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**BUILDING VALUE,
STRENGTHENING
COMMUNITIES**

**Crescent Steel and
Allied Products Ltd.**

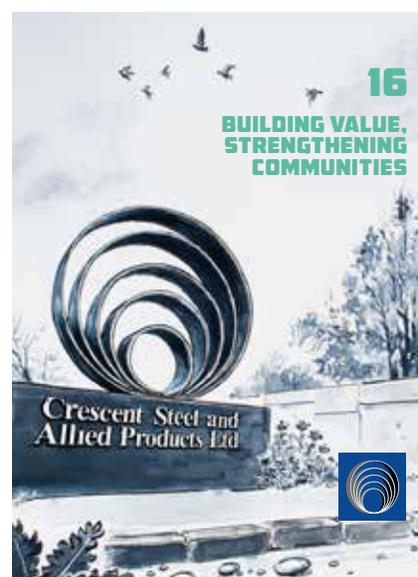


BUILDING VALUE, STRENGTHENING COMMUNITIES

Our 2016 Corporate Responsibility Report along with our 2016 Annual Report, provides a comprehensive look at the company's strategy and performance on economic, safety, environmental, social and governance programs and initiatives.

This year we strengthened communities by contributing towards the development of the Edulji Dinshaw Road - a public space for Karachiites, by continuing to support our community partners in education, healthcare and environmental care segments and, ensuring a safe workplace for our employees, engaging them in community activities and building on their skills.

We are proud of the progress made in our company's long-term sustainable performance program and honored to have been recognised for the quality of our economic, environment, social and governance performance and disclosure practices.



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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

We serve our stakeholders by integrating the pillars of sustainability – economic, social and environmental - into our work every day. We believe it's not just the right thing to do, but it's also good business.



Ahsan M. Saleem
Chief Executive Officer

This is the fourth year that Crescent Steel will be reporting on its Corporate Responsibility performance. I want to take this opportunity to reflect on the profound impact our industry and our company can have on people's lives and the central role that sustainability plays in allowing us to achieve that in a meaningful way. Reporting and accounting our sustainability performance enables us to continue to earn public trust, strengthen relationships with stakeholders and renew our social license to operate.

Focusing on our sustainability performance, our fourth Corporate Responsibility Report complements our Annual Report 2016 giving insight on what is material for the sustainability of our business and how sustainability is engrained in our corporate culture.

At Crescent Steel, we have a pragmatic approach to sustainability. We focus on identifying and putting into practice initiatives and programs that deliver real-world and lasting benefits under the three areas of our sustainability strategy.

We are committed to providing transparency about the decisions we make with regards to our economic, social and environmental matters. They are what we think about in our day-to-day operations and are fundamental to the way we approach our longer-term objectives and, we believe that transparency will only make us better.

Energy and water is tightly linked to the three dimensions of sustainable development: economic, environmental, and social. Energy and water security is essential to economic and social development and have a profound effect on lives everywhere. As a multi business Company we operate a line pipe manufacturing and pipe coating business, a machinery fabrication plant, a bagasse fired power plant, a steel melting and billet manufacturing facility and remain active investors in Pakistan's capital markets.

The ongoing energy infrastructure projects are material for our business and sustainability program. We have contributed to two major state led pipeline projects and both will help the government in addressing energy insecurity issues in the country by enabling an economical transfer of energy sources across the country. These line pipes will be laid as part of the LNG import infrastructure projects that are designed to transport 1,200 mcf per day to distribution networks across the country.

Since the 1980s, Crescent Steel has been an integral part of the Pakistan energy infrastructure landscape. From our earliest beginnings, our commitment has always been to deliver quality products efficiently and economically, and in doing so to provide fair returns to our shareholders and a desirable workplace for employees.

During the year we successfully commissioned a second spiral pipe plant and technological upgrades at our pipe plant to position ourselves for upcoming pipeline projects that are material to our business. We also commissioned our steel billet manufacturing unit – the unit will provide sustainable steel products to Pakistan's engineering sector. We upgraded our bagasse fired power plant with an extraction and condensing turbine to recapture steam and generate energy during off season periods. Our billet manufacturing and steel melting facility is equipped with an air pollution control system while the extracting/

condensing turbine will reuse steam to generate energy. Both initiatives will deliver measurable progress toward reducing our carbon footprint.

As one of the largest large diameter line pipe producers active in the country, we play a crucial role in developing the country's water and energy infrastructure and can make a meaningful impact by focusing on what we do best: safely provide reliable, quality line pipes and line pipe coatings in a manner that creates value for all stakeholders. In doing so, we must place sustainability at the centre of all our decisions, creating a framework that balances environmental, economic and social responsibilities – a framework that ensures our actions today and achieve our vision for tomorrow.

In FY16, we continued to build on the sustainability successes of past years, and also pursued some new opportunities. We continued to invest in an educated Pakistan, contributed towards accessible healthcare and emergency medical services and, continued to participate in and support environmental campaigns and programs.

This year we have also taken a role in progressing discussion around the development of public spaces. In early FY16 we had the opportunity to contribute to a

project that sought out to transform a busy and neglected road into a public space for the citizens of Karachi. The site, known as the Edulji Dinshaw Road, runs alongside the Custom House and Karachi Port Trust buildings and is frequented by visitors to the nearby buildings and residents of the area. During the year construction work brought the design idea to life and gave Karachi a striking public space.

In 2016, we built on these efforts. We reaffirmed Crescent Steel's commitment to our corporate vision of delivering sustainable value to all stakeholders. During the year,

Crescent Steel pledged its support for the 17 Sustainable Development Goals (SDGs) set by the United Nations which include promoting sustainable economic growth, infrastructure, and energy solutions.

Our businesses continue to provide equal opportunity employment to hundreds of people across Pakistan. Our priority towards society and people is effectively integrated with our business offering and how we work on a day to day basis. We engage and mobilize our staff, community, and business partners and strive to make meaningful impact in the communities where we operate. We are guided by our mission, principles, and values which include earning the trust of our stakeholders by exhibiting integrity and embracing transparency.

In 2016, our employees led the way when it comes to business sustainability, working long shifts to deliver quality line pipes efficiently and safely, delivering expansion projects across the Group, volunteering time in our communities and continued to donate generously to charitable organisations through the Crescent Matches program.

Crescent Steel is already leading by example on transparent and voluntary reporting practices. Stakeholders appreciate a set of metrics that extends beyond financial indicators and addresses social, environmental and human-capital objectives while explaining our business and longer-term goals. We are committed to elevating our reporting and plan to take an integrated approach to financial and sustainability reporting as we develop in this area.

I would like to thank the employees of Crescent Steel for holding themselves true to our guiding principles and our values.



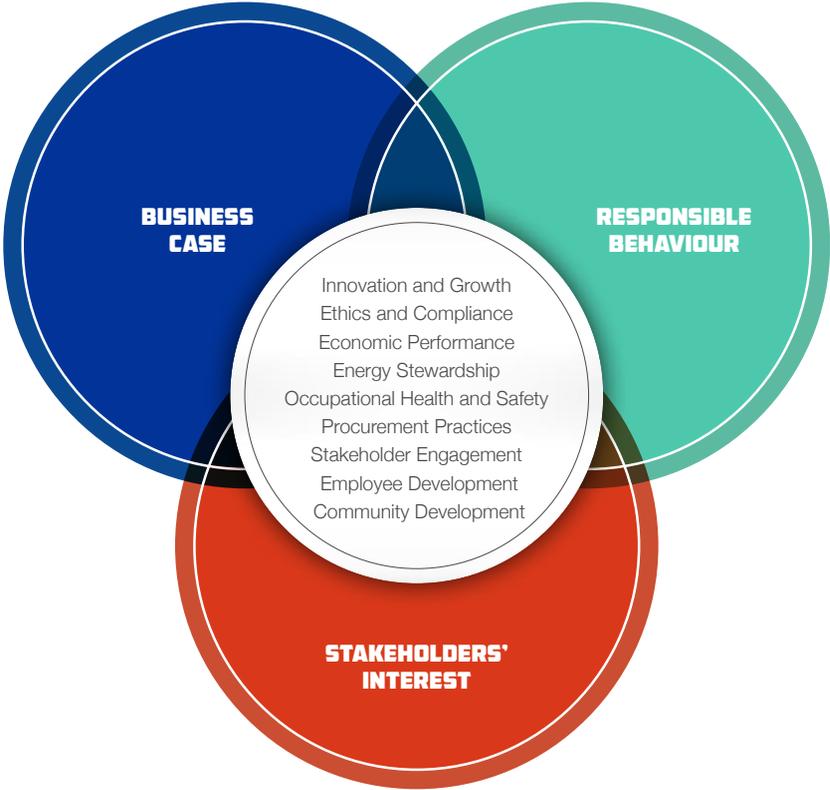
Ahsan M. Saleem

Managing Director and Chief Executive Officer

ABOUT THE REPORT

Starting as a steel line pipe manufacturer in 1983, Crescent Steel today has diversified businesses across capital markets, engineering, textile, and energy sectors. This report covers the performance of each of our businesses.

MATERIAL ASPECTS



Guided by our corporate vision of delivering value, we aim to contribute to the sustainable development of society through our business activities and products.

As a corporate citizen, Crescent Steel is committed to all stakeholders- including customers, shareholders, employees and the communities where the Company does business—to deliver sustainable value for all.

This approach to corporate social responsibility is called “Crescent Cares”. Through Crescent Cares, Crescent Steel aims to be recognized by its stakeholders as a company that lives up to the expectations of society. To share the Company’s CSR-related thinking and activities, each year

Crescent Steel publishes a Corporate Responsibility Report. By incorporating feedback from stakeholders and sharing this information, the Company increases the level of transparency of its actions while creating opportunities to improve its activities.

The report has been developed based on G4 guidelines of Global Reporting Initiatives (GRI) on the principles of stakeholder inclusiveness, sustainability context, materiality and completeness and, ICAP’s Sustainability Report Evaluation Criteria.

MATERIALITY

DEFINING WHAT IS MATERIAL TO OUR PERFORMANCE

We continually identify and monitor the risks to our business and listen closely to our stakeholders to understand from these two perspectives what is important to the sustainability of Crescent Steel's business. We use the Global Reporting Initiative's terminology, Material Aspects, to report on what is important—or material to us.

Our reporting covers the management of these aspects, and the performance achieved. Our annual strategy and performance review process helps to identify activities that Crescent Steel undertakes that are of most interest and

importance to our business and to our stakeholders. We believe if we manage these Material Aspects well, we can be confident of a successful and more sustainable business.

This Corporate Responsibility Report provides information about how we manage Material Aspects, in particular those which are the most relevant and topical for the financial years 2017-2019. To assist stakeholders in comparing our performance to others, we have followed the Global Reporting Initiative framework.

Defining our material aspects requires a deep understanding of our business and stakeholders' interests. We expect our material aspects to evolve through regular performance reviews and monitoring already integrated into our processes and, ongoing consultation across our stakeholder base.

Our strategy and performance review process assesses material aspects of our businesses in two timeframes: the previous 12 months and next three years. The figure represents material aspects including those areas that are likely to become more material in the coming years. The results of our materiality assessment will be informing our work on corporate responsibility in 2017 and beyond.

MATERIAL ASPECTS

A detailed materiality assessment reviewed for 2017 has identified 27 key issues for our business. All deserve focus, but six priority issues have emerged as focus areas for fiscal years 2017-2019:

- energy infrastructure developments in Pakistan, in particular the LNG projects and other gas import infrastructure projects
- accountable and transparent governance
- keeping our people safe
- developing our people including achieving gender diversity and employee engagement
- our financial performance
- community development

the following aspects are likely to become more prominent in the next 3 years:

- stakeholder engagement
- ethics
- water
- unlocking growth/local infrastructure development progress
- our ageing workforce
- product responsibility
- resource efficiency

We anticipate employee engagement and investment in training and development to become less significant as we continue to address these areas.

We believe that effectively strategizing and managing these material aspects will lead to long term organizational sustainability. Furthermore, we expect our material aspects to evolve through internal monitoring and ongoing consultation with our stakeholders.

All performance indicators on these material aspects have been reported based on actual data except for a few environmental key performance indicators which have been reported on the management's best estimates using globally accepted methodologies and assumptions.

This report revolves around our approach and performance on these material aspects.

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- **Editorial Policy:** Crescent Steel publishes an Annual Corporate Responsibility Report as a way of sharing information on its sustainability-related activities with stakeholders. This year's report reviews the progress and results achieved in fiscal year 2016, focusing on the Company's approach and sustainability strategies on the management of economic, social, human and natural capitals.
 - **Scope of the Report and Period Covered:** This report covers the performance of our Group Companies and Business Units including Steel, Engineering, Textile, Energy, and Investment and Infrastructure Development portfolios. The report covers fiscal year 2015-16; content that describes efforts outside this period is indicated in the respective sections.
 - **Organization:** Crescent Steel and Allied Products Limited and its subsidiary companies. Significant location of operation is Pakistan.
 - **Referenced Reporting Guideline:** G4 Guidelines issued by the Global Reporting Initiative (see Content Index for complete GRI guideline table relevant to this report) and ICAP and ICMAP evaluation criteria.
 - **Date of Previous Report:** Corporate Responsibility Report 2015, issued 7 September 2015.
 - **Reporting Cycle:** Annually since 2013.
 - **Point of Contact:** For queries and clarifications on this report, please contact Mr. Abdul Wahab, Group Manager, Accounts at: abdul.wahab@crescent.com.pk
 - **Note:** For details on 'defined benefit and contribution plans for employees', 'organizational profile' and 'governance' (as required by General Standard Disclosures of G4 guidelines), please refer to our Annual Report 2016.

INSPECTION OF PIPE



ABOUT THE COMPANY

VISION

To be the leaders in every business we do, by delivering sustainable value to all stakeholders.

MISSION

- To grow and enhance company value, and pursue new growth opportunities
- Maintain cost and quality leadership in an internationally competitive environment
- Promote best use of human talent in a safe environment, as an equal opportunity employer
- To conduct business as a responsible corporate citizen and to seek and support local communities with focus on education, health and environment

CORE VALUES

Our core values are at the heart of our business because they define who we are, how we work, what we believe in and what we stand for. Our core values set out how we act and how we expect to be treated as part of Crescent Steel.

 INTEGRITY	 OWNERSHIP	 CUSTOMER FOCUS	 CONTINUOUS IMPROVEMENT	 COMMUNITY CARE
CONSISTENTLY DOING THE RIGHT THING	ACTING WITH STEWARDSHIP	LEVERAGING RELATIONSHIPS FOR OUT-PERFORMANCE	CONTINUOUS IMPROVEMENT GIVES US COMPETITIVE ADVANTAGE	SOCIAL RESPONSIBILITY IS AT THE HEART OF OUR BUSINESS
Being ethically unyielding and honest in the way we conduct business.	To build a better, stronger and more dynamic organization.	Delivering value through responsiveness to internal and external customers.	Fostering collaboration, innovation, and creativity as individuals and as teams.	Enabling change in communities where we operate through impact investment programs.

OUR BUSINESS

Incorporated in 1983 as a steel line pipe manufacturing business, today Crescent Steel is a conglomerate corporation listed on Pakistan Stock Exchange. Crescent Steel now has diversified businesses in various sectors with campuses spread across Pakistan.

Our businesses are structured as separate units: Steel and Engineering, Crescent Cotton Products, and Investment and Infrastructure Development (IID) and, four subsidiary

Companies: CS Capital (Private) Limited, Shakarganj Energy (Private) Limited, Crescent Hadeed (Private) Limited, and Solution de Energy (Private) Limited.

STEEL DIVISION

The Steel Division operates two Spiral Pipe production lines and a Coating line and a machinery fabrication facility (Shakarganj Engineering). The pipe plant in Nooriabad specializes in manufacturing large diameter spiral welded pipes and various line pipe coatings. Shakarganj Engineering, located in Faisalabad, capable of fabricating and erecting reliable machinery at par with international standards.

LINE PIPE MANUFACTURING

The plant's annual notional capacity on single shift has more than doubled from 30,000 tons in 2015, based on 30" diameter x 1/2" thickness, to 66,667 tons with the commissioning of Unit 2 in June 2016. The actual production achieved during the year was 58,202 tons of line pipes of varied sizes and thickness, with one unit operating multiple shifts [2015: 2,837 tons].

Converting to 1/2" thickness and 30" diameter, the actual production is equivalent to 66,811 tons [2015: 13,590 tons].

Hot rolled coils are processed and converted into Submerged Arc Welded Helical Seam line pipes. If required, internal and/or external coating is applied and line pipes are supplied primarily to public utility companies for use in the national oil and gas transmission network and, to other customers.

