

Building our future together

Corporate Social Responsibility
and Sustainability Report

2018

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WELCOME TO TITAN EGYPT 2018 CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT

TITAN Egypt (TE) through its legal entities Alexandria Portland Cement Company (APCC), Beni Suef Cement Company (BSCC), TITAN Beton and Aggregates Egypt (TBAE) and Green Alternatives Energy Assets (GAEA), aims at enhancing its position as a leading company in the industry and the first choice for each of its key stakeholders. TITAN Egypt works to achieve this goal driven by an open-ended commitment and dedication towards the social, environmental and economic responsibility, the company carries and contributes to its sustainability. Additionally, environmental stewardship is one of the fundamental pillars of our strategy for sustainable growth.

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

TITAN contributes both financial and non-financial resources towards local development through a range of programs and activities, aiming to create shared value for all stakeholders considering the issues that matter the most.

ABOUT THIS REPORT

This Report presents the financial and non-financial disclosures of all operations of TITAN Group in Egypt, including the Cement Plants of Beni Suef and Alexandria as well the ready mix concrete plants and the quarry of Attaka. For the purpose of simplifying and helping the reader, the name "TITAN Egypt" is used throughout this Report, wherever we need to refer to the combined disclosures of our performance, except for specific cases where the exact name of subsidiary is explicitly mentioned for pertinent figures and other disclosures.

This is our fifth (5th) Corporate Social Responsibility and Sustainability Report, which comprises certain key elements that are new with respect to this report, and worth mentioning in the opening:

In 2018, TITAN Group launched a robust approach to re-structuring the entire range of Key Performance Indicators, in the following areas: Environmental Performance, Social Performance, and Value Creation. These KPIs cover the disclosures for adherence of the Group with the UNGC Ten Principles, and the established standards of reporting according to TITAN's Sectoral commitments (WBCD/CSI). The KPIs are the appropriate disclosures for the review on performance for Sustainability, both on Group level and on BU level as well. TITAN published the Group Integrated Annual Report 2018 including the KPIs in the form of an "Index System", and implementing the above in principle and in practice.

The opportunity to align was also grasped by TITAN Egypt in the publication of the CSR and Sustainability Report of 2018: By introducing the Index System of KPIs at the level of BU (local) within this year's Report, TITAN Egypt actively implements TITAN Group reporting standards in line with a sector-based approach to the Cement Sustainability Initiative (CSI), which also complies with specific indicators within the framework of UN Global Compact Sustainable Development Goals. This step is important as it works in the direction of strengthening the reporting principles and standards on BU level, while providing consistent time history of 3 years for the environmental and social performance, and making best use of standards and 'tools' provided by the Group.

We follow two documents of guidance and reference (last edition was in 2017) developed by TITAN Group that include the basic terms and definitions for sustainability performance. These documents form the basis for the calculation of the social and environmental performance indicators, which are part of the Index System for TITAN Group, and have been embedded in our practices of reporting in the current Report.

Moreover, this year and for the first time, TE has received a Limited Assurance verification for its non-financial performance disclosures for year 2018, according to the criteria for Communication on Progress of the UN Global Compact, and the sectoral approach and related criteria for reporting on: (a) Health and Safety performance and (b) Environmental performance, in adherence with the guidelines of the WBCSD/CSI. The Independent Limited Assurance Report of TITAN Egypt is available in this Report, pages 57-58.

This report is available online at TITAN Cement Egypt's [website: http://titancementegypt.com/](http://titancementegypt.com/).

2018 highlights

 **Turnover**
EGP 2,866 m

 **EBIT**
EGP 29 m

 **Total Assets**
EGP 4,795 m

 **Capital expenditure**
EGP 274 m

 **Capital Increase (year-end)**
EGP 1,266 m

 **Wages-salaries and other benefits to Employees**
EGP 192 m

 **Taxes to National and Local Authorities**
EGP 570 m

 **Investments for the Environment**
EGP 103 m

 **Investments for the Local Communities**
EGP 8.93 m

 **Employees (year-end)**
492

 **Employees from Local Community**
88.69%

 **Training hours per Employee**
27

CEO MESSAGE



Dear Shareholders and Stakeholders,

Welcome to our 5th Annual Corporate Social Responsibility and Sustainability Report, which discloses information on our performance on social, environmental and governance issues that are material for our business and our stakeholders. We continue to remain focused on sustainable long-term growth embracing change to face the current and future industry challenges.

Despite the tough industry conditions, sustainability of our business and the wellbeing of our stakeholders continued to be our main focus in 2018. It has been a challenging year as the industry continued to suffer from an oversupply, exacerbated by the new state owned 12 million tons plant that entered the market in the second half of 2018. Profitability of our operations was significantly affected by the sector's inability to pass on the increase in energy costs and the imposition of additional levies per ton of cement produced. The entire cement sector in Egypt is experiencing hardship; however, the closure of some of the capacities may relieve part of the pressure in the future, while an increase in prices seems imperative for the sector to recover.

On 21 June 2018, the Extraordinary General Assembly of Alexandria Portland Cement Company took two bold decisions; the first was to offset the company's accumulated losses by reducing its capital by the losses of MEGP 970. The second decision was to increase the company's capital by MEGP 1,266 in cash in order to cover bank loans, capital expenditures and working capital.

In parallel with the economic sustainability issues, we have also addressed the environmental and social sustainability issues. As a Group, we have reviewed and updated our Environmental Policy and Climate Mitigation Strategy, underlining the need to accelerate efforts to reduce CO₂ emissions. TITAN Egypt managed to implement its environmental action plan and meet the targets set in 2015, which included the substitution of traditional fuels with alternative ones and the full integration of Best Available Techniques for the reduction of other air emissions. With the new filters for dust emissions and the new system to better control NOx emissions, TITAN Egypt was able to reduce air emissions and support combating the landfilling phenomenon by burning hazardous materials in the cement furnaces according to standardized specifications.

During 2018, 103 million Egyptian pounds have been directed to investments related to plans for continuous improvement of our environmental performance.

Health and Safety continue to remain at the top of our priorities. Our safety performance marks three years without fatal accidents. We remain focused on zero tolerance to unsafe conditions and behaviors and for this reason, we seek to continuously improve our performance, strengthening employee engagement and management responsibility, recording and analyzing near misses and improving our skills and competences to lead safety performance at all levels.

Stakeholder engagement and particularly collaboration with our employees, our communities and our business partners, enabled us to explore and promote solutions about the issues most material to them, that create value for all, covering all fundamental elements of our sustainability strategy

We have embraced the UN Sustainable Development Goals 2030 as a common framework for action and collaboration. In this report, we present for the first time a short overview of the economic value we have created for our stakeholders in 2018 in alignment with the SDGs 2030. Moreover, we have fully aligned our Sustainability Performance Index with relevant SDG 2030 targets.

We continued the implementation of our community engagement plan in the area of Wadi ElKamar, next to our Alexandria cement plant. During the last four years, since the launch of this plan, priority has been given to quality education for children, to the enhancement of job skills and to the professional development of young people and women. Other material issues like health and hygiene were also addressed, with the support of local NGOs, who undertook the task of managing waste, providing relevant services to the people and helping in improving living conditions in the neighborhood.

We are proud that we managed to transform the Alexandria plant to enhance the visual impact of our presence in the local neighborhood in which we operate including with the support of our employees and with the encouragement of the Group. In addition, we were able to open new channels for a meaningful stakeholder dialogue that will provide TITAN Egypt with valuable feedback to guide future investments and meet new targets for 2025. We remain constant in our values and our respect for every individual, society and the environment.

Khaled Badawy
Chief Executive Officer

A handwritten signature in black ink, appearing to be 'KB', written in a cursive style.



Strategic Review

ABOUT TITAN GROUP

TITAN is an international cement and building materials producer, with a history of more than 115 years. The Group is headquartered in Athens, Greece and has operations in 14 countries, which are managed under four geographic regions: USA; Greece and Western Europe; Southeastern Europe; and Eastern Mediterranean. The Group also has one joint venture in Brazil.

ABOUT TITAN 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)

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 the 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).

TITAN Egypt (TE) produces cement and concrete to provide the different industries with essential building materials that are durable, long lasting and match the needs of modern society. TE 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 one aggregate plant, in Suez 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 enlisting on EGX, each shareholder has the right to attend the General Assembly of the Shareholders, either in person or by proxy.

ABOUT TITAN BETON AND AGGREGATES EGYPT (TBAE)

TBAE is a subsidiary of TE that specializes in the production, distribution and sales of ready-mix concrete, located in 6th of October City in Giza Governorate. TBAE has an aggregates quarry in Attaka in Suez Governorate that produces and sells aggregates for inter-company use as raw materials input to the ready-mix batch plants.

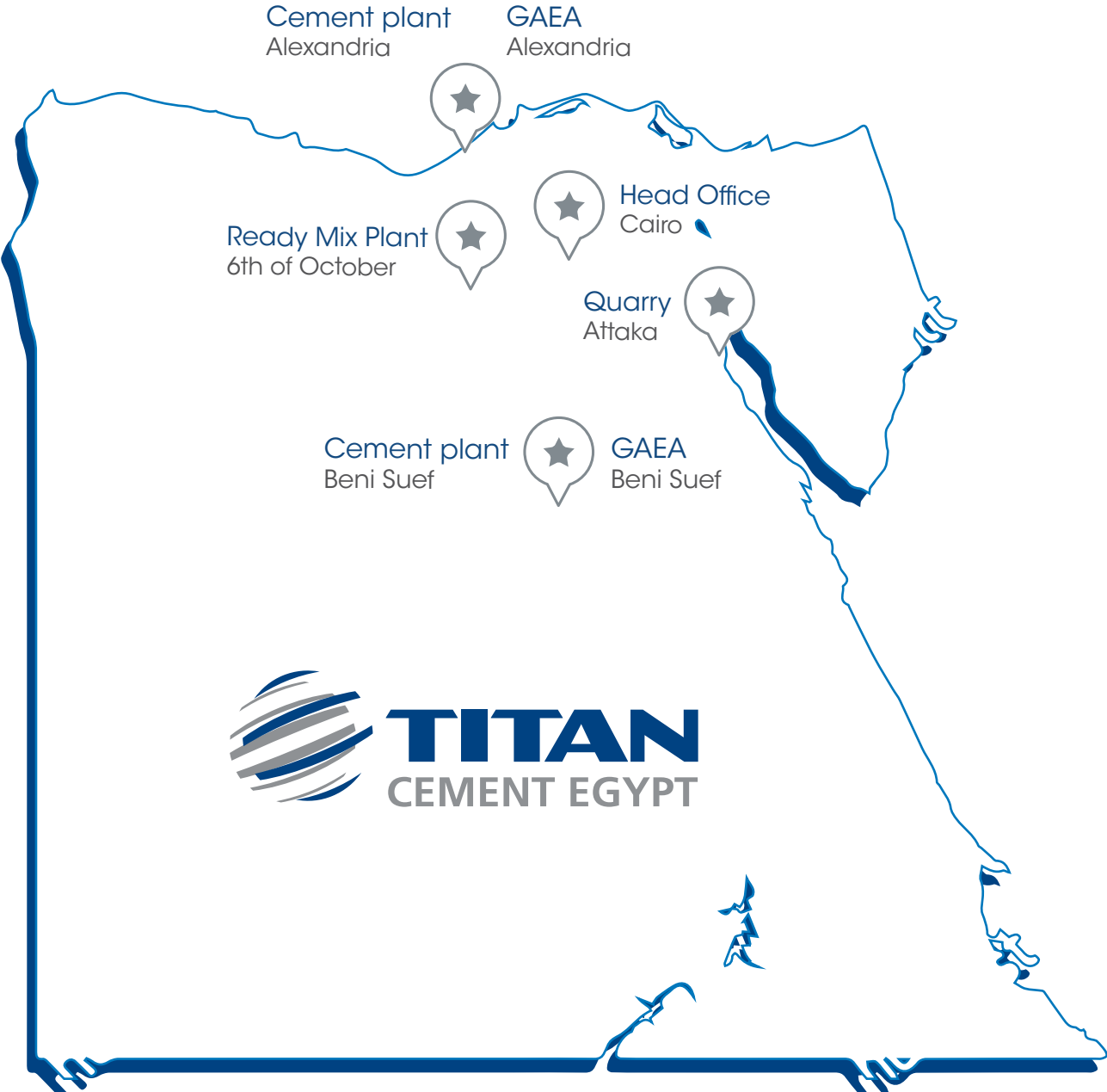
During 2018, TBAE has successfully closed a deal to expand geographically by re-allocating one of its batch plants to the New Administrative Capital (NAC). Working in NAC, the most promising area and the highest potential growing market in Egypt is considered a leap in TBAE strategic presence.

TBAE also continued to develop its customer base portfolio, achieving heightened margins. At the same time, TBAE successfully implemented the upgrade of Attaka quarry, which will double the volume with a higher quality. It has to be highlighted that this quarry will start to sell to third parties for the first time, during 2019.

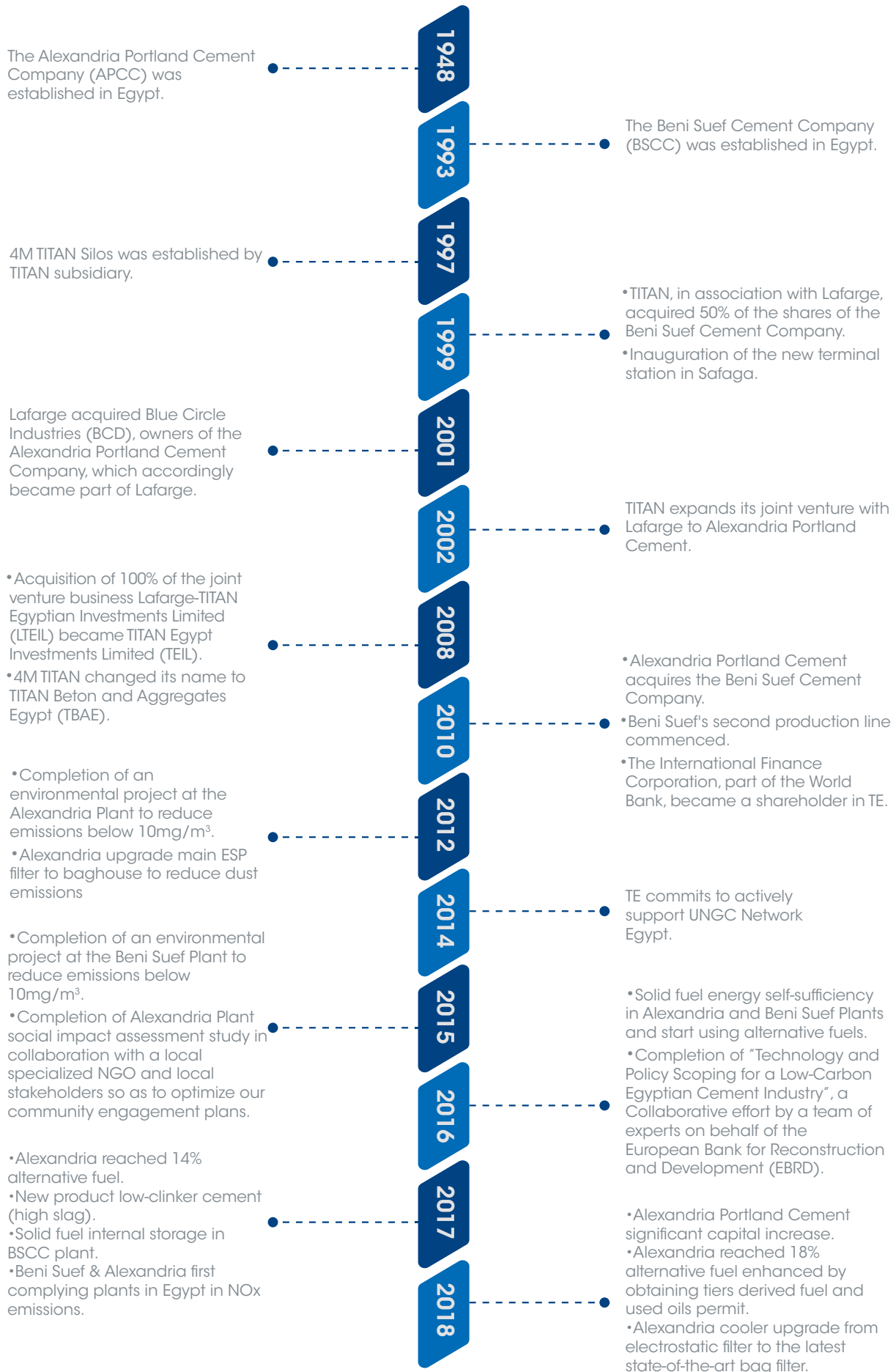
ABOUT GREEN ALTERNATIVE ENERGY ASSETS (GAEA)

GAEA Egypt (Green Alternative Energy Assets), is a company fully owned and managed by TITAN Egypt and TITAN S.A. GAEA was meant, since its beginning, to represent the alternative fuel vehicle of TE to provide its kilns in both Alexandria and Beni Suef plants with their needs then to expand over the market as an alternative fuel producer offering these services to others.

