



'17

**Corporate
Responsibility
and Sustainable
Development
Report**



VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD

Since 1963

Corporate Responsibility and Sustainable Development Report

'17



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01

MESSAGE FROM THE EXECUTIVE CHAIRMAN

" In order to move ahead successfully on this sustainable path, we rely on a group of highly motivated and enthusiastic people. In addition of being a heavy industry, we are also a human community. Continuous on-the-job training, combined with the personal and professional development of our employees, is an essential condition of sustainability."

G4-1

I am delighted to preface our company's Corporate Responsibility Report for 2017, presenting the results of our sustainable course, while confirming the commitment that we have made and continue to serve.

This Report is a key pillar of our strategy, actively supporting our philosophy that Sustainable Development is not only a responsibility but also a business opportunity for our company.

The Report has been prepared in accordance with the GRI Guidelines and its content is directly related to the Sustainable Development Goals of the United Nations. These two elements make up the framework we are reporting, with transparency and objectivity, our performance and our strategic priorities with regard to the Sustainable Development action lines.

In 2017, despite the increase in energy costs and the challenges that the Cypriot economy continued to face in the aftermath of the recent economic crisis, our company succeeded in increasing its sales compared to the previous year. As Health and Safety stand among our core values, in 2017 we revised many of our procedures in order to improve our performance in this area. Among the measures adopted, is a proactive focus on safer driving for our employees as well as for our associates and customers.

Our primary goal is to translate our principles into actions in order to deliver results and show measurable progress. Moreover, we ensure transparency and effective communication with all stakeholders, so that we can build our relations with them on a sound basis.

Through our social responsibility actions, we renew our support towards local society, with initiatives aimed at effective and constant interaction with due respect for the rights and cultural values of all. Accordingly, in 2017 we established a new strategy for our dialogue with the Local Communities in order to build a spirit of trust, so that potential problems can be handled more effectively, and to create a basis for collective projects, alliances and partnerships.

The reduction of the energy consumption and of our environmental footprint in general, translates into less greenhouse gas emissions and lower costs. It would appear that, in practice, this is tantamount to the economy moving in parallel with the environment. Yet this is not enough. In order to move ahead successfully on this sustainable path, we rely on a group of highly motivated and enthusiastic people. In addition of being a heavy industry, we are also a human community. Continuous on-the-job training, combined with the personal and professional development of our employees, is an essential condition of sustainability. This is the reason why we will further strengthen our social commitment to ensuring safety at the workplace, education and training, as well as to identifying new talents. We will keep doing more for our people, because we are ready to take up all these challenges, leveraging our resources, our skills and our values in order to achieve a more sustainable future for all our stakeholders.

Antonios Antoniou

Executive Chairman



02

SELECTED
HIGHLIGHTS 2017

Social product
€82,9 m

Value to the Economy

€99,5 m
economic value distributed

€102,5 m
economic value generated

€1,8 m payments to government

€70,3 m outlays to suppliers

Value to Employment

241 jobs

**€10,6 m in employee salaries
and benefits**

Value to Society

**€0,2 m in the financing
of NGOs, actions and development
of infrastructure**

Value to the Environment

**€3,3 m in environmental
expenditures and €9,6 m
in environmental investments**

**34% of production needs in thermal energy
were covered by alternative fuels**

64% of the water used was recycled and re-used

03

INFORMATION
ABOUT THE REPORT

G4-18, G4-28, G4-30, G4-31, G4-32, G4-33

The Corporate Responsibility and Sustainable Development Report 2017 of Vassiliko Cement Works covers the reference period from 1.1.2017 to 31.12.2017. It presents the strategy, the practices and the results achieved by the Company during the reference year, while also focusing on the goals for the next year and honouring its commitment regarding the disclosure of its performance on an annual basis.

The information presented in the Corporate Responsibility and Sustainable Development Report 2017 refers to Vassiliko Cement Works business activity in Cyprus and is addressed to all of the Company's stakeholder groups. For determining the Report's content, the Company used the basic version "in accordance"-Core of the GRI (Global Reporting Initiative) G4 Sustainability Reporting Guidelines, as well as the principles of Inclusivity, Materiality and Responsiveness of the AA1000 (2008) Accountability Principles Standard. More information on these standards and on meeting the requirements of the GRI-G4 Guidelines is provided in the GRI Content Index on p. 68 -75 of this Report.

The Corporate Responsibility and Sustainable Development Team of Vassiliko Cement Works based the Report's content on the needs and expectations of its stakeholders as obtained from the materiality analysis process, carried out by the Company. Through this, the Report meets and builds on the Company's goal for transparency, providing accurate and comprehensive information to all stakeholder groups, regarding the Company's approach to economic, social and environmental issues.

In preparing the present Report, Vassiliko Cement Works received advisory guidance and support from Global Sustain.

Recognising the value of verifying the information contained in the Corporate Responsibility and Sustainable Development Report, Vassiliko Cement Works chose to collaborate with the Inspection and Certification Organisation TÜV HELLAS (TÜV NORD) for the Report's external assurance. The independent external assurance report of the Report's content is provided on p. 76 in this Report.

Vassiliko Cement Works wishes to keep an open channel of communication with its stakeholders throughout the course of its activities. To this end, it welcomes your views, comments and suggestions about the Report and the Company's corporate responsibility activities, which you may send either by filling out and posting the relevant evaluation form provided at the end of the Report or by direct email, to the following address:

Vassiliko Cement Works

1A Kyriakos Matsis Avenue, P.O. Box 22281, CY-1519, Nicosia, Cyprus

Pagona Liggou

Chief Human Resources,
Health & Safety and Communication Officer
(+357)24845504 | p.liggou@vassiliko.com

04

VASSILIKO
CEMENT WORKS



1. Our identity and mission

G4-3, G4-5, G4-7, G4-15, G4-16

Vassiliko Cement Works Public Company Ltd is registered in Cyprus and is a public company under the Companies' Law, Chapt. 113. The company's shares are listed on the Cyprus Stock Exchange since 1996. The company's registered office is located at 1A Kyriakos Matsis Avenue, 1082, Nicosia, Cyprus.

Vassiliko Cement Works is one of the largest heavy industries in Cyprus. It was established in 1963 and its production plant became fully operational in 1967. Recognizing the benefits of its proximity to the sea, the company constructed the Vassiliko port which has been operating incessantly since 1984, enabling the company to better serve its international customers, also facilitating the imports of raw materials to meet the company's needs.

Vassiliko Cement Works carries out its business based on the fundamental principles of constantly improving its products and providing best services to its customers, while respecting the environmental regulations. In addition, those principles are inextricably linked to the attainment of its strategic goals.

“Our Vision is to excel as a successful company based on principles encompassing respect and contribution at their core.”

The Vassiliko Cement Works plant operates in the area of Vassiliko, located between the cities of Limassol and Larnaca, in Cyprus. The location was chosen because of the abundance of raw materials of excellent quality and its proximity to the sea. Its principal goal is to improve and evolve, in terms of both quality and technology, in all its operations, taking into account the needs and requirements of the domestic as well as the international market.

The Company is active in the production of clinker and cement, and operates the following four quarries for the extraction of raw materials to be used exclusively in the production of cement:

- One limestone quarry in Kalavassos Village (the largest in Cyprus).
- One reef limestone quarry in Armenohori.
- Two clay quarries in Mari and Vassiliko.

2. Milestones

1963 - Establishment of Vassiliko Cement Works by the Hellenic Mining Company;

1967 - Launch of operation of the 150.000-ton production facility;

1984 - Launch of operation of the adjacent port;

1990 - Italcementi Group (currently owned by Heidelberg Cement) acquires 20% of the company shares; the holding is subsequently increased to 33%. Following the merger of Vassiliko Cement Works with Cyprus Cement Company and as time passed by, the holding declined to 26%;

2000 - Installation of a new cement silo (25.000 tons) improving export capability and local distribution;

2000 - Operation of the Research and Testing Laboratory under European Standards;

2002 - Installation of a new-type cement mill, contributing to CO₂ emissions reduction;

2008 - Merger of Vassiliko Cement Works with Cyprus Cement Company;

2011 - Launch of operation of the new Best Available Technology clinker production line with a capacity of 6,000 tons/day;

2015 - Launch of operation of Alternative Fuels and Raw Materials Feeding System;

2016 - Launch of construction of an additional clinker silo with a total capacity of 100.000 tons.

3. Corporate governance

G4-14, G4-34, G4-56

" In Vassiliko Cement Works, corporate governance is a process whereby the Company's business activities are monitored in order to increase shareholder value and to ensure the economic viability of the Company's operation. "

The company's corporate governance policies strengthen the supervisory role of the Board of Directors, ensure the equal treatment of the shareholders, transparency and adequate independence of the Board of Directors in decision-making. The company has adopted the applicable 4th version of the Corporate Governance Code issued by the Cyprus Stock Exchange in April 2014. During the reporting period, the principles of the Corporate Governance Code were partly implemented.

The regulations governing the composition and functioning of the Board of Directors, the appointment and replacement of its members as well as the composition and functioning of the Board Committees are set out in the Company's Corporate Governance Report.

The Corporate Governance Report for 2017 is available on the Company's website (www.vassiliko.com).

Organisational Chart of Vassiliko Cement Works (31.12.2017)



The Company has in place a number of committees. These are **the Remunerations Committee, the Audit Committee** and the **Nominations Committee**.

The Board of Directors' **Remunerations Committee** reviews the Directors' Remuneration in their capacity as Executive and Non-Executive Members of the Board, and the Company's General Manager. The Remunerations Committee is responsible for verifying that the fees offered to the Company's Executive Directors and General Manager are proportional to their personal competence and performance levels, compatible with the Company's remuneration principles and aligned to the principles of the Corporate Governance Code.

The **Audit Committee** reviews a wide range of financial matters, monitors the controls in force and oversees the procedures for the selection of accounting policies and accounting estimates for the Company's financial statements. It also advises the Board on the appointment of external auditors and proposes to the Board of Directors the appointment and revocation of appointment of the audit firm assigned with the Internal Audit functions, also ensuring its independence.

The **Nominations Committee** is responsible for the selection and suggestion for nomination of new Directors to the Board.

Corporate Responsibility and Sustainable Development

Acknowledging corporate responsibility as a fundamental pillar that is linked with its strategic planning, Vassiliko Cement Works has set up a dedicated Corporate Responsibility and **Sustainable Development Team within the Company**, composed of 15 employees from all departments. This team is supervised by the head of the Human Resources and Communication Department and reports directly to the Chairman and Chief Executive Officer.

The Corporate Responsibility and Sustainable Development Team is overall responsible for:

- developing and managing the responsible operation strategy;
- coordinating and setting up the individual teams required to carry out projects, initiatives and actions;
- documenting and evaluating the results of these actions;
- measuring the results of the actions using specific performance indicators (Key Performance Indicators - KPIs).

The Code of Conduct of Vassiliko Cement Works, which encompasses the Company's fundamental rules of conduct and communication, plays an important role in its governance. These rules are based on the company's vision, mission and values making up its governance framework, whose function is to protect its reputation and warrant its sustainable development.

Additional guidance with respect to the Company's governance is provided by all of the Company's policies as adopted and regularly updated. The Code of Conduct is addressed to all employees and to all parties acting in the interest and for the benefit of the Company and being considered by external bodies as representing the Company.

Code of Conduct

The Code is divided into three main sections:

SECTION ONE Vision, Mission and Values: This section reflects the fundamental principles of the Company's corporate culture.

Five core values lie at the heart of the Company's activities in pursuing its purpose. These values not only define and shape the Company but also serve to guide its people in their daily tasks:

Integrity - We operate with honesty and complete transparency.

Respect - We embrace diversity and behave respectfully to all people at Vassiliko Cement Works and beyond.

Health and Safety - We provide a working environment where the mental and physical well-being of our people is an essential and overriding principle.

Environment - The protection of the environment in all stages of our business operation is a priority.

Quality - We strive to always exceed our customers' expectations, using standards of excellence in all business areas (production efficiency, pricing policy and customer satisfaction with the provision of our products and services) without any compromise.

SECTION TWO - Rules of Conduct and Communication: This section describes the areas of responsibility and the types of conduct to be followed for ensuring consistency with the Company's values. It also stresses the importance of compliance with the statutory requirements.

SECTION THREE – Implementation of the Code of Conduct: This section specifies how to implement and integrate the Code's values and rules into everyday practice.

The **Code of Conduct** was drawn up on the basis of the Company's principles and values, as well as of the behaviours it wishes to encourage. The Code of Conduct discusses the behaviours of employees required in their interactions with their colleagues and superiors, as well as towards third parties. The Code of Conduct also examines the Company's relationship with interested third parties, such as customers, the local community, employees, etc.

The **Code of Conduct** was adopted by the Board of Directors and was subsequently communicated to all existing personnel. All new employees receive a copy of the Code of Conduct upon being hired and are briefed accordingly. Employees are constantly reminded of the importance of adhering to the Code, via personal briefings and/or other means of internal communication.

The **Training Process** involves the ongoing identification of training needs, both for the professional and the personal development of employees. Both managers and employees are informed of the process followed and, after every renewal of it, all interested parties are again informed. The relevant procedures processes are approved by the Human Resources Department, whereupon both the Codes and the Procedures are promptly communicated to all.

All members of Personnel (existing and new ones) are kept informed about all the above and are provided with all the relevant documents they must have in their possession (copies of the respective Code, of the Procedures etc.).

To address the requirement for monitoring, renewal and promotion of the values and standards, a competent person has been designated within the Company, tasked with ensuring the functional implementation of the procedures and the faithful implementation of the standards of behaviour provided by the Code of Conduct. Possible renewals, revisions, changes etc. are acknowledged both by the competent person and by the users of each Procedure or Code, and corresponding corrective action is taken.

Policies

Due to the continuous evolution at all levels – entrepreneurship, technological and environmental – as well as to the Company's dynamic growth, precautionary policies requiring the involvement of all employees are followed in all Company's processes.

For this precautionary approach to be feasible and effective, the following policies have been established, covering the entire range of the Company's activities:

- Health and Safety Policy
- Energy Management Policy
- Corporate Social Responsibility Policy
- Environmental Management Policy
- Quality Policy
- Supply Chain Policy



Health & Safety Policy:

Under this policy, health and safety are equally important and are given the same priority as all key aspects of the Company's operation, such as continuous improvement, quality, production, productivity and environment.



Energy Management Policy:

Vassiliko Cement Works keeps improving the use of energy resources in its facilities, in all activities across the entire life cycle of its operation, taking into account new technological innovations, optimising the design of its production process and facilities, and supporting the supply of energy efficient products and services.



Corporate Social Responsibility Policy:

For the Company, corporate responsibility is of lasting value. A value which, at every step the Company takes, emphasises that it must do the right thing. To consider how its activities impact on all stakeholders, including shareholders, employees, customers, suppliers, communities, business partners, in order to maintain and strengthen the social dimension of its existence and evolve into a better corporate citizen.



Environmental Management Policy:

The Environmental Policy is implemented and continuously monitored in all new and existing facilities, supported by appropriate management practices, with the aim of reducing and avoiding any adverse environmental impact.



Quality Policy:

Our Quality Policy is implemented according to the requirements specified by the ISO 9001:2008 International Standard, being constantly improved to ensure better and more efficient operations. This system enables the Company to assure its customers of the purchased products' stable quality, and pledges that its products comply with the requirements of CYS EN 197-1 European Standard.



Supply Chain Policy:

In the framework of incorporating the principles of sustainable development and corporate responsibility into its business activity, Vassiliko Cement Works has developed and introduced a "Suppliers/Contractors/Associates Code of Conduct". The Code sets out the basic rules of conduct/communication within the supply chain, based on the Company's vision, mission and values. The Code's principles cover areas such as:

- Work Conditions and Human Rights,
- Health and Safety,
- Environmental Protection, and
- Ethics.

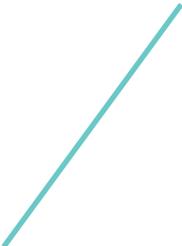
The Code applies in a broader sense, both to direct and to indirect suppliers/contractors/associates of the Company, in all categories, and forms an integral part of the contracts/agreements it signs. In doing so, the Company seeks to commit its suppliers/contractors/associates to the adoption of sustainable development best practices, which is expected to result in mutual benefits.

05

OUR STRATEGY FOR
SUSTAINABLE DEVELOPMENT



Our Company's strategy is to keep enhancing our competitiveness through the implementation of our sustainable development programme.



" Our goal is to remain a viable company, following a steady upward course and ensuring a quality product, to continue being our customers' preferred supplier and an attractive employer of choice whom everybody would enjoy working for."

The Company operates and evolves with respect for the natural and social environment where it conducts its business activity, always staying strongly focused on people. To achieve this, it has incorporated into its business strategy the following key pillars, reflecting its responsibility and commitment to the sustainable development principles:

- Ethical Entrepreneurship
- Health and Safety
- Quality
- Responsible management of energy, materials and waste.

Integrating the principles of sustainable development into the corporate strategy, is an ongoing process, not being the responsibility of a single department within the Company, but rather requiring the collective effort of all departments and all employees. In this light, the overall management of the corporate responsibility and sustainable development of Vassiliko Cement Works, as well as of its individual programmes in this direction, are spread across the Company, ensuring that all its employees are informed. Each department develops initiatives for new actions, and the knowledge of all internal stakeholders is harnessed for designing and implementing actions with social and environmental benefits.

In this context, and in order to facilitate the diffusion of a responsible corporate culture and philosophy, a Corporate Responsibility and Sustainable Development team has been set up and is operating within Vassiliko Cement Works, composed of employees from all Company Departments, so as to ensure that all Company operations and activities are represented.