SUPPLY CHAIN - Bare Line Pipes



01

HR Coil is imported from steel manufacturers



02

Crescent converts HR Coil to steel line pipes



03

Bare pipes are delivered to end-users or processed for coating



04

The end-product is used in the oil, gas, water, and sewage transmission pipelines with small quantities used for infrastructure piling

COATING PLANT

In addition to providing an alternate revenue stream, the coating plant supports the line pipe manufacturing unit enabling us to cater to customer requirements for coated pipes. The coating plant is capable of applying multi-layer internal and external coatings. External coatings include Multi-Layer Polyolefin Coating, Fusion Bonded Epoxy, Tape Coating and Liquid Epoxy Coating while internal coatings include Anti-Corrosion Epoxy Coatings, Flow Efficiency Coating (FEC) and Cement Lining.

The coating plant has a capacity of externally shot blasting and coating line pipes with 3 layer high/medium density polyethylene coating at a rate of 250 square meters per hour on pipe sizes ranging from 114 mm to 1,524 mm in outside diameter and thickness range of 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" diameter on single shift working. Coating of 216,070 meters [2015: 79,764 meters] of different diameter pipes (590,738 square meters surface area) was achieved during the year [2015: 90,735 square meters surface area].

ENGINEERING UNIT

The Engineering Unit, established in 2005 and acquired by Crescent Steel in 2009, is located in Faisalabad.

Our engineering workshop fabricates machinery and spare parts on design specifications it owns, or as provided by the customers, for various local industries especially in the food and cement sectors. The raw material, mainly metal sheets, are procured and converted into industrial equipment. This unit was leveraged in the commissioning of our steel melting and billet manufacturing unit with supplying key infrastructure and equipment to the plant including the overhead crane. Our engineering product offering includes:

- Cane Shredders
- Juice Heaters, Vapour Juice Heaters
- Evaporators with Stainless Steel Multi-jet Condensers
- Batch and continuous vacuum pans
- Crystallizer "U" shape
- Centrifugal Machines
- Stainless Steel Spray Clusters for spray pond
- Deep Bed Filters
- Milk Silos
- Hydraulic Tilting Trolleys for cane harvesting.
- Perforated Plates and Vibro Screens for Paper Plants.
- High Voltage Transformer Tanks
- High Pressure Boilers
- Fabrication and Erection of Heavy Duty Crane Girders
- Fabrication and Erection of Steel Structure of Continuous Casting Machine
- Fabrication and Erection of Steel Structure, Hood Duct line with Chimney of Air Pollution Control

SUPPLY CHAIN - Internal and External Pipe Coatings



01

Crescent Steel receives bare pipes from clients/Crescent Steel's line pipe manufacturing unit



02

External and/or internal coating is applied to bare pipes



03

Coated pipes help improve flow efficiency, reduce material and energy use, enhance durability and help manage future costs better

ENGINEERING UNIT: SUPPLY CHAIN - Industrial Equipment

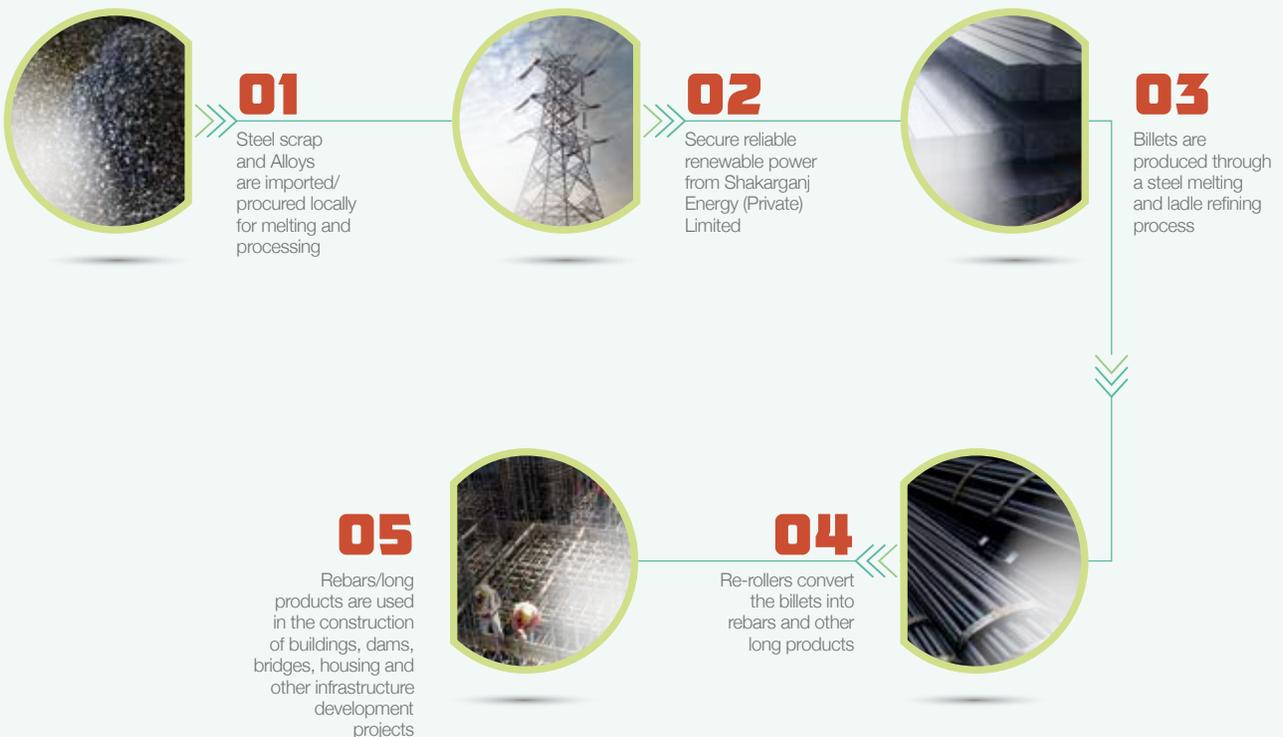


CRESCENT HADEED

Crescent Hadeed (Private) Limited (CHL) was incorporated in 2013 and commercial production commenced in June 2016. The principal business of CHL is the manufacturing and sale of various grades of steel billets through steel induction melting plant. The plant's installed / rated capacity for production based on three shifts is 42,000 metric tonnes

of steel billets per annum in various sizes and at standard length of 6 meters. The actual production achieved during the year was 4,764¹ metric tons. These steel billets are used by re-rolling mills as raw materials to manufacture reinforced steel bars, angles, channels, sections and other steel products for use in the construction and engineering sectors.

SUPPLY CHAIN - Steel Long Products



¹ Inclusive of 2,126 metric tons of trial production.

CRESCENT COTTON PRODUCTS

Crescent Cotton Products, acquired in 2000, is the textile division of the Company, located in Jaranwala with 19,680 spindles. It has a production capacity of 385 bags per day and specializes in producing high quality cotton/synthetic and blended carded yarn in various counts.

CCP is a division of the company but its operating results are shown separately, CCP as a division holds ISO 9001 Quality Management Credentials, is registered with Ministry of Textile Industry Pakistan and is a member of International Cotton Association Limited (ICA Limited) and All Pakistan Textile Mills Association (APTMA). CCP produces quality cotton/ synthetic yarn with value addition of Slub, Siro and Compact Attachments. CCP is equipped with modern high-tech European and Japanese machinery ensuring a high-quality yarn making process, producing various counts.

The Cotton Division's production capacity converted to 20s, as per spinning plan of Cotton yarn is 6,452,874 kilograms whereas on Polyester Cotton Yarn is 8,298,913 kilograms. Actual production converted into 20s count was 330,519 kilograms [FY15: 5,082,052 kilograms]. The Plant was in-operational for 11 months due to BMR activities to improve production system and upgrade machinery as well as challenging market conditions. After analysing market situation it was decided to shift operations from cotton yarn to Polyester Cotton (Pc) and Polyester Viscose (Pv) blends.

The supply chain for cotton apparel is complex. Farmers grow and harvest cotton. Raw cotton is sold by farmers to the ginning industry where cotton lint is separated from seeds and trash. Ginned cotton is sold through agents in the local and international markets to spinning mills. We obtain cotton lint in bulk from cotton agents and convert it to yarn based on global standards.

As far as synthetic fibre is concerned, we purchase directly from synthetic fibre manufacturer, which is produced by continuous polymerization process and available in different cut lengths from 32 mm to 51 mm, procured as per quality requirement. Viscose is imported from different countries like Indonesia, Taiwan, and India and is also available locally with stockists.

The yarn we produce at Crescent Cotton Products is sold to fabric manufacturers who weave or knit the yarn into fabric and sell it for further processing to garment manufacturers to process, design, and manufacture finished goods for end consumers.

SUPPLY CHAIN - Cotton Yarn



01

Farmers grow and harvest cotton crop. Raw cotton bolls are picked and sold to ginners



02

Ginners separate lint from seeds and other materials



03

Middle market of lint cotton (agents / intermediaries)



04

Crescent Cotton Products procures cotton and synthetic fibre from local agents / manufacturer and international suppliers. The cotton and synthetic fibre is mixed and spun into various counts



05

Yarn is sold to weaving and knitting units that convert yarn into fabric



06

Fabric is dyed or printed for finishing



07

Garment manufacturers design and manufacture the fabric into finished product



08

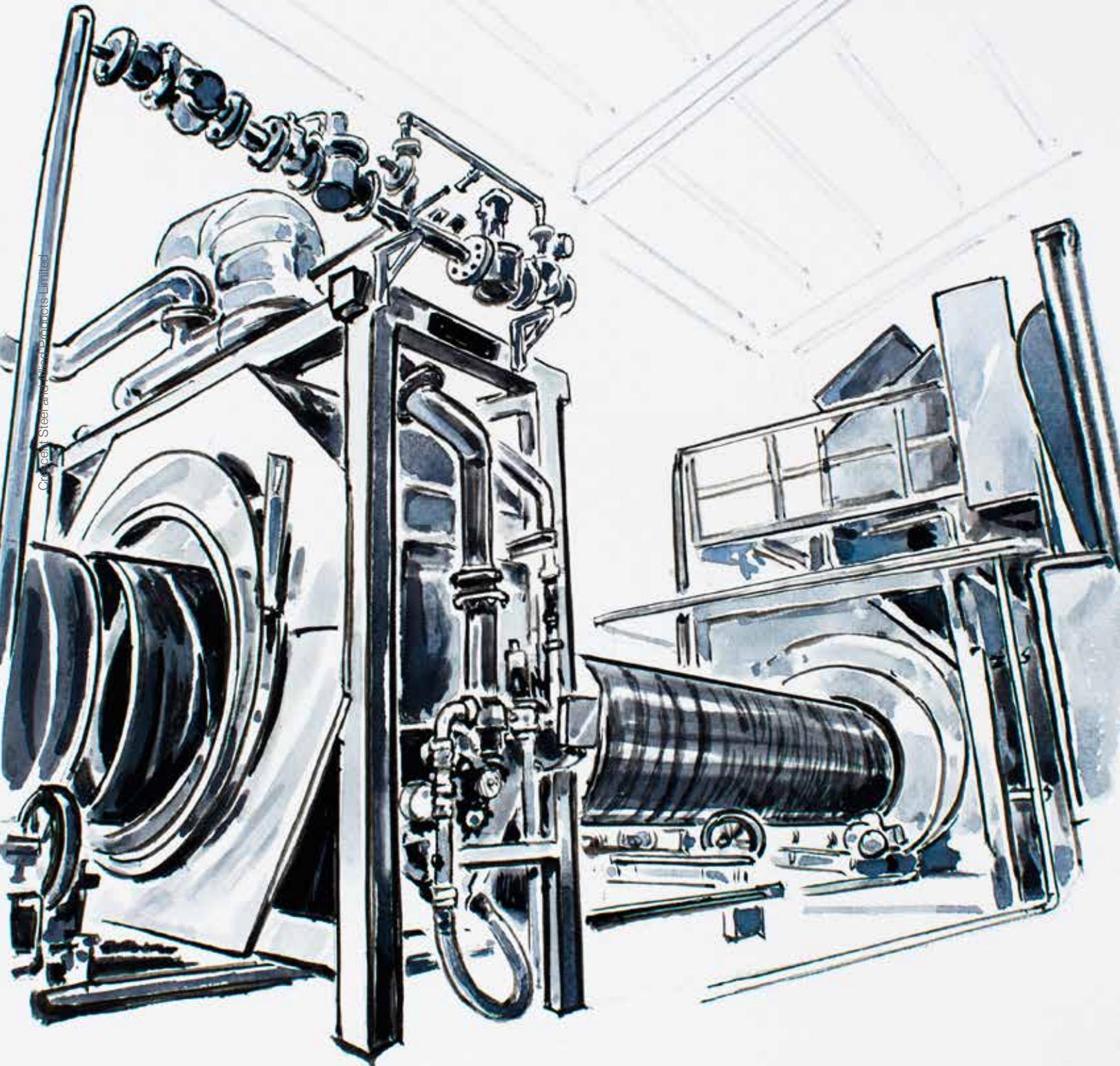
Retailers / whole sellers sell garments



09

Consumers use final product

PREHEATING AND SHOT BLASTING OF PIPE



SHAKARGANJ ENERGY

Shakarganj Energy (Private) Limited, acquired in 2010, commenced commercial operations in December 2014. The unit operates a bagasse fired thermal cogeneration power plant capable of producing 14 megawatts of electricity and Extraction / Condensing power plant capable of producing 16.5 megawatts of electricity for off-season operation. The principal activity of the unit is to generate, accumulate, distribute, sell and supply electricity to Crescent Hadeed and to distribution companies as permitted. The power plant is catering the energy needs of our billet manufacturing unit, Crescent Hadeed (Private) Limited and supply reliable renewable power to the national grid.

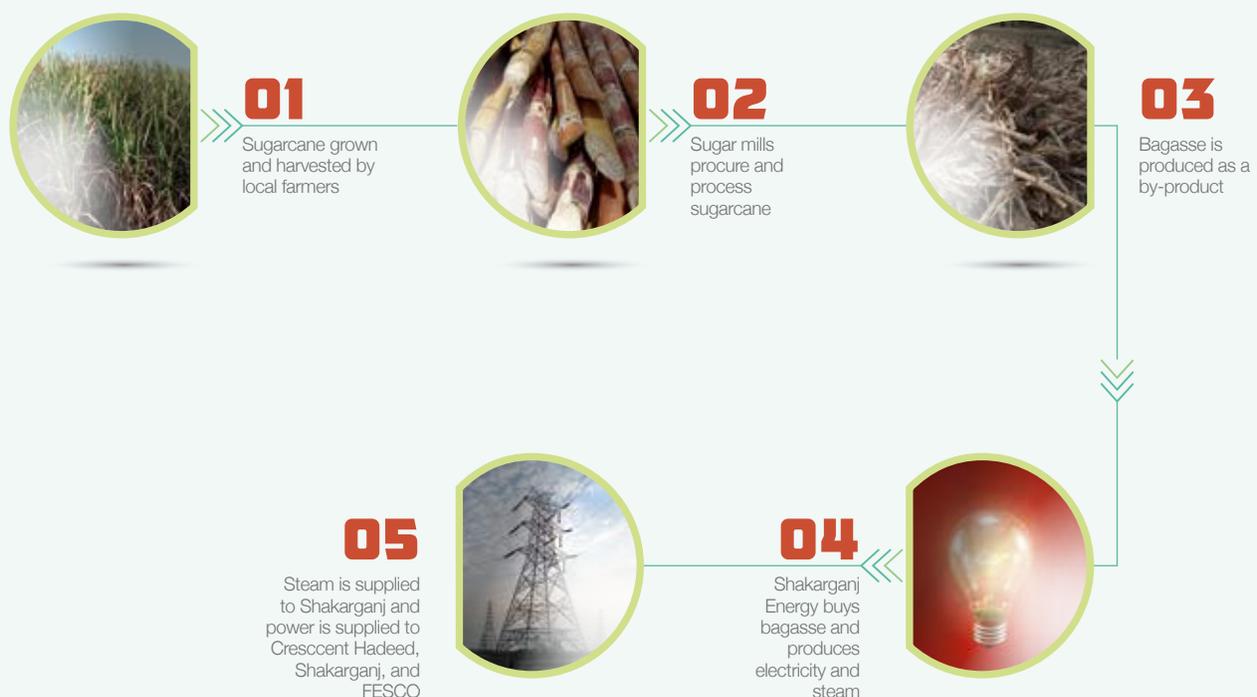
The supply chain starts from the acquisition of sugar cane from the farmers / intermediary market. Bagasse, a by-product of sugar cane processing, is an alternate source of power. Shakarganj Energy purchases bagasse and uses it as a fuel to generate electricity. During the period, 40,486 tons of bagasse [FY15: 51,705 tons] and 78,984 tons of water [FY15: 94,191 tons] were used for the generation of 6,474² Mwh power [FY15: 8,002 Mwh] of which 2,981 Mwh, 3,493 Mwh and 0 Mwh [FY15: 6,421 Mwh, 0 Mwh and 1,580 Mwh] was sold to Shakarganj Limited, Crescent Hadeed (Private) Limited and Faisalabad Electric Supply Corporation, respectively. 49,930 tons [FY15: 91,959 tons] of steam was also supplied to Shakarganj Limited.

