was 748 employees. 92.11% out of it are from the local communities, with 657 male employees and 32 females.

We are focused on continuous improvement across all our activities. For this reason, we have acknowledged that our community policy should further evolve from corporate philanthropy and social solidarity efforts into integrated and inclusive long-term social engagement. Accordingly, we have conducted community impact assessments in collaboration with relevant local stakeholders to determine needs and priorities in our neighborhoods in Alexandria and Beni Suef. The outcomes are highlighting our efforts to ensure that our sustainability objectives and targets meet local priorities.

Since 2015, we focused on implementing an action plan for our neighboring communities in Alexandria based on a specialized study.

TCE supports the UN's Sustainable Development Goals (SDGs) 2030 and aims to be an enabler of long-term sustainability and growth for our communities. Our goals and aims are aligned with the SDGs, which guide our operations and activities at all levels.



# Aligning with the UN Sustainable Development Goals

The UN SDGs 2030 cover the three dimensions of sustainable development: social, economic and environmental.

The SDGs 2030 are grounded on five principles:

- Leave no one behind;
- Put sustainable development at the core;
- Transform economies for jobs and inclusive growth;
- Build peace and effective, open and accountable institutions for all;
- Forge new global partnerships.

## A sustainability vision for Egypt 2030

By 2030, Egypt will possess a competitive, balanced and diversified economy, dependent on innovation and knowledge, based on justice, social integrity and participation, characterized by a balanced and diversified ecological collaboration system, and investing the ingenuity of place and humans to achieve sustainable development and to improve Egyptians' quality of life. TCE is already committed to these ideals, which are reflected in our corporate activities and objectives.

Consequently, we believe we have a key role to play in furthering this vision of the Egypt of the future.

## Aligning priorities with the UN SDGs 2030

TCE's objectives are fully aligned with the UN SDG 2030 goals, ensuring our support for them furthers the achievement of our own aims.

We are particularly supporting the following UN SDG 2030, based on our community study findings, materiality assessments and national priorities.

Given the adoption of the UN SDGs and vision for Egypt, since 2015, TCE focused to better understand how material issues and business priorities relate with specific SDGs so as to align future action plans with national plans for the SDGs 2030.

From our current assessments and stakeholder feedback, we consider as more relevant and important the following:

 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	 <p><b>4</b> QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	 <p><b>13</b> CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>
---	---	---	---	---

## Three-year partnership in Alexandria serving 50,000 residents

Although the Alexandria cement plant is located in an industrial area, it is adjacent to a large and crowded residential area with a population of around 50,000 citizens. In 2014, we implemented a social impact assessment study in collaboration with a local specialized NGO and local stakeholders so as to optimize our community engagement plans.

The study was completed in early 2015 and resulted in proposals to create added economic and social value for residents of Wadi El-Kamar, the district in which our plant is located. These covered youth education and women employment, as well as collaboration with NGOs and both public and private businesses to improve living conditions in the area. Accordingly, based on the findings of the study and our materiality assessment, we identified four main priorities, which are outlined below.

During 2016, for the second successive year, we continue addressing various activities as part of a three-year partnership with a local NGO through four main priorities that will drive our community plans over three years. In the meantime, we continue to engage with NGOs, local authorities and other stakeholders in order to find better solutions for people in the area:

### **Priority 1: Raising the capabilities of local organizations**

In 2015, we worked with the Directorate of Social Solidarity to improve the capabilities and resources of various local associations serving the community needs. In this framework, two new local non-profit-making organizations were established with the aim to assisting waste collection and management. Since 2015, the organization employed 35 local residents who received specialized training. We still support and work with the two new local non-profit-making organizations established during 2015. They assist with waste collection and management and women employment.

### **Priority 3: Supporting employment for women and young people**

TCE is committed to supporting opportunities for employment of local residents.