The annual plan for the formulation of Vassiliko Cement Works sustainable development strategy is approved by the Executive Chairman and Chief Executive Officer of the Company, who is responsible for evaluating the strategy's overall programme, deciding on any submitted proposals for changes and improvements, and ensuring the integration of the sustainable development principles into the Company's business plan.

1. Participations and distinctions

As an active member of the business community and acknowledging the need to establish solid partnerships to enable the exchange of views and expertise for highlighting corporate responsibility and sustainable development, Vassiliko Cement Works is an active member of major organisations, both in the Cypriot and the international community:

Cembureau (European Cement Association) – In 2016, Vassiliko Cement Works joined the European Cement Association, which communicates the industry's views on all technical, environmental, energy and downstream issues and policy developments – www.cembureau.eu.

Since 2011, Vassiliko Cement Works is a member of the non-profit organisation **CIGRE (International Council of Large Electric Systems)**, which fosters communication and the exchange of views between industries, with the aim of improving power systems – <http://www.cigre.org>.

The World Cement Association (WCA) - In 2017, Vassiliko Cement Works joined the World Cement Association, the only organisation working on a global basis on behalf of the cement and clinker industry and its stakeholders. The association's main purpose is to promote the best, sustainable and ethical scientific, technical, commercial and legal approaches and practices within the Cement and Clinker Industry internationally – www.worldcementassociation.org.

The Company is a member of important Cypriot organisations, such as:

CCCI (Cyprus Chamber of Commerce and Industry) - The CCCI is the union of Cypriot businessmen, the interests of whom it promotes by submitting to the government and the Parliament the members' positions on matters they are involved in – www.ccci.org.cy.

CSR Cyprus - Vassiliko Cement Works is a member of the Cyprus Network for Corporate Social Responsibility (CSR Cyprus) since 2017. The main purpose of this organisation is to promote, develop and help apply the concept of Corporate Social Responsibility and to increase its visibility to both the business community and the social environment, with the aim of achieving a balance between profitability and sustainable development.

OEB (The Cyprus Employers and Industrialists Federation) - A Pancyprian independent organisation whose members are the main Professional/Sectoral Associations as well as hundreds of companies active in the sectors of Manufacturing, Commerce, Services, Construction and Agriculture – www.oeb.org.cy.

CYHRMA (Cyprus Human Resource Management Association) - Its mission is to actively support, represent and contribute to the development of the Human Resource Management profession throughout Cyprus – www.cyhrma.org.

Global Sustain – Vassiliko Cement Works is a member of Global Sustain, providing innovative services, promoting corporate responsibility, green economy, sustainability, business ethics and excellence, responsible investing, transparency, human rights and accountability. Its mission is to create awareness, inspire and support companies and organisations in sustainability, through advisory, communications, networking and training, guided by the people-planet-profit concept – www.globalsustain.org.

In 2017, Vassiliko Cement Works was awarded the following four major distinctions.



" 1st Award for an innovative project involving the management of alternative fuels management - Outstanding Alternative Fuel Project"

Vassiliko Cement Works was honoured, together with its Dutch associates N+P, with the 1st Award (Global CemFuels Award 2018) for an innovative project involving the management of alternative fuels – Outstanding Alternative Fuel Project. Moreover, the Company ranked 2nd in the category of companies using alternative fuels- Global Alternative Fuels Using Company of the Year.

This award for such a big and innovative project constitutes an important recognition of the Company's efforts to optimise the production process with the use of alternative fuels and with innovative applications regarding the alternative fuels supply. The Company's long-term policy on sustainable development encompasses the development of technologies for the conservation of the natural resources and the planning of new strategies for energy use.

REACTION Excellence Awards

Award granted at REACTION Excellence Awards.

The unanimous decision by the REACTION Board of Directors on the granting of the awards was based on our Company's long-lasting contribution and tangible support to young people, aimed at helping build a prosperous society and a better Cyprus. This important contribution constituted a key stepping stone in the implementation of effective actions and programmes for mitigating social disparities and problems.

*"Corporate Social Responsibility
Award in the field of Volunteering."*

Vassiliko Cement Works was singled out for its support and contribution through voluntary work and actions, in collaboration with various organizations/NGOs, members of the Pancyprian Volunteerism Coordinative Council and the vulnerable groups they represent.

As part of this effort to promote the principles and the institution of Corporate Social Responsibility, voluntary and social actions are promoted, because Respect and Contribution are the company's primary concerns.

*"Honorary Distinction for Vassiliko
Cement Works from the European
Agency for Safety and Health at Work
(EU-OSHA)."*

Vassiliko Cement Works, representing Cyprus, received from the European Agency for Safety and Health at Work an honorary distinction awarded for the Best Practices it applied regarding the "Management system of ageing employees", in a presentation ceremony held in Malta. Vassiliko Cement Works applies the OHSAS 18001:2007 international standard in all areas of its operations and contributes decisively to preserving strong human relations and to providing best work practices to its personnel. The Company already numbers three awards from the Ministry of Labour in Health & Safety issues at the Workplace, including the 1st Award on the subject: "Elaboration of an Integrated Management System for Ageing Employees, taking Organizational, Educational and Technical Measures", presented to the Company.

2. Dialogue with our stakeholders

G4-24, G4-25, G4-26, G4-27

"In our relations with all our stakeholders, we aim to maintain an ongoing and open dialogue and to promptly and immediately provide all necessary information under conditions of complete transparency."

Vassiliko Cement Works recognises as stakeholders the groups that are affected by it and can affect, either directly or indirectly, the Company, its operation and its activities.

The frequency of communication, the key issues of interest to the Company's stakeholders and its response to them are presented in the table below.

INTERNAL AND EXTERNAL STAKEHOLDERS

| SHAREHOLDERS/INVESTORS | |
|---|---|
| Communication Channel | Expectations |
| Announcements via the Cyprus Stock Exchange and the Company's website | Dividend yield |
| Annual General Meeting of the Shareholders | Good reputation building and generation of profits |
| Annual and Interim report and Press Releases | Timely and reliable information |
| Investors Liaison Officer | Ethical operation and transparency |
| Senior Independent Director | |
| Response | |
| <ul style="list-style-type: none"> • Partial implementation of the Corporate Governance Code • Integration of sustainable development pillars and practices in the company strategy, thus ensuring its economic sustainability and ethical operation. | |
| EMPLOYEES | |
| Communication Channel | Expectations |
| Daily communication through meetings and by phone and electronic communication | Health and safety at the workplace (work conditions) |
| Annual employee opinion survey | Recognition and rewarding of skills and efforts |
| Annual evaluation | Training, development of professional and personal skills and career progress |
| Participation in Company events Announcements | Stable working environment |
| Corporate newsletter "Domisi" (4 times/year) | Merit-based system of compensation and additional benefits |
| Social media | Transparency, open dialogue and information about the Company and the employees' work |
| Response | |
| <ul style="list-style-type: none"> • Implementation of OHSAS 18001:2007 Occupational Health and Safety standard in all business operations • Additional benefits, over and above the statutory ones • Employee participation in the Company's volunteer activities and actions • Open dialogue and communication in the context of the annual evaluation, and also during the regular information meetings. | |
| TRADE UNIONS | |
| Communication Channel | Expectations |
| Monthly meetings | Health and safety at the workplace (work conditions) |
| Announcements and newsletter (4 times/year) | Stable working environment |
| Social media | Implementation of Collective Agreement |
| | Transparency, open dialogue and information about the Company |
| Response | |
| <ul style="list-style-type: none"> • Implementation of the OHSAS 18001:2007 Occupational Health and Safety standard in all business operations | |

| CUSTOMERS | |
|--|---|
| Communication Channel | Expectations |
| Company website | Services and products of a high standard |
| Regular communication by phone or email | Transparency and information |
| Continuous service via a customer service line | Impeccable customer service and technical support |
| Customer satisfaction survey (every three years) | Reliability, ethics and equal treatment |
| Weekly schedule of meetings | Credit facilities |
| Information bulletin (4 times / year) and Press Releases | |
| Customer forum (every three years) | |
| Communication on social networks | |

Response

- Implementation of a Quality Management System in line with the requirements of ISO 9001:2008 International Standard
- Availability of a complaints management process
- Organisation of a Customer Forum
- Customer Service Line
- Frequent feedback from customers through the customer opinion survey. Research and development for the provision of high standard products.

| ASSOCIATES / CONTRACTORS / SUPPLIERS / HAULIERS / SHIP CREWS | |
|---|--|
| Communication Channel | Expectations |
| Corporate website | Reliability in terms of selection, solid, long-term associations and equal treatment |
| Health & Safety lectures and manuals | Health and safety |
| Meetings and communication by phone and e-mail on a regular basis | Responsible information and service |
| Announcements, newsletter (4 times / year) and Press releases | High standard labour practices |
| Social media | |

Response

- Provision of a safe environment by establishing procedures for the management and evaluation of contractors
- Merit-based selection of suppliers and associates through the Contractor/Supplier Selection, Control and Evaluation Procedure

| LOCAL COMMUNITIES | |
|---|---|
| Communication Channel | Expectations |
| Corporate website | Sponsorships and donations |
| Communities forum (2 times / year) | Information on actions undertaken by the Company and development of synergies |
| Meetings with community representatives (3-4 times / year) | Support of employment |
| Partnerships in joint actions and events (4-5 times / year) | Clean environment |
| Newsletter (4 times / year) and Press releases | Information about the Company's investments in the areas of Health & Safety and the Environment |
| Social media | |

Response

- Partnerships with elementary schools in the local communities and implementation of skills development programmes for children
- System for receiving and managing comments or complaints
- Support to cultural groups and schools
- Innovative and environment-friendly processes and production lines
- Rehabilitation of inactive quarries by planting trees
- Support to unemployed graduates through the "Vassiliko Talent Academy"

| STATE AGENCIES AND AUTHORITIES | |
|---|------------------------------|
| Communication Channel | Expectations |
| Corporate website | Transparency and information |
| Regular meetings (depending on circumstances) | Full legal compliance |
| Press Releases | Harmonious cooperation |
| Events (4 times/year) | Labour-related obligations |

Response

- Full compliance with the laws and regulations
- Fulfilment of the Company's obligations towards State Agencies and Authorities

| BANKS / FINANCIAL INSTITUTIONS / CREDITORS | |
|--|---|
| Communication Channel | Expectations |
| Regular meetings | Punctuality in payments |
| General Shareholders' Meeting | Transparency and information about the Company's financial viability and course of business |
| Dispatch of financial statements | |
| Regular communication by phone or email | |

Response

- Positive response to its obligations

| BUSINESS COMMUNITY (CHAMBERS, ASSOCIATIONS, ORGANISATIONS) | |
|--|--|
| Communication Channel | Expectations |
| Corporate website | Information on the Company's activities |
| Events and meetings (4 times/year) | Participation in activities/events and cooperation |
| Communication by phone and e-mail (monthly) | Cooperation with the community by making use of the services offered by the various entities (sponsorships, subscriptions) |
| Press releases | |

Response

- Participation in the events organised by the business community
- Meeting the needs of the relevant entities by paying regular subscriptions
- Participation in the seminars organised by them

| NGOS / CITIZEN ORGANISATIONS /SOCIETY | |
|---|------------------------------------|
| Communication Channel | Expectations |
| Corporate website | Sponsorships and donations |
| Meetings and synergy in joint actions and events (3-4 times/year) | Reliability and transparency |
| Newsletter and Press releases | Information and open dialogue |
| Social media | Support of employment |
| | Clean environment and biodiversity |
| | Joint actions |

Response

- Participation in volunteer actions and support to vulnerable groups through sponsorships and donations
- Support to unemployed graduates through the "Vassiliko Talent Academy"
- Innovative and environment-friendly processes and production lines
- Rehabilitation of inactive quarries by planting trees

| MEDIA | |
|---|---|
| Communication Channel | Expectations |
| Corporate website | Information about the Company's activities and actions |
| Meetings and events (2 times / year) | Cooperation with the Media by using their services (advertising, job notices) |
| Press releases | Provision of information material on the sector, the market and the trends |
| Social media | |
| Response | |
| <ul style="list-style-type: none"> Regular communication and provision of information via the Company's Communication Department | |
| ACADEMIC COMMUNITY / UNIVERSITIES / RESEARCH INSTITUTIONS | |
| Communication Channel | Expectations |
| Corporate website | Information |
| Events and meetings with a view to cooperation (3) | Training and cooperation |
| Elaboration of studies or preparation of theses in cases of internships (13 students), and provision of work opportunities to gain experience (11 students) | Sponsorships and financial support to research work |
| | Strengthening employment through internships for students and graduates |
| Response | |
| <ul style="list-style-type: none"> Support to unemployed graduates through the "Vassiliko Talent Academy" Research programmes | |
| NEIGHBOURING COMPANIES / PROFESSIONAL AND OTHER BUSINESS ACTIVITIES | |
| Communication Channel | Expectations |
| Corporate website | Information and open dialogue |
| Meetings on joint actions, exercises (2 times / year) | Transparency and reliability |
| Information meetings | Collaboration in joint actions |
| | Clean environment |
| Response | |
| <ul style="list-style-type: none"> Participation in, and organisation of, joint actions | |
| COMPETITORS | |
| Communication Channel | Expectations |
| Corporate website | Information and respect |
| Social media | Healthy and responsible competition |
| Response | |
| <ul style="list-style-type: none"> Full compliance with the laws and regulations on healthy competition | |
| FINAL CONSUMERS | |
| Communication Channel | Expectations |
| Corporate website | Product to quality |
| Newsletter (4 times / year) | Information, transparency and reliability |
| Social Media | |
| Company events (1 times / year) | |
| Response | |
| <ul style="list-style-type: none"> Research and development for the provision of high standard products and services Transparency and responsibility regarding the provision of information about the products and their constituents | |

3. Materiality analysis

G4-19, G4-20, G4-21, G4-27

Following the GRI-G4 guidelines and in accordance with the Principles for Defining Report Content (Materiality, Sustainability Context, Stakeholder Inclusiveness and Completeness), as well as the principles of the AA1000 APS (2008) standard (Inclusivity, Materiality, Responsiveness), Vassiliko Cement Works has carried out the materiality analysis exercise. In this process, the Company took into account the 17 Sustainable Development Goals (SDGs) of the United Nations and examined the effect that its material aspects had on each one of the 17 SDGs.



In line with the procedure of the GRI model, Vassiliko Cement Works applied all three steps of the materiality analysis process.

STEP 1: IDENTIFICATION

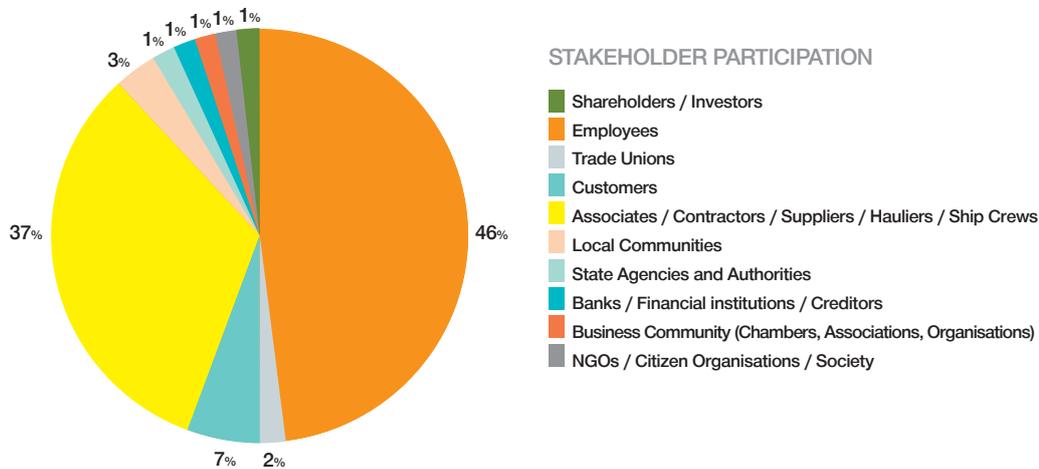
To identify the aspects that significantly affect the Company's stakeholders assessments and decisions are also associated with its significant economic, social and environmental impacts, the Report project team of Vassiliko Cement Works took into account the Company's vision and strategic direction, the needs and expectations of its stakeholders, obtained through consultations with them, as well as the results of the materiality analysis, the internal policies and processes, and the UN's Sustainable Development Goals. For establishing the final list of significant aspects, the Company held an internal consultation, with the participation of executives from all its key units and departments.

STEP 2: PRIORITISATION

Upon completion of the process concerning the identification of the aspects, a list of 27 significant aspects was established that Vassiliko Cement Works then prioritised according to two criteria.

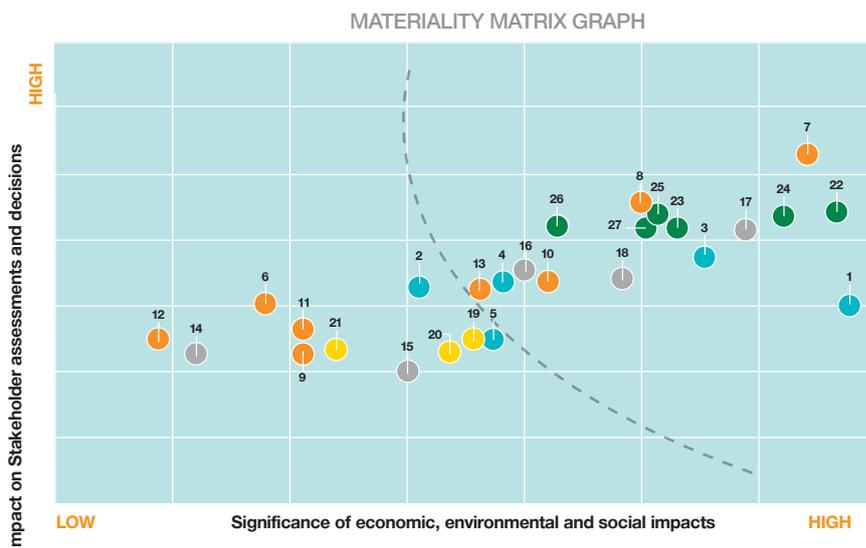
- The significance of the economic, social and environmental impacts of each aspect on the Company's sustainable development, always in relation to the scope of its activities.
- The significance of these impacts on the Company's external and internal stakeholders.