OUR OPERATIONS



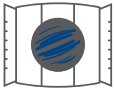
OUR HISTORY



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.

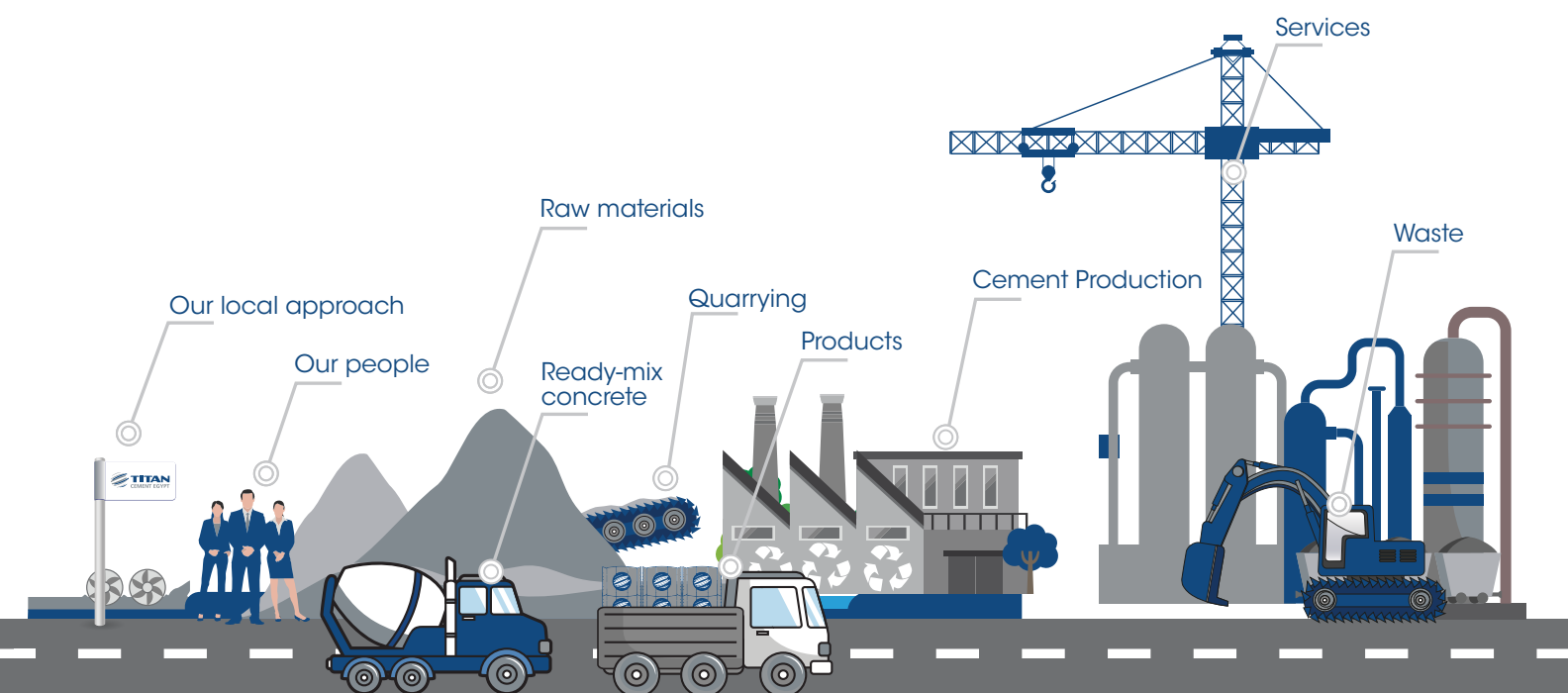


Alternative fuel and waste management services

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

OTHER SERVICES AND COLLABORATIONS

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



ONE GOVERNING OBJECTIVE, ONE SET OF STRONG VALUES

TITAN Egypt Vision

Our vision is to become the most competitive player in the industry, capitalizing on our people, respecting the society and environment.

TITAN Group 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. This objective is translated into four strategic pillars:

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.

Prioritizing these key pillars is our approach to sharing best practice and leveraging expertise. Applying this approach across the Group helps in maintaining an escalatory development of our capabilities and the efficient delivery of our governing objective.

TITAN Group Values

TITAN's values stem directly from the principles, beliefs and vision of its founders that date back to 1902. These beliefs represent the core elements of TITAN's culture and family spirit, providing the foundations of the Group's operations and growth.

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.

TITAN EGYPT GOVERNANCE STRUCTURE

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

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

See TITAN Group Intergrated Report <https://www.titan-cement.com/newsroom/annual-reports/> .

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

TITAN Egypt Committees

Three distinctive Committees are dedicated to Management, Health and Safety and Environment. All three Committees function both at local and at corporate level with managers and experts ensuring continuous performance improvement.

TITAN Group 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 the society in general. These principles include promoting human rights, eliminating forced labor and discrimination, and promoting environmental sustainability and stakeholder engagement. All local policies are expected to comply with the Code of Conduct.

TITAN Group Code of Conduct for Procurement

TITAN Group's Code for Procurement ensures that sustainability is acknowledged by our suppliers as a critical element in building a long-term relationship. It guides the selection, management and evaluation of the suppliers who provide the company with goods and services.

TITAN Egypt's Policies

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

- TITAN Group Anti-Bribery and Corruption policy
- TITAN Group Code of Conduct for Procurement
- TITAN People Management Framework
- TITAN Occupational Health and Safety Policy and guidelines
- TITAN Group Code of Conduct
- TITAN Group Environmental Policy
- TITAN Group CSR Policy
- TITAN Human Rights Policy
- TITAN Group Climate Mitigation Strategy

TE Policies

- Performance Appraisal Policy
- Training Policy
- Internship Policy
- Weapons Policy
- Personal Integrity and Ethics Policy
- Conflict of Interest Policy
- Gift and Gratuities Policy
- Product and Marketing Integrity Policy
- Professional Conduct Policy
- IT Third Party Access Policy
- Health and Safety Vision Policy
- Government Contracting and Relations with Government Employees Policy
- Pre-employment Policy
- Problem Resolution and Grievance Policy
- Resignation Policy
- Termination Policy
- Employment Relations Policy
- Outside Employment Policy
- Attendance Policy
- Overtime Policy
- Accommodation and Travel Policy
- Benefits Policies
- Ad-hoc Advances Policy
- Summer Resorts Policy
- Saving Plan Policy
- Equal Opportunities Policy
- Recruitment Policy
- First Employment Policy

CORPORATE GOVERNANCE REPORT

An independent audit firm verified the first corporate governance report of APCC Board of Directors- Egyptian joint stock company. The report of 2018 complies with Corporate Governance Rules issued by the Egyptian Guide to Corporate Governance of the Financial Regulatory Authority No. 84 dated 26th July 2016. The report is published on Egyptian Stock Exchange as well as TITAN Cement Egypt's website:

<http://titancementegypt.com/>

CERTIFIED MANAGEMENT SYSTEMS

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

In 2018, TE maintained the efforts to upgrade, enhance, 'instill' and 'institutionalize' the ISO-certified management systems in both plants of Beni Suf and Alexandria.

BSCC Certificate	Description	Registration #	Issued on	Valid till
ISO 9001:2015	Quality Management System	12 100 56957 TMS	27/11/2018	26/11/2021
ISO 14001:2015	Environmental Management System	12 104 56957 TMS	27/11/2018	26/11/2021
OHSAS 18001:2007	Occupational Health and Safety	12 116 56957 TMS	27/11/2018	11/03/2021

APCC Certificate	Description	Registration #	Issued on	Valid till
ISO 9001-2008	Quality Management System	1210041014 TMS	12/10/2017	14/09/2018
ISO 14001: 2004	Environment Management System	1210441014 TMS	12/10/2017	14/09/2018
OHSAS 18001: 2007	Occupational Health and Safety	1211641014 TMS	12/10/2017	05/10/2020

APCC new certificates for ISO 14001 and ISO 18001 are not issued yet, however TUV SUD management service certified the audit that took place on 14/9/2018 concluding the recommendation of the certificates of the three standards (ISO 9001:2015, ISO 14001:2015 & BS OHSAS 18001:2007) where the audit file has been transferred to Munich for the issuance of the relevant certificates.



ISO 14001
Environmental



ISO OHSAS 18001
Occupational Health and Safety



ISO 9001
Quality



ISO 14001
Environmental



ISO OHSAS 18001
Occupational Health and Safety



ISO 9001
Quality

ENSURING FAIR COMPETITION AND FIGHTING CORRUPTION

TITAN is committed to ensuring activities are all carried out within a framework of fair competition and in strict compliance with all applicable laws and regulations. As a standard process, risks are assessed to measure their effect on operations following a thorough review of performance regarding the UN Global Compact principles. Furthermore, Transparency International Index and relevant reports are reviewed annually to inform the risk assessment process.

TE's employees are the Company's ambassadors. Their behavior impacts how external stakeholders perceive the company, and hence they are expected to live by the company's core values in every decision and action they take. To this end, all transactions must comply with the United Nations Convention against Corruption and therefore they 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.

Transparency

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

The corporate's governance principles and Code of Conduct, along with its values, guide it through every aspect of the business.

TE has voluntarily committed to annually disclose information related to its performance on social, environmental and governance issues, following TITAN Group's reporting standards and more specifically the requirements of the UN Global Compact criteria for Communication on Progress (CoP). The TITAN Egypt 2018 Corporate Social Responsibility and Sustainability Report is hosted in the website. Since 2016, on voluntary basis, TE publishes every quarter on its website the dust emission and water consumption indicators. Starting 2017, TE started to publish as well NOx indicators.

In TITAN Egypt 2018 Corporate Social Responsibility and Sustainability Report, framework of disclosure for all KPIs have been upgraded, in specific for the Environmental and Social performance, by introducing a new Index System of KPIs (see Annex).

Also for the first time this Annual Report includes an index of disclosures for the adherence of TITAN Egypt to the UNGC Ten Principles (see Annex), along with clear reference to the KPIs Index in the report.

Moreover, this year for the first time, TE received a Limited Assurance verification for its non-financial performance disclosures for year 2018, according to the criteria for Communication on Progress of the UN Global Compact, and the sectoral approach and related criteria for reporting on: (a) Health and Safety performance and (b) Environmental performance, in adherence with the Guidelines of the WBCSD/CSI.

The Third Party (Independent) Auditors of Grant Thornton were assigned for this purpose under a contract, which adopted the same standards and reporting criteria with the Group level agreement on assurance for all TITAN BUs (operations in a number of countries), which publish their annual reports on CSR and sustainability performance. The letter of assurance is part of this report, see pages: 57-58.

MEETING TITAN'S CSR AND SUSTAINABILITY COMMITMENTS

TITAN's CSR Vision

TITAN's 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 the corporate values that is embedded in the company's governing objectives. 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 these goals, TITAN places CSR at the heart of its operations.

"We are committed to sustainable growth, integrating human, environmental and social elements into our business decisions."

TITAN aims to continuously improve its environmental and social performance, measuring the impacts and contributions, and assessing environmental and social footprint.

"We aim to build trust with all our stakeholders by communicating openly and transparently, and seeking engagement to understand the impact of our operations and their concerns." **Abstract from Group CSR Policy.**

Achieving Sustainable Growth

TITAN has worked together with stakeholders at global, regional and local level since 2002 to ensure collaboration for sustainable development. The company also works extensively on building collaborations to address material issues which are crucial for fulfilling the governing objective in line with its solid set of values.

Through partnerships and collaborative actions, TITAN aims at multiplying the value it creates, sharing know-how, experience and best practices, while working together with stakeholders to address the impacts and opportunities that the business faces.

Our most important global collaborations

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.



TE 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. This business led initiative to local networks helps them to achieve their independency form. TE 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.

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;
- Transform economies for jobs and inclusive growth;
- Build peace and effective, open and accountable institutions for all;
- Put sustainable development at the core;
- Forge new global partnerships.

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, TE applies the CSI Guidelines for monitoring, assessing and reporting its sustainability performance, in particular for the following areas:

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

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 two distinctive initiatives in the general area of interest: "Care for education and employability":

- Similar to every year, summer traineeship opportunities in our plants and head office for university undergraduates to gain work experience.
- Since 2016, and with target group youth and technicians in the Alexandria Governorate in general and in the neighborhood in particular, TE proceeded with a project of equipping a welding workshop in one of the vocational and employability centers. The Center 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 TITAN's CSR policy; it builds trust, improves understanding of the impacts of operations and addresses stakeholder concerns, while providing input to the materiality assessment process. TITAN seeks out feedback to address and further improve issues that are of increasing importance to our stakeholders.

TITAN regards 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.






















In 2018, TE continued its efforts to engage with local stakeholders and particularly employees, communities, business partners and local authorities.

Materiality assessment

In 2018, TE reviewed and updated the materiality assessment following TITAN Group standards, taking into consideration local and national stakeholders.

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

The results served as basis to decide upon the needed actions and activities during years 2018 and 2019. The materiality assessment provides a clear connection between the identified key materiality issues and the relevant SDGs, and helps in shaping future action plans.