RENEWABLE ENERGY

Solution de Energy (Private) Limited was incorporated as a subsidiary of Shakarganj Energy (Private) Limited in October 2013. The project aims to develop, own, operate and maintain 100 MW solar power project in Solar Power Park, being established by the Government of Punjab in the Cholistan desert.

The Company has been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and currently the Company is in the phase of completing the requirements specified in LOI. Further, the Company has been allocated land from PPDB. Also, interconnectivity study report has been completed and submitted for NTDC vetting. PPDB will approve the feasibility study after the vetting of interconnectivity study by NTDC.

SUPPLY CHAIN - Power

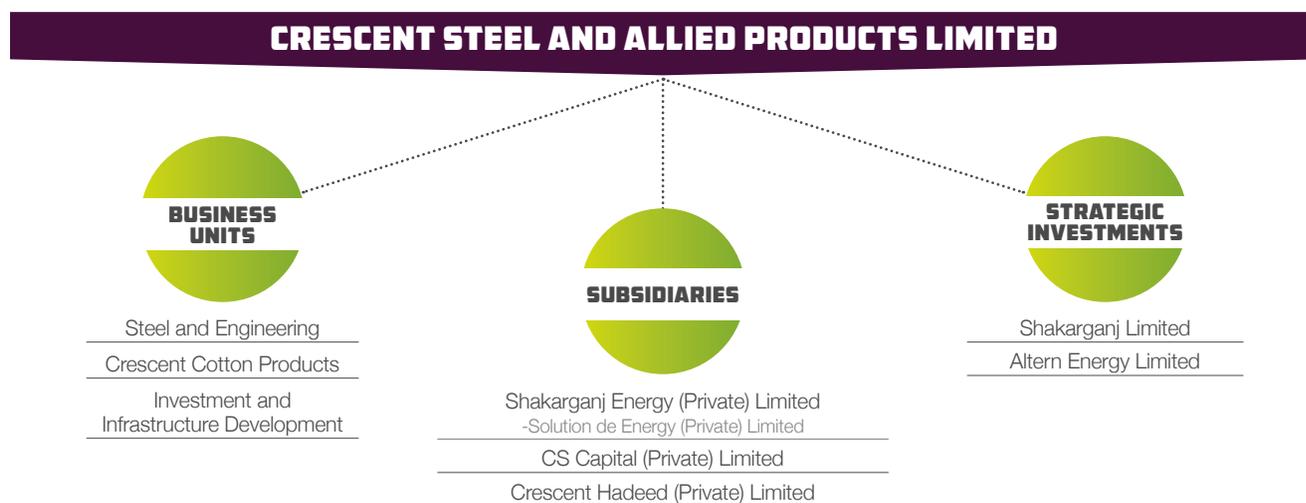


² Inclusive of 1,057 metric tons of trial production.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The Investment and Infrastructure Development Division manages investment portfolios of stocks, securities, real estate and commodity investments. The division also operates a wholly owned subsidiary CS Capital (Private) Limited, a fully owned subsidiary incorporated in 2011. The portfolio is balanced in a way that spreads risk over a diversified spectrum and offers potential for growth as well as dividend yields, while real estate investments are held for rental as well as long term appreciation. The unit supports the Company's bottom line and in addition to capital gains and maintains a stable flow of rental and dividend income to support the working capital requirements of our business.

AN OVERVIEW OF FISCAL YEAR 2016



If we comply with all obligations imposed upon us and those we choose to impose on ourselves, we can be confident our business is being managed sustainably.

Our success as a business can bring important flow of benefits to other companies and the Pakistan economy, particularly as we pay for products and services from other businesses such as electricity providers, network providers, infrastructure owners, and various other service providers.

The operations of our divisions and subsidiaries extend across Pakistan. We mainly serve public sector organizations and industrial outlets.

During the current fiscal year we sold 62,527 tonnes of steel pipes [FY15: 3,338 tonnes], coated 589,328 square meters [FY15: 125,917 square meters] of steel pipes, 330 tons of yarn [FY15: 5,923 tonnes] and 137 tonnes of cotton [FY15: 329 tonnes] locally and exported no yarn [FY15: 91 tonnes], no fabric [FY15: 295,000 meters] and no cotton [FY15: no cotton], 1,289 machines and equipment units [FY15: 3,441 machines and equipment units] were sold during the year. Generated and sold 6,474 MWh power [FY15: 8,002 MWh] and 4,333³ tonnes of billets during the year.

We made investments of Rs. 423.3 million [FY15: Rs. 949.6 million] and realised gains of Rs. 71.2 million [FY15: Rs. 178.8 million] through sale of investments, dividend and rental income.

Our revenues were Rs. 9.3 billion [FY15: Rs. 2.9 billion] of which Rs. 5 billion [FY15: Rs. 2.1 billion] constitute payments to suppliers making a value addition of Rs. 4.3 billion [FY15: Rs. 851 million]. We distributed a significant part of the value we create to the Pakistani community through the payment of taxes and levies to provincial and federal governments, and for the year these accounted Rs. 2.3 billion [FY15: Rs. 211 million]. We have defined Benefit and Contribution Plans for our employees⁴ and during the year we distributed Rs. 345 million in wages and benefits to our workforce of 966 employees [FY15: 267 million across a workforce of 397 employees]. We distributed Rs. 71 million [FY15: Rs. 9.1 million] in the form of community investments and, Rs. 642.1 million [FY15: Rs. 130.8 million] to capital providers through interest and dividend payments.

As a business, we believe it is important to create and sustainably distribute value among our key stakeholders.

RELATED MATERIAL ASPECT – Economic Performance, G4-EC3

Coverage of the organization's defined benefit plan obligations

RELATED MATERIAL ASPECT – Indirect Economic Impact, G4-EC7

Development and impact of infrastructure and services supported

³ Inclusive of 1,598 tonnes of sales during trial production.

⁴ For detail please refer to Note 5.12.2-Rost Retirement Benefits, in the Consolidated Financial Statements.

AN OVERVIEW OF OUR PERFORMANCE



- Total Sales of Rs. 7,575 million
- Profit before-tax as at 30 June 2016 - Rs. 1,499 million
- Taxes paid Rs. 2,297 million– 30% of sales
- Remuneration to employees constitutes 5% of revenue
- Goods and services purchased constitutes 67% of sales



- 960+ employees across locations in which we operate
- 11%+ employees in formal training programs; average training of 1 hour per employee across all tiers
- 0 harmful injury across our sites
- 490+ local and 70+ foreign contractors/service providers.



- 1,300+ volunteer hours donated by our employees
- 7,700+ trees planted since 2008



- Rs. 246.4 million gifted to support The Citizens Foundation to help educate Pakistanis since 1995
- Rs. 55.6 million gifted to support good causes in education during the year
- * Rs. 71 million in value distribution, an increase of 7.7 times from prior year

AWARDS & ACCOLADES

SAFA'S BEST PRESENTED ANNUAL REPORT AWARDS 2014

1ST in the Diversified Holdings Sector

EMPLOYER'S FEDERATION OF PAKISTAN'S 3RD EMPLOYER OF THE YEAR AWARD 2014

2ND in the category of Human Resource Development

CORPORATE AND SUSTAINABILITY REPORT AWARDS 2014 (ICAP AND ICMAP)

3RD position in the Engineering Sector for Corporate Report 2014

2ND position for Sustainability Report 2014

HIGHLIGHTS OF OUR ECONOMIC CONTRIBUTIONS

PERFORMANCE INDICATORS

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS **2016** 2015 2014 2013 2012 2011 2010

A - PROFITABILITY RATIOS

Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	1,914.4	389.4	902.5	1,316.6	703.6	1,151.0	1,022.2
Profit before taxation and depreciation (Rs. in millions)	1,653.4	295.1	802.3	1,251.3	582.7	995.2	889.8
Gross profit ratio (%)	26.6	0.9	5.7	13.0	12.9	18.4	22.1
Operating profit margin to sales (net) (%)	18.6	2.2	11.5	19.1	7.8	17.5	22.3
Net profit / margin to sales (net) (%)	14.8	8.7	13.7	17.8	11.9	14.5	14.4
EBITDA margin to sales (net) (%)	25.3	16.9	22.4	26.3	17.8	26.2	27.6
Operating leverage ratio	2.6	1.6	1.8	4.4	4.1	0.9	63.1
Return on equity (%)	15.3	3.7	10.5	18.0	11.7	17.8	17.4
Return on average equity (%)	17.7	3.8	10.8	19.9	12.4	19.2	19.0
Return on capital employed (RoCE) (%)	17.1	4.2	14.4	22.5	12.8	22.0	21.4
Return on average capital employed (%)	21.5	4.4	14.6	25.0	12.7	23.4	22.2
Return on average assets (%)	12.3	3.1	9.8	16.3	9.4	13.1	11.9

B - LIQUIDITY RATIOS

Current ratio	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1
Quick / Acid-test ratio	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1
Cash to current liabilities (%)	(6.8)	(18.9)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)
Cash flows from operations to sales (%)	(31.0)	4.1	4.3	(1.7)	11.1	4.1	12.3
Working capital (Net current assets)	2,095.1	929.3	1,123.6	1,340.9	856.4	595.2	384.7
Working capital turnover (times)	5.0	2.2	3.3	4.6	5.4	9.0	10.7

C - ACTIVITY / TURNOVER RATIOS

Debtors turnover ratio (times)	28.4	30.7	28.1	17.7	15.3	20.9	20.5
No. of days in receivables / Average collection period (days)	13	12	13	21	24	18	18
Inventory turnover ratio (times)	3.7	5.3	7.1	7.0	4.8	3.8	3.5
No. of days in inventory (days)	98	69	51	52	76	95	104
Creditors turnover ratio (times)	20.0	8.5	29.3	19.9	15.9	22.3	14.0
No. of days in creditors / Average payment period (days)	18	43	12	18	23	16	26
Property, plant and equipment turnover (times)	3.1	1.1	2.9	3.9	3.6	3.1	2.9
Total assets turnover (times)	0.7	0.3	0.7	0.9	0.8	0.9	0.8
Operating cycle (days)	93	38	52	55	77	96	96

D - INVESTMENT / MARKET RATIOS

Basic and diluted earnings per share (Rs.)*	15.05	2.87	7.93	12.77	6.75	9.17	7.67
Price earnings ratio (times)*	7.6	18.1	5.5	3.5	3.4	2.8	3.3
Dividend yield (%)**	4.4	1.3	5.7	7.8	8.6	13.4	12.0
Dividend payout ratio (%)**	34.6	21.7	28.1	28.5	24.0	30.9	31.7
Dividend cover ratio (times)***	3.0	4.1	3.2	3.6	3.4	2.6	2.6
Cash dividend (Rs. in millions)	388.2	43.5	155.3	197.6	112.9	197.6	169.4
Cash dividend per share (Rs.)**	5.0	0.7	2.5	3.5	2.0	3.5	3.0
Stock dividend / Bonus shares (Rs. in millions)	-	-	-	56.4	-	-	-
Stock dividend / Bonus shares (%)	-	-	-	10.0	-	-	-
Market value per share (at the end of the year) (Rs.)	114.6	51.9	43.5	45.0	23.2	26.1	25.1
- Lowest during the year (Rs.)	54.6	34.9	43.5	21.6	18.0	23.8	18.0
- Highest during the year (Rs.)	134.8	62.4	74.8	54.5	28.5	31.7	34.0
Break-up value per share (Rs.)	94.3	86.8	84.5	79.8	64.7	58.0	49.6

E - CAPITAL STRUCTURE RATIOS

Financial leverage ratio (%)	39.9	12.8	6.3	9.8	9.0	23.6	27.2
Long term debt to equity ratio (%)	6.4	5.3	1.2	0.7	0.5	3.6	-
Cost of debts	8.4	10.9	13.7	14.4	16.7	16.5	14.4
Long term debt : Equity ratio	6 : 94	5 : 95	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100
Total liabilities to total assets (%)	36.0	21.1	14.9	15.6	21.1	26.6	37.1
Gearing ratio (%)	28.0	9.8	3.4	7.6	6.8	18.7	17.5
Interest coverage (times)	6.9	2.9	8.5	19.5	5.1	6.8	6.9

Notes:

* The basic and diluted earnings per share for prior years have been restated to take into account the right issue during the year ended 30 June 2016.

** This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

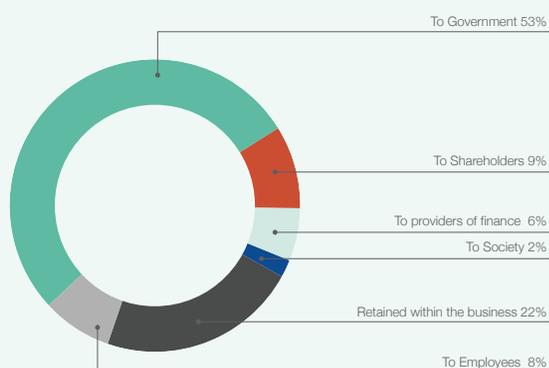
*** This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end and prior years have been restated to take into account right issue during the year end 30 June 2016.

STATEMENT OF VALUE ADDITION

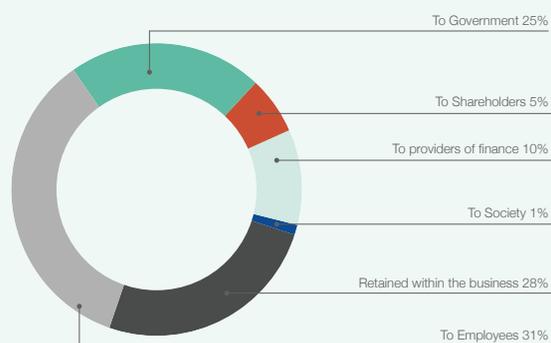
	2016		2015	
	Rupees in '000	%	Rupees in '000	%
WEALTH GENERATED				
Total revenue	9,337,070	100%	2,921,879	100%
Bought-in-material and services	(5,036,026)	54%	(2,070,656)	71%
	4,301,044	46%	851,223	29%
WEALTH DISTRIBUTED				
<i>To Employees</i>				
Salaries, wages and other benefits	345,057	8%	266,935	31%
<i>To Government</i>				
Income tax, sales tax, custom duties, WWF and WPPF	2,296,860	53%	210,678	25%
<i>To Shareholders</i>				
Dividend *	388,163	9%	43,474	5%
<i>To providers of finance</i>				
Finance costs	253,921	6%	87,315	10%
<i>To Society</i>				
Donation towards education, health and environment	70,892	2%	9,148	1%
<i>Retained within the business for future growth</i>				
Depreciation, amortization and retained earnings	946,151	22%	233,673	28%
	4,301,044	100%	851,223	100%

* This includes final dividend recommended by the Board of Directors subsequent to year end.