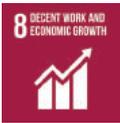
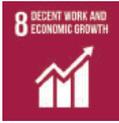
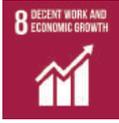
In order to apply and record the first criterion, an in-house focus group, composed of 24 executives from various departments, was set up. To record the views of its stakeholders, Vassiliko Cement Works carried out an online survey with the participation of 143 representatives from each stakeholder group, as shown in the graph below.

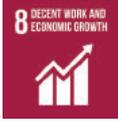


STEP 3: VALIDATION

Upon completion of the materiality analysis process, the Company's Management Team validated the 16 most significant (material) aspects presented in the materiality matrix graph of Vassiliko Cement Works shown below. In line with the GRI model, the present Report details the Company's objectives, practices and results with regard to each one of these 16 material aspects. However, acknowledging the significance of all the aspects that were examined, Vassiliko Cement Works has also included in the present Report information on additional aspects that focus mainly on the pillars of society, the market and the Company's human resources.



| MATERIAL ASPECTS AND IMPACT BOUNDARIES | | | |
|--|--|--|--------------------------------|
| Material Aspect | Impact Boundaries | Relation to the SDGs | GRI Indicator |
| Economic Performance (1) | This aspect impacts primarily the Company internally concerning its sustainability and growth, but it also impacts its wider business and social environment. |   | G4-EC1 |
| Market presence (3) | This aspect impacts primarily the Company internally concerning its sustainability and growth, but it also impacts its wider business and social environment. |   | General standard disclosures |
| Management of operational risk and operational readiness to respond to emergencies (4) | This aspect impacts the Company both internally, as it affects the responsible management of resources, of processes and of any risks likely to arise from its business operation, as well as externally, as it affects the management of the extent and scope of risks. |  | General standard disclosures |
| Safety at the workplace, safe work conditions and safe transport (7) | The aspect of safety at the workplace impacts the Company internally and externally, as it affects its sound operation and the provision of high standard products and services as well as enhancement of the productivity of its employees and of their satisfaction. |   | G4-LA5, G4-LA6, G4-LA7 |
| Health and well-being of employees (8) | This aspect impacts the Company internally, boosting employee performance, ensuring their satisfaction and promoting the Company's reputation as a responsible employer. |   | G4-LA2, G4-LA5, G4-LA6, G4-LA7 |
| Training, education and development of employees (10) | Employee training, education and development impacts primarily the Company internally, as it contributes to employee satisfaction and to the increase of their productivity. It also impacts the Company externally, as the increase in its efficiency leads to the provision of products and services to its customers. |    | G4-LA9, G4-LA10, G4-LA11 |

| MATERIAL ASPECTS AND IMPACT BOUNDARIES | | | |
|--|--|---|--|
| Material Aspect | Impact Boundaries | Relation to the SDGs | GRI Indicator |
| Protection of labour rights, equal opportunities and diversity (13) | This aspect impacts primarily the Company internally, as it increases employee satisfaction and confidence, while at the same time enhancing the information provided to society about these matters and raising the awareness thereof. |    | G4-LA3, G4-LA12, G4-LA13 |
| Customer satisfaction – Customer relations (16) | This aspect impacts the Company internally, because it improves its economic performance and thus increases its market share, as well as externally, because it improves the level of trust and satisfaction of existing customers and attracts new ones, by ensuring a positive visibility for the Company. |   | G4-PR5 |
| Legislative compliance (17) | The Company's compliance with the laws and regulations governing its operation impacts initially the fulfilment of the Company's legislative requirements. It also impacts its reliability as perceived by all stakeholders, the responsible and transparent provision of products and services, and its development as a responsible corporate citizen. |  | G4-SO8, G4-PR2, G4-PR4, G4-PR7, G4-PR9 |
| Certifications of processes, products and services (18) | This aspect impacts the compliance with the Company's processes, the assurance of its high-quality products and services, and the reliability of its customers and associates. |  | G4-PR1, G4-PR3 |
| Compliance with environmental laws and regulations (22) | Compliance with environmental laws and regulations ensures the smooth operation of the Company and its facilities and the preservation of the environment in the Company's local and wider area of activity. |   | G4-EN29 |
| Responsible management of materials and natural mineral resources (23) | This aspect impacts the Company both internally, by saving on resources and improving productivity, as well as externally, by fostering a culture of environmental responsibility among its customers and associates, and by reducing its environmental impact on the local community where it operates. |   | G4-EN1, G4-EN2 |

| MATERIAL ASPECTS AND IMPACT BOUNDARIES | | | |
|--|--|---|------------------------------------|
| Material Aspect | Impact Boundaries | Relation to the SDGs | GRI Indicator |
| Measurement, monitoring and reduction of greenhouse gas and other air emissions (24) | This aspect impacts the Company both internally and externally, as it reduces its environmental footprint, promotes and ensures its environmental responsibility vis-a-vis local community and the natural environment where it operates. |     | G4-EN15, G4-EN18, G4-EN19, G4-EN21 |
| Responsible management of energy (25) | The responsible management of energy impacts the Company internally and externally, as it reduces its environmental impact, ensures its legislative compliance, enhances its environmental culture and the protection of its area of activity, while also positively impacting its reputation. |     | G4-EN3, G4-EN5, G4-EN6, G4-EN7 |
| Responsible management of water (26) | The Company monitors systematically and seeks to improve the efficient use of water, as this aspect impacts the Company internally, in terms of saving on resources, as well as externally, as it contributes to the protection and well-being of the environment where it operates. |  | G4-EN8, G4-EN10 |
| Responsible management of solid and liquid waste (27) | This aspect impacts the Company internally, as it ensures the health and hygiene of all its operational units, as well as externally, as it reduces its environmental footprint and protects the environment where the Company and its stakeholders operate. |      | G4-EN22, G4-EN23, G4-EN24 |

4. Results for 2017 and objectives for 2018

In the framework of its sustainable development strategy, Vassiliko Cement Works sets objectives with the aim of continuous improvement areas across all sectors. On the basis of materiality analysis exercise that the Company carried out in 2016, resulting in the identification of the material aspects contributing to its sustainable development, Vassiliko Cement Works set specific objectives for 2017 and monitored the progress made towards their achievement throughout the year. The table below shows the Company's performance in terms of these objectives as well as the new objectives set for 2018.

☐ Fully Achieved (100%) ≈ Partially Achieved ✗ NOT Achieved

| Objectives for 2017 | Results – Progress | Objectives for 2018 |
|---|---|---|
| ECONOMIC GROWTH | | |
| To increase total investment by 30% in 2017. | <p>☐</p> <p>Was increased by 37%.</p> <p>Total investments in 2017 reached €13.952.000. This amount includes part of the expenditures made in 2017 in connection with the following three major environmental investments:</p> <ul style="list-style-type: none"> • Installation of new clinker ship loader at the Vassiliko port, operational in the first quarter of 2017. Value: €1,6 million. • Completion of the construction of the Medical Station and the new restaurant for personnel. Total value: €1,3 million. • Expenses in 2017 for the construction of an additional clinker silo of 100.000 tons with a budget of €15 million. | Estimated amount for investments: €8 million |
| To provide information internally to all personnel about the Crisis Management system. To create a “Do's & Don'ts” form where each incident/crisis shall be analysed. | <p>≈</p> <p>Information was provided to 20.5% of personnel (all Managers and Department Heads).</p> | To complete the provision of information to all remaining personnel and to renew and reassess the forms. |
| To conduct two Crisis Management drills for the Company's personnel and to organise three Crisis Management workshops for the Crisis Management Team and other employees (depending on the subjects covered). | <p>≈</p> <p>Evacuation drill.</p> <p>Large-scale ISPS drill at the port.</p> <p>Two crisis-management workshops.</p> | <p>To conduct drills</p> <p>At the plant:</p> <p>Evacuation drill.</p> <p>Rescue drill.</p> <p>At the port:</p> <p>Evacuation drill.</p> <p>ISPS drill.</p> <p>Oil spill response drill.</p> <p>To organise one crisis management workshop.</p> |

| Objectives for 2017 | Results – Progress | Objectives for 2018 |
|--|--|--|
| RESPONSIBILITY TO THE MARKET | | |
| To improve the schedule of meetings with customers and establish a complaint response and investigation system. Scheduling of 8 to 12 meetings per day with customers by the Sales Department. | □ | To maintain 100% achievement of this objective |
| To provide monthly technical and advisory support to customers (four to ten times per month) for investigating complaints and providing Technical Support services. | 100% provision of technical and advisory support was necessary. Prompt investigation and resolution of complaints. | |
| To improve compliance in the use of personal protective equipment by the customers. | ≈ | To improve compliance in the use of personal protective equipment by the customers. |
| Reports on Health & Safety incidents by the contractor's personnel should not exceed 17. | □ 8 reports were submitted. | To launch a contractors' awareness raising campaign regarding the importance of reporting incidents on health & safety issues (at least 10 reports). |
| To continue the verification of contractor's / supplier's information. To increase the verification rate from 75% to 80%. | □ | To continue the verification of contractor's / supplier's information. To increase the verification rate from 80% to 85%. |
| To increase the number of assessed major contractors from 65% to 70%. | □ 85% of these contractors were assessed. | To increase the number of assessed contractors from 85% to 90%. |
| To develop a Suppliers "Code of Conduct" and dispatch it to suppliers. | □ The Code's dispatch started in December 2017. By November 2018 it had been sent to 1.247 suppliers and 287 of them had endorsed it. | To send the Code to an additional 100 suppliers by the end of 2018 and to have it endorsed by 50 additional suppliers. |

| Objectives for 2017 | Results – Progress | Objectives for 2018 |
|--|---|---|
| RESPONSIBILITY TO OUR PEOPLE | | |
| To continue the achievement of the goal for zero work-related fatalities. | ☐ | To continue the achievement of the goal for zero work-related fatalities. |
| To reduce work accidents by 10%. | ☐ During the reference period, accidents decreased by 40%. | To reduce work accidents by 10%. |
| To reduce the injury rate by 10%. | ☐ | To reduce the injury rate by 10%. |
| To increase specialised training (work at heights: scaffolding erection, use of lifting equipment, IPPS training (Internal Prevention & Protection Service), radioactivity, use of PPE, monthly discussions on Health & Safety). In 2016, eight specialised trainings were held, totalling 65 hours and attended by 273 participants. The objective for 2017 is to increase training by 15%. | ☐ | To increase the following trainings: Work at heights (use of lifting equipment), Radioactivity, Enclosed Spaces, IPPS, and Risk Assessments per site and per job. |
| Inspection plan: in 2016, 45,3% of Managers' programmed inspections were performed. For 2017, the aim is to increase this rate by 10%. | ☐ In 2017, 50% of Manager inspections were performed. | To increase this rate by 10%. |
| To adopt a structured system for talent development and management. | ≈ Creation of Project 9-box grid. | To implement Project 9-box grid. |
| To review the employee evaluation system. | ☐ Creation of a new evaluation system. | To implement the new evaluation system. |
| To introduce measurable objectives at all levels and in all specialties. | ≈ In progress. | |
| To increase personnel satisfaction from 79.20% in 2016 to 85% in 2017, by providing incentives. | ≈ For 2017 the personnel satisfaction is 79,91%. | To take improvement action, where required, based on the results of the Opinion Survey. |
| To optimise human resource management and development processes. | ☐ | To continue to ensure the optimisation and revision of processes. |

¹ (Injury rate = Number of injuries X 1.000.000 / net time worked).

² All employees work in the same geographical area.

| Objectives for 2017 | Results – Progress | Objectives for 2018 |
|--|--|--|
| RESPONSIBILITY TO OUR PEOPLE | | |
| To develop different or new professional skills enabling employees to take on new tasks and to meet the Company's future needs. | <input type="checkbox"/> Training and development was offered to all employees at all levels, both in new and existing skills. | To pursue the same objective in 2018 as well (annual objective). |
| To increase trainings in Sustainable Development and Corporate Responsibility issues. In 2016, 18 people received six hours of training. The objective for 2017 is to increase the number of people and training hours by 60%. | <input type="checkbox"/> In 2017, the number of training hours in Sustainable Development and Corporate Responsibility stood at 78 and the number of people trained reached 46. | To hold Sustainable Development and Corporate Responsibility workshops to be attended by 30 people, for a total of 74 hours. |
| To complete the corporate Intranet within 2017, in order to improve internal communication. | <input type="checkbox"/> | To improve the Intranet page and to increase its use and visits by personnel, in order to reduce the volume of e-mails. |
| RESPONSIBILITY TO THE ENVIRONMENT | | |
| To improve Energy Efficiency by reducing energy consumption indicators by 10%, which means 80,4 kWh/ton (total cement grinding in kWh of electricity per ton of cement). |  In 2017 ended with 82,5 kWh/ton and an overall reduction of 8%. <input type="checkbox"/> | Total energy consumption for cement grinding equal to 82,5 kWh/ton. |
| 30% use of Renewable Energy Sources from alternative fuels (RES-Thermal) in Production Processes (replacing conventional fuels with alternative thermal power). | Achievement of 34,35% <input type="checkbox"/> | Objective was set for a rate of 36,6%. |
| To increase the use of Renewable Energy Sources from alternative fuels (RES-Thermal) in Production Processes. To install Photovoltaic Panels at the Company's office building to cover approximately 46% of its energy needs. | The system was installed and is functioning properly. | To install an 8MWp Photovoltaic Park in order to cover approximately 10% of the Company's needs. |

| Objectives for 2017 | Results – Progress | Objectives for 2018 |
|---|---|--|
| RESPONSIBILITY TO THE ENVIRONMENT | | |
| To maintain a specific kiln emission level of kg CO ₂ /t clinker below 789 kg CO ₂ /t clinker. | 788 kg CO ₂ /t clinker. | To maintain a specific kiln emission level of kg CO ₂ /t clinker below 787 kg CO ₂ /t clinker. |
| To reduce the specific thermal energy consumption of kilns to 750 Mcal/t clinker. | ≈ 756 Mcal/t clinker. | To reduce the specific thermal energy consumption of kilns to 750 Mcal/t clinker. |
| To reduce the overall specific electricity consumption to 81 kWh/t cement (excluding consumption for grinding pet coke). | X This result was mainly due to the need to increase cement grinding in order to achieve the desired properties (increased resilience). | To reduce the overall specific electricity consumption to 82,5 kWh/t cement (excluding consumption for grinding pet coke). |
| To install a rainwater treatment system. | ≈ Work on the installation of rainwater treatment systems has begun. | To complete the work under way for the installation of rainwater treatment systems and to assess these systems. |
| To collect household packaging waste brought by employees from their homes. | □ Recycling rate increased by 1%. | To continue to collect recyclable household packaging waste brought by employees. |
| To install systems for measuring water consumption in the production line. | X | To install systems for measuring water consumption in the production line. |
| To increase the trainings of permanent personnel in environmental issues. In 2016, a 30-hour environmental training course was delivered to 102 employees and the objective for 2017 is to increase both the number of hours and the number of participants by 10%. | ≈ Training in environmental issues was delivered to new and permanent employees. | To continue personnel training in environmental issues. |
| To deliver trainings/updates on environmental issues to 50% of associates. | □ Contractors were trained in the waste management issues arising in the performance of their tasks (to 60% of associates). | To deliver trainings/updates on environmental issues to 50% of associates. |

| Objectives for 2017 | Results – Progress | Objectives for 2018 |
|--|--|--|
| RESPONSIBILITY TO SOCIETY | | |
| To establish a schedule of regular meetings with community Authorities. | <input type="checkbox"/> <p>Additionally, a Communities Forum was also established, named “Establishing strong links to build the future of our region together” and held once per year (the first Forum was held in October 2017).</p> | To continue the Communities Forum scheme twice per year. To conduct personal meetings on a regular basis with the local Authorities at the Company's premises as well as at the premises of each Community Authority, every two to three months. |
| To develop partnerships with schools and organisations in neighbouring communities, so as to familiarise them with Vassiliko Cement Works and its activities, as well as to motivate more people and raise awareness on environmental issues, Health and Safety, etc. So far, the Company cooperates with five of the nearby communities and its objective for 2017 is to involve four more communities. | <input type="checkbox"/> | To build on the partnerships developed with the existing communities and to expand to other communities in the region. To develop partnerships with NGOs on Environmental Protection, Safety and Health actions. |
| Launching of summer school operation procedures for the benefit of employees and the community where the school will operate. | <input type="checkbox"/> <p>The summer school operation procedures have been completed.</p> | Summer school operation in July and August for the benefit of employees and the neighbouring communities. |
| To support and inform school students who are considering the option of studying Mechanical Engineering, Engineering and Chemical Engineering, on heavy industries operation. | <input type="checkbox"/> <p>Eight (8) such visits took place, among others by Frederick University, the Cyprus University of Technology (CUT), various Technical Schools and the Lanitio Lyceum of Limassol, with a total of 128 visitors.</p> | To continue the visits by educational institutions to Vassiliko Cement Works. To increase the number of visits from 8 to 12. |

06 / ECONOMIC GROWTH



1. Economic performance

G4-9, G4-EC1, G4-EN31

“Respect for the law, adherence to and promotion of the principles of sound entrepreneurship, quality and innovation in our activities and investing in the market, in society and in the environment, make up the heart of our current and future growth path.”