Issues of High Priority as identified in 2018	Relevant SDGs	Index System of KPIs in this Report
Health & safety	   	Social Performance Index KPIs SP01L-SP12L
Environment & energy management	        	Environmental Performance Index KPIs EP01L-EP40L
Competitiveness	  	Social Performance Index KPIs SP13L-SP38L
Community development programs	    	Social Performance Index KPIs SP39L-SP43L

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".

A SUSTAINABILITY VISION FOR EGYPT 2030





By 2030, Egypt will possess a competitive 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 with the aim of improving Egyptians' quality of life. TE is already committed to these ideals, which are reflected in the corporate activities and objectives. Consequently, TE believes in its key role in furthering this vision of the Egypt of the future.

ALIGNING PRIORITIES WITH THE UN SDGs 2030

TE's objectives are fully aligned with the UN SDG 2030 goals and ensuring its support for them furthers the achievement of our own aims. TE particularly supports the following UN SDG 2030, based on the company's community study findings, materiality assessments and national priorities.

Given the adoption of the UN SDGs and vision for Egypt, since 2015, TE 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 the current assessments and stakeholder feedback, we consider the following relevant and important to us: SDG 3, SDG 4, SDG 6, SDG 7, SDG 8, SDG 9, SDG 11, SDG 12, SDG 13, SDG 15, and SDG 17.

Indicative collaborative activities per area of concern on local level

Area of collaboration	Activities during 2018	Relevant SDGs
Community development and employment	<p>TE continued to focus on quality education in line with the commitment undertaken by TITAN as an initiator of the European Pact for Youth. We continued to offer educational and traineeship summer programs for young people to enhance their professional skills. Also, we offered training opportunities to technicians through our welding workshop in one of the vocational and employability centers in Alexandria. During 2018, TE offered 222 summer traineeships and 61 people were trained in welding workshop.</p> <p>In Alexandria plant neighborhood, in coordination with our partnering NGO, 12 residents are engaged in waste collection and environment project. Also, 22 women who did benefit from micro financing, still run their micro projects.</p> <p>On the other hand, about 1,400 students benefit from the fully renovated primary school by TE- See more details in "Engaging With Local Communities" part.</p>	
Health and safety	<p>TE cares for hygiene and preventive health of direct employees and contractors. During 2018, TE had two medical examination events.</p>	
Environment and energy management	<p>In 2018, total direct gross CO₂ emissions for our cement plants and attached quarries decreased by 2% compared to 2017. In addition, TE increased the utilization of alternative fuels as an important area for potential improvement, which can only be sustainable as a collaborative initiative between national and local stakeholders, and TE.</p>	
Suppliers relation and management	<p>Since 2016, TITAN Group initiated a program to transform the Group Procurement spend taking into account synergies among the Group business units, as far as acquisition of materials / services / equipment on a Group Basis is concerned and working more efficiently with Suppliers and Contractors. On this basis, TE is working on replacing foreign suppliers with local ones taking advantage of the improved quality of local workshops.</p> <p>By increasing TE dependency on Local suppliers / contractors, TE is optimizing its working capital which is very important, particularly in an environment of local currency devaluation. In addition, the company technical staff gives support and necessary training to local workshops that construct items and spare parts in order to replace the overseas providers.</p>	



Performance Overview

FINANCIAL PERFORMANCE HIGHLIGHTS

In 2018, the increased challenges in the economic environment in Egypt continued as well as the slowdown in cement market demand in conjunction with oversupply.

Following the national drop of about 6% compared to 2017, Alexandria Portland Cement Company total cement deliveries reached 1,620 thousand tons compared to 1,929 thousand tons in 2017, with a decrease of 309 thousand tons representing 16%.

Despite the noticeable drop of cement deliveries, the net sales of APCC for 2018 reached MEGP 1,234 compared to net sales of MEGP 1,237 in 2017 with a marginal decrease of MEGP 3 marking 0.24%.

The cost of sales decreased to reach MEGP 1,192 compared to MEGP 1,194 in the same period of 2017 being 2 million pounds.

Gross profit for the fiscal year ended 31/12/2018 decreased and reached MEGP 42 compared to MEGP 43 in the same period of 2017.

In 2018, the company continued reporting losses as a result of the Egyptian Pound devaluation that happened in November 2016 and the slowing market demand coupled with oversupply. The sharp devaluation of the Egyptian pound resulted in significantly increased operating costs, mainly energy cost, as well as in higher financing expenses.

Furthermore, heavy investing in converting towards solid fuels as a substitute for natural gas and the devaluation directly led to a significant increase of the company's liabilities including the company's outstanding debt.

In addition to the above facts, the company incurred accumulated losses from 2017 reaching MEGP 970.

Accordingly, the company in 2018 took two bold decisions; the first one is to offset the accumulated losses by reducing the capital with nearly the same losses amount reaching a new capital of MEGP 1,619. The second one is to increase the company's capital by MEGP 1,266 representing 78% through cash injection to cover part of the bank and sister companies' loans, capital expenditure and working capital.

Consolidated Key Financial Indicator in Million EGP (MEGP)	Definition	2016	2017	2018
Total Assets	The sum of all current and noncurrent assets	3,824	4,032	4,795
Shareholders' Equity	Total assets minus total liabilities	(386)	(912)	(40)
Turnover	Revenue received from the sale of goods and services to customers in all regions of operation	2,581	2,853	2,866
EBIT / Operating Profit	Earnings before interest and taxes	254	85	29
Earning before tax and minority interest	Net profit before minority interests and taxes	(275)	(643)	(470)
Earning after tax and minority interest	Net profit after minority interests and taxes	(703)	(514)	(394)
Shareholder equity ratio	Shareholder equity ratio = total shareholder equity over total assets	-10%	-23%	-1%

NON-FINANCIAL PERFORMANCE HIGHLIGHTS

Despite all the challenges faced in 2018, we remained focused on responding and delivering results, creating value and following commitments to employees, communities and the environment

Key non-financial indicator	Definition	Reference to KPIs in the Index (see Annex)
Employment (End Year)	Number of direct employees end year	SP13L
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	SP06L
Training man-hours	Time measured in hours dedicated to training	SP36L
Environmental expenditure (Million EGP)	Cost of environmental management and environmental friendly technologies for cement plants	EP40L

TE invested around 307 MEGP in last 3 years for environmental performance improvement in both plants and ready mix facility. Most of this amount was spent for installing / up-grading new environment-friendly technologies. Converting main process filter from ESP to bag filters to reduce dust load, reducing NOx emissions by installing SNCR system, new gas analyzers for continuous monitoring, and in other waste management activities.

TE is leading an initiative to reduce natural resources consumption by enhancing the usage of alternative fuels and raw materials in addition to recycling part of by-pass dust into paving projects. Around 150 Ktons of waste or by-product material has been utilized in TE cement production resulting in saving of equivalent quantity of natural resources.

Dust emission reduction and CO₂ reduction initiatives are among major processes resulted in positive impact on local community.

In Alexandria plant neighborhood, in coordination with our partnering NGO, 12 residents are engaged in waste collection and environment project. Also, 22 women who did benefit from micro financing, still run their micro projects. On the other hand, about 1,400 students benefit from the fully renovated primary school by TE.

More details about non-financial disclosures are presented in Annexes as per the following dedicated tables with three-year history of consolidated data (2016-2017-2018) related to relevant SDGs (Sustainable Development Goals) 2030 in a standardized and concise manner:

1. Environment Performance Index.
2. Social Performance Index, which includes; as "cardinal", the Safety Performance KPIs, and the Employment & people development KPIs, as well as the Stakeholder Engagement KPIs.

VALUE CREATION

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

	Direct employees' salaries, social insurance, additional benefits beyond those provided by law, and training and development investment expenditures.	MEGP 192
	Environmental Investments	EP40L
	Total spend to local and international suppliers for goods and services	MEGP 2,642
	Capital Expenditure	MEGP 274
	Taxes paid to national and local authorities	SP39L



Environmental Performance

TE recognizes that its operations inevitably create an environmental footprint, but this is something the company has been actively seeking to reduce. Addressing environmental concerns is not an add-on to the business - it is central to what TE does and believes in. The actions the company takes in support of this, underpin both operational efficiency and focus on sustainability.

Managing environmental footprint means reducing environmental impact. This is not only a key part of TE's environmental stewardship, but also central to the company's responsibility towards local communities. TE focuses 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.

More details are presented in Annexes section under Environmental Performance Index with three-year history of consolidated data (2016-2017-2018) related to relevant SDGs (Sustainable Development Goals) 2030.

ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEMS

TE is committed to sustainable development aiming at being acknowledged as a responsible and transparent company. TITAN is focused thus, on continuously reducing its environmental footprint by mitigating negative impacts and multiplying positive ones.

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

All 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. TE also applies Waste Management System according to TITAN Group standards.

TITAN Group has updated its environmental policy in 2018. The updated policy reflects our commitment to sustainable development and our approach towards addressing the challenges and opportunities of climate change. TE has uploaded bilingual version of the new policy to the employees' intranet.

As part of the company's carbon footprint management, TE reports its CO₂ emissions publicly on voluntary basis to WBCSD/CSI, applying the sectoral criteria following their Guidelines in "The Cement CO₂ and Energy Protocol - CO₂ 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 "GMR" for CO₂ and energy information, acc. to the sectoral approach reflected in the 2016 CSI Document: "Getting the Numbers Right" (GMR), on Cement Industry Energy and CO₂ Performance", and to the CSI data bank, where the Group performance indicators are reported annually.

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

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

Ensuring compliance

TE proudly announced 2018 as the year in which all 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 the company's implementation of best available technologies and best practices. TE continues to invest in developing its expertise, as well as in improving its state-of-the-art control equipment.

Controlling our emissions

Monitoring and reporting air emissions is part of TE's efforts to tackle the impact on the environment and an essential part of its environment management system. TE 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 TE to monitor the emissions closely in real time and take immediate actions accordingly. In addition, TE publishes the dust emission, NOx, and water consumption indicators every quarter on its website. For data emission quality assurance, calibration and emission measurements, work is carried out by governmental third-party and specialized international laboratories. Based on these monitoring programs, TE has been able to formulate the right decisions regarding environmental protection projects, as well as provide interested stakeholders with regular, updated information on its performance.

IMPROVING OUR ENVIRONMENTAL PERFORMANCE

TE as part of TITAN Group has long recognized environmental management as a material issue, and especially with priority to the management of local impacts from our operations. This is why the company has invested more than EGP 900 million over the past 8 years (since 2010), in order to incorporate best available techniques and reach an advanced level of environmental performance.

The first year of the publication of our 2014 CSR and Sustainability Report, TE has completed a five-year environmental action plan in line with our environmental policies, aiming to ensure compliance with national and international standards. Ever since, the efforts were intensified in the direction of improving the efficiency of operation of the assets and in particular the equipment for environmental management, and for the mitigation of our overall environmental footprint.

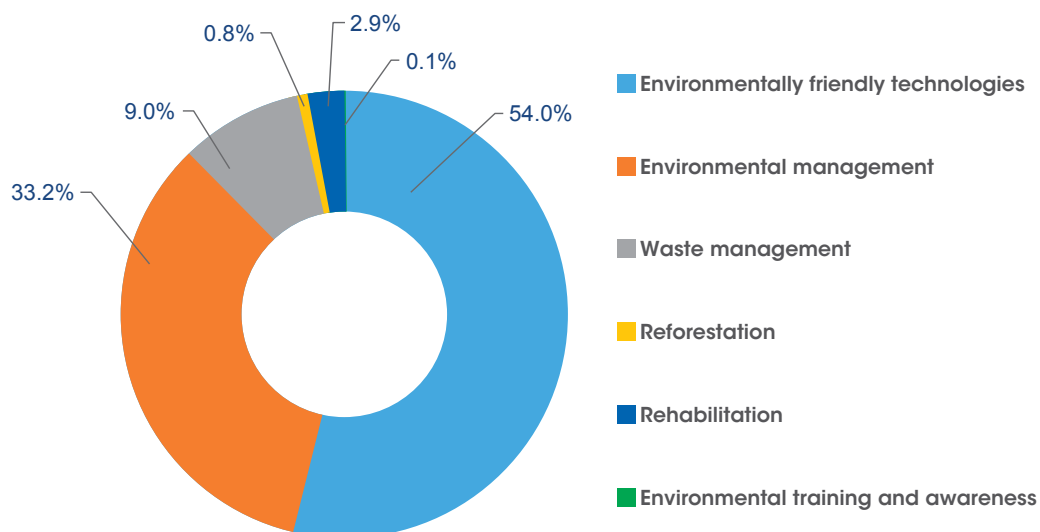
The investments in the area of environmental protection continued in 2018 with total expenditures of about EGP 103 million, the majority of this amount was invested in environmentally friendly technologies and environment management system (Annexes Section- Environmental Performance Index, KPI EP40L).

The biggest project of improvement in the industrial facilities was dedicated to upgrading the cooler filter from electrostatic filter to the latest, state-of-the-art bag filter in APCC plant in Alexandria. This upgrade was completed by the end of 2018. Despite that, APCC is already complied with local and international legislations in dust emission, this upgrading is aimed at eliminating any potential peaks during start-up/shut-down.

Also, a new investment in the environmental sustainability was initiated in 2018:

- Installing SNCR (ammonia spray) for NOx reduction in both TE plants.
- Completing the solid fuel state-of-the-art storage in BSCC plant.
- APCC plant have taken a huge step in housekeeping and visual beautification, complete revamping of internal roads, and storage yards to serve both visual impact and better working conditions.

Environmental investments - All activities 2018 Total EGP 103 million



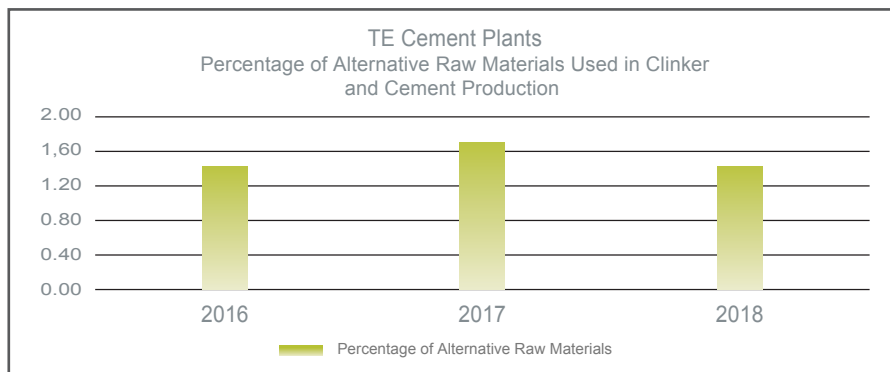
RAW MATERIALS, WATER, AND ENERGY CONSERVATION

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.

TE achieved huge steps during 2018 in reducing natural resourcing in both fuel and raw material fields, utilizing waste streams as alternative fuels and raw material has resulted in significant reduction in fossil fuels and natural raw material. Consuming 65,000 tons of waste alternative fuels (Annexes Section- Environmental Performance Index); majority as MSW (municipal solid waste) and biomass, with low carbon footprint), and using 80,000 tons of steel-industry waste slag; has significant positive impact on local community and global climate change as well.