During 2015, TCE provided financial support and materials for the women to launch their businesses. During 2016, they are still running their small projects being trading in baking, sweet products, children's clothes, vegetables and electrical supplies. Other women were provided with sewing machines, and a number of them participated in a product distribution project.

### **Priority 2: Improving local conditions**

In the last 2 years, we partnered with the Egyptian Environmental Affairs Agency (EEAA) as well as a local NGO to improve local conditions in Wadi El-Kamar. During 2016, we supported training sessions for local cleaners who are responsible for cleaning the roads, the houses and the public schools. In addition, we provided a water pump to help street cleaning, and to water trees while we also supported tree planting.

### **Priority 4: Culture and entertainment**

For the third consecutive year, TCE has worked with the Ministry of Endowment to provide a range of cultural and entertainment events for Wadi El-Kamar residents. We supported the Ramadan Quran Memorization Contest, organized by last year winners local residents.

For the third successive year, we also fully sponsored the Ramadan Football Tournament organized by youth local residents at El-Dekheila Youth Center. We provided a football kit for each player, staged a celebration event attended by 160 people and handed out awards for the top three teams and the referees. The tournament had eight teams with 64 players in total.



## Wadi ElKamar Elementary School Renovation Case Study

In the general area of interest: 'Care for education in local community', and with target group: Wadi El Kamar (WEK) Elementary Public School Students (1,280 members) and 54 Staff members, TCE developed the initiative: "Neighborhood Elementary Public School Renovation and Maintenance" as a new beneficial project for Wadi El Kamar residence.

This project was part of the priorities based on the social impact assessment study in collaboration with a local specialized NGO and local stakeholders.

By partnering with TCE Civil Consultant and one of Alexandria Plant contractors from Wadi ElKamar and under the supervision of Educational Building Authority, the renovation of Wadi ElKamar Elementary School is still on-going during 2017.



## Vocational Training and Education Center at Gheit ElEnab- Case Study

The assessment of material issues underlined the importance of quality education and new skills requested for employment. This is a common area of interest among stakeholders due to the high rates of unemployment and gap of skills in Egypt's market.

Based on the above, TCE is very keen to participate in supporting closing the gap between education and required technical skills in market. TCE engaged with the federation of local business associations and fully equipped a welding workshop in their new Vocational Training and Education Center at Gheit ElEnab, a newly renovated district in Alexandria by the Army. The target is to start training youth in Alexandria about up-to-date welding accredited curriculum.

As a consequence of our future partnership with Alexandria Businessmen Association in their new Vo-Tech center, ABA added TCE to their CSR Network.



## Fighting hunger at Beni Suef

As in previous years, TCE worked with NGOs to combat hunger by distributing 5,000 dry food bags to poor residents, both in our own locality and the western area.

## Culture at Beni Suef

Similar to every year and in partnership with the Ministry of Youth and Sports, we also sponsored the Ramadan Quran Memorization Contest for 420 participants in Beni Suef Youth Centers.

# Joining youthinkgreen Egypt

For the second successive year, we joined as Platinum Sponsor the third Youth National Sustainability Summer Camp, organized by youthinkgreen Egypt and held at the Technical University of Berlin (TUB) campus at El Gouna.

At the camp itself, TCE hosted a cycling event and held a session about the process flow of cement production as well as new technologies used in TCE production lines.

In addition to the camp activity, we joined a three-month program with youthinkgreen Egypt "The 1st On-Campus Sustainability Challenge- Put your campus on the green Map". The program aimed to empower University Students to foster sustainability on Campus. 30 students from Alexandria Public University, Beni Suf Public University and Zewail City of Science and Technology participated in the program. To promote program, we assisted youthinkgreen Egypt volunteers to spend a day at Beni Suf University to engage with and inspire the students to participate. At closing ceremony, TCE distributed gifts to all participating students as well as special gifts to Beni Suf Sustains being the first winning Team. After the program, Beni Suf sustains were honored by the Minister of Environmental Affairs.