In 2017, Vassiliko Cement Works recorded a significant improvement in turnover, which rose by 8,15% compared to 2016, as shown in the following table (more information is provided in the Company's Annual Financial Statements which are available on the website - <https://www.vassiliko.com/>).

| | 2017 (IN K EUR) | 2016 (IN K EUR) |
|--|-----------------|-----------------|
| Direct economic value generated | | |
| Income | 102.467 | 94.744 |
| Economic value distributed | | |
| Operating costs | 81.288 | 71.378 |
| Employees' salaries and benefits* | 10.588 | 10.022 |
| Social contribution * | 186 | 187 |
| Payments to capital providers | 16.431 | 12.033 |
| Payments to government | 1.797 | 479 |

* Employees' salaries and benefits and social contribution are included in operating costs.

| | 2017 | 2016 |
|---|------------|------------|
| Net profit (in K EURO) | 19.623 | 20.563 |
| Total number of shares | 71.935.947 | 71.935.947 |
| Share price (31/12/2017-euro) | 2,89 | 2,78 |
| Total capitalization 31/12/2017 (in K EURO) | 207.895 | 199.982 |
| Sales (for private sector organizations- in K EURO) | 102.467 | 94.744 |
| Amount of goods provided (K Tons) | 1.890 | 1.848 |
| Cement Sales (K Tons) | 1.328 | 1.014 |
| Clinker Sales (K Tons) | 562 | 834 |

Social contribution

a. Public Interest Liabilities

Vassiliko Cement Works contribution with regard to Public Interest Liabilities (PSO charges) for 2017 stands at 98 thousand euro.

b. Economic support spreading across society

Vassiliko Cement Works, steadfast to its conviction for a man-centered development, proves daily its social responsibility for the benefit of Cypriot society. For the year 2017, the economic support to local communities, as well as NGOs and to the broader society amounted to 80 thousand euro.

c. Local infrastructure investments

Vassiliko Cement Works is contributing to the development of infrastructure in the communities adjacent to its plant, as well as in the wider region, by offering significant quantities of products (cement). These activities involve the renovation of churches, work in military barracks, building structures in schools, etc. Specifically, in 2017 the Company spent 8 thousand euro in cement donations to be used in infrastructure development in Cyprus.

Environmental protection investments

The aim of Vassiliko Cement Works is to ensure the smooth operation of its facilities, in tandem with the proper management of materials and the elimination of dust accumulation problems and soil and sea pollution incidents. To this end, every year the Company performs a preventive maintenance of its equipment, trains its personnel in various environmental issues and invests in environmental projects. In particular, the Company spent the following amounts:

- RES fund: €1,5m.
- Environmental charges: €700 thous.
- For liquid and solid waste management outsourcing: €305 thous.
- For pollution prevention and leakage recovery projects: €241 thous.
- For dust suppression: €19 thous.
- For control of air emissions: €50 thous.
- For environmental protection equipment maintenance: €518 thous.
- For environmental training: €5 thous.

In 2017, the Company's investments in equipment, maintenance and upgrading of its equipment, aimed at improving its environmental performance and leading to further reductions in production costs, are presented in the following table:

EXPENDITURES FOR ENVIRONMENTAL PROTECTION (2017)

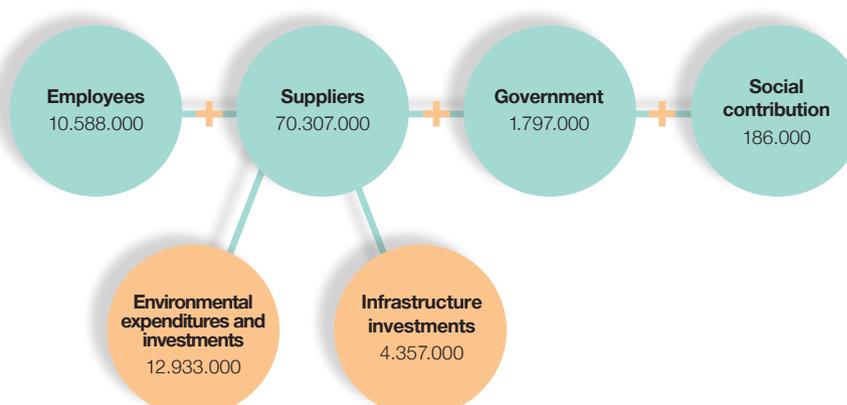
| INVESTMENT DESCRIPTION | Investment amount per environmental field (thous. euro) | | | | | |
|---|---|-------------|-------|-------|-------|--------------|
| | Air | Waste water | Waste | Noise | Other | Total |
| Alternative fuels storage and fire protection area configuration | - | - | 62 | - | 53 | 115 |
| Electricity saving projects | 93 | - | - | - | - | 93 |
| Installation of a port clinker supply system (ship loader) | 177 | - | - | - | - | 177 |
| New plant firefighting system | - | - | - | - | 47 | 47 |
| Construction of a new clinker silo | 8.776 | - | - | - | - | 8.776 |
| Installation of a central supply system for grinding ancillary preparations | - | 109 | - | - | - | 109 |
| Study for photovoltaic park | - | - | - | - | 38 | 38 |
| Upgrading of the SNCR system | 231 | - | - | - | - | 231 |
| Other investments | | | | | 9 | 9 |
| TOTAL | | | | | | 9.595 |

Investments in the supply chain

In 2017, the Company allocated a total of €70,3 m in outlays to 965 suppliers for the procurement of materials and services.

Social Product of Vassiliko Cement Works

Through its business activity, Vassiliko Cement Works generates value for the economy, for society and for the environment, whereby it operates and develops. In particular, the total social product of Vassiliko Cement Works for 2017 amounts to €82,9 m.



2. Market presence

G4-4, G4-6, G4-8, G4-9

Vassiliko Cement Works produces Clinker OP (suitable for the production of ordinary Portland Cement), Clinker SR (low alkali, sulphate resistant) and Type I and II Cement, always taking into account the market needs. The Company's objective is to promote high-quality products and services. Clinker and cement products are manufactured in accordance with the Company's internal policies on continuous quality control and improvement, and with the regulatory requirements in force within the market.

The continuous development and expansion of its activities is a key feature of Vassiliko Cement Works business model.

The Company distributes its products to the Cypriot market and for several years has also been active in exports, expanding dynamically to other markets besides the local one and exporting Cement and Clinker primarily to the Mediterranean countries.

"Openness is part of our strategy and an important focus of our business operation."

The export strategy of Vassiliko Cement Works is focused on product quality, prompt customer service and building long-term business relationships. Managing its own loading-unloading port in the Vassiliko area, the Company is able to successfully handle the necessary export activities. The port facility of Vassiliko Cement Works is located at the southern coast of Cyprus, at 15 nautical miles East of Limassol.

It is the only industrial port in the Republic of Cyprus wholly built by the Company and has been operating since 1984 under a 50-year lease agreement with the Cyprus Ports Authority. The port facilities are exclusively operated and managed by Vassiliko Cement Works.

The port consists of piers of an overall length of 560 meters and is mainly operated for the export of the company's products, such as clinker and cement, as well as for the import of raw and other materials needed by the company. In 2017, the port served 312 vessels for the transfer of 1.820.754 tons of cargo.

During 2017, the Company served a total of 350 customers. Their main categories, both in the Cyprus market and overseas, include cement factories, merchants, manufacturers of ready-mix concrete and building materials, manufacturers of prefabricated products and manufacturers of coatings.

The distribution of products (cement) in bulk or bagged form in the Cypriot market is carried out using the customers' vehicles. In the case of exports (cement or clinker), products are distributed in bulk using ships.

3. Risk management

G4-14

As risk management is key to Vassiliko Cement Works strategy, the Company's risk management framework encompasses means not only for potential risks identification but also for analysis purposes, thus enabling the Company to manage the most important ones on an ongoing basis.

Risk identification and assessment are at the core of good risk management. Vassiliko Cement Works has identified as key sources of risk the cyclical nature of the Company's activities, the national and local economic conditions, the currency fluctuations, the prices of energy and emission allowances, the investment levels required for construction and especially the development projects announced by the government. Other sources of risk include supply and demand in the sector, the competition from new or existing competitors, the adverse weather conditions during periods of high demand, and the changes in environmental and other governmental regulations or the introduction of new ones. In general, the Company is subject to the construction industry's risks and uncertainties.

Because of financial instruments use, the Company is also exposed to the following risks:

- Market risk
- Credit risk
- Liquidity risk

Finally, the Company is also exposed to non-financial risks, such as:

- Industry-related risk
- Operational risk
- Operational environment risk
- Environmental risk
- Compliance risk
- Legal risk
- Risks related to the loss of reputation

The Board of Directors undertakes the overall responsibility for establishing and overseeing the Company's risk management framework. The risk management policy of Vassiliko Cement Works was created to identify and analyse the risks faced by the Company, and to set the risk limits and internal control measures required for managing risks and observing these limits. The risk management policy and the internal control mechanisms are regularly revised to reflect changes in market conditions and in the Company's activities.

Through the implementation of training and management standards and procedures, Vassiliko Cement Works aims to establish a disciplined and constructive internal control environment where all employees are aware of their roles and obligations. The Company's Audit Committee oversees how Management enforces and monitors compliance with its risk management policy, as well as the procedures for dealing with such risks. In addition, it audits the risk management framework adequacy in relation to the risks the Company is confronted.

CRISIS MANAGEMENT

The Company has in place a structured Crisis Management System, covering all actions required in order to anticipate and deal with potential crises.

More specifically:

- A short, comprehensive crisis management and communications manual is available.
- A document detailing the roles and responsibilities of the crisis management team is also available.
- The Company keeps an incident log, being updated whenever a new incident occurs.
- After each crisis, the incident's details are recorded in an "After Crisis Report" and a risk assessment is carried out.
- Risk scenarios are recorded in the "Crisis Scenarios" forms and a "Crisis Matrix" is built, where crises are grouped into high and low-risk ones.
- The articles written about each incident are analysed in the Q&A file on the basis of the published articles kept by the Company.

More information and details about the financial and non-financial risks are provided in the Board of Directors' annual management Report available on the Company's website (www.vassiliko.com).

07

RESPONSIBILITY
TO OUR PEOPLE



1. Responsible employer

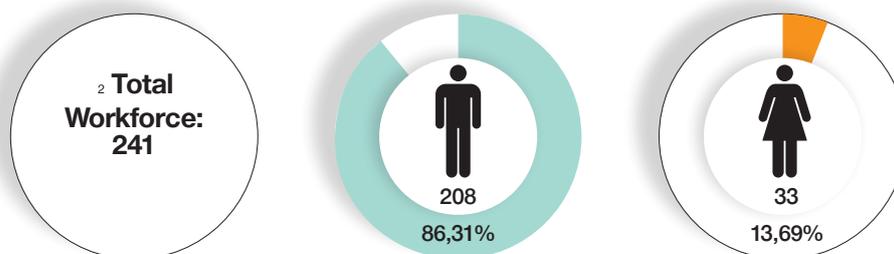
G4-9, G4-10, G4-11, G4-LA2, G4-LA3, G4-LA12, G4-LA13

"We are convinced that our personnel is capable to create value in the company and constitutes the most important asset in Vassiliko Cement Works."

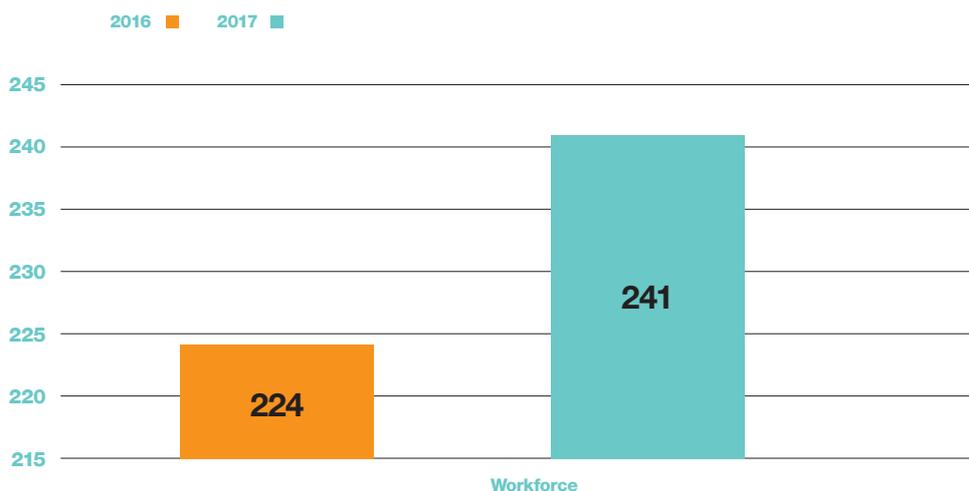
Human resource management is a key factor to the Company's success and plays a strategic role in the achievement of its responsible development goals. Vassiliko Cement Works acknowledges that its employees represent a key competitive advantage for the Company, and this is why it places particular emphasis upon the development of a safe and pleasant working environment, fostering strong relationships of trust and respect and providing equal and fair employment and training opportunities.

Key human resources figures 2017

During the Report's reference period, Vassiliko Cement Works employed a total of 241 people, of whom 86,31% were men and 13,69% were women.



² All employees work in the same geographical area.

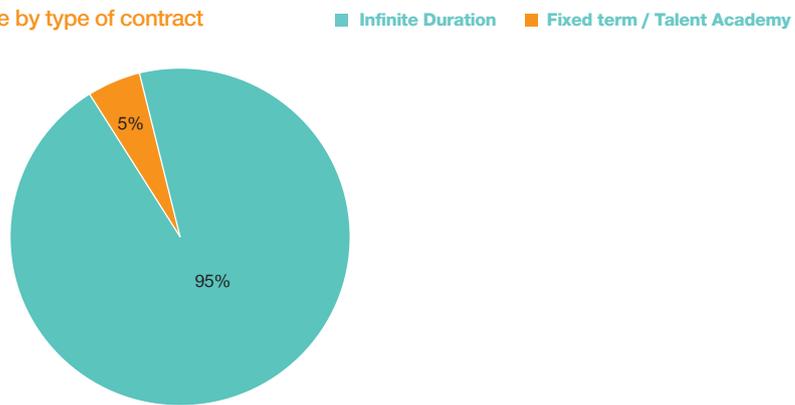


All employees are covered by the Collective Agreement, representing 87,14% of the Company's workforce, as the remaining 31 persons belong to the Management Team.

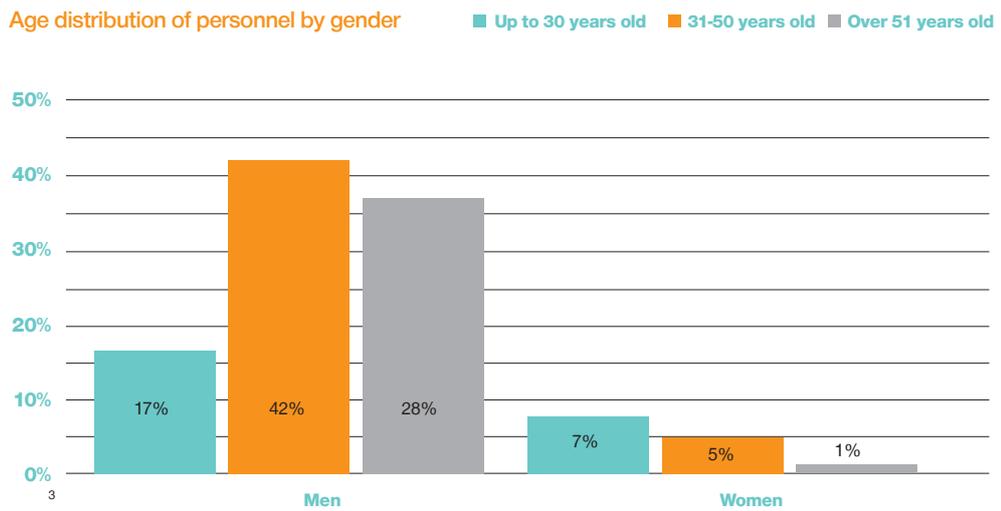
Workforce by type of employment and gender



Workforce by type of contract

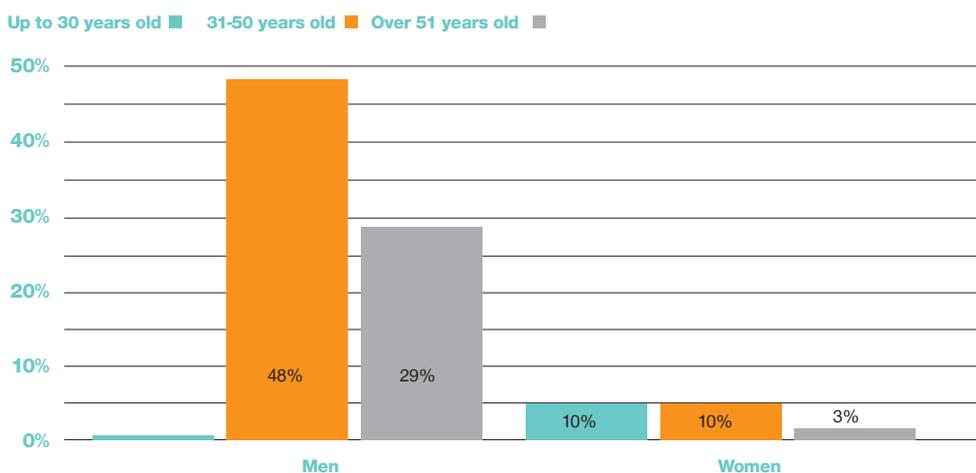


Age distribution of personnel by gender



³ The table shows the age distribution of all personnel by gender, with the exception of the Management Team.