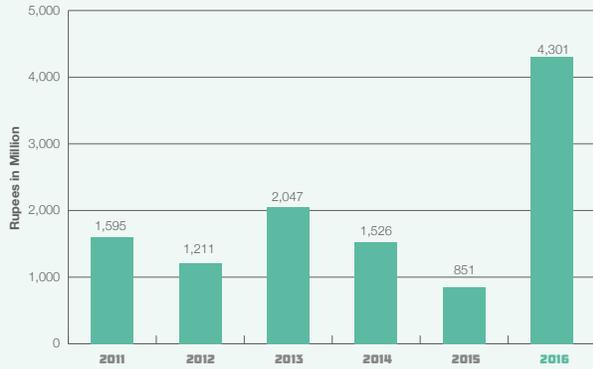
DISTRIBUTION OF WEALTH 2016



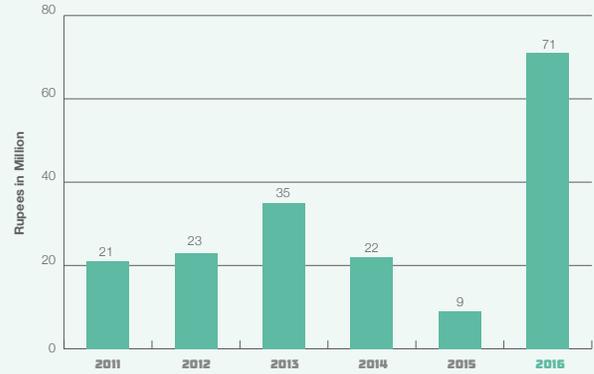
DISTRIBUTION OF WEALTH 2015



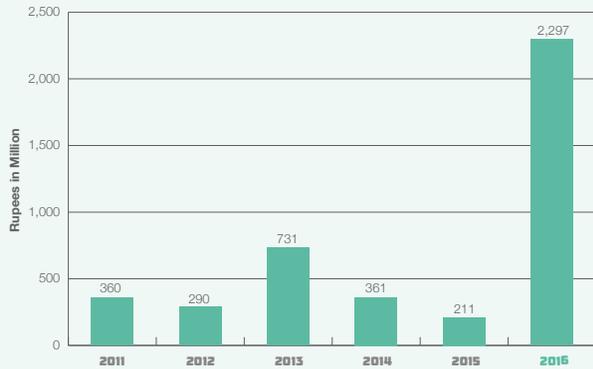
NET WEALTH GENERATED



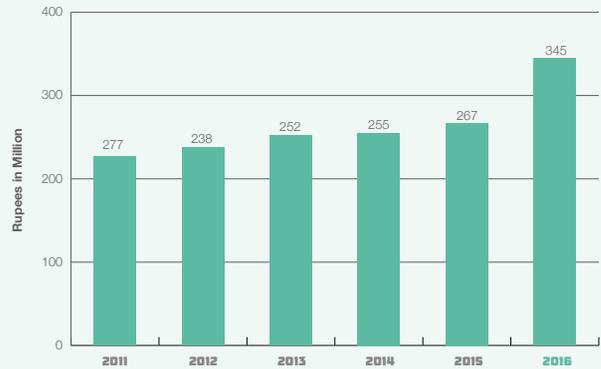
SOCIAL INVESTMENT



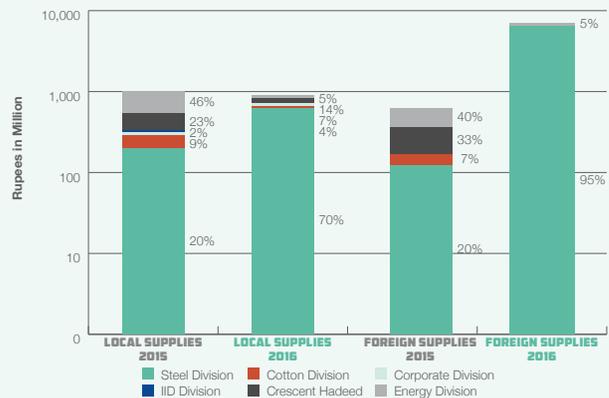
CONTRIBUTION TO EXCHEQUER



CONTRIBUTION TO EMPLOYEES



COMPOSITION OF LOCAL AND FOREIGN SUPPLIES



	Rs. in million	In percentage
Purchases in 2016		
Local Vendors	914	12%
Foreign Vendors	6,561	88%
Total	7,475	
Purchases in 2015		
Local Vendors	964	62%
Foreign Vendors	599	38%
Total	1,563	

RELATED MATERIAL ASPECT – Procurement Practices G4-EC9
 Proportion of spending on local suppliers at significant locations of operation

SUSTAINABILITY ROADMAP

Sustainability has always been a core part of our business strategy and forms the foundation of long term business success. In this report we have showcased our commitment to sustainability with numerous examples.

Sustainability may be a relatively new term but to us it is synonymous to doing business dutifully. Our Corporate Strategy is already geared towards sustainable growth and making long-term progress in terms of profitability, the environment, and society. As a business, we are driven by calculated interest and financial gains; but as an organisation guided by a clear conscience of existence our conducts are anchored on integrity in pursuit of undisputed trust and reputation as a safe, responsible and reliable corporate citizen. We use sustainability principles to drive process innovation, new product development, improving manufacturing efficiencies and reducing material and energy consumption.

This commitment is backed by initiatives in our day to day work.





**STAKEHOLDER
ENGAGEMENT**



**MATERIALITY
ASSESSMENT**



**STRATEGY
EVOLUTION**



**SYSTEM
ALIGNMENT**



**SUSTAINABILITY
CULTURE**



**INFORMATION
AND REPORTING**



**MONITORING
AND EVALUATION**



STAKEHOLDER ENGAGEMENT



Understanding and addressing the needs and expectations of our stakeholders is a sustainability imperative. Effective and meaningful stakeholder engagement is vital to the future performance of our businesses –lacking stakeholder engagement would be seen as a major sustainability risk and we strive to mitigate this risk through formal and informal engagement mechanisms. We place priority towards creating and maintaining regular and honest communication with our key stakeholders. While engagement with our employees, customers, shareholders, and investors is stronger, we are in the process of formalizing and strengthening the engagement plan with other stakeholders that include suppliers, local community, and regulatory authorities.

Stakeholders play an essential role in Crescent Steel's continued success, especially for determining

opportunities to collaborate toward common goals. We believe that we must continue to operate responsibly and address the needs of these interconnected groups to ensure commercial success and enable us to deliver on our sustainability priorities.

We aspire to ensure that every employee, customer, and supplier takes responsibility for social issues and the design and execution of our engagement with community, business, and strategic partners is impact oriented and sustainable.

An overview of our major activities as relevant to each of our stakeholder groups is provided in the Social and Relationship Capital section of this report. We are immensely proud of the progress we have made as we strive to continuously improve upon our efforts and goals.

MATERIALITY ASSESSMENT



Crescent Steel conducts a detailed materiality assessment to understand the economic, environmental and social impacts and to surface stakeholder expectations regarding our performance, strengths and weaknesses. We use the Global Reporting Initiative (GRI) reporting framework to inform our definition of corporate responsibility, materiality and selection of material issues.

Our 2015 materiality assessment was reviewed in 2016. It helped us strengthen our corporate responsibility framework and also ensure that our business decisions and strategic direction are sustainable for our business.

The assessment was reviewed on a self-developed materiality assessment toolkit that ranked issues in terms of significance (Significant, High, Medium and Low). Our goal was to understand which of the corporate responsibility issues we selected are most linked to Crescent Steel's business strategy. We used the following criteria to select which issues are of highest importance in terms of impact on:

- Financial performance
- Operational excellence
- Compliance with regulations
- Corporate reputation
- Shareholders
- Employees and their level of engagement

Each business unit and service area leader across our operations was asked to rank the list of corporate responsibility issues (derived from the GRI's list of Aspects) in terms of relevance and significance to Crescent Steel and its stakeholder groups, assess Crescent Steel's performance and strategy plan on these issues and, share his or her expectations related to the impact of non-performance in these areas. Consolidated scores on each aspect produced a corporate responsibility materiality matrix. The matrix provided us with an initial understanding of which corporate responsibility issues are of primary importance today and which ones Crescent Steel should consider as an opportunity and responsibility in the future.

STRATEGY EVOLUTION



The Company's Corporate Strategy overview is presented in our 2016 Annual Report and is structured on sustainability principles. It focuses on three main areas.

ECONOMIC

Our business strategy focuses on the profitability of business segments which will primarily entail expanding our existing base (steel line pipes, line pipe coatings, alternate energy, sustainable steel and other core assets). We thrive to proactively reshape the portfolio of businesses in line with our long term mission of creating multiple, sizeable businesses while deploying resources to the most favourable opportunities.

ENVIRONMENTAL

We aim to achieve energy efficiency by contributing to the development of energy (oil and gas) pipeline infrastructure, ensuring cost savings in transmission and energy

conservation. We strive to manage our environmental impact across the businesses we operate and lead local efforts in environmental stewardship.

SOCIAL

Education remains our main focus area for societal investments. By investing in education we strive to contribute to Pakistan. Taking into account the realities of Pakistan's literacy levels, our focus is on primary and secondary level education. Overtime, as we continue to invest in basic education we also plan to expand our impact by allocating some of our social investments towards technical and tertiary level education.

Our strategy, objectives, goals and commitments for sustainability principles have been mentioned in each relevant section of this report while a detailed overview on our Corporate Strategy is available in the Annual Report 2016.

SYSTEM ALIGNMENT



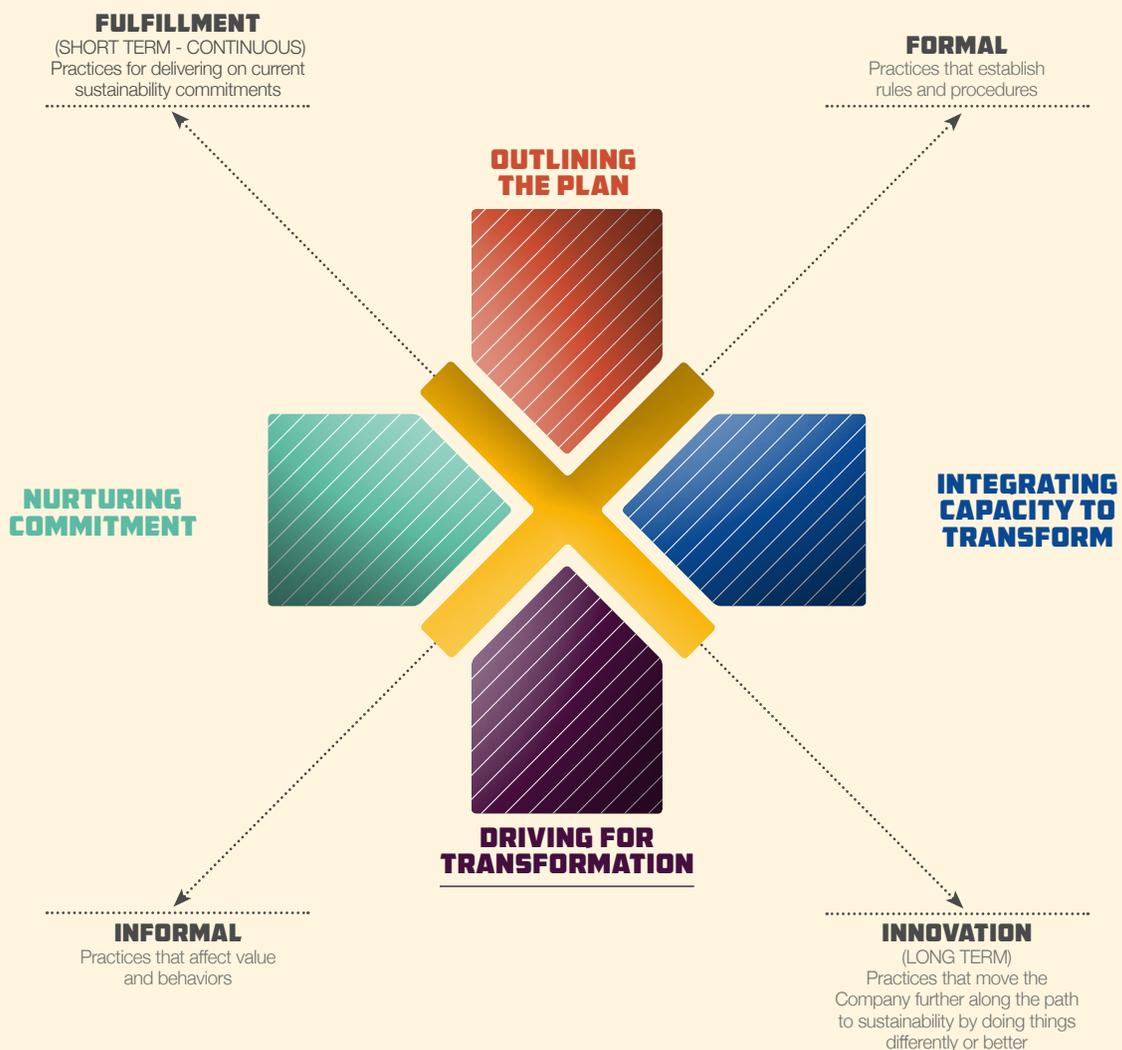
By system alignment we mean formulating policies and procedures to better manage material issues around the sustainability agenda. This also involves developing metrics and KPIs to measure performance, conducting audit and assurance of our performance, adhere to international standards, monitor performance, and benchmarking. In order to effectively report on our sustainability performance we have mapped our strategic objectives and material aspects with the GRI G4 Guidelines. This will enable our

stakeholders to compare our corporate responsibility performance with others.

Our performance, environmental, and safety management systems, and our actions on product responsibility and community development are well developed and support us in meeting our corporate objectives and managing our material aspects sustainably.

Action plans with formal and informal initiatives help guide us in sustaining a culture of responsible actions. Some of our planned actions for 2017 and beyond include:

- Aligning our people with our values and guiding principles
- Engage employees in corporate responsibility for collective action
- Governance and transparency
- Encouraging innovation and communication
- Strengthening internal communication
- Fostering a culture of collaboration
- Monitoring and informing stakeholders of our corporate responsibility performance



INFORMATION AND REPORTING



We started formally reporting on our corporate responsibility performance in 2013. To do this we developed a sustainability reporting manual based on GRI's G4 guidelines to strengthen our internal and external reporting mechanisms. To ensure accuracy and transparency in reporting our corporate responsibility reports will be reviewed by our internal auditors for internal as well as

external reporting. We have a sustainability action team in place with representation from each of our sites in Pakistan.

The reporting manual clearly defines roles and responsibilities of the sustainability action team. In addition to this we have developed online reporting templates to capture sustainability related data from all business units and relevant departments.

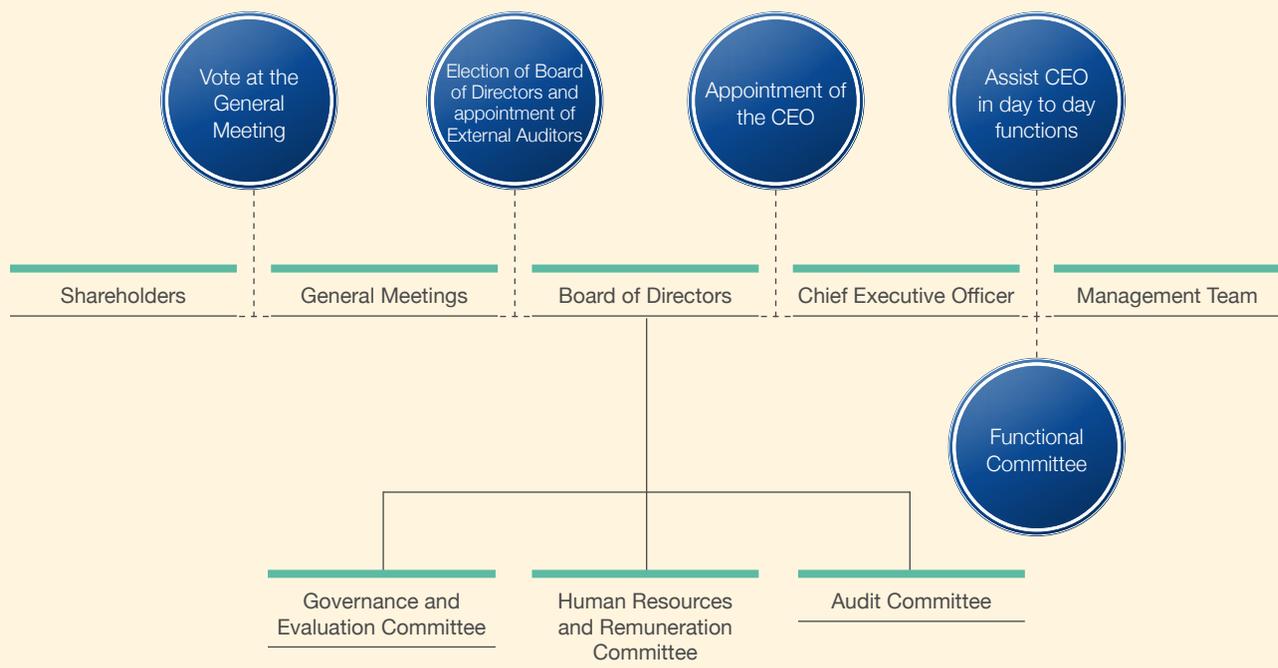
MONITORING AND EVALUATION

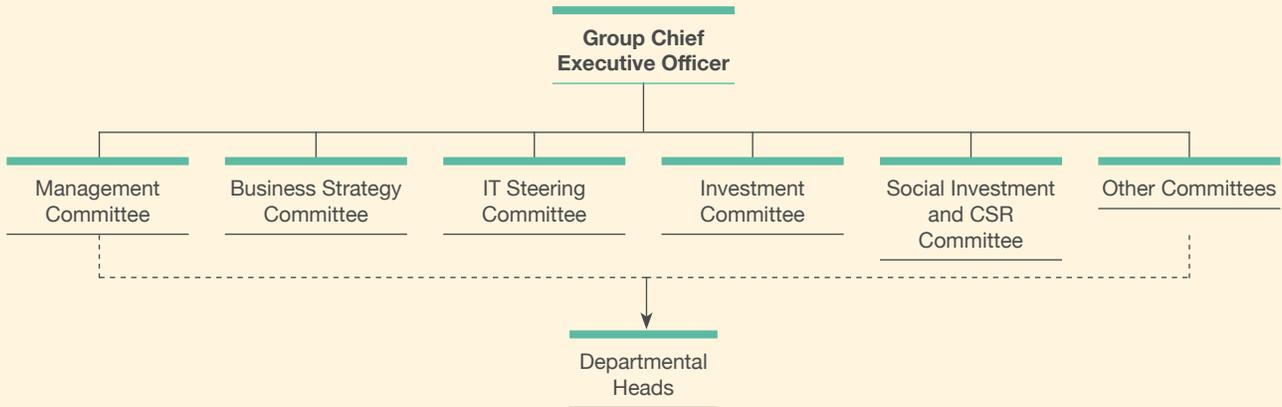


We have consciously chosen not to introduce an independent monitoring process to evaluate performance on sustainability objectives because our sustainability and corporate strategies and objectives are essentially the

same. The way we manage our business helps to ensure that performance on sustainability objectives is monitored through various systems already in place.