In summer, TCE arranged for a three-day soft skills and sustainability training for Alexandria and Beni Suf Sustains. The purpose of this activity is that TCE cares about enhancing the sustains basic interpersonal skills and empower them to implement their on-campus sustainability projects professionally. In addition to soft skills sessions provided by TCE HR Development team, TCE arranged for some sustainability sessions as well through Environment Team and Technical University of Berlin Campus El Gouna.



## Celebrating World Environment Day

As in previous years, we celebrated in Alexandria the World Environment Day by solely hosting, in collaboration with the Egyptian Environmental Affairs Agency, a number of events as session and marathon for youth.

In the frame of the World Environment Day celebration in Institute of Graduate Studies and Research, Alexandria University, APCC was awarded for the good records of awareness sessions in schools and universities as well as the continuous support to Municipal Solid Waste Awareness Campaign since 2014.

For the first time in Beni Suf Governorate, they celebrated the World Environment Day. TCE engaged with New Urban Communities Authorities in sponsoring the event.

## Scholarship programs and summer internships

In 2011, TCE launched the Stamatis Douzinas Annual Scholarship Program in honor of the memory of our late chairman. This scholarship supports the academic and personal career paths of young graduate engineers, with the aim of developing and raising educational levels in Egyptian society. Since the program's launch, we have supported two graduates every year - one from Beni Suf and one from Alexandria-to pursue their postgraduate studies.



In 2015, we partnered with the Technical University of Berlin and the Sawiris Foundation for Social Development to provide an annual scholarship aligned to our program's objectives and supporting social development initiatives.

Year 2016 scholarships were awarded to Omer Emad Refaat and Youssef Kamal Ayad, who will pursue master's degrees in Energy Engineering.

Every year, we offer summer internship opportunities in technical and non-technical functions to young people from local communities. The internships include organized programs in partnership with Alexandria and Beni Suf Universities, and help develop essential employability skills and competencies. In 2016, 342 summer interns took part compared to 220 in 2015.

## Other Activities

We welcomed students in our cement plants and aggregate quarry in order to enable them see the manufacturing process and gain valuable experience.

22 students from the faculty of engineering, Chemical Section at Cairo University visited Beni Suf Plant. These students are going to have their graduation projects related to cement industry. In addition, 32 students from the Faculty of Mining Engineering at Suez Canal University visited Attaka Quarry.

Each year, TCE supports children of poorer families by meeting the cost of their annual school fees.

TCE in 2016 participated in three major job fairs in 2016: 8th Rotary Employment Fair "Mostakbalna fi Baladna" in Cairo, Job Master Annual Employment Fair in Alexandria Sporting Club, and ALEXA 6th Employment Fair in Alexandria.

# Suppliers relations and management

TITAN is committed to building strong and lasting relationships with customers and suppliers, founded on trust and mutual benefit. The Group actively seeks out and favors business partners who have been also committed to apply the UNGC principles within their sphere of influence. Supporting local communities in the areas where TITAN plants are located constitutes an integral part of TITAN’s corporate philosophy. To this end, we seek to maximize the collaboration with local suppliers and contractors.

Group Purchasing Manual provides a guide for the selection of potential candidates and the recommendation for the preferred bids. The awarding process includes a list of specific criteria, which take into consideration, beyond the standards conditions of health and safety, also additional aspects of environmental legislation, quality, compliance with specifications and reliability, and clauses regarding sustainability and localization.

In TCE we recognize that we cannot achieve our objectives alone. We believe in a collaborative approach that means building strong and enduring relationships with our suppliers, customers and shareholders. By working together, we can all achieve more.

Contractors and suppliers make a significant contribution to our performance, and support us in meeting our customers’ expectations. In this direction, we seek to build long-term, trustworthy relationships with them, and embed the right principles in our strategy.