Raw materials

TE managed to replace natural raw materials by using 80 kton air cooled slag (by-product from steel industry). In 2018, TE consumed 5.6 million metric tons (dry basis) of raw materials for its total cement production (Annexes Section- Environmental Performance Index, KPI EP04L). Approximately 1.4% of all raw materials were alternative raw materials, namely recyclable by-products from other industries, such as blast furnace slag (from steel production). TE has an ambitious plan to significantly increase alternative raw materials in the raw material mix.

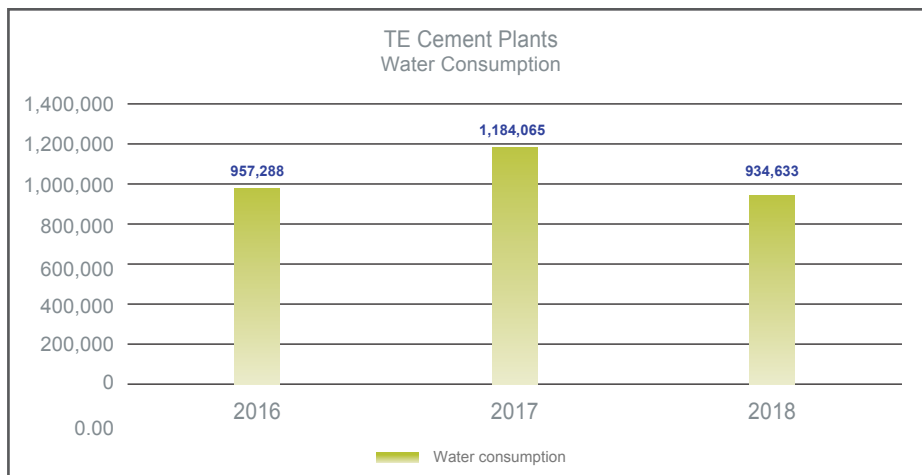


Water consumption

In 2018, the total water consumption for TE's cement plants and attached quarries including ready mix has been reduced compared to 2017, due to both lower cement production and lower specific water consumption as well. Intensive measures were taken to optimize water consumption and enhance re-using waste water in green areas and closed water loops. Total water withdrawal in TE in 2018 was 1.03 Mm³ (EP07L).

Highlights of achievements to date in reducing water consumption, and targeting for the future:

- TE succeeded in reducing the specific water consumption to 245 lit/ton cement, which is the 2nd best figure ever achieved since 2010.
- By applying best operating practices, TE aims at sustaining and further improving performance in managing local impacts to the environment. TE considers water a key resource for the local environment and the natural capital wherever the company operates.

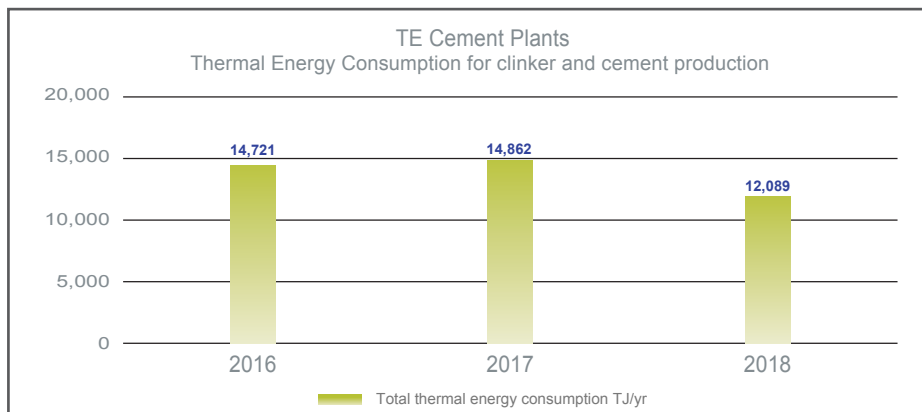


Thermal energy

In 2018, TE cement plants consumed 12,089 TJ of thermal energy (EP24L), in total for the clinker and cement production processes. Both total and specific thermal energy consumption were significantly reduced in 2018 compared to 2017, with low utilization in BSCC plant line 1 (higher thermal energy consumer), due to surplus in supply compared to demand. TE strategy is to utilize the more efficient production line in BSCC and minimize the utilization of the low efficient line.

TE total thermal energy consumption; including Ready Mix activities, consumed 12099 TJ in 2018 (EP16L).

Similar to every year, heat efficiency audits were conducted with practical action plans to optimize thermal energy consumption and reduce heat losses. Finding better raw materials in BSCC resulted in reducing heat losses in by-pass and improving heat efficiency



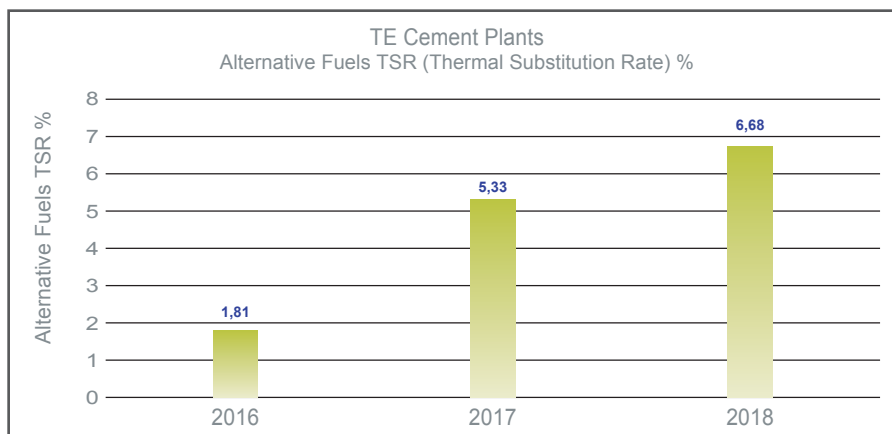
Substituting solid fuels with alternative fuels

TE continued to use alternative fuels, as part of the strategic action plan for substituting solid (fossil) fuels with biomass and other alternative sources for the pyro-line. In 2016 GAEA Egypt (Green Alternative Energy Assets) 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. GAEA Egypt (Green Alternative Energy Assets) started in 2018 running another alternative fuels platform in BSCC transforming the previously-landfilled MSW (municipal solid waste) into useful RDF (refuse-derived fuel).

Co-processing rate increased in 2018, with daily peaks of thermal substitution rate around 30% in Alexandria and 7% in Beni Suef. The improvement in 2018 was substantial: The total consumption of alternatives, mainly DSS (dried sewage sludge) and RDF (refuse-derived fuel) and bio-mass reached 65,000 tons 2018 (Annexes Section- Environmental Performance Index, KPI EP25L), compared to 60,000 tons in 2017. This was equivalent to 6.7 % substitution of fossil fuels, calculated on the basis of heat value on compound average figures for the two cement plants compared to 5.3% in 2017 (Annexes Section- Environmental Performance Index, KPI EP21L).

In order to enrich the alternative fuels utilization and to diversify AF sources, TE has obtained in 2018 permit to co-process TDF (Tires Derived Fuels) in APCC plant, and applied for same permit for BSCC plant.

The effort of TE 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.



*TSR (Thermal Substitution Rate, it indicates the percentage of energy from alternative fuels compared to total used thermal energy)

TE's strategy of continuous development, with GAEA's facilitation in line with the strategic plan of TITAN Group, focusing on local waste markets, including the commercial & industrial sectors, and the agriculture areas for biomass, where stricter enforcement of regulations and higher State controls are expected. 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 (dried sewage sludge) and RDF (refuse-derived fuel), and enable the access to secured and sustained 'waste streams', resulting in higher long-term benefits for TE.

Green Alternative Energy Assets - GAEA

GAEA Egypt (Green Alternative Energy Assets) is currently fully owned and managed by TITAN Egypt and TITAN S.A. In late 2017, GAEA managed to revamp the Municipal Solid Waste sites located in Beni Suef Governorate territories. These 3 sites have obsolete sorting lines, where TE (through GAEA) have invested EGP 38 million to upgrade these lines and improve its yield of RDF (refuse-derived fuel), together with installing new wind shifter and shredder to have ready-to-burn RDF (refuse-derived fuel) stream.

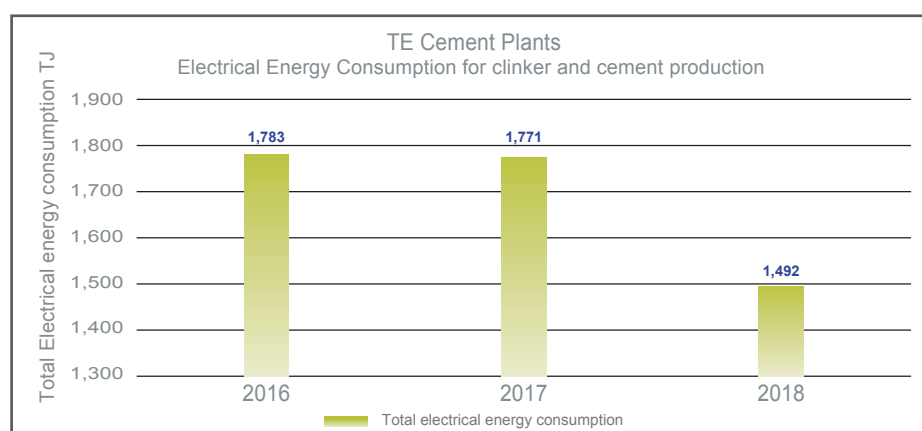
GAEA Egypt (Green Alternative Energy Assets), has also expanded its operations, commencing sustainable waste management system running two municipal solid waste platforms producing refuse-derived fuel RDF in both Alexandria and Beni Suef Governorates.

GAEA Egypt achieved threshold of 30% TSR peak daily with annual TSR of 18% in Alexandria cement plant, which co-processed 61 Kton of waste supplied by GAEA Egypt (Green Alternative Energy Assets); this reduced the CO₂ emissions by 150 Kton. GAEA Egypt (Green Alternative Energy Assets) also provided sustainable solution to sewage sludge problem in Beni Suef Governorate by transforming it into fuel mixed with biomass.

Electrical Energy

Electrical energy consumption TE cement plants and attached quarries in 2018 was 1,492 TJ (Annexes Section- Environmental Performance Index, KPI EP17L), which has been significantly reduced compared to 2017. Specific electrical consumption was reduced thanks to detailed power mapping where areas of improvement are optimized. TE has some initiatives for increasing renewable energy sources; mainly solar park system in BSCC plant which is the main renewable potential; however financial funding and pay-back time is still under verification

TE strategy is to utilize the more efficient production line in BSCC and minimize dependency on the lower efficiency line.



AUDITS AND VERIFICATIONS

The following audits were carried out in 2018:

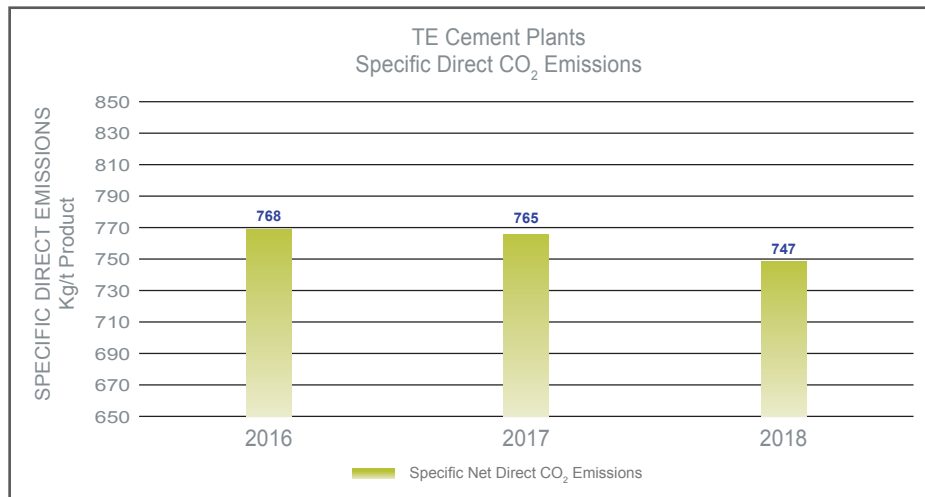
- Regular external audits by relevant local and national authorities to monitor our progress and level of compliance.
- An integrated management system ISO 14001 renewal audit by inspection body, TUV
- National Environmental Authority Audits Both APCC & BSCC for solid fuel permit renewal (each two years).

REDUCING EMISSIONS AND IMPACT ON THE ENVIRONMENT

CO₂ emissions

TE reports according to the Guidance of TITAN Group, and in line with the WBCSD/CSI Guidelines on CO₂ and energy. We have reported the total direct gross CO₂ emissions related to our activities every year since 2003, in line with our commitment to the WBCSD/CSI.

In 2018, total direct gross CO₂ emissions from our cement plants and attached quarries was 2.8 million tons, including emissions from on-site vehicles and mobile equipment, with significant decrease compared to 2017.

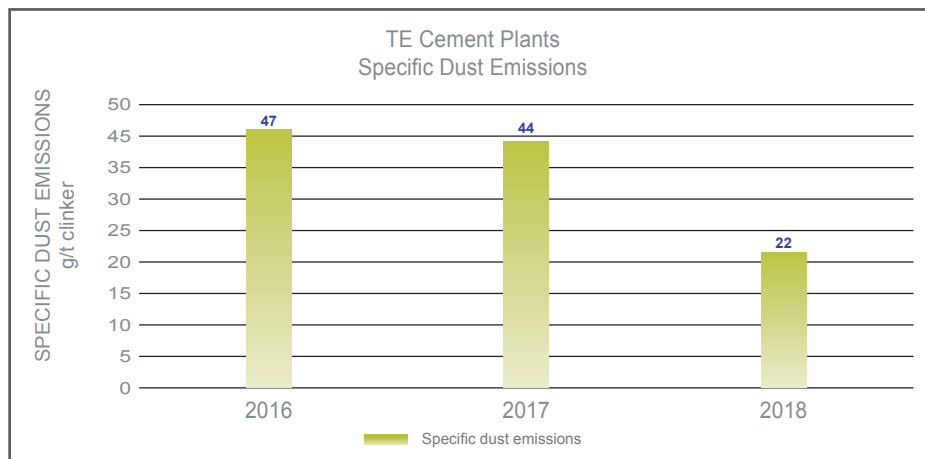


Highlights of achievements to date in reducing our CO₂ emissions, and targeting for the future:

- Specific CO₂ emission per ton of product improved by 2% compared to 2017 as part of TE's ambitious plan to increase usage of both alternative fuels and raw material and optimize heat consumption.
- Total annual CO₂ emissions hits bottom level since switching from natural gas to solid fuels as a positive result of the control and utilizing more efficient lines.
- By applying best operating practices, TE aims at sustaining and further improving its performance in managing impacts to the environment. Moreover, TE dedicates massive efforts to reducing Green House Gas emissions, referring to CO₂ in specific.