Composition of governance bodies - Management Team



Vassiliko Cement Works is constantly investing in its human resources, as retaining employees and supporting their development is a key factor of its success.

The Company believes in equal opportunities and recognises the rights of its workforce, regardless of gender. The basic salaries offered to all employees, men and women, are at the same level. The company's payroll policy is based on pay scales, without any gender-based discrimination. Any differences in salaries are a function of performance and/or seniority.

The same is true of the Company's approach as regards parental leave and other employee benefits, as Vassiliko Cement Works believes in safeguarding and respecting human rights and in respecting for the family life of its employees.

The employees, regardless of their employment type or contract, are entitled to the same benefits, with the exception of the Welfare Fund allowance, granted only to the Company's permanent employees.

Main benefits:

- Social insurance
- 13th Salary
- 14th Salary (provided only to non - managerial employees)
- Annual leave
- Sickness leave
- National Guard leave
- Medical care
- Parental leave/Leave on grounds of "force majeure"
- Miscellaneous allowances (e.g. shift allowance)
- Paternity and Maternity leave
- Health checks, as foreseen by the legislation for specific positions (e.g. thorax X-ray for quarry employees).

Benefits beyond the scope of the Law:

- Leave to sit an examination (e.g. University exams)
- Leave for prenatal screening
- Extra days of leave on grounds of force majeure, besides the ones foreseen by the law
- Health Surveillance (Pathologist, Occupational Physician and Nurse)
- Paid leave in case of business travel on weekends or/and holidays
- Grant for the acquisition of a post-graduate degree
- Annual health test for the entire personnel (e.g. general tests, cardiogram, spiogram, audiogram)
- Parking slots for pregnant women within the plant premises.

Specifically, in 2017 a total of 13 employees were granted parental leave (nine male employees took paternity leave and four female employees took maternity leave) while all of them returned to work and continue to work for the Company.

2. Safety, health and well-being at the workplace

G4-LA5, G4-LA6

For Vassiliko Cement Works, health and safety are given the same importance and priority as all other key aspects of its operation (continuous improvement, quality, production, productivity and the environment), and are integral to its efficiency.

" We believe in growth with a human face and we attach great significance to demonstrating our social responsibility, for the benefit of our country's society."

The Company has set up a joint Health and Safety Committee representing both the Company's employees and the Management, thus promoting the existing positive health and safety culture of Vassiliko Cement Works. This Committee meets every three months to evaluate the Company's performance on safety issues and to analyse incidents, identify their causes and propose solutions. Moreover, this committee's purpose is to report any unsafe conditions in order to take remedial measures. The Company participates in the Committee's monitoring activities, collects feedback and provides information internally on the occupational safety and health programmes implemented in the Company and on the health benefits it provides to its personnel.

The Committee consists of eight elected representatives of the employees and 20 persons acting as representatives of the Company's Management.

The Company provides health insurance to all employees. Its medical facility is staffed by a pathologist, a nurse and an occupational physician, tasked with providing medical and healthcare services. They are responsible for assessing any incidents of occupational diseases and for carrying out the respective medical examinations. In order to prevent occupational diseases, Risk Assessments are carried out in collaboration with the occupational physician. In the event that any diseases are reported, the occupational physician will conduct the necessary investigation and will inform the Company (in 2017, no occupational disease was recorded in the Company).

Also, the following medical exams are carried out for all employees:

- Laboratory analyses
- Cardiogram
- Audiometry / Spirometry
- Chest X-rays and X-rays for musculoskeletal disorders (for specific jobs)

The Company's performance and productivity are closely linked to its employees' health and safety at work. Therefore, an effective accident recording system is the stepping stone for taking the appropriate measures to prevent any incidents.

The Health and Safety Department is responsible for recording various types of accidents occurring.

These types are classified in the following categories:

- Near-miss Accidents
- Accidents requiring First Aid
- Accidents requiring medical treatment
- Lost-time Injuries
- Fatalities (in 2017, no work-related fatality was recorded in the Company).

Using a custom software application based on the Root Cause Analysis method, an analysis of the incident's causes is carried out. Following that, and in collaboration with Managers and experienced employees, prevention and protection measures are proposed.

The number of accidents, the type of each accident and the number of days lost are used to calculate safety indicators and statistics. Every month, the Health and Safety Manager communicates these Health and Safety Indicators to the Top Management and, once a year, the Health and Safety Statistics are posted on the Company's announcement boards.

| | |
|--|----------|
| Total accidents (notified or not) | 2 |
| Work days lost | 74 |
| Work lost factor (*) | 159,67 |
| Accident frequency factor (**) | 4,32 |

Gender: Male

| | |
|------------------|---|
| Area | |
| Cement Mill | 1 |
| Machining Centre | 1 |

| | |
|------------------------|---|
| Types of Injury | |
| Hand | 1 |
| Foot | 1 |

During the Report's reference period, work-related injuries in the Company decreased by 60% and number of lost working time due to injuries declined by 16,6% compared to 2016.

3. Training and development of employees

G4-LA9, G4-LA10, G4-LA11

"Our people deserve the best possible support, in a working environment where they will be able to learn, develop and be successful."

Vassiliko Cement Works invests considerable resources in training its employees through single-company and multi-company training programmes in various areas, such as Efficiency, Sustainable Development and Innovation, Compliance and Risk Management, and Human Resources Development. The Company also carries out in-house mentoring/coaching training programmes, as the training and satisfaction of its employees are fully aligned with the principles of respect and contribution that lie at the heart of the Company's vision.

To support its employees in developing their knowledge and skills, the Company subsidises part of the tuition costs of employees pursuing post-graduate studies. In 2017, Vassiliko Cement Works supported three employees in this respect.

Because of the particular characteristics of the Company's activity sector and of the scope of work for the majority of its employees, a strategic objective for Vassiliko Cement Works is to continuously provide satisfactory training and education to its personnel, as well as to its subcontractors' personnel. These ongoing education and training activities cover all health and safety related areas, in order for employees to be able to perform their duties in a satisfactory manner and to take similar measures when needed.

In the event that a training programme requires an employee to take an exam, the Company grants the employee concerned an unregistered leave on the day of the exam. In addition, if a training programme is held outside regular working hours, such as on a weekend, on a public holiday or a day off, the Company grants an unregistered leave to the participating employees.

In 2017, Vassiliko Cement Works managed to increase the average training hours of its personnel by more than 19 hours per employee, confirming the importance attached to the growth and development of its people.

* Work lost factor = Lost days x 1.000.000 / Working time (hours)

** Accident frequency factor of notified accidents = Number of notified accidents x 1.000.000 / Working time

| Employee training hours | | |
|---|----------------------|--------------------------|
| Average training hours | 26,85 | |
| Average training hours by gender | Men | Women |
| | 21,58 | 53,85 |
| Average training hours by employee category | Management Personnel | Non-Management Personnel |
| | 55,58 | 22,20 |

In line with the above, and with a view to supporting the growth of the Company itself, an annual employee performance review is held, whereby the employees' performance and career progress are analysed, relevant targets are set for the following year and employees are rewarded for their contribution and productivity. These reviews are carried out for all Company personnel, with 100% of employees receiving such a review in 2017.

08

RESPONSIBILITY
TO THE MARKET



1. Customer service and satisfaction

G4-PR5

Continuous evolution at all levels - entrepreneurship, technology, environment - and dynamic growth, are key features of Vassiliko Cement Works business activity. Keeping our customers happy and satisfied over the long term remains our ultimate goal.

We constantly strive to enhance our flexibility and improve the quality of our customer relationship management, as well as our adaptability to the competitive market environment. Our key concern is to deliver a prompt, quality service to our customers, but also to build excellent personal relations both in the domestic and in the international market.

Moreover, in line with our focus on flexibility and adaptability, we proceed to differentiate our products in response to the market's needs. In order to fully satisfy our customers' needs, we further evolve and develop the quality control of our products, in order to deliver products of a consistently high quality, drawing on the support of our dedicated Research and Development Department, being staffed by highly qualified scientists.

An additional important factor in terms of customer satisfaction is the quality of service provided by the Company's representatives.

"We assist our associates both during the sale of our products as well as through the provision of technical support for any quality-related or technical problems they may encounter. We maintain a relationship of mutual respect and appreciation, because we believe that this is the way to maintain ongoing and healthy collaboration."

In order to promptly and objectively investigate customer complaints and deal with any problems arising during product and service delivery, we have established specific procedures, such as:

- Customer complaints management procedure (incident/complaint description).
- Incident investigation and findings, measures and actions taken to prevent a similar incident from taking place in the future.
- Defective bagged product replacement procedure (tracking/recording, assessment and investigation, specification and implementation of corrective and preventive actions).

Maintaining an ongoing quality dialogue with customers is crucial to the Company's successful operation. In this context, and with the aim of maximising customer satisfaction, acknowledging their needs and meeting their expectations, the Company:

- Organises a "Customer Forum" every three years in its premises. This innovative event includes presentations about the Company, exchanges of views, discussions and dialogue, as well as guided tours to its Quarries to the plant's facilities.
- Has established a "**Customer Service Line**", enabling customers to address any complaint or suggestion to the Company, undertaking in its turn to investigate complaints, find solutions and proceed to the necessary actions.
- Conducts a "Customer Opinion Survey" every three years, with the aim of responding to customer needs and requests with consistency and reliability .
- Organises a Safety Conference entitled "Your Safety is our Priority" for our customers' carriers in the local market. During the workshop, participants were informed by the Health and Safety Officer about the Company's Safety regulations and procedures. They also attended an equally interesting presentation on road safety by Mr. Kyriakos Pantelis, Road Safety Officer, Lamaca District.

⁴ No customer survey was conducted in 2017, as the last one had been organised in 2015 and the next one is scheduled for 2018.

2. Product responsibility and compliance

"Quality lies at the core of our activity, and therefore addressing the challenge of continuous and innovative development is part of our business-as-usual. Our commitment to respecting the environment and to supporting our people and the local communities will be realised through transparent and clearly demonstrated practices."

It is the policy of Vassiliko Cement Works to meet the expectations and requirements of its customers.

To this end, the Company faithfully applies a Quality Management System in accordance with the requirements of the ISO 9001:2008 International Standard. The Company's Quality Management System is continuously improved to ensure an enhanced and more efficient operation.

Using this system:

- We ensure that customers are supplied with products of a consistent quality, whose production processes are inspected by independent organisations.
- We warrant that our products comply with the requirements of the CYS EN 197-1 European standard.
- We enhance our commercial activities.

This system provides the basis for the identification, implementation and improvement of qualitative and measurable targets, being regularly revised, in tandem with the continuous monitoring of performance using specific indicators.

The Quality Management System implementation allows us to pursue these objectives. We are regularly revising this policy in order to ensure its continued suitability in relation to the Company's policy.

As a company, we are committed to strictly adhering to all legal and regulatory requirements concerning our operation and our production processes.

All our products are assessed for their impacts on health and safety, with a view to improving their development, production, transportation and use.

During the reference year, there were no incidents of non-compliance with regulations and voluntary codes regarding product and service impacts on health and safety.

In addition, all our products conform to all applicable laws and any relevant information – which should be indicated on the product labels and/or packaging, including information on the product's safe use and storage and any safety logos – is included in their packaging.

With regard to the Company's image promotion and to advertising, sponsoring and communication during 2017, there were no incidents of non-compliance with voluntary codes and regulations.

3. Responsible supply chain

The proper management of its supply chain is an important part of the Company's sustainable development strategy.

The selection of suppliers/contractors/associates and the establishments of purchase terms take place by means of an objective and transparent assessment, taking into account the ability to supply and to ensure an adequate level of service, as well as to comply with the Company's rules.

"It is our responsibility to ensure that our suppliers and contractors follow the procedures for appropriate risk management in the course of their operations."

The Company classifies its suppliers in two categories:

- The first category includes suppliers providing Repair Services, Consulting Services and Contracting Services.
- The second category includes suppliers of raw materials, fuels, spare parts and consumables.

In 2017, outlays to suppliers stood at €70.307.000 and concerned the purchase of products and services.

In the framework of incorporating the principles of sustainable development and corporate responsibility into its business activity, Vassiliko Cement Works has developed and introduced a **"Suppliers/Contractors/Associates Code of Conduct"**.

The Code sets out the basic rules of conduct/communication within the supply chain, based on the Company's Vision, Mission and Values.

The Code applies in a broader sense, both to direct and to indirect suppliers/contractors/associates of the Company, in all categories, and is considered an integral part of the contracts/agreements signed between us. The Code seeks to commit our suppliers/contractors/associates to the adoption of sustainable development best practices, likely to result in mutual benefits.

The Code's principles cover areas such as:

- Work Conditions and Human Rights,
- Safety and Health,
- Environmental Protection, and
- Ethics

On the basis of the Code's principles, in line with our existing processes, we are thoroughly investigating, monitoring and evaluating all our associates for their practices in all the above areas.

So far, the Code has been sent by e-mail to 1.247 associates, of whom 287 have endorsed it by signing the relevant Acceptance and Liability statement.

The labour practices employed by contractors at the Company's workplace must be recognised by law, must respect the dignity of each employee, and must comply with existing internal procedures, such as the procedures on "Contractor/supplier selection, control and evaluation" and the "Management of contractors, contractor personnel and transported tools".

Furthermore, Contractors must solemnly declare that they apply the Collective Agreement applicable to their industry (if any) and the Labour Legislation. In addition, each contractor should prepare and submit a health and safety plan for each project, a working method, and an assessment of the risks its personnel will be exposed to, together with procedures for the avoidance or mitigation of such risks.

Any irregularity on the part of contractors is subject to sanctions or may even lead to the discontinuation of their cooperation with the Company.

Contractors identified as having considerable actual and potential negative impacts on working practices are assessed at regular intervals by the Health and Safety Officers, as well as by the Environment Officer, who are responsible for taking appropriate drastic measures.

09

RESPONSIBILITY
TO THE ENVIRONMENT



Vassiliko Cement Works is committed to protecting the environment and strives to minimise its environmental footprint and the negative impacts of its activities on the environment.

"Protecting and caring for the environment in all stages of our operations is a priority."

The Environmental policy of Vassiliko Cement Works is an integral part of its mission and plays a fundamental role in its performance, as well as in its productivity, profitability, quality and technological development. The Environmental policy is implemented and continuously monitored throughout the Company's industrial facilities, supported by appropriate management practices, with the aim of reducing and avoiding any adverse environmental impact.

The Company complies fully with the environmental protection legislation and the requirements of the ISO 14001:2004 International Standard, and its activities are based on the proper use of resources and the preservation of the environment. The environmental commitment and the use of renewable natural resources in the Company's activities and products is continuously optimised through the implementation of environmental standards satisfying or exceeding the relevant provisions of the legislation in Cyprus. In 2017, no significant fine was imposed on the Company for non-compliance with relevant laws or regulations.

All employees are responsible for implementing our Environmental policy and turn to its principles for guidance in exercising their duties. Environmental awareness and training programmes with an environmental content are promoted with a view to expanding and enriching professional and efficient practices and behaviours.

To monitor its environmental performance, the Company sets and reviews targets that take into account significant environmental aspects of its activities. The Company's BOD provides the resources required to achieve these objectives, using the best available technology.

The ultimate goal of the Environmental policy is to achieve a better balance between the use of natural resources and long-term economic growth, ensuring a better quality of life for the present and future generations. This policy is revised, whenever this is considered necessary, to ensure the effective and lasting protection of the environment and of working and health conditions.

G4-EN15, G4-EN18, G4-EN19, G4-EN21

1. Emissions measurement, monitoring and reduction

During the cement production process, the release of CO₂ emissions is inevitable.

With regard to greenhouse gas emissions, the Vassiliko Cement Works plant falls under the category "Installations for the production of cement clinker in rotary kilns with a production capacity exceeding 500 tons per day", in accordance with Directive 2003/87/EC. This Directive establishes a scheme for greenhouse gas emission allowance trading within the Community, promoting the reduction of greenhouse gas emissions (in the case of Vassiliko Cement Works, of carbon dioxide) in a cost-effective and economically efficient manner.

More specifically, the monitoring of carbon dioxide emissions is governed by EU Directive 2009/29/EC, EU Regulations 600/2012/EC and 601/2012/EU, the Cypriot Law 110(I)/2011, and specific internal procedures.

According to Article 12 of Regulation 601/2012/EU, the Company's installation is a category C installation (emissions > 500.000 tons CO₂ annually). The obligations of installations falling under the Emissions Allowance Trading Scheme are to maintain a Monitoring Plan and to submit an Annual Verified Emissions Report, which is assessed and confirmed by an external independent auditor. The requirements regarding the plans and Reports are specified in Regulation 600/2012/EU.

In accordance with the above, the Company prepares a Monitoring Plan describing the methodologies for monitoring quantitative and qualitative characteristics of the materials (fuels/raw materials) that contribute to CO₂ emission, as well as the various calculations. The Monitoring Plan is always approved by the competent Authority. At the end of each year, the Annual Report is finalised displaying the emissions calculated for the reporting year.

For the calculation of fuel emission coefficients, Net Calorific Value and the Carbon Content are used. The calculation of the raw material emission coefficients is based on the raw material's chemical analysis, in terms of the substances contributing to the CO₂ emissions. These qualitative characteristics for determining the coefficients for the calculation of CO₂ emissions are obtained either from the National Inventory or from an EN ISO/IEC17025 accredited laboratory (for the specific parameters and for the specific material).

The following table shows the CO₂ emissions that were calculated in the 2017 Annual Report:

| Emissions | tCO₂ |
|--|------------------------|
| Non-biogenic emissions (without biomass) | 1.352.831 |
| Biogenic emissions (biomass) | 79.542 |
| Gross emissions | 1.432.373 |

The greenhouse gas emission intensity coefficient is the quantity of CO₂ emitted per amount of clinker produced for the respective year.