OUR GOVERNANCE STRUCTURE





Detailed information on our governance structure is published in the Governance section of our Annual Report 2016.

Related Material Aspect - Governance Structures - G4 - 34

The governance structure of the organization, including committees of the highest governance body. Committees responsible for decision making on economic, environmental and social impacts.

HUMAN CAPITAL

The value of intangible assets, such as human and intellectual capital, within organisations has increased significantly in an increasingly knowledge based economy. Our business increasingly relies on the specialized skills and expertise of our people. We have a comprehensive HR strategy and extensive policies in place to support our strategic Human and intellectual capital objectives to recruit, develop and retain the best talent so we can continue to meet and exceed client expectations.



We are committed to creating a rewarding workplace for our people by encouraging personal development, recognising good performance and providing equal growth opportunities for all.

In all our operations we recognise that our employees and contractors require:

- A safe and healthy workplace
- Fair and equitable remuneration by recognising good performance
- Career development and training to enable personal development
- A diverse and inclusive work environment

Our HR strategy focuses on developing programs to supplement our HR policies in a manner that strengthens the Organization's human capital, develops corporate culture, improves working environments and delivers on upholding our values.

Our organizational culture supports open communication where every employee enjoys freedom to give feedback

and raise complaints and grievances with ease. We actively monitor the results of our employee engagement and satisfaction surveys and take timely actions to address pain points. Our human resource function is subject to regular monitoring by an independent internal audit to identify implementation and policy gaps.

WE AIM TO ACHIEVE:

- High performance human capital
- Competitive remuneration
- Simplifying HR
- HR agility
- Impact investment in our human capital
- Community involvement
- Enhanced employee engagement
- Happy workplace
- Compliance and product responsibility

Employee Benefits

Life Insurance	✓
Defined Contribution Plan (Provident fund)	✓
Defined Benefit Plan (Gratuity and Pension)	✓
Disability Coverage	✓
Maternity Leave	✓
Subsidized Lunch	✓
Health Care	✓
Health Insurance	✓
Company Maintained Cars / Mobiles / Laptops	u
Company Sponsored Vehicles (Car / Motorcycle)	+

✓ To all employees

u To our executives and management as per business need

+ To eligible employees who apply and have been in service for at least three years

Related Material Aspect – Employment G4-LA2

Benefits provided to full-time employees that are not provided to temporary or part-time employees

GOALS AND OBJECTIVES FOR 2017- 2019

At Crescent Steel we believe in assessing our people with fairness and providing equitable opportunities.

- continue to deliver equal average pay for men and women at comparative role and job grades
- improve our workplace environment at plants sites and offices to make them suitable and safe for our people
- Increase female recruitment to at least 15 per cent by financial year 2018 (at corporate office locations)
- narrow the employee satisfaction gap; improve ESI to 4.0 in 2017 and 4.2 by 2018
- implement and leverage a Human Capital Management System
- participate in a compensation survey and review compensation across key positions in 2017
- strengthen key operational areas by acquiring and retaining top talent in mid-management positions
- 360 degree surveys of key management staff and executives in 2017, including for managerial positions
- encourage self directed learning within the organization
- enhance the HR competency level of the organization so that every manager acts like an HR manager
- hire the right person at the right position
- develop a culture where people are listened to, valued and assessed with fairness
- identify skill gaps across the organization and work to develop the right people to meet future growth objectives; develop a desired inventory of skills in 2017

EMPLOYEE ENGAGEMENT

Our people are at the heart of the Company. We want to ensure that our employees feel committed to the future of Crescent Steel, contribute to the best of their ability, and remain part of an our invaluable team.

When employees know what to do and are motivated to do it, they are engaged in their job. Our communications, incentive schemes and culture are vital ways to engage our employees, and these are all underpinned by our guiding principles and our core values. They influence all our decision-making, and will help us achieve our long-term vision. They are also integral to the way we work with one another inside the Company – we expect our people to behave responsibly, act with integrity, and demonstrate leadership in everything they do. For our part, we support them by providing a positive, fair, and empowering working environment where everyone can contribute and everyone is valued, listened to, and assessed fairly.

SHARING INFORMATION AND GETTING FEEDBACK IS A KEY PART OF EMPLOYEE ENGAGEMENT.

On an operational level, we want to ensure that the messages from our leadership are reaching every employee and that everyone has the opportunity to give feedback, ask questions, and offer ideas. We have maintained a central communications desk since 2013 to communicate management messages throughout the organization, and invite feedback.

Other communication vehicles include our newsletter: *Crescent Quarterly*, our internal portals and suggestion drop boxes where a direct line to the CEO is available to all employees at all times.

We also offer our employees regular opportunities to step out of their daily work routine to contribute time by volunteering to make a difference. This helps enhance teamwork and reinforce our Company Values.

Using a reviewed employee satisfaction survey, we are gaining an understanding of our core strengths and opportunities to improve. In 2016, our overall employee satisfaction score was 3.6 [2015: 3.4]. Areas of concern included collaboration and clarity around growth opportunities and career paths. Another area of focus is job engagement and remuneration. Strong scores were registered for our brand, strategy, values, culture and communication, with particularly positive results on individual commitment and conduct. We have studied survey results and are committed to addressing key issues it identifies.

Employees also have a chance to meet one on one with the CEO during the annual Open House sessions to share any issues or raise suggestions anonymously. We also have a robust grievance and complaint redressal system in place under the Whistle Blowing Policy where employees can anonymously report matters to the Head of Internal Audit, Human Resources, and the CEO.

DIVERSITY AND INCLUSION

SDG-5  SDG-8 

We are committed to providing equality opportunity and creating a rewarding workplace for all employees. Increasing female representation, especially in senior and management level roles, is an ongoing priority. As at June 30, 2016, 1.3% of our employees were female. 12.5% of the Executive Management Team roles were filled by women and 2.3% of our workforce consisted of minorities.

We have developed work practices, such as flexible office hours, to accommodate a diverse workforce and we are pleased to see these are being adopted by our people.

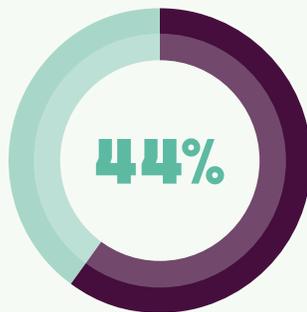


EMPLOYEE DEVELOPMENT

Crescent Steel and Allied Products Limited



Average training hours planned for every employee in 2017.



Percentage of management grade employees for whom training need analysis has been conducted and training plans prepared in 2016



Percentage of eligible employees for whom performance reviews and career development plans have been prepared in 2016



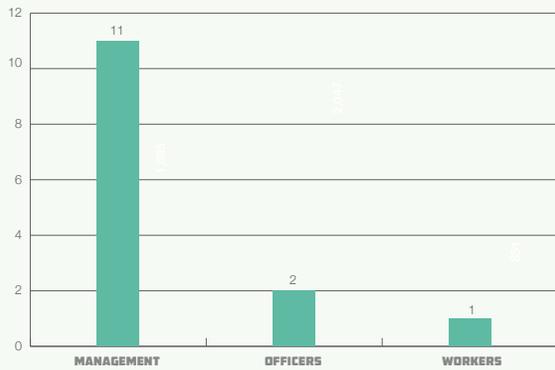
Percentage of management grade employees reviewed in the organizational talent review sessions

We strive to provide the right resources and an environment that supports the growth and development needs of employees to generate a positive impact on the organization.

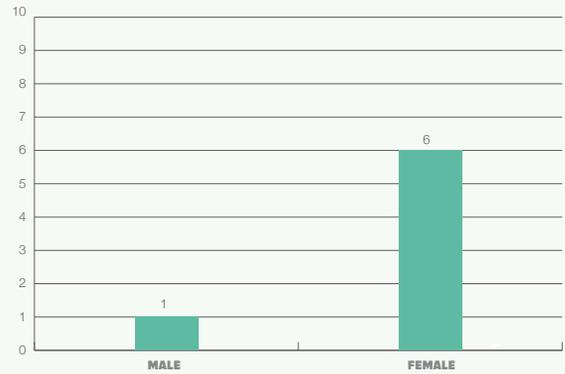
In 2016 we have invested Rs. 1.8 million, 0.025% of sales turnover, [FY2015: 3.8 million, 0.2% of sales turnover of

sales turnover] in training our employees, enabling them to develop their careers, fulfil their potential, and make the best possible contribution to the success of the Company. On average, each employee in management category has received 11 hours of training during the year.

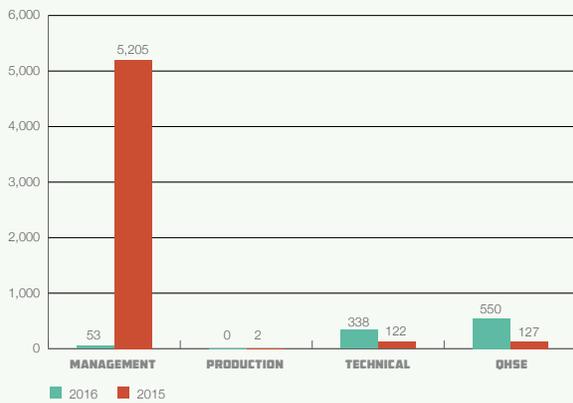
AVERAGE TRAINING HOURS /EMPLOYEE BY CATEGORY



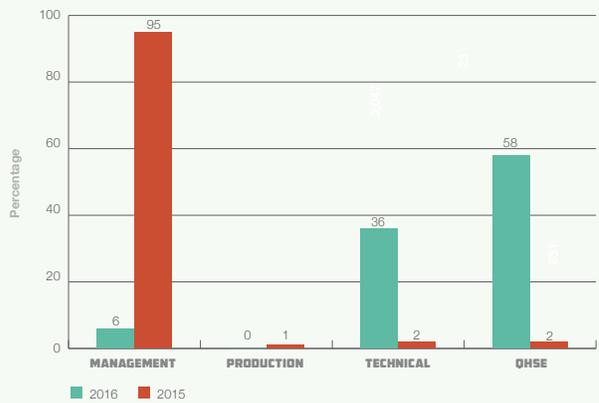
AVERAGE TRAINING HOURS / EMPLOYEE BY GENDER



TRAINING HOURS BY TYPE OF TRAINING



TRAINING HOURS BY TYPE OF TRAINING



RELATED MATERIAL ASPECT – Training and Educations G4-LA9, G4-LA10, G4-LA11

- Average hours of training per year per employee by gender, and by employee category
- Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
- Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

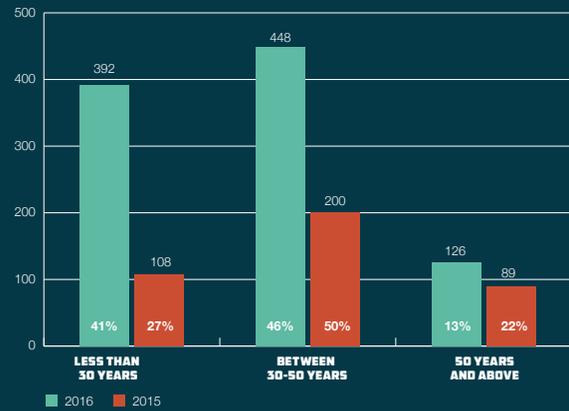
EMPLOYEE DEMOGRAPHICS

Employees at Crescent are provided equal opportunities to grow and are encouraged to innovate, discuss and suggest new ideas. We aim to employ, develop and retain people from the communities in which we operate. We promote diversity at the workplace and ensure safe and healthy work environment for our staff.

Total Workforce – Region Wise

	2016	2015
Bhone	73	35
Jaranwala	472	89
Karachi	81	75
Lahore	3	4
Nooriabad	298	160
Dalawal	37	33
Islamabad	2	1
Total	966	397

EMPLOYEE BY AGE



Average Age of Employees – By Employee Category

Management	40 years
Officer	38 years
Worker	34 years

TOTAL NUMBER OF EMPLOYEES - 2015



TOTAL NUMBER OF EMPLOYEES - 2016



100%

Our workforce was increased by 1.4 times since last year.

ZERO

Reported incidents of discrimination or violation of our employment policies with no grievances reported.

NEW HIRES

	Incoming Employees 2015		Incoming Employees 2016		
	Number	Rate	Number	Rate	
By Age	Less than 30 years	399	70.3%	458	67.2%
	Between 30 - 50 years	168	29.6%	362	53.1%
	51 years and above	16	2.8%	64	9.4%
	Total	583	102.7%	884	129.7%
By Location	Karachi (Head Office)	28	4.9%	22	3.2%
	Nooriabad	40	7.0%	288	42.3%
	Jaranwala	476	83.9%	488	71.6%
	Islamabad	1	0.2%	1	0.2%
	Dalawal	19	3.3%	20	2.9%
	Bhone	18	3.2%	65	9.5%
	Lahore	1	0.2%	-	-
	Total	583	102.7%	884	129.7%

EMPLOYEE TURNOVER

	Outgoing Employees 2015		Outgoing Employees 2016		
	Number	Rate	Number	Rate	
By Age	Less than 30 years	567	99.9%	144	21.1%
	Between 30 - 50 years	317	55.9%	124	18.2%
	51 years and above	40	7.0%	47	6.9%
	Total	924	162.8%	315	46.2%
By Location	Karachi (Head Office)	11	1.9%	15	2.2%
	Nooriabad	27	4.8%	148	21.7%
	Jaranwala	870	153.3%	106	15.5%
	Islamabad	-	-	-	-
	Dalawal	13	2.3%	16	2.3%
	Bhone	3	0.5%	27	3.9%
	Lahore	-	-	3	0.4%
	Total	924	162.8%	315	46.2%

Major contributor to high turnover rate is staff at the spinning unit. The reason for high turnover is twofold; the cyclic nature of business and a temporary upsurge in staffing during the harvest season and a temporary shut down for 11 months for necessary BMR.

RELATED MATERIAL ASPECT - Employment G4-LA1

Total number and rates of new employee hires and employee turnover by age group, gender and region

GRINDING OF 42" DIAMETER PIPE



EMPLOYEE SATISFACTION



76%
of employees are satisfied working for Crescent [2015: 71%]



85%
of employees are committed to Crescent [2015: 80%]

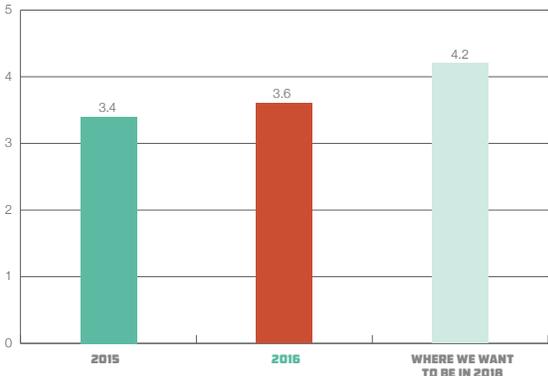


71%
of employees are satisfied about guidance and coaching provided to execute the job [2015: 71%]

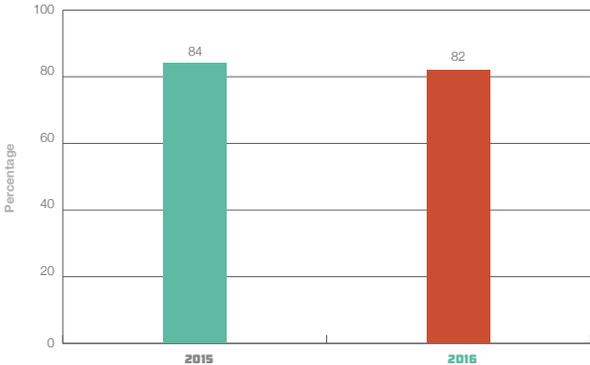


78%
of employees are satisfied that Crescent is sensitive to safety need of employees and provide appropriate work tools [2015: 77%]