Dust

All of TE'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 2018 was well below the limits set by the environmental terms and conditions of related operating permits. The improvement between 2017 and 2018 has followed the trend of considerable decrease of the dust emissions since 2010, and was mainly due to 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 BSCC line 1 bag filter for the reduction in specific dust emissions, and the replacement of filter bags in BSCC line 2.



The above improvement is part of the overall plan which - as elaborated above under "IMPROVING OUR ENVIRONMENTAL PERFORMANCE" - already included in 2012 the upgrade of the APCC Plant main ESP (electrostatic precipitator) filter by new state-of-the-art bag filter and continued in 2018 by replacing APCC cooler filter with state-of-the-art bag house.

Highlights of achievements to date in reducing dust emissions, and targeting for the future:

- Through upgrading and modernization of both cement plants with new bag filters, and by substantially improving the conditions of our production operations, with continuous efforts in the field of environmental sustainability, TE has resulted in avoiding the emissions of nearly 7,000 tons of dust between 2011 and 2018, as calculated with reference-base year 2010 (as cumulative tons).
- 2018 dust emission (total tons), represents only 5% of the base-line dust emission in 2010.
- By applying best operating practices TE aims at sustaining and further improving our performance in managing our local impacts to the environment, and we consider dust as a key issue for the local environment wherever we operate.

INVESTING IN BEST AVAILABLE TECHNIQUES TO FURTHER MINIMIZE IMPACTS

In 2018, TE finalized the biggest project of improvement in the industrial facilities. This project aimed at upgrading the cooling filter from electrostatic filter to the latest, state-of-the-art bag filter in APCC plant in Alexandria. This upgrade was completed by the end of 2018, In spite of that, APCC is already complied with local and international legislation in dust emission, this up-grading aiming to eliminate any potential peaks during start-up/shut-down.

TE also continues operation of the SNCR system to control NOx emissions by ammonia spraying in the high temp preheater. TE proud to be the 1st complying plant in Egypt in NOx emissions in both its plants BSCC and APCC.

Thanks to these initiatives by TE and its honorable compliance record, TE successfully renewed the solid fuel operation permit for BSCC plant in 2017 and for APCC in 2018. As per the Egyptian Environmental Law, the solid fuel operation permit is subject to renewal every 2 years after full plant audit and revision of plant compliance in all environmental aspects

RECYCLING AND MANAGING WASTE

In 2018, waste recycling from the operating cement plants and attached quarries was continued, with about 4,319 tons being recycled or reused 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 TE operates (Annexes Section- Environmental Performance Index, KPIs EP38L – EP39L).

ENHANCING ENVIRONMENTAL RESPONSIBILITY

In 2018, TE maintained the efforts in developing its employees' capabilities regarding the handling and usage of new energy sources. This was in order for TE 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.

On the other hand, TE took a huge step to strengthen its environmental responsibility by replacing the cooling ESP (electrostatic precipitator) filter in APCC with modern baghouse with heat exchanger. APCC was already complying with all local and global legislation in dust emission; however, this step was to avoid any uncontrolled spot emission during start-up / shut-down time.

During 2018, TE increased green areas in Alexandria and Beni Suf cement plants. In addition, TE managed to transform the visual impact of Alexandria plant in the local neighborhood in which we operate.

Full compliance with local and global legislations

TE in 2018 was fully complying with all legislations, either local or on Group level. This had positive impact on company reputation and acceptance among communities; ended up with approval for renewal of solid fuel operation permit (renewed every 2 years) for Both APCC & BSCC.



Rehabilitation of quarries

Quarry rehabilitation and biodiversity management are key focus areas for TITAN. The effort is to mitigate the adverse impacts from the extraction process and have a positive effect on biodiversity where possible.

In line with the Group's target, TE launched an effortful initiative in 2013 with the development of rehabilitation plans at the quarries of Alexandria plant and also for the quarries of the Beni Suef plant, thus covering most of TE quarry sites for the cement operations. Exceptions are the new Gharbaniat quarry and the Attaka quarry, for which our target is to develop rehabilitation plans by 2020. The rehabilitation plans were prepared in cooperation with local experts and in accordance with the WBCSD/CSI Guidelines on Quarry Rehabilitation.

Therefore, by obtaining and complying with the required permits, as well as designing and implementing rehabilitation plans at the quarry sites, engagement of the local communities for TE's operations can be achieved.

Raising awareness at local community

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

Training of direct 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, health and safety, and develops their capability to adapt to changes in our day-to-day operations.

We also run training courses for direct employees and contractors on a range of environmental topics, such as solid fuel management, energy usage, consumption and management, waste management and recycling, water usage, 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.

LOOKING AHEAD

TE 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 not only a top priority for us but rather it is one of our core values that has always had the same weight and importance, at all times and in all what we do. We aim to build a positive safety culture and care across the company and beyond-at home, in schools and in the community. Through regular audits, communication, activities and initiatives, we engage closely both with our direct employees and contractors, in addition to insurance, shareholders, lenders, customers, authorities, and parent organization 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 operations and locations is among the highest Group priorities.

Our vision is to achieve healthy working environment free of incidents, injuries and accidents. Our Organizational Health and Safety 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).

One of our main targets in 2018 was to pay the same attention and effort, if not more, to the enhancement of our contractor's safety performance, taking their level of excellence in health and safety to as high as our own level and performance. It is what we strongly believe in that the safety of our contractors is not by any means less important than our own personnel's safety considering the type of support we provide to each individual contractors to cover their different areas of improvement in terms of health and safety.

More details are presented in Annexes section under the Social Performance Index, see Safety Performance KPIs with three-year history of consolidated data (2016-2017-2018) related to relevant SDGs (Sustainable Development Goals) 2030.

Having recognized health and safety as a crucial 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.

TITAN GROUP HEALTH AND SAFETY GUIDELINES

TITAN Group has always been committed to health and safety in the workplace, a commitment that is clearly expressed through TITAN's corporate values. Within the context of pursuing the philosophy of "zero harm to people" the company's management and employees have been personally engaged in further increasing safety awareness throughout its operations. We envision a work environment free of incidents, pursuing becoming among the best performers within the building material sector.

Our Organizational Health & Safety policy clearly defines the role of everyone involved in reaching and continuously improving a strong culture of accident prevention in all our operations. We are aligned with the world statistics that the root cause of more than 95% of incidents has to do with the human factor, and thus we are concentrating our efforts on safety awareness of our direct employees and the workers of the contractors. For that effort, our contractors are treated the same way as our direct employees.

We are focused and benchmarking ourselves on continuously improving the leading rather than the lagging Health and Safety Key Performance Indicators. Reporting and thoroughly investigating all accidents and near misses, training our own employees as well as contractors' employees, establishing safety committees on site but also on higher levels and recognizing and awarding good safety performance have been among the numerous measures we have undertaken and are in a non-ending implementation process. In addition, risk assessment for routine and non-routine jobs has been a power tool in the hands of our employees, proactively working towards further developing a safety culture. Finally, performance on safety has become a key career management criterion for the development of our workers, placing health & safety as a top business priority.

Many Health and Safety Guidelines have been issued by TITAN Group and are implemented. Not only Guidelines but also audit check lists, training materials for prevention of serious accidents, chapters on safety and plant equipment for high level safety.



SAFETY PERFORMANCE

In 2018 TE continued to undertake specific measures to strengthen its safety performance. The biggest effort was paid to the area of compliance of the BU with the group's safety guidelines, enhancing the quality of the internal safety audit with electronic tracking of all findings and action plans to close it.

Direct Employees' safety performance

No fatalities nor Lost Time Injuries were recorded in 2018 for direct employees; it is the second year in row without any LTIs for direct employees. The LTIFR is calculated as lost time injuries (LTIs) per million hours worked (Annexes Section- Safety Performance KPIs SP01L- SP02L- SP05L- SP06L- SP07L-SP8L).

Direct Employees' KPIs for Safety	2016	2017	2018
Fatalities (1)	0	0	0
Fatality Rate (2)	0	0	0
LTIs (3)	1	0	0
LTI Frequency Rate (4)	0.68	0	0

Contractors' safety performance

The safety performance of contractors was given very high attention in 2018 shifting the strategy from only evaluation and tracking of safety performance of the contractors and accordingly keeping only good performers to investment in our contractors helping them directly to improve their performance through specific actions and plans overcoming the problem of scarcity of high performing contractors in terms of both safety and technical performance in the Egyptian local market. (Annexes Section- Safety Performance KPIs SP03L- SP04L- SP09L-SP10L).

Contractors' KPIs for Safety	2016	2017	2018
Fatalities (1)	0	0	0
Fatality Rate (2)	0	0	0
LTIs (3)	0	2	3
LTI Frequency Rate (4)	0	0.49	0.72

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): 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.

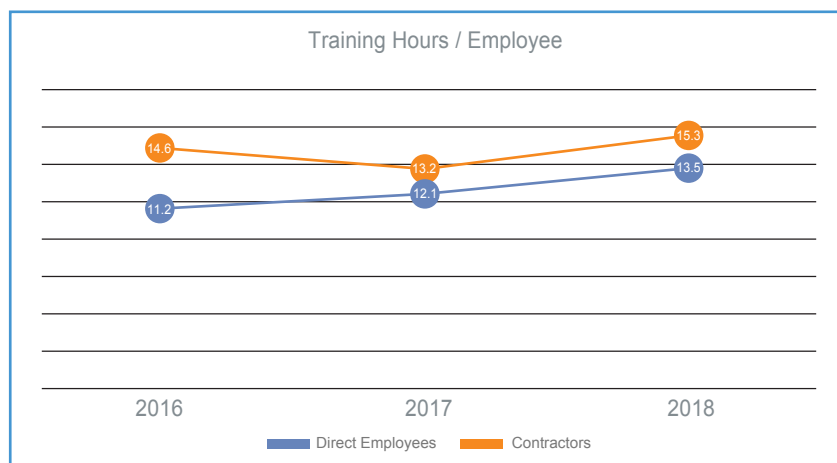
SAFETY TRAINING EXAMPLES DURING 2018



TE developed high quality and unprecedented training plan for the contractor’s crews including both seasonal and long term contractors. TE coordinated with the Egyptian Authority of Health and Safety to conduct 4 hours of onsite training to all contractor workers including the most important topics such as LOTOTO, PTW (Permit to work), Hot Works, PEHCS (Permit to enter hazardous confined space). Although the Egyptian legislation does not require that, we considered this training as a mandatory requirement for any worker to work in our premises raising the bar of the minimum safety knowledge of TE contractor personnel.

TE along with the Civil Defense Authority arranged professional firefighting and first aid training to all of TE’s blue collars in both plants (whether they are direct or contractor employees), having all the shift crews ready to face various emergency situations not only the assigned emergency response team.

The average safety training hours per employee for TE contractors in 2018 achieved 15.3 hour per contractor which is 30% more than the annual target.



SITE AUDITS AND PREVENTING INCIDENTS

TE has successfully passed all the external audits from all parties, the group 360 Degree safety audit (by the group Health and Safety Director) was a success story especially Beni Suef Plant which was awarded green rating (The highest safety rating in the group auditing system).

Additionally, TE had several audits from the legal authorities, insurance companies, the Regional Safety Director, among others.

Internal Auditing: Paramount effort was made to improve the internal audits focusing on having several and different layers of audits for each and every area and safety aspect. Safety Audit Teams (SAT) were assigned to audit areas, while Managers Audit Teams (MAT) were assigned to audit safety aspects in all areas in addition to normal audits from the safety team.

All the actions coming from internal and external audits as well as incidents investigation processes were formalized in fully detailed action plans that get finalized through specific timeframe and responsibilities that are electronically tracked and evaluated.

STRENGTHENING CORPORATE SAFETY CULTURE OF DIRECT 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, TE 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, attend the safety inductions and monthly training, and motivate them to adopt our safety standards, TE held gathering sessions for all direct employees and the contractors' in which the high performers individuals get rewarded and acknowledged in front of all the plant personnel, a technique that helped a lot in enhancing the employee's consultation and participation.

PROMOTING HEALTH AND HYGIENE OF DIRECT EMPLOYEES, CONTRACTORS AND COMMUNITY



TE, in collaboration with specialized organizations runs medical examinations and health care programs beyond the local legal requirements to monitor the health of its employees. Doctors and occupational physicians monitor individual employees' health, ascertaining their fitness to work and offering advice or intervening as convenient. During 2018, we had two medical examination events. The first one was the Occupational Health Surveillance in all locations in coordination with a private medical provider. The second one was in collaboration with the presidential campaign "100 Million Health".



Our People

Our success is dependent on our direct employees and contractors. Our vision is to grow a workforce including both direct employees and contractors that is fully engaged in every way in 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. More details are presented in Annexes section under Employment and People Development Performance Indices with three-year history of consolidated data (2016-2017-2018) related to relevant SDGs (Sustainable Development Goals) 2030.

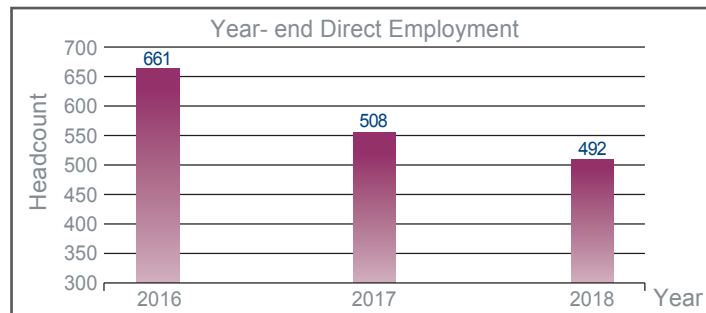
Selected disclosures for Employment and People Development	Reference to KPIs in the corresponding Index of Social Performance (see Annex)
Number of direct employees as of 31 December 2018	SP13L
Training hours direct employment	SP36L

CREATING AND SAFEGUARDING EMPLOYMENT

Unemployment is a crucial matter 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 ongoing efforts for sustainable development.

By 31 December 2018, the total direct employment was 492 employees split into 29 females and 463 males (KPI SP13L).

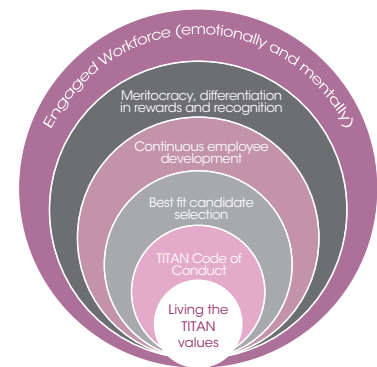


Our policy is to be a preferred employer in our local markets. By providing education and vocational training, we aim to make employment opportunities available to people in our local communities and help them join us as direct employees or as contractors.

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.

Since 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 deeply-rooted values revolving 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. The collective agreement was renewed in 2018 to cover three more years till 31st of December 2021.

In addition, TE supports and endorses the family environment and upholds the rights of female employees to exercise maternal leave. In 2018, 3 female employees entitled to take maternal leave did so. Although the Group operates globally, 99.59% of employees at our operations in Egypt, including management teams, were Egyptian nationals.