The following table shows the intensity factors, with and without biomass, for 2017.

| Intensity factor | tCO₂/tclinker |
|--|---------------------------------|
| Non-biogenic emissions (without biomass) | 0,788 |
| Gross emissions (with biomass) | 0,834 |

The denominator chosen by the Company is the quantity of clinker produced, as the relevant process results in higher greenhouse gas emissions (processing emissions and combustion emissions). The following table shows all emission source categories relating to the installation, together with the percentage corresponding to each one.

| Emission Source Category | Emissions (tons) | Categorisation of emission source (%) |
|---|-------------------------|--|
| Decomposition of carbonates | 918.948 | 67,93 |
| Bypass dust | 4.044 | 0,30 |
| Additional raw materials containing forms of carbon other than carbonates | -115 | -0,01 |
| Burning (for clinker production) | 429.249 | 31,73 |
| Drying | 579 | 0,04 |
| Auxiliaries | 126 | 0,01 |
| TOTAL | 1.352.831 | 100,00 |

As shown in the table, the clinker production process (the first four categories) has the highest emission rate (99,95%).

To reduce greenhouse gas emissions (CO₂), continuous efforts are made to improve the operating parameters so as to save energy (and therefore emit less CO₂) and use alternative raw materials (containing non-carbon materials, e.g. CaO) and alternative fuels (containing biomass).

The actions taken since 2011 to reduce greenhouse gas emissions are listed below. The reference year is 2012, after the launch of the new clinker production line.

- Replacement of horizontal ball mills with vertical mills, resulting in electricity consumption savings, thereby reducing CO₂ emissions.
- Creation of a new clinker production line in 2011 based on the Best Available Techniques, resulting in a thermal energy consumption reduction and therefore in lower CO₂ emissions.
- Optimisation of operations for electricity and thermal energy savings, thereby reducing CO₂ emissions.
- Use of alternative fuels that contain biomass, not contributing to the production of CO₂ emissions, as the amounts of CO₂ produced during combustion are captured again by photosynthesis.
- Use of appropriate additional raw materials containing the desired ingredients for clinker production and deriving from non-carbonates, thereby avoiding the production of CO₂ emissions.

The following table shows the reduction achieved in CO₂ emissions from 2012 to 2017, based on the intensity factor (tCO₂/tclinker) for each year.

| Year | Emissions - without biomass (tCO ₂ /tclinker) |
|------|--|
| 2012 | 0,837 |
| 2013 | 0,827 |
| 2014 | 0,826 |
| 2015 | 0,808 |
| 2016 | 0,803 |
| 2017 | 0,788 |

Most air pollutants emitted by the clinker production line are constantly measured by the analyser installed in the main funnel.

All air pollutants values measured by the analyser are expressed in mg/Nm³. The annual average values are listed in the table below.

| Air pollutants | Quantity (mg/Nm ³) |
|-----------------|--------------------------------|
| NO _x | 477,3 |
| SO ₂ | 8,8 |
| Dust | 12,6 |
| NH ₃ | 2,0 |

In addition, certain air pollutants (and some that cannot be measured by the central analyser) are measured by an external accredited laboratory. The following table lists the environmental measurements values for 2017 carried out by an external laboratory.

| Environmental measurements carried out by an external accredited laboratory (2017) | | Limit | | June 2017 | | |
|--|------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|
| | | mg/Nm ³ | ng I-TEQ/Nm ³ | mg/Nm ³ | mg/Nm ³ | ng I-TEQ/Nm ³ |
| Dust | | 30 | | 28,3 | | |
| Nitrogen Oxides | NO _x | 500 | | 447 | | |
| Ammonia | NH ₃ | 50 | | 0,122 | | |
| Sulphur Oxides | SO ₂ | 50 | | 1,400 | | |
| Humidity | H ₂ O | | | 23,8 | | |
| Carbon Monoxide | CO | | | 369 | | |
| Dioxins, Furans | PCDDs, PCDFs | | 0,1 | | | 0,01000 |
| Heavy Metals | Hg | 0,050000 | | 0,004700 | | |
| | Cd | 0,050000 | | < 0,00743 | | |
| | Tl | | | < 0,0124 | | |
| | Sb | 0,500000 | | < 0,00982 | | |
| | As | 0,500000 | | < 0,00683 | | |
| | Pb | | | 0,081300 | | |
| | Cr | | | 0,037300 | | |
| | Co | | | 0,000540 | | |
| | Cu | | | 0,048900 | | |
| | Mn | | | 0,305000 | | |
| | Ni | | | 0,027500 | | |
| V | 0,001350 | | | | | |

Air pollutants are monitored by continuous measuring instruments that meet the requirements of the EN 14181:2004 standard. All reference conditions for the substances concentrations in the plant's gaseous emissions resulting from combustion are normalised at a temperature of 273K, a pressure of 101,33 kPa, expressed on a dry basis (0%) and at an oxygen content of 10%.

The measurement of air pollutants by the external accredited laboratory are based on the respective standards for each pollutant, specifically EN 1911-1, ISO 15713, EN 14385 and EN 1948-1.

2. Responsible energy management and conservation

Vassiliko Cement Works is the largest heavy industry in Cyprus and, by extension, the country's biggest energy consumer. The cost of purchasing this energy (a combination of electricity and thermal energy) is the Company's largest and most important operating expense. Given this fact and bearing in mind the Company's sensitisation to environmental preservation, Vassiliko Cement Works established its Energy policy. Under this policy, the Company is committed to using energy as efficiently as possible, to applying the best available practices and to complying with the laws and regulations governing the use of energy.

"We keep improving the use of energy resources in our facilities, in all activities across the entire life cycle of our operation, taking into account technological innovations, optimising the design of our production process and facilities, and supporting the purchase of energy-efficient products and services."

In 2017, the total consumption of thermal and electrical energy to cover all requirements of Vassiliko Cement Works (production at the plant, self-generated power from solar panels, services, administrative and other support functions) stood at 1.661 GWh.

- Total electricity consumption stood at 150 GWh.
- The following conventional fuels were consumed: petcoke, coal, hfo, lpg, corresponding to a total energy of 3.574.871 GJ (equivalent to 993 GWh).
- The following alternative fuels were consumed: animal bones, shredded tires, RDF, sludge, corresponding to a total energy of 1.866.169 GJ (equivalent to 518 GWh).

Vassiliko Cement Works applies the ISO 50001 Energy Management International Standard. The Company is the first heavy industry in Cyprus to obtain the ISO 50001 certification. In accordance with the standard's recommendations, all the Company's energy flows are monitored; its energy efficiency levels are calculated using specific Key Performance Indicators (KPIs) and Energy Performance Indicators (EPIs), and modifications, enhancements, upgrades and/or new facilities that optimise and advance the Vassiliko Cement Works units are designed.

Energy efficiency levels are calculated using specific Energy Performance Indicators (EPIs & KPIs). The two important indicators that are calculated are the following :

- Clinker Production Line Indicator: 54,29 kWh/tonne for 2017
- Total Cement Production Indicator: 82,50 kWh/tonne for 2017

| Basic Energy Consumption | | 2017 | 2016 |
|--|----------------|-----------|-----------|
| FUELS | | (GJ) | |
| Total fuel consumption from conventional fuels | Fuel oil | 40.294 | 30.194 |
| | Pet coke | 3.399.402 | 3.848.529 |
| | Coal | 126.568 | 20.038 |
| | LPG | 8.607 | 7.899 |
| Total fuel consumption from alternative fuels | Animal meal | 33.081 | 26.606 |
| | Shredded Tires | 138.536 | 113.345 |
| | RDF | 1.524.323 | 938.003 |
| | Sewage sludge | 170.230 | 152.726 |
| ELECTRICITY | | (GWh) | |
| Consumption of electricity from conventional sources | | 150 | 134 |
| Consumption of electricity from renewable sources | | 0,015 | 0 |

⁶ The denominator used is the number of tons of clinker and of cement produced, for the first and second indicator respectively. These indicators are specific to the energy consumed within the Company and include electricity.

In 2017, the use of conventional fuels dropped while all other types of consumption increased. More specifically, conventional fuels declined by 8% while the use of alternative fuels increased by 51%. Electricity consumption increased by 11%.

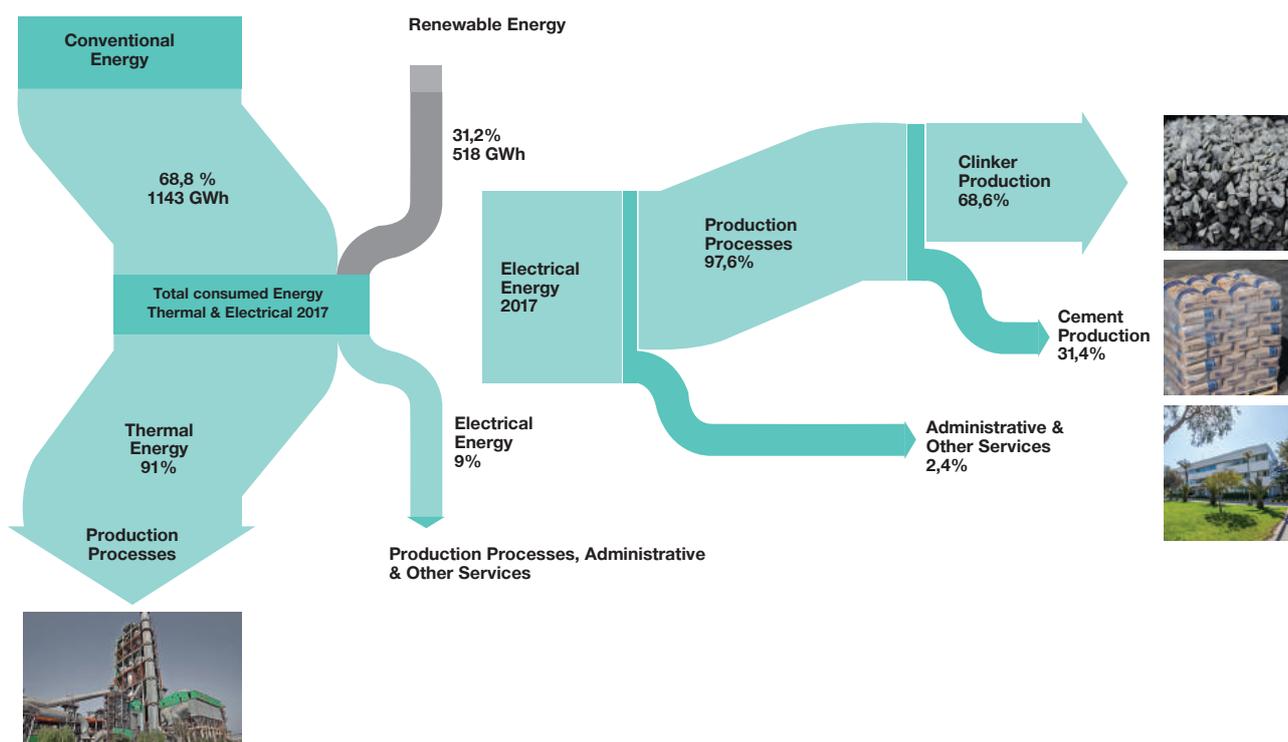
Apart from efforts to achieve maximum performance with minimum energy consumption across the plant's production lines, Vassiliko Cement Works is also turning dynamically to green energy. In terms of thermal energy, production needs in 2017 were already covered by 34% from alternative fuels, while the Company is also trying to cover part of its electricity needs from renewable energy sources such as solar energy.

Thermal energy is consumed in its entirety during the production processes, while electricity is consumed both by the production lines as well as by the administrative and other Services.

In 2016, the total electricity consumption for the production of finished products (clinker and cement) stood at 131 GWh (98% of the total energy consumed). Electricity consumption for other services stood at 3 GWh (2%).

In 2017, the total electricity consumption for the production of finished products (clinker and cement) stood at 147 GWh (97,6% of the total energy consumed), up by 11% from 2016. Electricity consumption for other services stood at 3 GWh (2,4%).

Energy Flow Diagram



3. Materials, natural resources and waste management

In 2017, the total quantity of materials managed by the Quarries and Mineral Resources Department of Vassiliko Cement Works stood at 4.096.000 tons.

Through its mining activities, the Company promotes the idea that the Environment and Development can coexist in harmony. These two Sustainable Development pillars serve the needs of the third pillar – the local community and the wider civil society.

In this context, the coexistence and cooperation between the Company's stakeholders contribute to the overall well-being and to the region's local, social and cultural development.

Respect for the environment is a non-negotiable factor for the Company, making sure that its activities bear the minimum possible environmental footprint.

“Our goal and deepest aspiration is to become a model in terms of recognition and contribution, offering ecological value to the redevelopment sites within the quarries. Though our gradual progress and scientific approach, we seek to establish ourselves around the world as a responsible, capable and effective catalyst for contribution to the environment.”

To achieve the above, the Company's mining policy is implemented in the framework of its compliance with the law on concrete and the applicable legislation and ensues from its business operations as a whole. Environmental impact management and prevention measures are also adopted on the basis of the Environmental Management Studies conducted at regular intervals, in accordance with the regulations on Mines and Quarries.

The following are some of the measures taken:

- Rational exploitation and development of the quarries to achieve maximum possible extraction of natural resources. The rational exploitation of the particular resources contributes to and helps safeguarding the country's resources as a national asset of utmost importance for its continued development and self-sufficiency.
- Use of environment-friendly exploitation methods and sustained high operation of all machinery.
- Gradual and final restoration of areas that can no longer be exploited, in order to deal with the changes in the relief and help the ecosystems recover.

Land restoration planning is a prerequisite for licensing and forms part of the plan for the overall quarries management as soon as they start operating. Generated dust is suppressed systematically and efficiently by spraying the earthy roads used for transport and by paving the main roads.

A sustainable innovation approach is the overall management of the overburden strata in the clay quarries with a target of zero mining waste. This waste is used either as soil for land restoration or, in the right proportions based on its chemical composition, as raw material input to the plant to produce the final product. In 2017, a total of 177.909 tons of such waste was utilised, representing ~40% of the current total supply. In addition to their sustainable management, another important parameter is preventing the creation of extractive waste in adjacent areas.

Another environment-friendly process with a positive impact on the environment is the reduction of carbon dioxide emissions by drying raw materials both in the quarries and in the plant. This process aims at harnessing solar and wind power to reduce the natural moisture of raw materials.

The release of natural moisture in 2017 stood at 264.951 tons, accounting for 189.298 litres of oil. This process has also an impact on the efficient savings in corresponding conventional fuels at the plant for the removal of that quantity.

Materials

The following tables list the materials used for the production and packaging of the Company's main products and services.

| TREATED INPUT MATERIALS | | Quantity (t) |
|---|--|---------------------|
| Alternative Fuels | | |
| RDF | | 88.150 |
| ASF | | 191 |
| Dry sewage sludge | | 13.562 |
| Animal meals | | 1.757 |
| Woods | | 518 |
| Activated carbon | | 12 |
| Shredded Tires | | 5.428 |
| Total | | 109.618 |
| Treated VCW Waste for Combustion | | |
| Rockwool | | 27 |
| VCW pruning | | 14 |
| Bag-filter waste | | 11 |
| RDF management residue | | 902 |
| Pallet | | 39 |
| Paper, nylon, films, etc. | | 769 |
| Total | | 1.762 |
| Alternative Raw Materials | | |
| EAC sludge | | 308 |
| EAC ash | | 141 |
| Partially stabilised soil 190304 | | 1.633 |
| Aluminium skimming | | 45 |
| Aluminum oxide | | 12.950 |
| Slag | | 2.660 |
| Glass | | 7.316 |
| Total | | 25.053 |
| Destructions of Materials | | |
| Tobacco products | | 8 |
| Various materials | | 133 |
| Total | | 141 |
| Recycled Water | | |
| Water from the biological treatment of the installation (VCW) | | 669 |
| Biologically-treated water from SBLA | | 77.790 |
| Cooling Tower Bleed-Off | | 3.399 |
| Total | | 81.858 |
| GRAND TOTAL | | 218.432 |

| NON-TREATED INPUT MATERIALS | | Quantity (t) |
|--|--|---------------------|
| Materials used for the production of clinker/cement | | |
| Raw Materials | | |
| Limestone (for clinker production) | | 2.420.056 |
| Limestone from Armenohori (for cement production) | | 52.983 |
| Clay | | 443.321 |
| Umber | | 36.192 |
| Gypsum | | 95.716 |
| Calcium fluoride | | 919 |
| Perlite | | 20.668 |
| Bauxite | | 3.244 |
| Total | | 3.073.099 |
| Conventional Fuels | | |
| Petcoke | | 108.698 |
| Coal | | 5.055 |
| HFO -LFO | | 1.133 |
| Diesel | | 42 |
| LPG | | 187 |
| Total | | 115.115 |
| Auxiliary Materials | | |
| Urea | | 1.781 |
| Cement grinding aids | | 718 |
| Cr ⁶⁺ reducing agent for bagged cement | | 26 |
| Cooling tower-boiler chemicals | | 3 |
| Community network water | | 45.900 |
| Total | | 48.428 |
| Materials used in the production of clinker/cement and not contained in the final product | | |
| Materials used for packaging cement | | |
| Paper bags | | 283 |
| Wooden pallets | | 101 |
| Plastic | | 33 |
| Iron | | 0,2 |
| Total | | 417 |
| Materials/components | | |
| Lubricants-grease | | 9 |
| Lubricants-oils | | 38 |
| Bag filters | | 24 |
| Total | | 71 |
| Grand Total | | 3.237.130 |
| Treated input materials | | 218.432 |
| Non-treated input materials | | 3.237.130 |
| Total of input materials | | 3.455.562 |
| Percentage of treated input materials | | 6,32% |

Water

Vassiliko Cement Works monitors systematically and seeks to improve its water efficiency, as this is directly linked to the water consumption cost and, in addition, the overall level of water usage may serve as a risk indicator of any possible water supply interruptions or increases in the cost of water.