EMPLOYEE SATISFACTION INDEX



SURVEY PARTICIPATION LEVEL

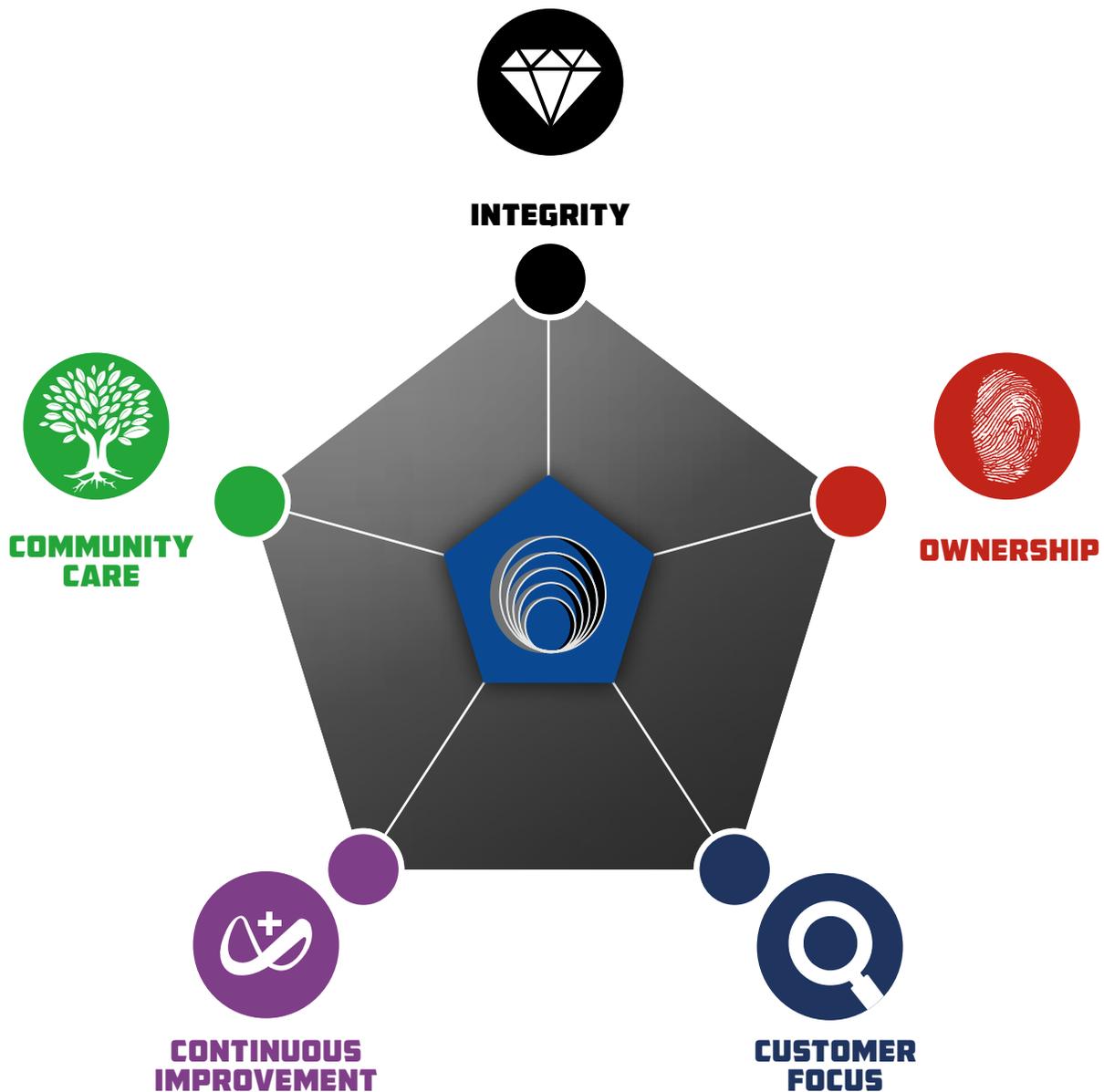


ENGAGEMENT AND DEVELOPMENT

Our key employee engagement and development programs are highlighted in this section

RECOGNISING VALUE BEHAVIOURS

Our core values and guiding principles underpin the way we carry on with work, daily. To encourage and highlight value behaviours, we recognise and reward employees who live our values in how they work, what they believe in and what they stand for.



JUGNOO SABAQ PROGRAMME

The Jugnoo Sabaq Programme aims to provide free education to our employees to increase the literacy rate among the floor workers of the Company. The cost of the tuition fee and text books are borne by the Company for all enrolled employees. This year 3 employees from the Nooriabad campus have successfully given their part II Matriculation Examinations. 12 employees are enrolled in the Jugnoo Sabaq classes.

APPRENTICE PROGRAMME

We have an apprentice program at our Nooriabad campus that offers technical training to candidates as an Electrician, Welder or Mechanic/Fitter. The duration of the programme is three years and has been developed in line with local laws to offer substantial benefits to both the employees and the business.

COMPANY SPONSORED VEHICLE SCHEME

The Company strives to enable employees to commute easily for both official and personal purposes. We believe that all our people must be mobile. The Company continues to sponsor an annual vehicle scheme for all employees with a minimum service of three years. Under the scheme the Company contributes 80% of the total vehicle cost (only 15% of which is recovered in easy instalments, over a period of five years) and in addition covers, insurance cover, applicable taxes and registration charges for a period of five years. After five years, the vehicle is transferred in the name of employee.

During 2016, we sponsored 1 car and 5 motorcycles [2015: 1 car, 7 motorcycles] to eligible employees across all campuses.

POSTER PROJECT COMPETITION

A Poster Competition was held at the Head Office to refresh our Core Values among employees by engaging them in an activity to graphically illustrate the values without the use of words.

Employees from different departments were divided in groups of five/six and were asked to illustrate one of the five core values on chart paper. The activity objective was to refresh values among employees, build effective relationships across functions and also identify gaps, if any, within the employee base on the understanding of our core values. The illustrations were assessed by a pool of management staff winning teams for each value were awarded a prize.



COMPANY SPONSORED VEHICLE SCHEME



GRINDING OF PIPELINE AT CLIENT SITE



OTHER INITIATIVES

Rotation of Employees - Business requirements permitting, employees are rotated to different departments or functions within a department to increase employability, enhance skill sets and succession readiness.

Scholarship Plan for Sons and Daughters of Crescent Steel Employees – We continue to support education of children of our employees through this program. With this year's additions Crescent Scholars have increased to five, awarded through the CSAP Benevolent Fund.

Human Resource Information System - We have recently acquired a Human Capital Management System and are currently in advanced stages of implementing core modules of the system. Focused on an e-environment and pushing HR roles to managers, the system will enable us to instill value for and a culture of HR actions, automate HR operations, effectively manage employee data and will support HR processes, such as performance management, benefits administration and employee lifecycle management. This in turn will save time, cost and resources and will bring greater visibility to both HR and unit heads about their human capital universe.

AIESEC Global Internship Program - This year a student, Michael Pineda Gayoso from Puerto Rico joined Crescent under the international trainee program. He was posted at our Nooriabad facility and was rotated through the Pipe Manufacturing and Coating facilities, Quality Assurance and Maintenance and Engineering Services for a period of four weeks. We plan to engage more foreign trainees in the coming years. Inviting foreign students placement opportunities enhance diversity and provide our employees with a chance at global networking. The program promotes a culture of learning and innovation.



OCCUPATIONAL HEALTH AND SAFETY

We have resolved to redouble our safety efforts and intensify our focus to avoid any accidents or incidents which could result in serious harm.

Through our reporting system, we are building a culture in which all employees can discuss safety openly. This is reflected in the growing number of preventive reports, which enable us to take prompt and more effective action to prevent unsafe situations. Our Mission Zero (zero harm incidents and accidents) campaign continues and we are shifting the focus from the measurement of lagging indicators to increase the focus on leading indicators with emphasis on major risks. We have also strengthened our engagement and encourage employees to participate more meaningfully in this critical agenda.

Due to increase in activity this year particularly, we focused on maintaining health and safety standards. Improvement

is further recorded in our Steel as well as Cotton Division this year as well due to employee engagement. Reward systems were also maintained to encourage safety and health practices.

We have a designated quality, health and safety department at each unit. Our line pipe operations are compliant with OHSAS 18001, internationally recognised standard on 'occupational health and safety' practices. Health, Safety and Environment (HSE) management systems are in place to ensure satisfactory HSE compliance based on the requirements of ISO 14001 and OHSAS 18001. Eight cross function teams contribute to different areas of our HSE Management system representing 100% of the pipe and coating unit workforce and directly engaging 33% of the unit's total workforce in HSE management and governance.

RELATED MATERIAL ASPECT – Occupation Health & Safety G4-LA5, LA6, LA7

- % of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
- Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
- Workers with high incidence or high risk of disease related to their occupation

HEALTH, SAFETY AND ENVIRONMENT POLICY

We strive proactively to prevent or minimize all possible causes of injury and ill health, prevent environmental pollution, minimize waste, conserve energy, enhance safety awareness, impart HSE trainings, prepare for emergencies by carrying out drills and manage environmental impact arising from the workplace, products and services that can affect the surrounding communities and the environment at large.



We consult employees on matters affecting their health and safety, encourage communication and consider HSE compliance at all times as a responsibility of everyone in the organization.

We are also committed to comply with all legal, regulatory and other HSE requirements to which we subscribe. At Crescent, a comprehensive HSE management system is in place to review objectives and targets for the continual improvement while the policy is disseminated to all its stakeholders.

Our initiatives related to occupational health and safety include:

- Yearly internal and external audits of HSE
- Analysis of all incidents, accidents, Corrective Action Requests and unsafe conditions
- Hazard Identification and Risk Assessment (HIRA).
- HSE operational instructions have been formulated in the local language
- Safety talks are carried out on a monthly basis
- Training and practical demonstrations are conducted regularly to increase awareness and understanding about fire and safety procedures
- Emergency drills are conducted at least twice a year
- Employees are urged to report unsafe work conditions and non-compliance of our HSE procedures
- Safe water: Water filtration systems have been installed at our sites and drinking water at our campuses is tested periodically
- Pathology tests are conducted annually, e.g. Blood tests, Vision test, Sputum tests for Tuberculosis, Respiratory test, Audiometry tests, Typhoid vaccination, Chest X-ray, HIV & Hepatitis A and B tests
- Dosimeters have been provided to the employees working in the fluoroscopy department to monitor the radiation levels
- Testing of environmental parameters, noise level and particulate emission is monitored annually
- Provision of Personal Protective Equipment (PPE)
- HSE awareness through Crescent Quarterly
- Workers on welding, radiography and stripping operations are regularly examined. Welders are also provided with milk to counter the effects of exposure to metal fumes



OCCUPATIONAL HEALTH AND SAFETY TARGETS - 2017

For Business Unit – Steel

Lost Workday Cases	02 (at maximum)
Restricted Workday Cases	01 (at maximum)
Medical Treatment Cases	02 (at maximum)
First Aid	02 (at maximum)
Near Miss	02 (at maximum)
Unsafe Act/Unsafe Condition	02 (at maximum)

For our Corporate Offices, Cotton Division, Shakarganj Energy and Engineering Unit, we strive to achieve **zero cases of work-related injuries.**

Note: The Injury Rate (IR) is calculated on the basis of total working hours.

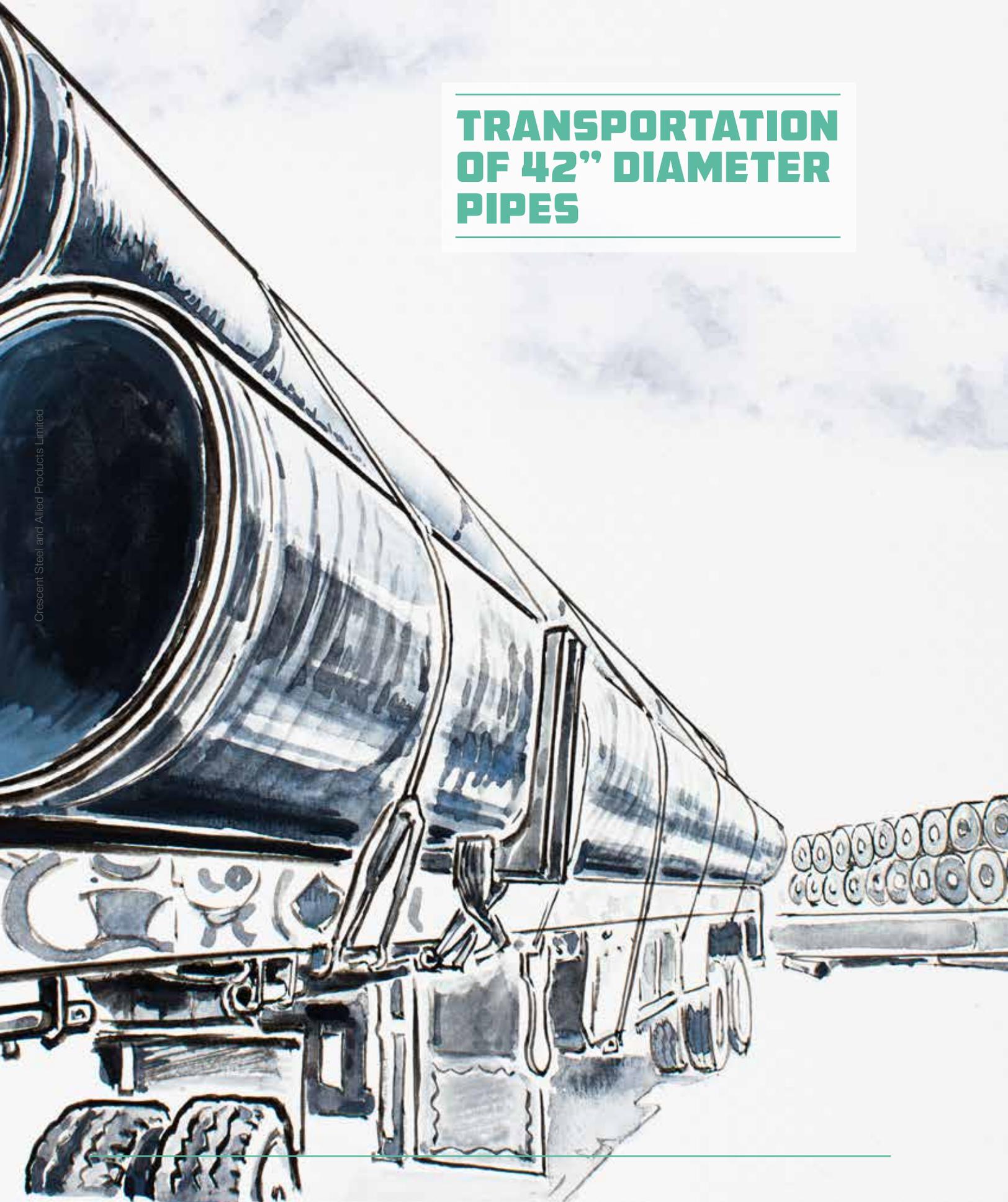
OCCUPATIONAL HEALTH AND SAFETY: BUSINESS UNIT – STEEL DIVISION

	2016	2015
Number of Injuries		
- Medical treatment cases	14	5
- Restricted work case	-	-
- Lost workday cases	5	6
Number of occupation disease cases	-	-
Number of work related fatalities	-	-
Injury Rate (IR)	0.0015	0.0008
Occupational disease rate	-	-

OCCUPATIONAL HEALTH AND SAFETY: ENERGY DIVISION

	2016	2015
Number of Injuries		
- Medical treatment cases	1	1
- Restricted work case	-	-
- Lost workday cases	-	-
Number of occupation diseases cases	-	-
Number of work related fatalities	-	-
Injury Rate(IR)	0.0010	0.0010
Occupational disease rate	-	-

TRANSPORTATION OF 42" DIAMETER PIPES



SOCIAL & RELATIONSHIP CAPITAL

COMMUNITY DEVELOPMENT

Caring for the communities in which we operate is at the core of our corporate strategy and we focus on education especially. We follow London Benchmarking Group's guidelines for measuring community investments and impacts. Our operational approach is centred on:

- Community Care: one of our five core values
- Management buy in through the Social Investment Committee reporting directly to the CEO
- A defined CSR policy that allocates 2-5% of profits before tax donations
- Employee Engagement
- Relationships with Community Partners
- Monitoring and Evaluating our Social Investment Programs

OUR APPROACH TO COMMUNITY DEVELOPMENT AND CSR

To us, CSR has four categories: our economic, legal, ethical and philanthropic/discretionary responsibilities to our stakeholders. It enables us to enhance our competitive advantage and create win-win relationships with our stakeholders, in addition to realizing gains from cost and risk reduction, legitimacy and reputation benefits while recognizing the complex but interrelated nature of the relationship between CSR and financial performance.

Our philanthropic CSR policy allocates between 2% and 5% of annual profits before tax towards donations for social causes we support. The proportion of allocation generally follows the following pattern:

- Education – 60% at minimum
- Health and Environment – 20% at maximum
- Sponsorship – 10% at maximum
- Advocacy – 10% at maximum

OUR GOALS AND STRATEGY

MOVING FROM CORPORATE PHILANTHROPY TO A BUSINESS INCLUSIVE MODEL

The philanthropic/discretionary CSR at present is focused on the community at large. Moving ahead, however, we are working to develop a framework that will enable us to channel our community and social investments towards value chain stakeholders in an organized and strategic manner. This model will enable us to make impact investments allowing our community partners and stakeholders to invest the funds for a direct financial or social return on a rolling basis. To bring greater focus and transparency to our philanthropic contributions and, to be able to monitor and evaluate our impact we plan to pool our philanthropic activities and donations into the CSAP Foundation over the next three to five years.