TITAN PEOPLE MANAGEMENT FRAMEWORK

We believe that an effective and engaged workforce should live our values and have a strong understanding of our Group's 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 towards the accomplishment of our vision. It applies both to direct employees and to our business associates and serves as 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 GROUP HUMAN RESOURCES MANAGEMENT SYSTEM (GHRMS)



The Group HR Management System

Equipping employees with the skills, competencies, and mindset that they need in order to be successful in an ever-changing environment is a priority for TITAN Group.

In 2018, this priority, combined with the demands of our era of rapid technological developments, translated into the implementation of "unITE people", a Group-wide Human Resources Management System (GHRMS).

The aim of the GHRMS is to improve employee experience and simplify people management operations, promote information sharing and global networking among employees, provide learning resources that accelerate progress, enhance employee development, and ensure organizational alignment that contributes to the group's growth. The system is expected to be fully tested and operable in 2019.

TITAN GROUP EMPLOYEE STANDARDS

Employee Standard	TITAN - Related Action
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 PEOPLE DEVELOPMENT PROCESS (PDP)

All TE employees participate in an annual performance review. This ensures a fair and transparent evaluation process for all employees. During 2017, all concerned employees and people managers were trained on the new PDP that values equally both the 'WHAT' of performance- performance against performance objectives and main responsibilities of role- and the 'HOW'- behaviors critical for the role in the context of 'Leading the TITAN Way'.

In addition, the process of People Development Review ensures that there is a senior forum to:

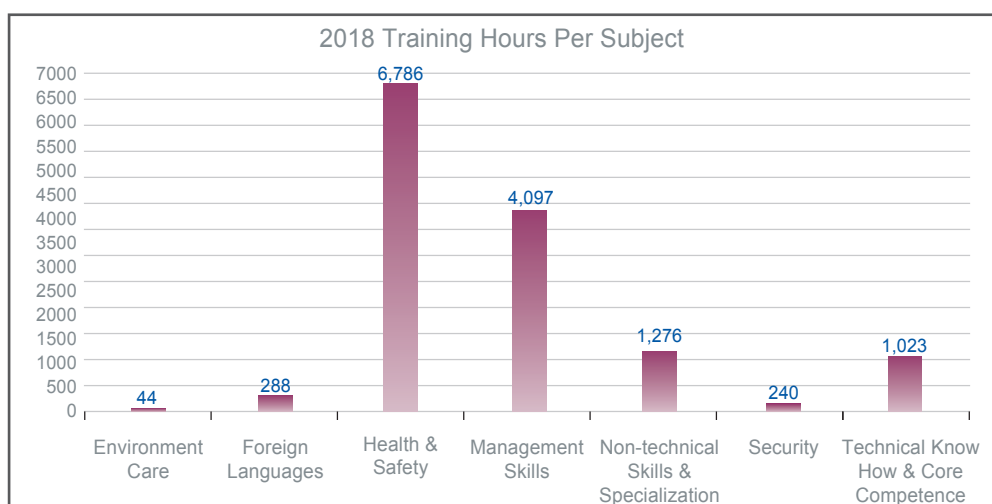
- Agree on priorities for people agenda going forward
- Understand health of talent coverage and succession for key roles
- Validate development actions for key talent
- Identify potential talents

TRAINING AND DEVELOPMENT

Employee training and development is an on-going effort, encouraging life-long learning among our people, development of skills and reskilling, preparing for the future to meet both local and global challenges.

In 2018, overall number of training hours was 13,754 (KPI SP36L) for 397 trained direct employees (KPI SP31L), with a total investment per employee of EGP 7,355 (KPI SP29L) demonstrating our ongoing commitment to the development of our employees. The average training hours per employee was 27 man-hours per employee (KPI SP37L).

As TE gives special attention to Health & Safety, during 2018, TE had 6,786 training man-hours on health and safety for direct employees (SP38L). TE also gives attention to contracted population by offering them all necessary health and safety training.



ILEAD100 Development Program

During 2016, TE launched one of the major development programs "iLEAD 100" to all TE employees on Section Head level and up, with the objective of engaging, supporting and equipping them with the required learning tools and the knowhow of "Leading the TITAN Way" to further instill it in the day-to-day working behaviors, interactions and operations.

During 2017 and 2018, the program has been extended to individual contributors to cover the whole body of the white collar employees in TE.

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, TE has a set of policies on equal opportunities and recruitment that is based on the 1948 United Nations Declarations of Human Rights and the International Labor Organization's Declaration on Fundamental Rights at Work.

Hence, 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 2018, based on average employment rates, women made up 5.75% of all employees (SP24L), while the percentage of women in managerial positions is 8.33%. (SP25L).

ENSURING LABOR RIGHTS AND FREEDOM OF ASSOCIATION

Respect for labor rights is a crucial issue for all employees, regulators and communities. Acknowledging the importance of our commitment to safeguarding these rights, TE 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 61% of our employees belong to unions (KPI SP28L).

Union representatives in TE 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 key stakeholders and direct beneficiaries of the value we create through our operations. We seek to employ the best and most talented employees in the 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. TE 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.

During 2018, based on employees request, the saving plan program was extended to include contributions from the employees that is also backed by additional company contribution.

COMMUNICATING WITH EMPLOYEES

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

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

All Head Office direct employees and on-site contractors celebrated the New Year 2019 on December 31st 2018 in head office.



Setting and cascading TITAN Egypt strategic business priorities

TITAN Egypt has set the first milestone in its journey "Towards Performance-driven Organization". Cementing our Future / Priorities Cascading events were held for 227 white-collar employees during 2018. The events covered the BU new vision together with the internal and external challenges whereby a full action plan was shared and discussed in addition to TLP values through "lead Program" for the relevant selected employees.

The main activities covered during the events were:

- Emphasizing and sharing TITAN Group's priorities by TITAN Group Senior Management.
- Emphasizing TE's roadmap within the context of TITAN Core values, TLPs and new business vision.
- Sharing 2017 achievements, envisioning strategic priorities 2018-2020, focusing on 2018 with related key projects.
- Establishing link between functional priorities and individual objectives / performance.
- Setting of objectives based on cascaded business priorities.

71 People Managers attended for three days with the attendance of TITAN Senior Management on BU and Group levels, 46 Section Heads attended for one day and 110 Seniors and Staff attended on five days.

Series of events outcomes is to increase employees' ownership and starting the journey of Performance-driven organization, increase employees' alignment towards the company vision, priorities and activities and enhance the social relationship between the company employees in all locations.



RAMADAN FOOTBALL TOURNAMENTS FOR DIRECT EMPLOYEES AND CONTRACTORS



Similar to every year, in order to increase engagement of different types of employment, Alexandria and Beni Suef plants organize a football tournament for direct employees and in-site contractors during the Holy month of Ramadan. In 2018, 54 players participated from Beni Suef and 40 players were from Alexandria.

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

In order to increase engagement among Beni Suef and Alexandria team members, a final Match between 18 players of the two winning teams took place in a stadium in Cairo.





**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, TE 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.

More details are presented in Annexes section under Employment and Stakeholder Engagement Performance Indices with three-year history of consolidated data (2016-2017-2018) related to relevant SDGs (Sustainable Development Goals) 2030.

FOCUSING ON LOCAL DEVELOPMENT

Our operations are local and our relationship with neighboring communities around our operations is fundamental to 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 dedicate both financial and non-financial resources for 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, employment and education. In 2018, we contributed EGP 8.93 million as in cash and in kind support for community development programs primarily in the areas of education, health and safety, unemployment and environment (KPI SP39L).

TE supports the development of local communities offering employment to people from communities in governorates where we operate. On average, the total direct employment during 2018 was 504 employees (KPI SP20L). The percentage of employees from the local communities reached 88.69% (KPI SP27L).

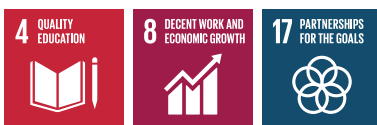
We are focused on continuous improvement across all our activities. For this reason, we have acknowledged our community policy to further evolve from corporate philanthropy and social solidarity efforts into integrated and inclusive long-term social engagement.

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 highlight our efforts to ensure 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.

TE 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.

TE WELDING WORKSHOP IN A VOCATIONAL TRAINING AND EDUCATION CENTER



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, TE is very keen on participating in magnifying its contribution to eliminating the gap between education and required technical skills in the market. Since 2016, TE fully equipped a welding workshop in one of the new vocational training and education centers in Alexandria. The target was to train youth in Alexandria about up-to-date welding accredited curriculum. During 2018, 61 people were trained.

CULTURE AT BENI SUEF



In partnership with the Ministry of Youth and Sports and Ministry of Endowment, TE sponsored the Ramadan Quran Memorization Contest in Beni Suef Youth Centers.

PARTNERSHIP IN ALEXANDRIA SERVING 50,000 RESIDENTS



Although 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 late 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 Elkamar, 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 2018, for the fourth successive year, we continue addressing various activities as part of an annual partnership with a local NGO through four main priorities that will drive our community plans. 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 of facilitating waste collection and management. Since 2015, the organization employed local residents who received specialized training. TE still supports and works with the two new local non-profit-making organizations established during 2015. They assist with waste collection and management as well as women employment.

During 2017, workshops on administrative and financial systems as well as necessary soft skills took place for the management of the two non-profit-making organizations. The management staff were offered field visits to other non-profit-making organizations having various activities in Alexandria and four other governorates.

During 2018, one of the two new local non-profit organizations became fully responsible for the waste collection under the supervision of the local partner NGO.

Priority 2: Improving local conditions

In the last three years, we partnered with the Egyptian Environmental Affairs Agency (EEAA) as well as a local NGO to improve local conditions in Wadi Elkamar.

Since 2016, we supported training sessions for local cleaners 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.

During 2017, we provided cleaners with new uniforms and new necessary cleaning tools.

During 2018, TE support was still ongoing to maintain its supporting role for 4th year towards WEK Residents and ensuring a clean Environment and plantation in its neighborhood area - cleaning and garbage collection service, insects fighting and maintenance of plants and trees- through one of the local NGOs developed by TE. Twelve (12) residents from neighborhood are engaged in this project.

Priority 3: Supporting employment for women and young people

TE is committed to supporting opportunities for employment of local residents. During 2015, TE provided financial support and materials for the women to launch their small businesses 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. Currently, 22 women still run their micro projects.

Priority 4: Culture and entertainment

Until 2017, for the fourth consecutive year, TE has worked with the Ministry of Endowment to provide a range of cultural and entertainment events for Wadi Elkamar residents. We supported the Ramadan Quran Memorization Contest for Wadi Elkamar and Agamy districts, organized by last year winning local residents.

During 2018, TE distributed the prizes to the winners in an organized event held for this purpose.

FIGHTING HUNGER AT BENI SUEF



As in previous years, TE worked with NGOs to combat hunger by distributing 2,500 dry food bags to poor residents, both in TE's own locality and the western area.

MINIMIZING GAP BETWEEN EDUCATION & EMPLOYMENT NEEDS FOR UNIVERSITIES' STUDENTS



Every year, we offer summer traineeship opportunities in technical and non-technical functions to young people from local communities. The traineeships comprise organized programs in partnership with 27 public and private universities, 38 faculties. Such programs help develop essential employability skills and competencies in future generations. In 2017, we have completed 222 summer traineeships where about 130 Male and 92 Female trainees took part (KPI SP42L).

Alexandria Plant welcomed 80 students from the Faculty of Science at Alexandria Public University in order to enable them to witness and learn from the manufacturing process which gained them valuable experience.

Beni Suef Plant welcomed 38 Students from the Faculty of Engineering, Ain Shams University in coordination with a non-profit organization based in the Faculty of Engineering, Ain Shams University. Students were from civil, chemistry, mechanical power and mechatronics departments.

Below are some of the visit testimonials:

"TITAN cement is a very well-organized company in all the aspects".

"We got a very warm welcome from the professional factory staff who were good lecturers and they also made all the participants feel free to ask anything they were wondering".

"Concerning the program, it was really an intensive good one, they wasted almost no minutes from the moment we arrived".

During 2018, BSCC signed a new Protocol with Beni Suef Public University, Faculty of Science, with the aim to develop and boost the capabilities of university students targeting their readiness for professional working environment. The related activities will take place in 2019.

During 2018, the launching event of Co-Sponsorship Educational Project between APCC and a multinational electrical organization took place in Alexandria Plant. The Co-sponsorship is taking place in coordination with Alexandria Public University - Faculty of Engineering - Electrical Section, to work with 12 students. The related activities will take place in 2019.



SOLE SPONSORSHIP FOR BUILDING, EQUIPPING AND FURNISHING A PROFESSIONAL PLAYGROUND FOR NEIGHBORHOOD YOUTH AND CHILDREN CASE STUDY



In the general area of interest: "Care for health", and in order to participate actively in serving our neighbors in the best way we can, TE developed the initiative: "Building a playground for neighborhood youth and children" as a new beneficiary project for youth and children in Wadi Elkamar neighborhood, EIMaax and Eldekheila zones.

This project took place as a response to the persistent need of Wadi Elkamar residents as communicated by Parliament members and according to residents requests in TE "Customer satisfaction Measurement" in Wadi Elkamar area by end of 2017 (11% of the sample). Accordingly, under the supervision of the Ministry of Youth & Sports and in coordination with concerned parliament members in Alexandria, ALX Plant took the initiative of launching the project of building, equipping and furnishing a professional playground for youth and children, where they can enjoy playing different types of sports. Soft opening took place in Dec 2018 and the official opening will take place in 2019.



OTHER ACTIVITIES

- Participate in two local CSR networks: Alexandria Businessmen Association CSR network (ABA) and new MENA CSR network for Global Business Network (GBN- International Labour Organization ILO) for Social Protection through Federation of Egyptian Industries (FEI).
- During 2018, TE participated in two employment fairs. One in Alexandria University "Faculty of Science 9th Employment Fair" and another one in Cairo.
- As an employer of choice in Alexandria Governorate, TE participated in "Enterprises & Banks Assembly" in cooperation with Alexandria Public University.
- Cement donations for building / restoration of new buildings, airports, schools, authorities, ministries, houses of worship in neighborhood and local communities.
- Participate in Orphans marriage for 30 youths- some are different-abled - in coordination with non-profit organization in Beni Suef.
- Sponsor the cost of loaders and trucks rental for cleaning the roads in Alexandria.
- TE continues to support Wadi Elkamar Public Elementary School by offering maintenance support and cleaning activities.
- TE pays the school fees for all poor students in Wadi Elkamar.
- Based on the request of a preparatory school in EIMaax area, TE participated in paving the school playground.



**Business
Partners**

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 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 TE we realize 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 contribute significantly 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 / contractors during 2018 was EGP 2,642 million.

Wherever possible, we aim to collaborate with local suppliers who operate in Egypt, as this benefits the local economy and provides jobs to local communities. We estimate that our spend with local suppliers during 2018 was EGP 1,824 million. In addition, we contributed to approximately 1,543 jobs through contractors. We follow a policy that requires on-time payments, regulatory requirements and contractual terms.

In addition to the governmental medical coverage, TE provides a private medical insurance to all contractors’ personnel.