Clean fresh water is becoming increasingly rare, and this can affect production processes that rely on its use.

The total volume of water that was withdrawn in 2017 is shown in the table below.

| Sources | Quantity (m ³) |
|---|----------------------------|
| Surface Water | 0 |
| Groundwater | 0 |
| Rainwater | 0 |
| Waste water from another organisation (SBLA) | 77.790 |
| Municipal water supplies or other water utilities | 45.900 |
| Total volume of water withdrawn | 123.690 |

The water re-use and recycling rate is a measure of efficiency and proves how successful the Company's actions are in reducing total water withdrawal and discharge.

The percentage of recycled and re-used water during the Report's reference year stood at **64%**.

The relevant water withdrawal sources are shown in the tables below.

| Source | Quantity (m ³) |
|---|----------------------------|
| Water from the biological treatment of the facility's municipal waste | 669 |
| Biologically-treated water from the SBLA biological treatment plant | 77.790 |
| Cooling tower blowdown water | 3.399 |
| Total volume of recycled and reused water | 81.858 |

| Συνολική Άντληση Νερού | Ποσότητα (m ³) |
|---|----------------------------|
| Water from the biological treatment of the facility's municipal waste | 669 |
| Biologically-treated water from the SBLA biological treatment plant | 77.790 |
| Cooling tower blowdown water | 3.399 |
| Municipal water supplies or other water utilities | 45.900 |
| Total Water Withdrawal | 127.758 |

Waste management

Water flows that are discharged in a scheduled and a controlled way are the following:

1. Cooling tower blowdown water (quantity produced: 3.399m³).
2. Biologically-treated wastewater from the facility's biological treatment plant (quantity produced: 669m³).
3. Biologically-treated water from the Limassol biological wastewater treatment plant (SBLA) (total consumption 77.790m³).

Blowdown water is a result of exporting water rich in salts from the plant's cooling tower to supply the system with fresh soft water and avoid problems caused by the constant concentration of salts in the water. Using pipes, it is driven to the underground sealed tanks south of the cooling tower and is subsequently used to irrigate the area northwest of the facility. Twice a year, samples are taken for the purposes of quality control, as also stipulated in the facility's Industrial Emissions License.

The biologically-treated water results from the treatment of the facility's municipal waste via two secondary treatment biological plants which are installed underground and where waste processing is automatic. The resulting water is used to irrigate the facility's green areas. Water quality is tested by an external accredited laboratory, by means of monthly sampling and analysis, as defined in the facility's Industrial Emissions License.

Biologically-treated SBLA water is taken from the Limassol biological treatment plant. It is used for the production line needs and for firefighting purposes in potential incidents inside the facility. Analyses are performed once a year for quality control purposes.

| Μέθοδος Απόρριψης | Weight of Waste | | | | Total per Disposal Method | |
|---------------------------------|-----------------|----------------|---------------|----------------|---------------------------|----------------|
| | Hazardous | | Non-hazardous | | t | m ³ |
| | t | m ³ | t | m ³ | | |
| Recovery of Raw Materials | - | - | - | - | - | - |
| Recovery of Water | - | - | - | 4.068 | - | 4.068 |
| Recovery of Thermal Energy | - | - | 1.972 | - | 1.972 | - |
| Internal Recycling | - | 0,04 | 8 | - | 8 | 0,04 |
| External Recycling | 61 | - | 29.183 | - | 29.243 | - |
| Disposal in controlled landfill | - | - | 70 | - | 70 | - |
| TOTAL | 61 | 0,04 | 31.233 | 4.068 | 31.293 | 4.068 |

All waste is temporarily stored in suitably configured areas depending on the particular waste type, until transported for further handling inside or outside the facility. Waste which can be used in the production line either for recovering heat energy or for replacing raw materials, is recycled internally. Any waste that cannot be recycled internally or used for energy or raw materials recovery is collected and transported to a licensed waste management company. For certain waste types, however, although they can be used internally to recover energy, it is more beneficial and environmentally sound to take them for external recycling and/or the production of upgraded products.

The contractor that will transport or manage the waste produced must hold proper licenses for waste collection, transportation and management, respectively. In addition, the transportation vehicles to be used must be equipped with the required certificates. The contractor assumes responsibility for transporting the waste from the waste production facility to the waste management facility. Each load transported to the waste management facility is weighed before leaving the Company's premises. In addition, the contractor is responsible for preparing the Waste Identification, Monitoring and Shipment form, filled in by the waste producer, the waste transporter and the final waste management company.

During 2017, there were only some minor leak incidents that were promptly dealt with, caused negligible pollution following the implementation of the action plan for dealing with leaks.

10

RESPONSIBILITY
TO SOCIETY



Corporate Social Responsibility is an integral part of our Company's day-to-day operation. Its principles are inextricably linked with the achievement of its strategic objectives, such as improving its products, serving its customers and satisfying their needs, developing programmes for environmental protection, adopting an appropriate and responsible attitude towards society and generally focusing on a human-centred development.

Building on our Corporate Social Responsibility Policy, we plan our strategy and examine how our actions and activities impact on all stakeholders, including shareholders, employees, customers, suppliers, communities and business partners, in order to maintain and strengthen our role in society and grow into a better corporate citizen.

For Vassiliko Cement Works, Corporate Social Responsibility is a valuable tool for building a relationship of trust with all stakeholders, by setting specific goals for a healthy and constructive relationship with them, such as:

- To tackle delicate matters in an appropriate and ethical manner and to make rational decisions benefiting both the Company and its partners.
- To engage in a continuous two-way communication and encourage an open dialogue.

1. Support for the local and wider community

Thanks to our cooperation with educational institutions, neighbouring communities, organised groups and others, we have managed to achieve coexistence and synergy with the wider society, in a culture of trust and mutual respect. This synergy and support is directly linked to the Company's strategy.

Some indicative examples of our work in this area are the following:

- **Support to Unemployed Graduates – “Talent Academy”.** This programme offers young and unemployed graduates the opportunity to gain working experience at the Vassiliko Cement Works facilities, under the supervision and guidance of the Company's managers. Upon completing the programme, whose duration ranges from nine to 12 months, the participants are ready to join the labour market, in a sector of activity relevant to their field of study, having gained significant professional experience and training in a heavy industry. In this way, the programme encourages the development of new talents, supports young graduates and helps reduce unemployment. 21 young people participated in the fourth Talent Academy in 2017.
- **Information visits** by educational institutions and organized groups; during those visits presentations are delivered and tours are offered. More specifically, eight (8) visits were carried out, among others by Frederick University, the Cyprus University of Technology (CUT), the Mediterranean Institute of Management (MIM), various Technical Schools and the Lanitio Lyceum of Limassol.
- **Collaboration with Universities and Secondary Schools** for student internships. In 2017, 6 University students and other 3 from technical schools completed their internships at the Company.
- **Material support to elementary schools** (purchase of interactive whiteboards, donation of schoolyard toys, funding for school facilities repairs, etc.).
- **Donations** and sponsorships in the areas of culture and education, for the development and preservation of our culture, the intellectual development of young people and the creation and maintenance of harmonious relations with the relevant actors, for the benefit of all the parties involved.
- **Donation** of 40 medical books to the private-sector “Cyprus College-European University Cyprus”, to enrich the university's library collection and facilitate student access to medical studies and research.
- **Support and reward** of student Excellence.
- **Support to the “Theotokos” Foundation**, considering the basic ongoing needs of its occupants and the Foundation's valuable daily work. In 2017, our support involved purchasing a patient lift, two bathroom-chairs, two protective bed railings for occupants with serious mobility problems, and an electric piano and other musical instruments for the entertainment of the Foundation's residents.

- **Financial support to the “Sofia Foundation for Children”**, by supporting the programme “Let's Hippo”, whose purpose is to assist the programme “I Cook, and I Offer” Programme for the provision of lunch meals to the children of 16 all-day primary schools in Cyprus.
- **Financial Support to the “Mora Thavmata” (Miracle Babies) Association**, which was created in 2015 to support the Neonatal Intensive Care Unit (NICU) of the Arch. Makarios III Hospital in Nicosia, for the construction of a new and modern Neonatal Intensive Care Unit, based on EU standards.

2. Transparency and dialogue

Maintaining a two-way communication and responding to the concerns of employees, local communities, customers, suppliers and other stakeholders, are the driving forces enabling the Company to tackle effectively the corporate responsibility challenges.

Establishment of regular communication and engagement in frequent and constructive dialogue with all stakeholders is a basic principle for us in terms of our sustained business presence, and the key condition for a proper and healthy coexistence with our neighbouring communities. This dialogue reflects the expectations and concerns of our stakeholders, namely our communities, employees, customers, etc., and serves also as a channel for providing information on the Company's activities.

In line with the above, in 2017 we launched a new Local Communities Dialogue programme entitled: **“Establishing strong links to build the future of our region together.”** This programme includes regular meetings whereby the Company's Management informs the representatives of the Communities about any new developments in the Company, such as technological upgrades, as well as sustainable development programmes and actions implemented by the Company and the goals set for the coming years.

Particular attention is also given to the internal communication and dialogue with our employees.

A key advantage of internal communication is the fact that employees have direct contact and personal meetings with the Heads/Managers of their departments. Separate departmental meetings also take place, thus ensuring that direct information is provided and the best possible solution to any potential problems is found.

In addition, the Human Resources Department holds information sessions in the various departments, to allow employees to stay in touch, developing better relations and stronger collaborations between them.

The setting up of 4 teams, made up of employees from all departments as well as the Company's Management, is an important factor for successful communication and cooperation. The fact that each team was formed by people from different departments and different age groups did not prevent them from being efficiently organized and building a good relationship with each other.

The creation of these teams enabled colleagues to know each other better, thus improving their collaboration and teamwork. The teams are already very active and have implemented a series of charity, environmental, voluntary, and other activities.

Furthermore, employees are free to express their views, ideas or suggestions, using a special form which is evaluated by a committee established for this purpose, as well as through the Annual Opinion Survey, where employees can express their views anonymously, allowing the Company to take corrective action (for example, better working places). Some suggestions/ideas may be implemented if it is considered that they will help both the employees in their everyday work and the Company.

3. Initiatives and volunteering

At Vassiliko Cement Works we look to the future to understand the consequences of our actions, always having in mind the need to address the needs of the present times. Our goal is to monitor and adapt our actions to the specific needs of the society where we operate.

In this context, we organise and support special activities and programmes relating to the environment, health and safety, the development of young people, and much more. The following are indicative examples of our work in this area:

- On the occasion of the World Environment Day, we organised the following experiential environmental workshops in collaboration with the Terra Cypria Foundation and five Elementary schools, with the participation of 200 students, 20 teachers and a team of volunteers from Vassiliko Cement Works: **"The young explorers of Governor's Beach"** and **"Getting to know the endangered species of my island"**.
- On the occasion of the World Health and Safety Day, we organised **an educational programme in five Elementary** schools with the participation of 200 students and their teachers, to discuss the risks faced daily by children at school and how to deal with them; children themselves suggested solutions during this discussion.
- We support, as Sponsor, the **"Let's Do It Cyprus"** campaign, involving volunteer employees from the Company who participate in activities for cleaning a specific area and for revamping the school yards of four primary schools.
- We support the **Karaiskakio Foundation**, covering the needs of its Molecular Haematology laboratory dealing with leukaemia affected patients.
- **Organisation of Voluntary Blood Donation.** This initiative aims to increase the number of volunteers in order to meet the ever-expanding demand for blood banks within the hospitals of Cyprus. With the key communication message "It only takes five minutes to save a life", a corporate voluntary blood donation was successfully organized for yet another year. A total of 35 employees participated in the blood drive of 14 June 2017.



11

ANNEXES



9.1. Abbreviations

| | |
|-----------------|--|
| APS | Accountability Principles Standard |
| ASF | Alternative Solid Fuel |
| CaO | Calcium oxide |
| Cembureau | European cement association |
| CIGRE | International Council of Large Electric Systems |
| CO ₂ | Carbon dioxide |
| CYHRMA | Cyprus Human Resource Management Association |
| CYS | Cyprus Organisation for Standardisation |
| DISAB | Engineered Vacuum system |
| EPIs | Energy Performance Indicators |
| EU OSHA | European Agency for Safety & Health at Work |
| GRI | Global Reporting Initiative |
| HFO | Heavy Fuel Oil |
| IEC | International Electrotechnical Commission |
| ISO | International Organization for Standardisation |
| KPIs | Key Performance Indicators |
| OHSAS | Occupational Health and Safety Assessment Series |
| Q&A | Questions & Answers |
| RDF | Refused Derived Fuel |
| SDGs | Sustainable Development Goals |
| WCA | World Cement Association |
| EAC | Electricity Authority of Cyprus |
| GM | General Manager |
| EU | European Union |
| EP | European Parliament |
| CSR | Corporate Social Responsibility |
| CCCI | Cyprus Chamber of Commerce and Industry |
| CCC | Cyprus Certification Company |
| Clinker SR | Clinker for the production of low alkali sulphate resisting cement |
| Clinker OP | Clinker for the production of ordinary Portland cement |
| NICU | Neonatal Intensive Care Unit |
| MIM | Mediterranean Institute of Management |
| NGO | Non-governmental organisation |
| UN | United Nations Organisation |
| OEB | Cyprus Employers and Industrialists Federation |
| SBLA | Sewerage Board of Limassol-Amathus |
| CUT | Cyprus University of Technology |
| VCW | Vassiliko Cement Works |

2. AA1000 APS Table and GRI-G4 Content Index

| AA1000 Accountability Principles Standard (2008) | |
|--|--|
| AA1000 Principles | Reference in the Report |
| The fundamental Principle of Inclusiveness | 5.2. Dialogue with our stakeholders p.19 |
| The Principle of Materiality | 5.3. Materiality analysis p.24 |
| The Principle of Responsiveness | 5.4. Results for 2017 and objectives for 2018 p.29 |
| | 6. Economic growth p.35 |
| | 7. Responsibility to our people p.40 |
| | 8. Responsibility to the market p.47 |
| | 9. Responsibility to the environment p.51 |
| | 10. Responsibility to society p.63 |

| GENERAL STANDARD DISCLOSURES | | | |
|---|---|--|--------------------------|
| General standard disclosures - GRI Indicators | GRI Indicator Summary ⁷ | Reference to the Report | External Assurance |
| ΣΤΡΑΤΗΓΙΚΗ ΚΑΙ ΑΝΑΛΥΣΗ | | | |
| G4-1 | Statement from the most senior decision-maker of the organisation | 1. Message from the Executive Chairman p.7 | <input type="checkbox"/> |
| ΠΡΟΦΙΛ ΟΡΓΑΝΙΣΜΟΥ | | | |
| G4-3 | Name of the organisation | 4. Vassiliko Cement Works - 4.1. Our identity and mission p.11 | <input type="checkbox"/> |
| G4-4 | Primary brands, products and services | 6. Economic growth - 6.2. Market presence p.38 | <input type="checkbox"/> |
| G4-5 | Location of the organisation's headquarters | 4. Vassiliko Cement Works - 4.1. Our identity and mission p.11 | <input type="checkbox"/> |
| G4-6 | Number of countries where the organisation operates | 6. Economic growth - 6.2. Market presence p.38 | <input type="checkbox"/> |
| G4-7 | Nature of ownership and legal form | 4. Vassiliko Cement Works - 4.1. Our identity and mission p.11 | <input type="checkbox"/> |
| G4-8 | Markets served | 6. Economic Growth - 6.2. Market presence p.38 | <input type="checkbox"/> |
| G4-9 | Scale of the Organization (key figures) | 6. Economic growth - 6.1. Economic performance p.36 6. Economic growth - 6.2. Market presence p.38 7. Responsibility to our people - 7.1. Responsible employer p.41 | <input type="checkbox"/> |
| G4-10 | Key figures on Human Resources | 7. Responsibility to our people - 7.1. Responsible employer p.41 | <input type="checkbox"/> |
| G4-11 | Collective agreements | 7. Responsibility to our people - 7.1. Responsible employer p.41 | <input type="checkbox"/> |
| G4-12 | Supply Chain | 8. Responsibility to the market - 8.3. Responsible supply chain p.50 | <input type="checkbox"/> |
| G4-13 | Significant changes during the Reporting period regarding the organisation's size, structure, ownership or its supply chain | No changes were made during the Reporting period regarding the Organization's size, structure, or its supply chain. An important event that took place in 2017 was the dispatch of the Code of Conduct to hundreds of suppliers in late 2017 and early 2018. More information is available in Section 8. Responsibility to the market - 8.3. Responsible supply chain p.50 | <input type="checkbox"/> |
| G4-14 | Precautionary principle | 4. Vassiliko Cement Works - 4.3. Corporate governance p.12 6. Economic growth - 6.3. Risk management p.38 | <input type="checkbox"/> |
| G4-15 | Economic, environmental and social charters | 4. Vassiliko Cement Works - 4.1. Our identity and mission p.11 | <input type="checkbox"/> |
| G4-16 | Associations and national or international advocacy Organizations | 4. Vassiliko Cement Works - 4.1. Our identity and mission p.11 | <input type="checkbox"/> |

⁷ The table makes use of short descriptions of the GRI indicators, to facilitate reading. For the detailed descriptions, please visit the GRI website, at: <https://www.globalreporting.org/information/g4/Pages/default.aspx>.

| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | |
|---|--|--|--------------------------|
| G4-17 | Entities included in the organisation's financial statements | Financial Statements 2017 | <input type="checkbox"/> |
| G4-18 | Process for defining the Report Content and the Aspect Boundaries | 3. Information about the Report p.9 | <input type="checkbox"/> |
| G4-19 | Material Aspects | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | <input type="checkbox"/> |
| G4-20 | Material aspect boundaries (within the organisation) | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | <input type="checkbox"/> |
| G4-21 | Material aspect boundaries (outside the organisation) | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | <input type="checkbox"/> |
| G4-22 | Restatements of information provided in previous Reports | This is the first Corporate Responsibility and Sustainable Report of the company | <input type="checkbox"/> |
| G4-23 | Significant changes in the Scope and Aspect Boundaries | This is the first Corporate Responsibility and Sustainable Report of the company | <input type="checkbox"/> |
| ΔΙΑΒΟΥΛΕΥΣΗ ΜΕ ΤΑ ΕΝΔΙΑΦΕΡΟΜΕΝΑ ΜΕΡΗ | | | |
| G4-24 | List of stakeholders | 5. Our strategy for sustainable development - 5.2. Dialogue with our stakeholders p.19 | <input type="checkbox"/> |
| G4-25 | Basis for identification and selection of stakeholders | 5. Our strategy for sustainable development - 5.2. Dialogue with our stakeholders p.19 | <input type="checkbox"/> |
| G4-26 | Approach to stakeholder engagement | 5. Our strategy for sustainable development - 5.2. Dialogue with our stakeholders p.19 | <input type="checkbox"/> |
| G4-27 | Key topics and concerns raised by the stakeholders | 5. Our strategy for sustainable development - 5.2. Dialogue with our stakeholders p.19 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | <input type="checkbox"/> |
| REPORT PROFILE | | | |
| G4-28 | Reporting period | 3. Information about the Report p.9 | <input type="checkbox"/> |
| G4-29 | Date of most recent previous Report | First Corporate Responsibility and Sustainable Report of the company | <input type="checkbox"/> |
| G4-30 | Reporting cycle | 3. Information about the Report p.9 | <input type="checkbox"/> |
| G4-31 | Contact person regarding the Report | 3. Information about the Report p.9 | <input type="checkbox"/> |
| G4-32 | "In accordance" option | 3. Information about the Report p.9 | <input type="checkbox"/> |
| G4-33 | External assurance | 3. Information about the Report p.9 | <input type="checkbox"/> |
| GOVERNANCE | | | |
| G4-34 | Governance structure of the organisation | 4. Vassiliko Cement Works - 4.3. Corporate governance p.12 | <input type="checkbox"/> |
| ETHICS AND INTEGRITY | | | |
| G4-56 | Values, principles, standards and norms of behaviour of the organisation | 4. Vassiliko Cement Works - 4.3. Corporate governance p.12 | <input type="checkbox"/> |

| SPECIFIC STANDARD DISCLOSURES | | | |
|---|--|--|--------------------|
| Disclosures on Management Approach - GRI Indicators | GRI Indicator Summary | Reference to the Report | External Assurance |
| Category: Economy | | | |
| MATERIAL ASPECTS: ECONOMIC PERFORMANCE | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 6. Economic growth - 6.1. Economic performance p.36 | |
| G4-EC1 | Direct economic value generated and distributed | 6. Economic growth - 6.1. Economic performance p.36 | |
| Category: Environment | | | |
| MATERIAL ASPECTS: MATERIALS | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| G4-EN1 | Materials used, by weight or volume | 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| G4-EN2 | Recycled input materials | 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| MATERIAL ASPECTS: ENERGY | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 9. Responsibility to the environment - 9.2. Responsible energy management and conservation p.56 | |
| G4-EN3 | Energy consumption within the Organization | 9. Responsibility to the environment - 9.2. Responsible energy management and conservation p.56 | |
| G4-EN5 | Energy intensity | 9. Responsibility to the environment - 9.2. Responsible energy management and conservation p.56 | |
| G4-EN6 | Reduction of energy consumption | 9. Responsibility to the environment - 9.2. Responsible energy management and conservation p.56 | |
| G4-EN7 | Reductions in energy requirements of products and services | 9. Responsibility to the environment - 9.2. Responsible energy management and conservation p.56 | |

| MATERIAL ASPECTS: WATER | | | |
|--|--|--|--|
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| G4-EN8 | Total water withdrawal by source | 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| G4-EN10 | Percentage and total volume of water recycled and reused | 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| MATERIAL ASPECTS: EMISSIONS | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 9. Responsibility to the environment - 9.1. Emissions measurement, monitoring and reduction p.52 | |
| G4-EN15 | Direct greenhouse gas emissions | 9. Responsibility to the environment - 9.1. Emissions measurement, monitoring and reduction p.52 | |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | 9. Responsibility to the environment - 9.1. Emissions measurement, monitoring and reduction p.52 | |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | 9. Responsibility to the environment - 9.1. Emissions measurement, monitoring and reduction p.52 | |
| G4-EN21 | NOX, SOX and other significant air emissions | 9. Responsibility to the environment - 9.1. Emissions measurement, monitoring and reduction p.52 | |
| MATERIAL ASPECTS: LIQUID DISCHARGES AND WASTE | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| G4-EN22 | Total water discharge by quality and destination | 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| G4-EN23 | Total weight of waste by type and disposal method | 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |
| G4-EN24 | Total number and volume of significant spills. | 9. Responsibility to the environment - 9.3. Materials, natural resources and waste management p.58 | |

| MATERIAL ASPECTS: COMPLIANCE | | | |
|---|--|--|--------------------------|
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | |
| G4-EN29 | Fines and non-monetary sanctions for non-compliance with environmental laws and regulations | 9. Responsibility to the environment p.51 | |
| MATERIAL ASPECTS: OTHER ENVIRONMENTAL ASPECTS | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | |
| G4-EN31 | Environmental protection expenditures and investments | 6. Economic growth - 6.1. Economic performance p.36 | |
| Category: Society | | | |
| Subcategory: Labour Practices and Decent Work | | | |
| MATERIAL ASPECTS: EMPLOYMENT | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | |
| G4-LA2 | Employee benefits | 7. Responsibility to our people - 7.1. Responsible employer p.41 | |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | 7. Responsibility to our people - 7.1. Responsible employer p.41 | |
| MATERIAL ASPECTS: HEALTH AND SAFETY AT THE WORKPLACE | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 | <input type="checkbox"/> |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees | 7. Responsibility to our people - 7.2. Safety, health and well-being at the workplace p.44 | <input type="checkbox"/> |
| G4-LA6 | Type and rate of injuries, occupational diseases, lost days etc. | 7. Responsibility to our people - 7.2. Safety, health and well-being at the workplace p.44 | <input type="checkbox"/> |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | Does not apply to the company. In order to prevent occupational diseases, Risk Assessments are carried out in collaboration with the Occupational Physician. In the event that any diseases are reported, the occupational physician will conduct the necessary investigation and will inform the company. | |

| MATERIAL ASPECTS: EMPLOYEE TRAINING AND DEVELOPMENT | | | |
|---|---|---|--|
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 7. Responsibility to our people - 7.3. Training and development of employees p.45 | |
| G4-LA9 | Average hours of training per year per employee, by gender and by employee category | 7. Responsibility to our people - 7.3. Training and development of employees p.45 | |
| G4-LA10 | Skills management and lifelong learning programmes | 7. Responsibility to our people - 7.3. Training and development of employees p.45 | |
| G4-LA11 | Employee evaluation | 7. Responsibility to our people - 7.3. Training and development of employees p.45 | |
| MATERIAL ASPECTS: DIVERSITY AND EQUAL OPPORTUNITY | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 7. Responsibility to our people - 7.1. Responsible employer p.41 | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity | 7. Responsibility to our people - 7.1. Responsible employer p.41 | |
| MATERIAL ASPECTS: EQUAL REMUNERATION FOR WOMEN AND MEN | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p. 24 7. Responsibility to our people - 7.1. Responsible employer p.41 | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | 7. Responsibility to our people - 7.1. Responsible employer p.41 | |
| Subcategory: Society | | | |
| MATERIAL ASPECTS: COMPLIANCE | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-SO8 | Fines and non-monetary sanctions for non-compliance with laws and regulations | For the period under review, the company has not received any significant fine or non-monetary sanction for non-compliance with laws and regulations that would have any significant adverse effect on its integrity, financial stability, reputation or its ability to continue to deliver its products to the market. | |

| Subcategory: Product responsibility | | | |
|--|---|--|--|
| MATERIAL ASPECTS: CUSTOMER HEALTH AND SAFETY | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 8. Responsibility to the market - 8.1. Customer service and satisfaction p.48 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-PR1 | Products and services for which health impacts are assessed | 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-PR2 | Incidents of non-compliance with regulations and voluntary codes concerning customer health and safety | 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| MATERIAL ASPECTS: PRODUCT AND SERVICE LABELLING | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-PR3 | Product and service information (labelling) | 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling | 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-PR5 | Results of surveys measuring customer satisfaction | 8. Responsibility to the market - 8.1. Customer service and satisfaction p.48 | |
| MATERIAL ASPECTS: MARKETING COMMUNICATIONS | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning communication-marketing | 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| MATERIAL ASPECTS: COMPLIANCE | | | |
| G4-DMA | Generic Disclosures on Management Approach | 5. Our strategy for sustainable development - 5.3. Materiality analysis p.24 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |
| G4-PR9 | Fines for non-Compliance with laws and regulations concerning the provision and use of products and services | 8. Responsibility to the market - 8.2. Product responsibility and compliance p.49 | |



INDEPENDENT EXTERNAL VERIFICATION REPORT

INDEPENDENT EXTERNAL VERIFICATION REPORT

To: The Board of Directors of VASSILIKO CEMENT WORKS PUBLIC COMPANY Ltd

1. Independent Verification Report

The company VASSILIKO CEMENT WORKS PUBLIC COMPANY Ltd (hereafter VASSILIKO CEMENT WORKS) has commissioned TÜV HELLAS (TÜV NORD) S.A. (hereafter TÜV HELLAS) to provide limited external assurance concerning the Sustainability Report for the period of January 1st of 2017 to December 31st of 2017 (1/1/2017-12/31/2017)

2. Scope of the verification project of the Sustainability Report

Scope of the assurance project is the elaboration of the Application Level Check, according to the GRI G4 Guidelines of Sustainability Reporting, referring to the Sustainability Report of VASSILIKO CEMENT WORKS for 2017, as well as the provision of external assurance service about the accuracy of the claims concerning selected indicators that are included in the Material Aspect "Occupational Health and Safety" section of the "Social" Category.

The Application Level Check as well as the data accuracy verification of the Material aspect were conducted based on the corresponding correlation table of GRI G4 Indicators stated by VASSILIKO CEMENT WORKS in its Sustainability Report, in order to confirm the company's compliance to the requirements of the GRI G4 for the "In accordance-Core" Level.

The methodology used to verify the data as above, was based on the requirements of AA1000AS standard (2008). More specifically, the requirements for the provision of "moderate" service level assurance Type 2, based on AA1000AS, were followed. This service level means that "the assurance provider achieves moderate assurance where sufficient evidence has been obtained to support their statement, such as the risk of their conclusion being in error is reduced but not reduced to very low or zero".

3. The conclusions of TÜV HELLAS

Based on the scope of the project and as part of the verification procedures followed by TÜV HELLAS, the conclusions are as follows:

A. Adherence to the AA1000 AccountAbility Principles (Inclusivity, Materiality and Responsiveness) against the criteria found in AA1000APS.

Inclusivity: Dialogue on Sustainability Issues with the Stakeholders

- We have not realized any matter that causes us to believe that major stakeholder groups were excluded from consultation processes, or that VASSILIKO CEMENT WORKS has not implemented the principle of Inclusivity in developing its approach to sustainability.

Materiality: Focus on the Material Issues related to Sustainability

- We have not realized any matter that causes us to believe that the Sustainability Material Issues' definition approach which was followed by VASSILIKO CEMENT WORKS does not provide a comprehensive and balanced understanding of the Material Issues.

Responsiveness: Addressing the needs and expectations of Stakeholders

- We have not realized any issue which would lead us to believe that VASSILIKO CEMENT WORKS has not applied the Principle of Correspondence in the selection of subjects included in the Report.

B. Accuracy and completeness of data (qualitative and quantitative) related to the Application Level Check and claims accuracy of Material issue related to GRI G4 Guidelines Sustainability Reporting.

- During the assurance project carried out, nothing came to the attention of TÜV HELLAS which would lead to the conclusion that the Report does not meet to the requirements of the GRI G4 for the "In accordance-Core" Level, as reflected on the corresponding correlation table of GRI G4 Indicators.
- Nothing has come to the attention of TÜV HELLAS that would lead to the conclusion of the incorrect gathering or transferring of data concerning claims about selected indicators that are included to the Material Aspect "Occupational Health and Safety" section of the "Social" Category.

4. Review Limitations

The range of the review was limited to the activities of VASSILIKO CEMENT WORKS in Cyprus. No visits and interviews in subsidiaries and stakeholders of VASSILIKO CEMENT WORKS have been conducted. In case of any discrepancy in the translation between Greek and English version of the Sustainability Report, the Greek version shall prevail.

5. Review Methodology

In order to draw conclusions, the external assurance team of TÜV HELLAS conducted the following (indicative and not restrictive) methodology:

- Reviewed the procedures followed by VASSILIKO CEMENT WORKS to identify and determine the Material issues in order to include them within the Sustainability Report.
- Reviewed the VASSILIKO CEMENT WORKS consultation approach with its stakeholders through interviews with executives responsible for communication with the stakeholders at company level and review of selected documents.
- Reviewed the claims concerning selected indicators that are included in the Material Aspect "Occupational Health and Safety" section of the "Social" Category, in connection with the findings of the above steps and suggested improvements in the Sustainability Report where necessary.

6. Responsibilities and Functions

The Sustainability Team of VASSILIKO CEMENT WORKS carried out the Sustainability Report, thus, is exclusively responsible for the information and statements contained therein.

The Level Check conducted, as well as the provision of external assurance service about the accuracy of the claims concerning selected indicators that are included in the Material Aspect "Occupational Health and Safety" section of the "Social" Category, do not represent TÜV HELLAS' opinion related to the quality of the Sustainability Report and its contents.

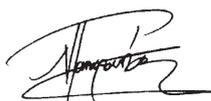
The responsibility of TÜV HELLAS is to express the independent conclusions on the issues as defined in the project scope and in accordance to the relevant contract. The project was conducted in such a way so that TÜV HELLAS can present to the Board of Directors of VASSILIKO CEMENT WORKS administration the issues mentioned in this report and for no other purpose.

7. Impartiality and Independence of the verification team

TÜV HELLAS states its impartiality and independence in relation to the project of assuring the Sustainability Report of VASSILIKO CEMENT WORKS. TÜV HELLAS has not undertaken work with VASSILIKO CEMENT WORKS and don't have any cooperation with the stakeholders of VASSILIKO CEMENT WORKS that could compromise the independence or impartiality of the findings, conclusions or recommendations. TÜV HELLAS was not involved in the preparation of the text and data presented in the Sustainability Report of VASSILIKO CEMENT WORKS.

Athens, November 12, 2018

For **TÜV HELLAS (TÜV NORD) SA**



Nestor Paparoupas
Sustainability Product Manager



AA1000
Licensed Assurance Provider
000-209

REPORT EVALUATION FORM

Vassiliko Cement Works invites all its stakeholders to assist in the annual drafting process of its Corporate Responsibility and Sustainable Development Report, by completing and returning the Report Evaluation Form given below.

The information will only be used by the competent Department of our company and your personal data will remain strictly confidential, in accordance with the Processing of Personal Data (Protection of Individuals) Law.

Which Vassiliko Cement Works stakeholder group do you belong to?

| | |
|---|--|
| Investor/Shareholder | NGOs/Citizen Organisations/Society |
| Employee (including Families and Trade Unions) | Mass Media |
| Customer | Academic Community/University / Research Organisation |
| Associate/Contractor/Supplier/Haulier/ Ship Crew | Neighbouring Company |
| Local Community | Competitor |
| Government Body | Final Consumer |
| Bank/Financial Institution/Creditor | Other (please specify)..... |
| Business Community | |

How do you evaluate overall the Report 2017? (please comment)

What is your overall impression of the Report?

| | Very good | Good | Average | Bad |
|---|-----------|------|---------|-----|
| Coverage of key topics regarding the activities of Vassiliko Cement Works | | | | |
| Completeness of quantitative data | | | | |
| Completeness and clarity of texts | | | | |
| Graphs | | | | |
| Balance between the Report's sections | | | | |

How would you rate the following sections of the Report? Please rate each section separately.

| | Very good | Good | Average | Bad |
|--|-----------|------|---------|-----|
| Vassiliko Cement Works | | | | |
| Our Strategy for sustainable development | | | | |
| Economic growth | | | | |
| Responsibility to our people | | | | |
| Responsibility to the market | | | | |
| Responsibility to the environment | | | | |
| Responsibility to society | | | | |

In your opinion, are there any sections which should be expanded in our next Report? Please indicate which ones:

How were you informed of the Corporate Responsibility and Sustainable Development Report of Vassiliko Cement Works?

Do you have any comments or suggestions for improvements that you would like to make?

Personal details (optional but useful)

| | |
|----------------------|--|
| Name and Surname: | |
| Company/Organization | |
| Position held: | |
| Tel.: | |
| Email: | |

Please return the completed evaluation form (by post or e-mail) to the following address:



VASSILIKO CEMENT WORKS

PUBLIC COMPANY LTD

Since 1963

Vassiliko Cement Works

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The Corporate Responsibility and Sustainable Development Report 2017 is available at: <http://vassiliko.com/>.

Last Report update: November 2018



TREE FREE - From nature without using trees

Printed on paper manufactured without the use of tree fibre. It is obtained with neutral pH, is acid free for long life and chlorine free and is ecological all the way.

Prepared with the support of





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