Our supply chain is composed of a number of business partners who provide us with materials, products and services. The total spend to suppliers in 2016 was EGP 5,509 million. Wherever possible, we aim to use local suppliers, as this benefits the local economy and provides jobs to local communities. We estimate that our spend with local suppliers in 2016 contributed to approximately 1,700 jobs. We follow a policy that requires on-time payments, regulatory requirements and contractual terms.

Our suppliers’ sustainability performance is among the requirements of TITAN Group’s Code for Procurement. The Code guides the selection, management and evaluation of suppliers. Key selection criteria include quality, reliability, flexibility and location of business. Our supply chain management focus, is on maintaining cost-effective and sustainable relationships with all suppliers, whether global, national or local. We are also committed to improving safety standards among our suppliers, especially those on local level.

Significant Contractors and Screening 2016	
Total Number of Significant Contractors	% of Local Contractors
94	87%

## Procurement Transformation Program Group Initiative

As part of its continuing efforts to enhance its competitive position of each of its businesses, TITAN Group has embarked on a Group Procurement Transformation program. The objective is to address both procurement spend, as well as overall business effectiveness, through improved processes, specifications, and quality and risk management. More specifically, the target is to optimize the number of suppliers and establish and maintain long-term value-added supplier relationships with an emphasis on “total cost” reduction, transparency and enhancement of the sustainability impact into the supply chain.

## Improve suppliers' overall performance according to TITAN Standards

In order to guarantee that performance levels of contractors / suppliers meet the Group standards, TCE communicated a new supplier contract addendum related to CSR issues and based on TITAN Group Code of Conduct through bilateral meetings with 83% of local suppliers in a series of one-to-one meetings. The changes consider occupational health and safety, working conditions, labour rights, forced labour, child labour, non-discrimination, environmental regulatory compliance, management of environmental impact, bribery and corruption and transparency and integrity.

On the other hand, within the market, it is common to see overloaded trucks but TITAN guidelines prohibit this practice within TCE. Despite the economic disadvantage, TCE is maintaining this approach by applying the international standards.

### Additional actions to sustain our good relations with local suppliers:

- TCE initiated an on-going project to replace foreign Suppliers with local ones.
- In addition to the governmental medical coverage, TCE provided a Private Medical Insurance to all outsourced personnel.

## Transparency

TCE has been actively engaged in the UNGC Network Egypt since 2014, promoting international standards and best practice in reporting our sustainability performance and addressing material issues for our stakeholders.

Our corporate governance principles and Code of Conduct, along with our values, guide us through every aspect of our business. TCE has voluntarily committed to disclose annually information related to its performance on social, environmental and governance issues, following TITAN Group reporting standards and more specifically the requirements of UN Global Compact criteria for Communication on Progress (CoP). The TCE CSR and Sustainability Report is hosted in our web site and it is available through the UNGC web site to all our stakeholders for review and feedback.

In 2016, TCE has also undergone an independent study visit and audit for its non-financial performance in the framework of the Group's 2016 annual integrated Report independent assessment and verification by ERM CVS.

The outcomes of this assessment for TCE are summarized below:

- For every second or third materiality determination cycle, consider a formalized presentation and discussion with stakeholders through a multi-stakeholder roundtable or similar event to test TCE view of material issues.
- All key suppliers to sign the contract addendum(s) for CSR and Code of Conduct, and BU to consider the resources and approach for ensuring supplier compliance with the requirements of the addendum;
- Follow-up monitoring of Pact for Youth participants to establish numbers gaining employment within 6 months of finishing studies. Where data is available, this number could be compared to peers who did not participate in the Pact for Youth program.

By the beginning of 2016, TCE has started publishing its dust emission and water consumption indicators on quarterly basis at TCE website.