OUR GOALS

Our CSR goals over the next three years focus on capturing the circumstances that employees are already dealing with **p**eople, **p**lanet and **p**rofit in their day to day work for the Company by recognizing initiatives that may already be in progress but may not be recognized as CSR:

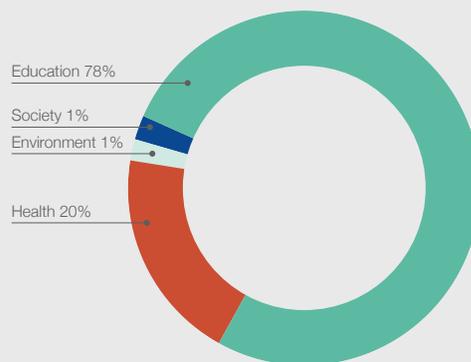
- Mapping our value chain
- Designing structured programs to target key stakeholder groups
- Monitoring and evaluating the impact of our social investments
- One volunteer day per employee per year

Contributions (Rs.)	2016	2015	2014
In Cash	70,978,119*	9,280,025	22,275,551
In Kind	227,004	96,090	745,228
** In time	229,572	111,384	101,262
Total	71,434,695	9,487,499	23,122,041

EMPLOYEE VOLUNTEERING HOURS



CONTRIBUTIONS IN CASH AND IN KIND



* In cash figure includes the donations collected through Crescent Cares Week.

** In time contributions have been valued using the organisation average salary per hour for the year. FY15 figure has been restated to include the CEO's time.

OUR CASH DONATIONS INCLUDE:

Contributions to

- **The Citizens Foundation** as support for the 10 of the 11 school campuses built by us (15 of the 21 schooling units)
- **Support education of 68 TCF students for an entire year** through sponsoring The 12th TCF Golf Tournament and a musical evening
- Sponsor education of a student enrolled in the **BSc Actuarial Sciences program at London School of Economics**
- Sponsor education of a student enrolled in the **Masters in Education program at Harvard University**
- An Endowment Fund managed by TCF. **Investments in the fund have an ROI of Rs. 1.35 million** growing at the principal base by 12.07%
- A scholarship endowment fund to support **post matric scholarships for TCF graduates**
- Provide scholarship support to a **TCF Alumni, Jahanzaib Nisar**
- Sponsor **75 Pakistanis through Vocational Training courses and 28 project prototypes** in domains ranging from healthcare to environment and biomedical engineering through National University of Sciences and Technology (NUST) Finding Innovative and Creative Solutions for Society Program (FICS)
- Shakarganj Foundation in providing treatment to **5,447 patients through mobile free dispensaries and sponsored training of 52 art students**
- **Businessmen Hospital Trust** for patient healthcare
- Donate a general ward bed to **The Indus Hospital**
- **Support Crescent Educational Trust** for providing quality educational to students at Crescent Model Higher Secondary School
- **Sponsor a school** in Thar
- **The Health Foundation** for treatment against Hepatitis B and C in Rashidabad
- Sponsor a lifesaving **Aman Ambulance**
- World Wide Fund for Nature-Pakistan (WWF-Pakistan) in **marine conservation and environmental advocacy activities**
- Imkaan Welfare Organization for their **maternal and child healthcare clinic – Sehat Ghar**
- **Support Aga Khan University Hospital** in the construction of their Paediatric Intensive Care Unit
- **Sponsor 36 wheelchairs** for Dar-ul-Sukun's Wheelchair and Assistive Devices Program

OUR IN TIME CONTRIBUTIONS INCLUDE:

Our CEO's time for serving on the Boards of

- The Citizens Foundation
- Pakistan Centre for Philanthropy
- COMMECS Institute of Business and Emerging Sciences
- Institute of Business Administration

Our Employees' time for

- Volunteering to clean the beach and plant mangrove saplings in partnership with WWF
- Participating as golfers to help TCF educate Pakistan
- Volunteering for community visits and sharing their ideas to make Crescent Cares Week a success
- Volunteering to plant neem trees, interact with the community and helping put into place a waste management system for the surrounding community at Kheenjar Lake in partnership with WWF
- Volunteering to conduct monitoring and evaluation visits of 11 TCF school campuses we helped build and continue to help support

OUR IN KIND CONTRIBUTIONS INCLUDE:

- 1,224 kgs of paper donated to Gul Bahao
- Distribution of food items on community visits
- Commute for community visits with WWF

RELATED MATERIAL ASPECT – Indirect Economic Impact G4-EC7

Development and impact of infrastructure investments and services supported

We took part in various social initiatives during the year and are showcasing some of these below:

THE INDUS HOSPITAL

SDG-3



Indus Hospital is a state of the art tertiary healthcare facility that is currently undergoing expansion to cater to a large segment of the society. Their goal is to become the largest hospital of Pakistan, comprising of 1,800 beds. We proudly supported Indus Hospital in their mission by contributing a General Ward Bed.

In addition to this, 70 employees from our Head Office and Nooriabad facility donated 35000 ml of blood through the Indus Hospital Blood Drive. Indus Hospital has established the first centralized blood bank of Pakistan with an aim to save lives by collecting blood through voluntary donations.

THE HEALTH FOUNDATION

The goal of The Health Foundation is to educate the general public on the manifestations of Hepatitis B and C and their mode of acquisition and transmission. The Health Foundation recently initiated a project to establish a state of the art community based Hepatitis Free Community Model, linked to a Hepatitis center in Rashidabad, where people have access to advice and treatment regarding Hepatitis B and C. We supported this cause by partnering with The Health Foundation on a two year mandate to eradicate the disease.

EDULJEE DINSHAW ROAD PROJECT

SDG-11



This year we also contributed towards the development of public spaces by donating five benches towards a project that sought out to transform a busy and neglected road into a public space for the citizens of Karachi. The Edulji Dinshaw Road, runs alongside the Custom House and Karachi Port Trust buildings and is frequented by visitors to the nearby buildings and residents of the area. During the year construction work brought the design idea to life and gave Karachi a striking public space with trees, water bodies and benches.

IMKAAN WELFARE ORGANIZATION

Imkaan Welfare Organisation works towards monitoring issues leading to infanticide and child abandonment. The organization has set up Sehat Ghar - a maternal and child health care program that provides support to women and children in Machar Colony. Through Sehat Ghar, Imkaan has established a clinic that provides free of cost healthcare to the community. We partnered with Imkaan to support opex for medical treatment extended to 6,213 women and children to fight Hepatitis B and C, tuberculosis, waterborne diseases, scabies and respiratory disorders. Our employees also volunteered 20 hours of community work with Imkaan during Crescent Cares Week.

THE AMAN FOUNDATION

Aman Life Saving Ambulances are the first and only ambulances in Karachi that provide a tiered emergency response with cardiac care and advanced and basic life support. We partnered with Aman Foundation to sponsor an ambulance.





THE AGA KHAN UNIVERSITY

We pledged support to The Aga Khan University for the construction of the Pediatric Intensive Care Unit. The contribution was dedicated in memory of our late Chairman, Mian Mazhar Karim.

NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY (NUST)

Last year, we partnered with National University of Sciences and Technology (NUST) to sponsor their Vocational Training Program at the School of Mechanical and Manufacturing Engineering (SMME – NUST). The program was designed to train 41 unskilled and semiskilled personnel on skills necessary to enhance their chances of getting gainful employment opportunities. This year, we sponsored 75 students for courses in machining, welding and electrical.

In addition to this, we collaborated with NUST to promote social entrepreneurship by sponsoring their initiative – Finding Innovative and Creative Solutions for Society (FICS). The aim of the initiative was to encourage students to convert their creative ideas into value-adding solutions. We sponsored 28 project prototypes across various segments including: Healthcare, Biomedical Engineering, Biotechnology, Environment and Education.



SPONSORSHIP TO A MASTERS OF EDUCATION PROGRAM AT HARVARD

This year, in addition to the two scholarships awarded to children of employees, we sponsored higher education of two students outside the organization. One such is a student currently enrolled in the one year Masters in Education program at Harvard Graduate School of Education. The scholarship was awarded through the CSAP Foundation. The Scholarship Fund has been established to support students with an outstanding academic record and a passion for learning.

DAR-UL-SUKUN

Dar-ul-Sukun recently launched a Wheelchairs and Assistive Devices Program. The initiative of the program was to provide the primary need of mobility to people with disabilities in 24 districts of Sindh. Their goal was to distribute 1,000 wheelchairs and assistive devices. Crescent Steel contributed by sponsoring 36 wheelchairs. Our employees also volunteered time to spend a day with the physically and intellectually challenged at their facility in Karachi.



**VOLUNTEERED
227 HOURS
FOR COMMUNITY
SERVICE**



**GENERATED
RS. 27,180
IN KIND
DONATIONS**



**GENERATED
RS. 86,785
IN CASH
DONATIONS**



**DONATED
35000 ML
OF
BLOOD**

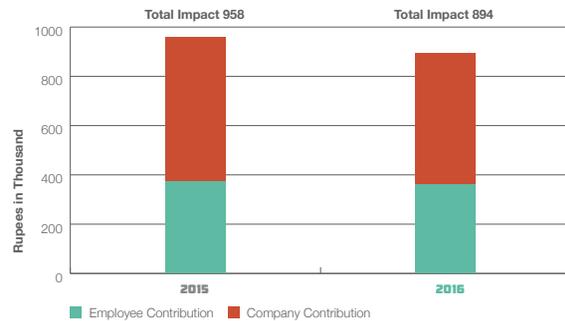
CRESCENT CARES WEEK

Crescent Cares Week 2016 aimed at instilling value and care for the community and engaged employees in various community care initiatives. Several activities were planned throughout the week such as community visits to Dar-ul-Sukun, Bait-ul-Sukoon Cancer Hospital, Eduljee Dinshaw Road, Imkaan Welfare Organization, Indus Hospital blood drive at the Head Office and Nooriabad campus and TCF students visit to our Head Office. All funds collected from these activities were donated to TCF, Indus Hospital, WWF and Dar-ul-Sukun on a ratio of 6:2:1:1.

CRESCENT MATCHES

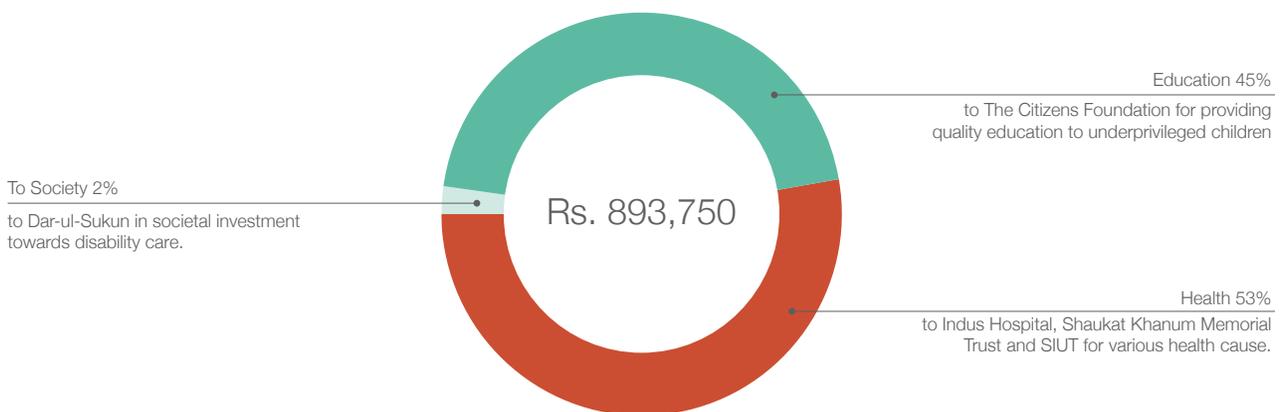
Crescent Matches is geared towards capturing and multiplying the impact of employee giving. In 2016 participation stood at 9 employees [2015: 13 employees] and collections were Rs. 893,750 [2015: Rs. 958,750]. Of this 40% constitutes employee giving.

IMPACT OF CRESCENT MATCHES



Distribution of funds raised through Crescent Matches:

CRESCENT MATCHES BY SEGMENT





ENVIRONMENTAL CONTRIBUTIONS

During the year, the Company contributed to local communities and the environment by planting trees, and mangrove saplings, helping put into place a waste management system for the surrounding community at Kheenjar Lake, participating in a beach cleaning activity and in creating awareness and promoting conservation of Pakistan’s marine environment. This is covered in more detail in the Natural Capital section of this report.

THE 12TH CITIZENS FOUNDATION GOLF TOURNAMENT

Contributed towards sports and education by supporting and participating in TCF’s annual golf tournament: “TCF + Golfers = Changing Lives”. Through the sponsorship we helped support 24 students at TCF schools.

SUPPORTING THE CITIZENS FOUNDATION EDUCATE PAKISTAN



Crescent Steel’s main focus area of community investment is education. Over the years, our collaboration with TCF has proved to be an outstanding success in all terms.

Our twenty one-year journey with TCF has been a tremendous experience. Starting with Crescent Steel Campus I in 1997, today the Company has helped build 21 schooling units (16 primary and 5 secondary) and continues to support operational expenses of 15 schooling units (12 primary and 3 secondary).

To date an estimated 2,657 children have graduated from primary schools supported by us, 285 secondary school graduates from schools supported by us have been awarded intermediate and tertiary level scholarships arranged by TCF and in the past year alone 121 students graduated from secondary schools supported by us. Combined enrolment in these schools today is 3,362 students, the majority of whom reside in some of the most impoverished communities of the country; 49% of these students are female



OUR CONTRIBUTION TO TCF'S FOOTPRINT

Crescent Steel Campuses Built by us	Units	Location	Students
Crescent Steel Campus I	1 P (M), 1 P (A)	Ibrahim Goth	425
Crescent Steel Campus II	1 P (M), 1 P (A)	Korangi Town	356
Crescent Steel Campus III	2 S (M)	Umar Maingal Goth	284
Crescent Steel Campus IV	2 P (M), 1 P (A)	Jaranwala	479
Crescent Steel Campus V	2 P (M), 1 P (A)	Jaranwala	454
Crescent Steel Campus VI	1 P (M), 1 P (A)	Bin Qasim Town	357
Crescent Steel Campus VII	1 P (M)	Jaranwala	141
Crescent Steel Campus VIII	1 P (M)	Chiniot	151
Crescent Steel Campus IX	2 P (M)	Jaranwala	273
Crescent Steel Campus X	1 S (M)	Bhone, Jhang	113
Crescent Steel Campus XI	2 S (M)	Jaranwala	329
Total	21 units		3,362

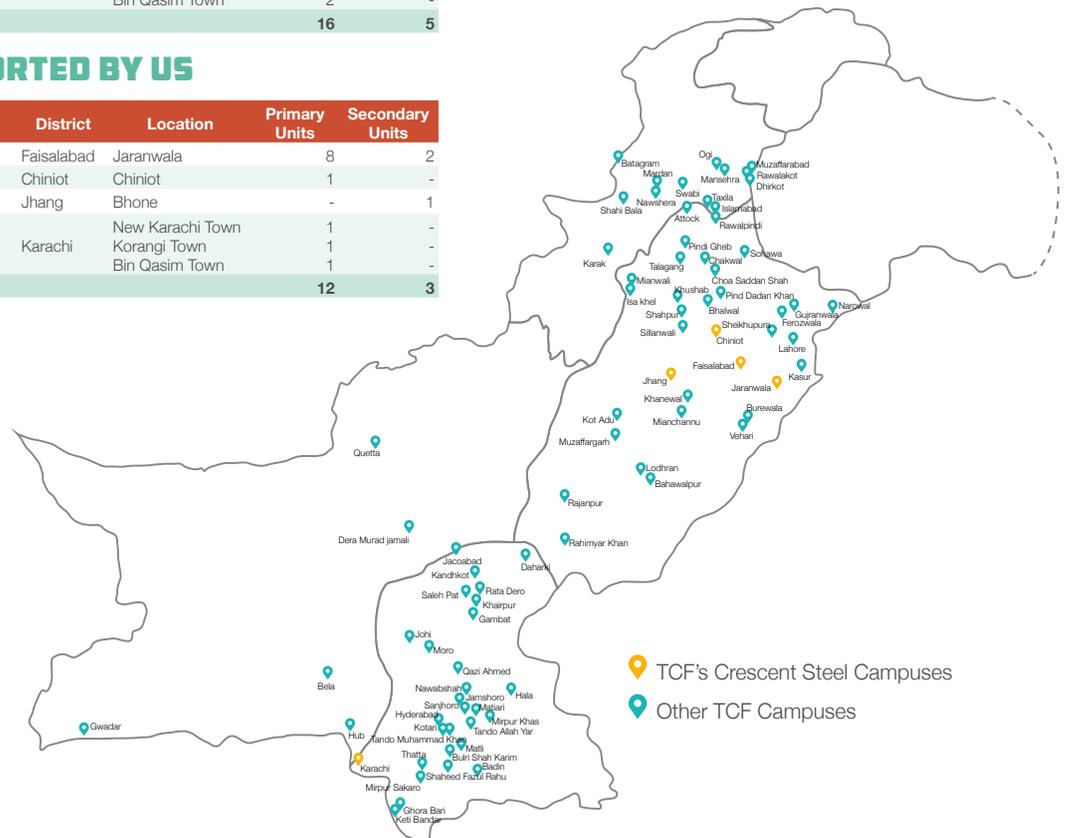
CAMPUSES WE HELPED BUILD

Campus	District	Location	Primary Units	Secondary Units
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	9	2
Crescent Steel Campus VIII	Chiniot	Chiniot	1	-
Crescent Steel Campus X	Jhang	Bhone	-	1
Crescent Steel Campus I, II, III and VI	Karachi	New Karachi Town Korangi Town Bin Qasim Town	2 2 2	- - -
Total			16	5

CAMPUSES SUPPORTED BY US

Campus	District	Location	Primary Units	Secondary Units
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	8	2
Crescent Steel Campus VIII	Chiniot	Chiniot	1	-
Crescent Steel Campus X	Jhang	Bhone	-	1
Crescent Steel Campus I, II and VI	Karachi	New Karachi Town Korangi Town Bin Qasim Town	1 1 1	- - -
Total			12	3

We have contributed to build **11 campuses** (21 schooling units) with student strength of **3,362 children - 49% of whom are girls** – these schools employ a staff of **236** of which **192** constitute an all-female faculty. Over the course of our partnership with TCF, we have donated **Rs. 246.4 million** since 1997 at an average rate of **Rs. 12.9 million** per year.