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 Suppliers and Screening - 2018		
Total Number of Significant Suppliers	Number of Local Suppliers Being Significant	% of Local Suppliers In Value
70	50	69

PROCUREMENT TRANSFORMATION PROGRAM GROUP INITIATIVE

Since 2016, TITAN Group has been working on the Group Procurement Transformation program. The objective of this was 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, 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 performance levels of contractors/suppliers meet the Group standards, TE, since 2016, has communicated a new supplier contract addendum related to CSR issues and based on TITAN Group Code of Conduct through bilateral meetings with all concerned local suppliers in a series of one-to-one meetings. The changes consider occupational health and safety, working conditions, labor rights, forced labor, child labor, non-discrimination, environmental regulatory compliance, management of environmental impact, bribery and corruption and transparency and integrity.

On the other hand, although it is common to witness overloaded trucks but TITAN guidelines prohibit this practice within TE. Despite the economic disadvantage, TE is maintaining this approach by adhering to the international standards.

OPTIMIZATION OF LOCAL SUPPLIERS PROGRAM

Since 2016, TE initiated a program that optimizes the number of suppliers by replacing foreign suppliers with local ones. The year 2017 has witnessed an evolution as far as new technologically advanced local Workshops is concerned and the Purchasing Department with the assistance of the company's technical staff has been continually providing support and essential training to local workshops that construct items and spare parts in order to replace the overseas providers. During 2017, TE succeeded to have partial replacement of imported petcoke by locally produced one.

During 2018 and since the local sources of petcoke have been out of work, TE initiated purchasing Solid Fuels from the EU and Turkey countries where the 10% import tax to Egypt on petcoke does not apply.

Furthermore, TE is working on a list of "Preferred Suppliers" as well as "Sole Suppliers" in order to optimize its suppliers list and at the same time work closely with the local Suppliers/Contractors who adhere to the Group Policies and product Quality.

By increasing TE dependency on Local Suppliers / Contractors, TE is optimizing its Working Capital which is very important, particularly in an environment of local currency devaluation.

Important definitions:

- **Supplier**

Is a person or organization providing goods or services. The term 'contractor' can be used for denoting the same subject matter, but in specific related to services provided by a person or organization, and where in the majority of cases these services are provided within the areas of operations and/or control of ownership by the company. The term "supplier", under the current terminology, is broader and in principle covers also the contractors.

- **Preferred Supplier**

It is a Supplier / Contractor that has proved his / her ability to work with TE covering all aspects of the TITAN Group Procedures. A Supplier / Contractor that TE personnel feels confident working with, submits new ideas and wishes to grow with TE.

- **Sole Supplier**

In case of a product /service provided within a monopolistic market, specific quality, unique products developed for TE. A list of all Sole suppliers is approved once a year by the Procurement Department Manager, Supply Chain Director, Industrial Director and the CEO.

- **Contractor**

Is a company or an individual who is not a TITAN company or employee but has been engaged by a TITAN company to carry out specified work, either on a short-term (specific job) or long-term basis (such as drivers or maintenance crews). This definition includes all levels of subsequent subcontractors. Specifically related to the works carried by a contractor, in the majority of cases these are carried within the areas of operations and/or control of ownership by the Company. Works performed by contractors on company premises and transportation activities performed everywhere are under TITAN's supervision regarding the health and safety aspect.

- **Local supplier**

Suppliers are considered local when they provide goods or services to the company within a limited scope of geographic area, such as a country, or a locality which is neighboring to the operations of the company (municipality or other). In this context local suppliers are all suppliers which are not considered as international. In addition, local suppliers are the suppliers who are headquartered for their business activity and have their tax registration in the same area of operations of the company or in the same geographic area where they provide services to the company, in line with this definition.

- **Significant Supplier**

The 70 biggest, in invoiced amount to TE, Suppliers / Contractors represent 84% of Total amount invoiced to TE during 2018.



Annexes

A1. ENVIRONMENTAL PERFORMANCE INDEX – KPIs EP01L-EP40L

1. BU – Performance of all activities, according to the Sectoral Approach adopted by TITAN Group

Local Impacts

Impact on natural raw materials resources		2016	2017	2018	SDGs & Targets	Codes
Raw materials extracted (total, wet)	million t	4.5	4.8	4.4	SDG 12 Target 12.2	EP01L
Raw materials extracted for clinker and cement production	million t	4.3	4.6	4.1		EP02L
Raw materials extracted for aggregates	million t	0.2	0.2	0.3		EP03L
Raw materials consumed (total)						
Raw materials consumed for clinker and cement production (dry)	million t	6.8	6.7	5.6		EP04L
Raw materials consumed for ready mix, dry mortar and block production (wet)	million t	0.0	0.3	0.3	EP05L	
Externally recycled waste materials (total, wet)	t	2,743	5,267	4,319	SDG 12 Targets 12.4 and 12.5	EP06L
Recycled	t	2,743	1,892	2,520		
Reused	t	0	3,375	1,798		
Recovered	t	0	0	1		

Impact on water resources

Water consumption (total)	million m ³	1.1	1.3	1.0	SDG 6 Targets: 6.3 6.4 and 6.5	EP07L
Water withdrawal (total, by source)	million m ³	1.1	1.3	1.0		EP08L
Ground water	million m ³	0.0	0.0	0.0		
Municipal water	million m ³	0.4	0.7	0.5		
Rain water	million m ³	0.0	0.0	0.0		
Surface water	million m ³	0.6	0.6	0.6		
Quarry water used (from quarry dewatering)	million m ³	0.0	0.0	0.0		
Ocean or sea water	million m ³	0.0	0.0	0.0		
Waste water	million m ³	0.0	0.0	0.0		
Water discharge (total, by destination)	million m ³	0.0	0.0	0.0		EP09L
Surface (river, lake)	million m ³	0.0	0.0	0.0		
Ocean or sea	million m ³	0.0	0.0	0.0		
Off-site treatment	million m ³	0.0	0.0	0.0		

Impact on biodiversity and land stewardship

Active quarry sites with biodiversity issues		0	0	0	SDG 15; Targets: 15.3 15.4, 15.5, 15.9, and 15.a	EP10L
Active quarry sites with biodiversity management plans		0	0	0		EP11L
Active quarry sites with biodiversity management plans	%	0.0	0.0	0.0		EP12L
Sites with quarry rehabilitation plans	%	86.0	75.0	75.0		EP14L
Active quarry sites (wholly owned) with ISO14001 or similar	%	86.0	75.0	75.0		EP15L

Fuels and Energy

Impact on energy resources

Thermal energy consumption (total)	TJ	14,730	14,869	12,099.5	SDG 7 Target: 7.2	EP16L
Electrical energy consumption (total)	TJ	1,783	1,771	1,492		EP17L

A1. ENVIRONMENTAL PERFORMANCE INDEX – KPIs EP01L-EP40L

2. BU – Performance of cement plants, and attached and related quarries, according to the Sectoral Approach adopted by TITAN Group

Climate change

Impact on Green House Gas Emissions		2016	2017	2018	SDGs & Targets	Codes
Specific gross direct CO ₂ emissions	kg/t _{Cementitious Product}	769.9	769.8	753.0	SDG 9 Target 9.4	EP18L
Specific net direct CO ₂ emissions	kg/t _{Cementitious Product}	767.6	764.7	746.6		EP19L
Indirect CO ₂ emissions (total)	million t	0.21	0.21	0.21		EP20L

Alternative fuels and materials

Alternative fuel substitution rate	%Heat Basis	1.81	5.33	6.68	SDG 7 Targets 7.2, 7.3, 7.a	EP21L
Biomass in fuel mix	%Heat Basis	0.90	2.70	3.33		EP22L
Clinker to cement ratio		88.03	87.88	87.28		EP23L

Impact on energy resources

Thermal energy consumption					SDG 12; Target 12.2	EP23L
Cement and grinding plants and attached quarries	TJ	14,721	14,862	12,089		EP24L
Alternative fuels consumption (total)	t	19,962	60,957	65,570		EP25L
Electrical energy consumption (total)						
Cement plants and attached quarries	GWh	495	492	414		EP26L

Local Impacts

Impact on natural raw materials resources

Materials consumption (total, dry)	million t	6.8	6.7	5.6	SDG 12; Target 12.2	EP27L
Extracted (natural) raw materials consumption (dry)	million t	6.7	6.6	5.5		
Alternative raw materials consumption (dry)	million t	0.10	0.12	0.1		
Alternative raw materials substitution (clinker & cement)	%Dry	1.4	1.7	1.4		EP28L

Impact on water resources

Water consumption (total)	million m ³	1.0	1.2	0.9	SDG 6 Targets 6.4, 6.5	EP29L
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Other air emissions

Coverage rate continuous measurement	%	0.0	100.0	100.0	SDG 3; Target 3.9	EP30L
Specific dust emissions	g/t _{Clinker}	46.5	43.9	22.1		EP31L
Specific NO _x emissions	g/t _{Clinker}	2,183.3	1,435.6	1,517.1	SDG 9; Target 9.4	EP32L
Specific SO _x emissions	g/t _{Clinker}	94.0	55.0	53.7		EP33L

A1. ENVIRONMENTAL PERFORMANCE INDEX – KPIs EP01L-EP40L

3. BU – Detailed disclosures concerning materials, fuels, and waste, all activities

Impact on fuels and energy resources		2016	2017	2018	SDGs & Targets	Codes
Fuel mix, energy consumption for clinker and cement production	% _{Heat Basis}	100.0	100.0	100.0		EP34L EP35L
Conventional fossil fuels	% _{Heat Basis}	98.2	94.7	93.3		
Coal, anthracite, and waste coal	% _{Heat Basis}	26.0	20.4	12.8		
Petrol coke	% _{Heat Basis}	58.7	67.0	79.4		
Lignite	% _{Heat Basis}	0.0	0.0	0.0		
Other solid fossil fuel	% _{Heat Basis}	0.0	0.0	0.0		
Natural gas	% _{Heat Basis}	1.4	0.2	0.1		
Heavy fuel (ultra)	% _{Heat Basis}	5.1	0.7	0.5	SDG 7; Target 7.2	
Diesel oil	% _{Heat Basis}	7.1	6.4	0.6		
Gasoline, LPG (Liquified petroleum gas or liquid propane gas)	% _{Heat Basis}	0.0	0.0	0.0		
Alternative fossil and mixed fuels	% _{Heat Basis}	0.9	5.1	6.7	SDG 12; Target 12.2	EP36L
Tyres	% _{Heat Basis}	0.0	0.0	0.0		
RDF including plastics	% _{Heat Basis}	0.9	1.2	3.2		
Impregnated saw dust	% _{Heat Basis}	0.0	0.0	0.0		
Mixed industrial waste	% _{Heat Basis}	0.0	1.6	2.8		
Other fossil based and mixed wastes (solid)	% _{Heat Basis}	0.0	2.3	0.7		
Biomass fuels	% _{Heat Basis}	0.9	0.3	0.0		EP37L
Dried sewage sludge	% _{Heat Basis}	0.3	0.3	0.0		
Wood, non-impregnated saw dust	% _{Heat Basis}	0.0	0.0	0.0		
Agricultural, organic, diaper waste, charcoal	% _{Heat Basis}	0.6	0.0	0.0		
Other	% _{Heat Basis}	0.0	0.0	0.0		

Management of waste

Waste disposal (total, wet)	†	27,796	5,892	11,928		EP38L
Waste disposal, break down by destination-usage (wet)	% _{By mass}	100.0	100.0	100.0		EP39L
Reuse	% _{By mass}	0.0	57.3	15.1	SDG 12; Targets: 12.4, and 12.5	
Recycled	% _{By mass}	9.9	32.1	21.1		
Recovered (including energy recovery)	% _{By mass}	0.0	0.0	0.0		
Incineration	% _{By mass}	0.0	0.0	0.0		
Landfilled	% _{By mass}	90.1	9.9	63.6		
Other (incl. storage)	% _{By mass}	0.0	0.7	0.2		

4. BU – Investments for the Environment, all activities

Environmental expenditures across all activities	million EGP	110.6	92.9	103.5		EP40L
Environmental management	million EGP	10.5	25.6	34.4		
Reforestation	million EGP	0.2	0.3	0.9	SDG 7 Target 7.b	
Rehabilitation	million EGP	0.1	0.0	3.0		
Environmental training and awareness building	million EGP	0.1	0.1	0.1		
Application of environmental friendly technologies	million EGP	90.2	54.8	55.9	SDG 9 Target 9.4	
Waste management	million EGP	9.5	12.2	9.3		

A2. Social Performance of TITAN Egypt - Index of SP KPIs HEALTH and SAFETY

All activities performance according to the TITAN Global Sectoral Approach

	2016	2017	2018	SDGs & Targets	Codes
Employee fatalities	0.00	0.00	0.00		SP01L
Employee fatality rate	0.00	0.00	0.00		SP02L
Contractors fatalities	0.00	0.00	0.00		SP03L
Third-party fatalities	0.00	0.00	0.00		SP04L
Employee Lost Time Injuries (LTIs)	1.00	0.00	0.00	SDG 3 Target 3.6	SP05L
Employee Lost Time Injuries Frequency Rate (LTIFR)	0.68	0.00	0.00		SP06L
Employee lost working days	42.00	0.00	0.00		SP07L
Employee Lost Time Injuries Severity Rate	28.48	0.48	0.00		SP08L
Contractors Lost Time Injuries (LTIs)	0.00	2.00	3.00	SDG 8 Target 8.8	SP09L
Contractors Lost Time Injuries Frequency Rate (LTIFR)	0.00	0.49	0.92		SP10L
All activities performance leading indicators					
Near misses (1)	357	182	166		SP11L
Training man-hours on health and safety per employee	11.2	12.2	13.5		SP12L

* The reported figures of "Near misses" are the total figures for both direct employee and contractors. This is should be clear to All involved in the Social Performance, and in conjunction with the last revised and communicated Guidance by the Group Corporate Dept. for H&S.