# Annexes

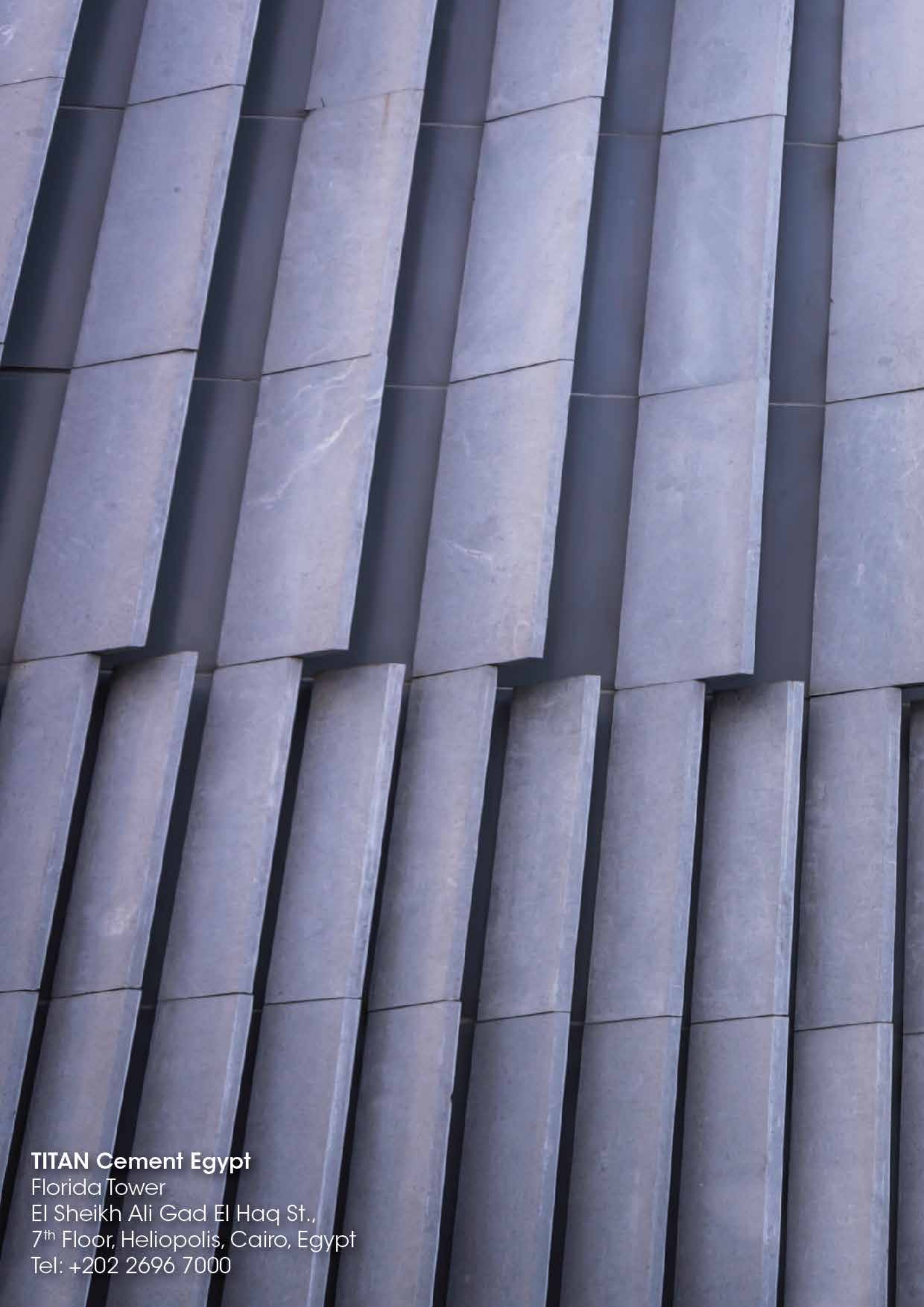
## Awards and Recognition

TCE received numerous awards and certificates in 2016 recognizing our active and successful participation in:

- The Municipal Solid Waste awareness campaign in Alexandria.
- World Environment Day celebration in Alexandria and BeniSuef.
- World Safety Day celebration in Alexandria.
- Our sponsorship of Environmental Security and Global Climate Change conference in BeniSuef University
- Our sponsorship of the 8th International Conference of the High Institute of Public Health, Think Globally & Act Locally: Green, Sustainable and Health Cities.
- Appreciation Shield from General Syndicate of Employees Building Material and Wood Industry

## Our Memberships and Partnerships

The Egyptian Financial Supervisory Authority (EFSA)	<a href="http://www.efsa.gov.eg/">www.efsa.gov.eg/</a>
The Egyptian Exchange (EGX)	<a href="http://www.egx.com.eg">www.egx.com.eg</a>
Real Estate Publicity District and Documentation	-
General Authority For Investment and Free Zones (GAFI)	<a href="http://www.gafi.gov.eg/">www.gafi.gov.eg/</a>
Central Agency for Public Mobilization and Statistics (CAPMAS)	<a href="http://www.capmas.gov.eg">www.capmas.gov.eg</a>
Beni Suef Governorate	<a href="http://www.benisuef.gov.eg">www.benisuef.gov.eg</a>
Al-Waqa'i'a Al-Masriya	<a href="http://www.alamiria.com/a/index.html">www.alamiria.com/a/index.html</a>
Cement Association - Egyptian Chamber of Building Materials Industries - Federation of Egyptian Industries	<a href="http://www.fei.org.eg/">www.fei.org.eg/</a>
Energy Committee - Federation of Egyptian Industries	<a href="http://www.fei.org.eg/">www.fei.org.eg/</a>
Tabbin Institute for Metallurgy Stu	<a href="http://www.tims.gov.eg">www.tims.gov.eg</a>
National Astronomical Research Inst	<a href="http://www.nriag.sci.eg">www.nriag.sci.eg</a>
Faculty of Science Analysis Unit	<a href="http://www.bsu.edu.eg">www.bsu.edu.eg</a>
United Nations Global Compact Local Network (UNGC)	<a href="http://www.gcnetworkegypt.com">www.gcnetworkegypt.com</a>
Sustainability Center For Development (SCD)	-
Protocol of Cooperation between Alexandria Portland Cement Company and Arab Contractors Company "The Safe Disposal of Bypass Dust By Using for Paving"	-
Cooperation agreement with the Technische Universität Berlin (TUB-Campus El Gouna) and Sawiris Foundation for Social Development	<a href="http://www.campus-elgouna.tu-berlin.de/">www.campus-elgouna.tu-berlin.de/</a> <a href="http://www.sawirisfoundation.org">www.sawirisfoundation.org</a>
Youthink Green Egypt incubated by Cairo University, Faculty of Engineering	<a href="http://youthinkgreen-egypt.org/">youthinkgreen-egypt.org/</a> <a href="http://www.cu.edu.eg/Home">www.cu.edu.eg/Home</a> <a href="http://www.campus-elgouna.tu-berlin.de/">www.campus-elgouna.tu-berlin.de/</a>
Egyptian Business Men Association (EBA)	<a href="http://www.eba.org.eg">www.eba.org.eg</a>
Egyptian Junior Business Men Association (EJBA)	<a href="http://www.ejb.org.eg">www.ejb.org.eg</a>
Egyptian - Greek Business Council	-
Egyptian Environment Affairs Agency	<a href="http://www.eeaa.gove.eg">www.eeaa.gove.eg</a>
Alexandria Businessmen Association CSR Network	<a href="http://aba.org.eg/">aba.org.eg/</a>
The American Chamber of Commerce	<a href="http://www.amcham.org.eg">www.amcham.org.eg</a>



**TITAN Cement Egypt**

Florida Tower  
El Sheikh Ali Gad El Haq St.,  
7<sup>th</sup> Floor, Heliopolis, Cairo, Egypt  
Tel: +202 2696 7000