A2. Social Performance of TITAN Egypt - Index of SP KPIs EMPLOYMENT

	Ref	2016	2017	2018	SDGs & Targets	Codes
*** Number of employees as of 31 December	year-end	661	508	492		SP13L
*** Females	year-end	34	30	29		
*** Males	year-end	627	478	463		
*** Employee turnover (%)	year-end	20%	35%	6.50%		SP14L
*** Employees left	year-end	132	179	32		SP15L
*** Employee new hires (%)	year-end	4%	5%	3.25%		SP16L
*** Employee new hires	year-end	27	26	16		SP17L
*** New hires per age group	year-end					SP18L
*** Under 30	year-end	19	14	9		
*** Between 30-50	year-end	6	10	6		
*** Over 50	year-end	2	2	1	SDG 5 Targets: 5.1 and 5.5	SP19L
New hires per gender						
*** Females	year-end	6	4	3		
*** Males	year-end	21	22	13		
** Average employment	average	748	606	504		SP20L
Employment per type					SDG 8 Targets: 8.5, 8.6, and 8.8	SP21L
** Full time	average	748	606	504		
** Part Time	average	0	0	0		
** Temporary	average	0	0	0		
Employment per category						SP22L
** Managers	average	29	26	29	SDG 10 Target 10.3	
** Senior managers	average	8	8	7		
** Administration/technical	average	236	225	206		
** Semi skilled/unskilled	average	475	348	264		
Employment per gender						SP23L
** Females	average	32	33	29		
** Males	average	716	573	475		
** Share of women in employment (%)	average	4%	5%	5.75%		SP24L
** Share of women in management (%)	average	3%	3%	8.33%		SP25L
** Share of women in Senior Management (%)	average	0%	0%	14.29%		SP26L
** Employees from local community (%)	average	92%	90%	88.69%		SP27L
*** Unionized employees (%)	year-end	88%	60%	61.18%		SP28L

A2. Social Performance of TITAN Egypt - Index of SP KPIs PEOPLE DEVELOPMENT

	Ref	2016	2017	2018	SDGs & Targets	Codes
Training investment per employee trained (EGP)		4,803	4,358	7,355		SP29L
Training investment per gender (EGP)		3,222,528	2,383,712	2,920,105		SP30L
Females		541,847	199,016	100,450		
Males		2,680,681	2,184,696	2,819,656		
Trained employees		671	547	397		SP31L
** Share of trained employees (% in total workforce)	average	90%	90%	79%	SDG 4; Targets: 4.3 4.4, and 4.5	SP32L
Share of trained female employees (% in total trained)		5%	5%	6.05%		SP33L
Trained employees per category						SP34L
Managers		27	29	38		
Senior managers		11	6	7		
Administration/technical		223	200	167		
Semi skilled/unskilled		410	312	185	SDG 5 Targets: 5.1 and 5.5	SP35L
Trained employees per age group						
Under 30		45	38	36		
Between 30-50		449	354	276		
Over 50		177	155	85		
Training hours		18,640	17,959	13,754	SDG 8 Target 8.5	SP36L
** Average training hours per employee, and breakdown per gender	average	25	30	27		SP37L
		49	46	25		
** average female	average					
** average male	average	24	29	27	SDG 10 Target: 10.2, and 10.3	SP38L
Training hours per subject						
Environment: care and management systems		559	160	44		
Foreign languages		752	345	288		
Health and safety		8,374	7,377	6,786		
Human Rights		0	0	0	SDG 16 Target 16.5	
Management and managerial skills		5,744	7,912	4,097		
Non-technical skills and specialization		633	943	1,276		
Other		568	40	0		
Security		0	0	240		
Technical know-how and core competence		2,010	1,182	1,023		
TITAN Group Code of Conduct		0	0	0		

** Based on average headcount full year

*** Based on year-end headcount

STAKEHOLDER ENGAGEMENT

Donations (EGP)		8,252,000	10,715,004	8,926,998	SDG 4	SP39L
Donations in cash (EGP)		679,000	8,356,004	8,389,004	Targets: 4.3 and 4.4	SP40L
Donations in kind (EGP)		7,573,000	2,359,000	537,994	SDG 8	SP41L
Internships		342	610	222	Targets 8.5, and 8.6	SP42L
New entry level jobs from internships/traineeships		0	2	1	SDG 11 Target 11.4	SP43L
					SDG 17 Target 17.17	

A3. PROGRESS REVIEW FOR THE UNGC TEN PRINCIPLES, 2018

The "UNGC 10 Principles - Progress Review Index" summarizes and updates our actions as a participant to the UN Global Compact. It is an integral part of the 2018 TITAN Egypt Corporate Social Responsibility and Sustainability Report and provides references about our commitments, policies and practices relevant to the implementation of the ten principles.

TITAN Egypt abides by all the requirements set by the United Nations Global Compact Initiative, to which TITAN is committed at both Group level and local level.

The "UNGC 10 Principles - Progress Review Index" contains the following three elements:

1. CEO statement of continued support for the UN Global Compact and its Ten Principles.
2. Description of actions or/and direct reference to relevant policies related to Human Rights, Labor, Environment and Anti-Corruption.
3. Measurement of outcomes is covered this year by direct reference to the Index System for Sustainability Performance review and monitoring, namely the two Appendix tables of KPIs Index:
 - a. Environmental Performance Index of KPIs (EP KPIs), and
 - b. Social Performance Index of KPIs (SP KPIs).

In the table next, the Index System for Sustainability Performance is connected with the UNGC Ten Principles and TITAN Egypt's commitments. There are direct references to disclosures and pages inside the Report. However, the Table cannot be exhaustive, and provides the main points of importance.

UNGC Area	UNGC Related Principle(s)	Our Commitments	Reference in 2018 TITAN Egypt Corporate Social Responsibility and Sustainability Report
Human Rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within the scope of their influence.</p> <p>Principle 2: Business should make sure that they are not complicit in human rights abuses.</p>	<p>a. TITAN Corporate Values</p> <p>b. TITAN Group Code of Conduct</p> <p>c. TITAN Group CSR Policy</p> <p>d. TITAN Group Code of Conduct for Procurement</p> <p>e. TITAN People Management Framework</p> <p>f. TITAN Occupational Health and Safety Policy and guidelines</p> <p>g. TITAN Group Anti-Bribery and Corruption policy</p> <p>h. TITAN Egypt Policies</p>	<p>STRATEGIC REVIEW: Our Values (p9), Our Governance Structure (p10-11), Ensuring Fair Competition and Fighting Corruption (p12), Meeting our CSR and Sustainability Commitments (p12-13), Focus on Material Issues (p14).</p> <p>PERFORMANCE OVERVIEW: Value Creation (p18).</p> <p>HEALTH and SAFETY: TITAN Group Health and Safety Guidelines, and systems in place (p29), and SP KPIs (SP01L-SP12L).</p> <p>OUR PEOPLE: TITAN People Management Framework (p35), Fostering Human Rights and Equal Opportunities (p36-37) and SP KPIs (SP13L-SP38L).</p> <p>ENGAGING WITH LOCAL COMMUNITIES (P40-43) and SP KPIs (SP39L-SP43L).</p> <p>BUSINESS PARTNERS: Improve Suppliers' Overall Performance According To TITAN Standards (p45).</p> <p>ANNEXES: Environmental Performance Index of KPIs (EP KPIs), and Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health & Safety.</p>

A3- PROGRESS REVIEW FOR THE UNGC TEN PRINCIPLES, 2018

UNGC Area	UNGC Related Principle(s)	Our Commitments	Reference in 2018 TITAN Egypt Corporate Social Responsibility and Sustainability Report
Labor Standards	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor</p> <p>Principle 5: should uphold the effective abolition of child labor</p> <p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation</p>	<p>a. TITAN Corporate Values</p> <p>b. TITAN Group Code of Conduct</p> <p>c. TITAN Group CSR Policy</p> <p>d. TITAN Group Code of Conduct for Procurement</p> <p>e. TITAN People Management Framework</p> <p>f. TITAN Occupational Health and Safety Policy and guidelines</p> <p>g. TITAN Group Anti-Bribery and Corruption policy</p> <p>h. TITAN Egypt Policies</p>	<p>STRATEGIC REVIEW: Other Service and Collaboration (p8), Our Values (p9), Our Governance Structure (p10-11), Ensuring Fair Competition and Fighting Corruption (p12), Meeting our CSR and Sustainability Commitments (p12-13), Focus on Material Issues (p14).</p> <p>PERFORMANCE OVERVIEW: Non-financial Highlights (p17-18), Value Creation (p18).</p> <p>HEALTH and SAFETY: TITAN Group Health and Safety Guidelines, and systems in place (p29), and SP KPIs (SP01L-SP12L).</p> <p>OUR PEOPLE: TITAN People Management Framework (p35), Fostering Human Rights and Equal Opportunities (p36-37), Ensuring Labor Rights and Freedom of Association (P37), TITAN Group Employee Standards (p35), Employee Benefits, Compensation and Welfare Programs (p37).</p> <p>ENGAGING WITH LOCAL COMMUNITIES: Focusing on Local Development (p40) and SP KPIs (SP13L-SP43L).</p> <p>ANNEXES: Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health & Safety.</p>
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p> <p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies</p>	<p>a. TITAN Corporate Values</p> <p>b. TITAN Group Code of Conduct</p> <p>c. TITAN Group CSR Policy</p> <p>d. TITAN Group Environmental</p> <p>e. TITAN Egypt Policies</p>	<p>STRATEGIC REVIEW: Our Values (p9), Our Governance Structure (p10-11), Meeting our CSR and Sustainability Commitments (p12-13), Certified Management Systems (p11).</p> <p>PERFORMANCE OVERVIEW: Non-financial Highlights (p17-18), Value Creation (p18).</p> <p>ENVIRONMENTAL PERFORMANCE (p20-27) and EP KPIs (EP01L-EP40L).</p> <p>ENGAGING WITH LOCAL COMMUNITIES: Focusing on Local Development (p40), Partnership in Alexandria Serving 50,000 Residents (p41) and SP KPIs (SP13L-SP43L).</p> <p>ANNEXES: Environmental Performance Index of KPIs (EP KPIs) and Social Performance Index of KPIs (SP KPIs). The SP KPIs Index includes the KPIs for Health & Safety.</p>

A3- PROGRESS REVIEW FOR THE UNGC TEN PRINCIPLES, 2018

Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> a. TITAN Corporate Values b. TITAN Group Code of Conduct c. TITAN Group CSR Policy d. TITAN Group Code of Conduct for Procurement e. TITAN Egypt Policies 	<p>STRATEGIC REVIEW: Our Values (p9), Our Governance Structure (p10-11), Ensuring Fair Competition and Fighting Corruption (p12), Meeting our CSR and Sustainability Commitments (p12-13), Focus on Material Issues (p14).</p> <p>BUSINESS PARTNERS: Improve Suppliers' Overall Performance According To TITAN Standards (p45).</p>
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A4. MEMBERSHIPS 2018

Memberships	Website
The Egyptian Financial Supervisory Authority (EFSA)	www.efsa.gov.eg
The Egyptian Exchange (EGX)	www.egx.com.eg/arabic/homepage.aspx
Real Estate Publicity District and Documentation	-
General Authority For Investment and Free Zones (GAFI)	www.gafi.gov.eg
Central Agency for Public Mobilization and Statistics (CAPMAS)	www.capmas.gov.eg
Egyptian Chamber of Building Materials Industries - Federation of Egyptian Industries	www.fei.org.eg
Cement Association- Federation of Egyptian Industries	-
Energy Committee - Federation of Egyptian Industries	www.fei.org.eg
United Nations Global Compact Local Network (UNGC)	www.gcnetworkegypt.com
Egyptian Business Men Association (EBA)	www.eba.org.eg
Industrial Committee - Egyptian Business Men Association (EBA)	www.eba.org.eg
Egyptian Environment Affairs Agency	www.eeaa.gove.eg
The American Chamber of Commerce	www.amcham.org.eg
Federation of Egyptian Industries (FEI) Mena Network for Global Business Network (GBN- International Labour Organization ILO) for Social Protection	www.fei.org.eg
Misr for Central Clearing, Depository and Registry (MCDR)	www.mcsd.com.eg

A5. COOPERATIONS 2018

Cooperations	Website
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"	-
Egyptian-Greek Business Council	-
Alexandria Businessmen Association CSR Network As a consequence of our future partnership with ABA in new Vo-Tech school, ABA added TE to their CSR Network	www.aba.org.eg



Independent Limited Assurance Statement

To the Board of Directors of Alexandria Portland Cement Company

The Board of Directors of Alexandria Portland Cement Company (the "Company") engaged "GRANT THORNTON GREECE" ("Grant Thornton") to review the non-financial disclosures presented in the 2018 Corporate Social Responsibility and Sustainability Report for the fiscal year ended on December 31st, 2018 ("selected data"), in order to provide limited assurance in relation to the criteria as described below (Scope of work). For the purposes of this Statement, the selected data relate to the Company's activity in Egypt and do not include information pertaining to other cooperating companies.

Scope of work

The assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000"), in order to provide limited level assurance opinion on:

- The consistency of qualitative and quantitative non-financial disclosures presented, with regard to the criteria for Communication on Progress (C.O.P.) of the UN Global Compact.
- The completeness and accuracy of qualitative and quantitative non-financial disclosures, in specific for the areas of Environment and Health & Safety and regarding the criteria applicable in 2018, which are aligned with the sectoral guidelines and reporting standards (WBCSD Cement Sustainability Initiative), and with the TITAN Standards for Reporting on Group and BU level.
- The methodology of materiality assessment, with regard to the AA1000 AccountAbility Principles.

Management Responsibility

Alexandria Portland Cement Company is responsible for the preparation, presentation, completeness and accuracy of the non-financial data provided to us, as incorporated in the 2018 Corporate Social Responsibility and Sustainability Report. Furthermore, the Company's Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process. In particular, the Company's Management is responsible for internal controls being designed and implemented to prevent the Report from being materially misstated.

Grant Thornton Responsibility

We have performed a limited assurance engagement. Our responsibility is to express our conclusions based on the procedures carried out for the selected data, as described above in the "Scope of work" section. Our responsibility is limited to the non-financial information related to the fiscal year that ended on December 31, 2018, as these were presented in the 2018 Corporate Social Responsibility and Sustainability Report. To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this Statement towards anyone other than the Company and the Group, unless the terms have been agreed explicitly in writing, with our prior consent.

We conducted our work so as to collect all the data, relevant documentation, information and explanations we considered necessary as to the selected data described above, in the "Scope of work" section. The procedures followed with regard to the selected data included:

- Interviews with Company's executives and key personnel responsible for the relevant information and assumptions. When required, additional interviews with TITAN Group's executives were performed.
- Visits to the Company's premises.
- Review and assessment of the processes and controls used to collect, aggregate, validate and report the data;
- Sample tests on collected data, conversion factors and formulas, where required.

Level of Assurance

The procedures we carried out were designed to provide limited assurance, as specified in ISAE 3000, based on which we shaped the conclusion to our engagement. These procedures are not as extensive as those required for providing reasonable assurance; consequently, a lower level of assurance is obtained.

Limitations

To conduct our work, we relied exclusively on the information provided to us by the Company's executives, which we accepted in good faith as being complete, accurate, real and not misleading.

- Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Statement and which arise from our mutually agreed methodology.
- No work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

Independence


Grant Thornton implements the requirements of International Standard on Quality Control 1. Based on this, it maintains an integrated quality control system that includes policies and procedures for compliance with moral principles, professional standards and relevant legal and regulatory requirements. We comply with the independence requirements and other ethical standards of the IFAC Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, impartiality, professional adequacy, confidentiality and professional conduct. In this context, the assurance team is independent from the Company and has not participated in the preparation of the 2018 Corporate Social Responsibility and Sustainability Report.

Conclusions

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that there are any errors or misstatements that would materially affect the non-financial disclosures (including explanatory notes and relevant references) as presented in the 2018 Corporate Social Responsibility and Sustainability Report of Alexandria Portland Cement Company for the year ended 31 December 2018. Moreover, nothing has come to our attention that causes us to believe that the non-financial data presented, are not prepared, in all material aspects, in accordance with the criteria mentioned above, in the "Scope of work" section.

Athens, 24/7/2019

The Chartered Accountant


Panagiotis Christopoulos



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