SUCCESS STORIES

01

A TCF student from Crescent Steel Campus XI, Jaranwala, is enrolled in the Chemical Engineering programme at Ghulam Ishaq Khan Institute of Engineering Sciences and Technology, since 2013. The Company has pledged to help TCF support his education through their scholarship desk. Jehanzaib's performance is reported to us periodically. He has managed to maintain a CGPA of 2.7 throughout the course of his program and is on track to graduate in 2017

02

A TCF student from Crescent Steel Campus III, Umar Maingal Goth, is enrolled in the Bachelors of Engineering programme (Computer Technology) at Mehran University of Engineering and Technology, Jamshoro. He is being supported through scholarships arranged by TCF independently

03

A TCF student from Crescent Steel Campus III is enrolled in the BS Computer Sciences Programme at PAF KIET, Karachi

04

280 TCF students from Crescent Steel Campus III and XI have been awarded intermediate scholarships throughout the course of our partnership with TCF

05

A TCF student from Crescent Steel Campus III is enrolled at Dawood University of Engineering

06

A TCF student from Crescent Steel Campus III is enrolled in the BE Aviation programme at PAF KIET, Karachi

Mode of Engagement	2015 - 2016 Inputs	Outcomes
Financial support to TCF	Contributed Rs. 31 million towards school support.	The investment was utilized in managing the operational expenditures of the school and student's fee subsidies. This has supported 3,362 students [FY2015: 845] in 15 school units.
Investing with TCF	The endowment fund maintained with TCF was topped up by Rs 15 million totalling the endowment size to approx. Rs. 27.5 million.	The endowment fund will enable TCF to invest funds for a financial return and will eventually be used to provide operational support to campuses built by us and to build new school units. The fund at present is earning a per annum return of 12.07% .
	A separate endowment fund was also created to reward post matric scholarships to TCF students.	The fund will enable us to provide higher secondary education to children.
Governance Support	Our CEO, a founding director of TCF, serves on the Board and provides key oversight on strategy and governance.	Time volunteered by our CEO for Board and other meetings to set strategic direction, ensure transparency and good governance.
Monitoring and evaluation support	14 employees visited 11 campuses supported by us to evaluate the quality of facilities, attendance and drop out ratio. Volunteers also engaged students and teachers during these visits, identifying opportunities for improvement.	The findings will be provided to the management of TCF and follow up procedures are in place to monitor corrective measures and progress on agreed actions. A key issue identified through these visits was the lack of clean drinking water. At the same time, performance on the quality of education and infrastructure, gender ratio and student attendance remained strong. It was pleasing to note that staff and children were happy and motivated.
Supporting TCF's Fund raising Activities	Rs. 300,000 was contributed to sponsor TCF's annual golf tournament. Four employees participated as golfers. Rs. 600,000 was contributed to sponsor a musical evening.	The contributions supported education costs for 68 students for the entire year on full scholarship. Through this contribution we supported local sports and the arts.
Multiplying our Impact	Rs. 141,500 donated by employees to TCF through the Crescent Matches program.	Employee donations were matched at a ratio of 1:2 totaling donations to Rs. 399,500 . These donations were routed to the TCF scholarship desk enabling intermediate education support for 5 students on full scholarship.
Other engagements	During Crescent Cares Week, 10 students from TCF schools visited our Head Office and were given briefing on various operations of each department.	The visit proved to be a learning experience for TCF students.



We regularly review activities, progress and the impact of our investment in The Citizens Foundation. Our employees regularly visit TCF schools and interact with the staff, community and students.

We are proud of our association with TCF and believe that it is the only impact organisation working in the field of primary and secondary education in Pakistan. We believe that an educated Pakistan is a sustainability imperative.

The Citizens Foundation is working to provide quality education to underprivileged children through its network of **1,202** school units spread across over **57 districts** with a student strength of **175,000 children** of which almost **50% are girls**. TCF employs more than **14,100** Pakistanis of which **10,100** constitute an all-female teaching faculty.

OUR COMMUNITY PARTNERS



THE CITIZENS FOUNDATION

THE CITIZENS FOUNDATION

Builds and manages schools providing quality education in less privileged areas across Pakistan



Pakistan Centre for Philanthropy

PAKISTAN CENTRE FOR PHILANTHROPY

PCP works to create greater visibility of philanthropic giving with an aim to enhance the effectiveness of local giving for social development in Pakistan



Shakarganj Foundation

SHAKARGANJ FOUNDATION

Shakarganj Foundation is working in areas of healthcare, education, arts and community development with a focus on indigenous communities



INDUS HOSPITAL

Provides free of cost premium healthcare in Pakistan



WORLD WIDE FUND FOR NATURE (WWF)

WWF is leading the environmental conservation and awareness agenda in Pakistan and across the globe



DAR-UL-SUKUN

Provides care and support to the intellectually and physically disabled in Karachi with a focus to enable societal integration and inclusion



AIESEC

Develops the leadership potential of youth through experiential learning, volunteer experiences and professional internships



NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY

Provides a platform for innovation and quality tertiary and technical education to students across Pakistan with a focus on supporting the less privileged



THE AMAN FOUNDATION

Transforms lives through sustainable, scalable, and systemic development in the health and education area



SHAUKAT KHANUM MEMORIAL CANCER HOSPITAL AND RESEARCH CENTRE

Provides quality healthcare and treatment to cancer patients



THE HEALTH FOUNDATION

Works towards a hepatitis free Pakistan



COMMECS INSTITUTE OF BUSINESS AND EMERGING SCIENCES

Imparts quality business education to students



CRESCENT EDUCATIONAL TRUST

Provides an engaging, challenging and a learning environment for students



IMKAAAN WELFARE ORGANIZATION

Address the rates of infanticide and child abandonment across Pakistan



THE AGA KHAN UNIVERSITY

Provides high quality healthcare in Pakistan



SHALAMAR HOSPITAL

Provides free and subsidized medical treatment to patients

CSAP FOUNDATION

CSAP Foundation has been established with the aim of bringing greater focus to our philanthropic CSR. We believe that once fully operational CSAP Foundation will help us:

- Consolidate our philanthropic agenda and social contributions under one umbrella
- Bring more focus to philanthropic CSR and community development objectives
- Bring greater focus, accountability and transparency to our societal investments
- Enable access to funds and strategic partnerships
- Design impact investments

CSAP Foundation is not yet fully operational as we await approval of its tax exempt status applied for since 2012. We have been following up with relevant authorities regularly to expedite this. We are hopeful it will materialise this year and enable us to bring greater focus to our philanthropic CSR.

This year, the foundation made a total contribution of **Rs. 3,037,984** in the education sector.

Focus areas for the foundation are:

- Providing shelter for the underprivileged
- Educational institutions
- Establishment of libraries, research centers, museums, galleries, academies, and handicraft centers

- Awarding scholarships to outstanding students and scholars
- Establishing hospitals, clinics, dispensaries, centers and places of medical aid and relief
- Establishment of convalescent homes, maternity homes and homes for the needy
- Promoting and creating awareness of health issues
- Providing medical assistance to deserving individuals
- Providing financial and other aid to the destitute to make them financially independent
- Taking measures to promote the development of science and technology which will contribute to the prevention of environmental pollution
- Promoting, financing, establishing, running and managing autonomous educational and medical institutions
- Promoting awareness of environmental issues
- Inducing and assisting in the control of pollution in all its forms and in the preservation of the living environment.
- Inducing and assisting in the promulgation of environmental laws, policies, rules and regulations
- The multidimensional focus of the foundation ensures that we are able to serve the community by focusing on the immediate needs of our society while aligning them with long-term developmental objectives



STAKEHOLDER ENGAGEMENT

Shareholders and investors provide financial capital to run the business, our employees drive and manage the business, our suppliers provide necessary products and services for our business and our customers are the source of revenue for our business. Similarly, financial institutions, regulators, auditors and other business partners are essential partners and managing their expectations is vital to our future performance as a business

While our stakeholder engagement programs with shareholders and investors, employees, customers, auditors and lenders are well developed we need to work on improving our engagement with others including suppliers, government bodies and regulators. We strive

to develop meaningful win-win relationships with all our stakeholders through more open dialogue and interactions.

We treat our stakeholders like family and engage with them frequently through formal and informal channels.

Stakeholders	Needs and Expectations
Employees	<ul style="list-style-type: none"> Satisfactory compensation benefits Congenial and safe work environment Professional growth and development Competitive career development Job satisfaction
Customers	<ul style="list-style-type: none"> Product and services availability Product and service quality and safety Competitive pricing Customer service Product development
Suppliers	<ul style="list-style-type: none"> Prompt payments Continued business Sustainable supply chain
Shareholders and Investors	<ul style="list-style-type: none"> Good returns on investment Sustainable growth and stability Sound corporate governance
Local Community	<ul style="list-style-type: none"> Infrastructure, Health and Education support Employment opportunities Community welfare programs Healthy environment
Regulators and Government Bodies	<ul style="list-style-type: none"> Going beyond compliance Active participation Corporate Governance

EMPLOYEES

We strive to keep our people safe and continue to promote diversity and inclusion in our workforce.

At Crescent Steel, safety is a priority and part of the foundation of our approach to sustainability. We continue to focus on safety observations in an effort to prevent unsafe actions and reinforce safe behaviours.

In an effort to improve the representation of women in our workforce, we have put in place voluntary targets which we have discussed in our Human Capital section.

We aim to build a strong, vibrant organizational culture that supports the expertise of our people, enabling and developing high performance teams to help us meet our goals and objectives.

OPEN HOUSE WITH CEO

Annual Open House sessions are aimed to provide an opportunity to the employees to engage with the CEO on a one to one basis. The sessions are aimed at capturing suggestions from employees and, to give them a chance to share their ideas and voice their concerns anonymously and directly to the CEO.

ANNUAL EMPLOYEE SATISFACTION SURVEY (ESS)

The annual survey enables us to get insights on employees' attitudes about their work and the workplace. It gives a comprehensive look at our Company from the inside and a platform to make positive changes when issues arise.

PERFORMANCE REVIEWS (BIANNUAL)

Conducted biannually, performance reviews allow individuals and teams to assess themselves against organisation objectives, identify skills, and abilities required by our people for better organisational performance. These reviews help ensure that our people are listened to and assessed fairly and that their actions are aligned with our organisational objectives and strategy actions.

CRESCENT QUARTERLY

An internal newsletter highlights latest developments and activities quarterly.

CRESCENT INTERNAL COMMUNICATIONS

The internal communications desk enables effective communication with staff.

INTERNAL PORTALS

O365 has opened up various tools for our employees to engage, share and collaborate. It helps our people develop working relationships, connect with likeminded colleagues and reach out for help when needed.

OFFICE RITUALS

Office rituals are encouraged at sites. These include brief birthday celebrations, farewells, Saturday brunches and get-togethers

ENGAGEMENT ACTIVITIES

Various engagement activities including community relations and internal sport tournament help foster a more participative work environment.



CUSTOMERS

We are proud of how we are positioning ourselves to help customers to better manage their oil, gas & water transmission systems and in using sustainable structures for ports.

With an aim to satisfy increasing product needs of our customers, we have enhanced our manufacturing capacity by more than 100%.

We are continually working with relevant stakeholder groups to develop a market for flow efficient and protective internal line pipe coatings. The business case is strong because internal coatings help enhance the flow of gas and so at a given flow capacity, the energy consumed will be lower and, the required pipe diameter will be smaller; consequently less material will be used.

Customer satisfaction is our first and foremost priority and customers' opinions and expectations inspire us to improving our product offering and address quality and service concerns. Utilizing different channels, we make every effort to engage our customers and understand their needs and expectations.

SUPPLIERS

We expect our supply chain partners to act in accordance with our principles and values and, seek to support their development by sharing information and expertise. While our preference has always been to support local suppliers as far as possible, in order to fulfil customer needs we maintain strong relationships with foreign suppliers for key raw materials.

In our pursuit to establish a sustainable supply chain we have developed assessment methods for our suppliers which include questionnaires on their business conduct and Health, Safety and Environment practices.

MARKET VISITS (CONTINUOUS)

Our marketing team frequently interacts with customers to ensure that we keep abreast of the latest developments and market trends.

CUSTOMER SERVICES AND SUPPORT DESK (CONTINUOUS)

The Quality Control Department also serves as a help-desk ensuring that customized services are being delivered and any product related issue is addressed in time.

CUSTOMER SATISFACTION FEEDBACK (CONTINUOUS)

Feedback is sought to ensure that the products are according to the needs and specifications of customers. Surveys about our products are regularly conducted formally and informally. They help us in assessing our customer focus performance through feedback on product.

SUPPLIERS SCREENED USING ENVIRONMENTAL CRITERIA

We evaluate 100% of our suppliers through desktop research and our vendor questionnaire form. Onsite visits are also carried out for all local suppliers and suppliers of key raw materials.

SIGNIFICANT ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Our foreign suppliers are located in different countries and are subject to environmental impact assessments. They are certified by ISO and other credible international certification companies. Since our local suppliers are engaged in the trading business, such environmental impact assessments are not applicable to them.

RELATED MATERIAL ASPECT – Supplier Environmental Assessment, G4-EN32, G4-EN33

- Percentage of new suppliers that were screened using environmental criteria.
 - Significant actual and potential negative environmental impacts in the supply chain and actions taken.
-

SHAREHOLDERS & INVESTORS

During FY16 our business conducted record breaking performance which was mainly due to healthy Sales on account of expansion in the gas distribution network and this is evident in our financial results.

Our financial performance and future prospects are discussed in further detail in our Annual Report 2016.

We take seriously the responsibilities associated with making complex choices as we try to meet the expectations of our stakeholders. We approach these challenges with confidence, knowing that our guiding principles and values will help us to make good decisions today, and every day.

Some of the ways in which we engage our shareholders and investors include:

ANNUAL GENERAL MEETING

This meeting provides a platform for shareholder engagement.

QUARTERLY, HALF-YEARLY AND ANNUAL REPORTS

Reports are uploaded on the website and are available in print as required.

PRESS RELEASES (AS REQUIRED)

Updates of potential interests are published for our shareholders via press releases.

INVESTOR INTERACTIONS (AS REQUIRED)

We participate in various local and international investor conferences to interact with existing and potential investors.

MATERIAL INFORMATION (AS REQUIRED)

Information is transmitted to Pakistan Stock Exchange Limited (PSX) on timely basis as per the requirement of PSX rule book.

LOCAL COMMUNITY

We aim to share value sustainably

We are proud of how our contribution to communities is evolving to include actions towards engagement with people and greater involvement of our employees.

We will keep working hard to share the substantial economic benefits generated by our activities. Through our contribution to various gas infrastructure and energy development projects, we continue to look for opportunities to share economic benefits with local businesses. By providing employment and working with local suppliers

where practicable and reasonably possible, we can maximise the economic benefits of our development for the local, provincial and national economy.

We also acknowledge the impacts our developments can have on communities, and we are proud of many things we are doing to minimise these impacts. Our initiatives and contributions for the fiscal year 2016 are detailed in the Social and Relationship Capital section of this report.

REGULATORS AND GOVERNMENT BODIES

We see regulators and government bodies as key drivers for future business sustainability, specifically in terms of the engineering sector businesses that we operate.

ENGINEERING DEVELOPMENT BOARD, BOARD OF INVESTMENT AND FEDERAL BOARD OF REVENUE

Industry and trade regulations remain a core challenge as regional players, strengthened by government subsidies, sell steel products across international markets to capitalize on attractive dumping margins. Local manufacturers in Pakistan face survival challenges as large diameter pipe imports are largely unregulated, with little variance between duties on imported raw material and finished product (for large diameter welded pipes). We have been consistently pursuing this issue with Engineering Development Board (EDB), Board of Investment (BOI) and FBR in an attempt to seek trade remedies/protection for local manufacturers. We believe that

to get to the next level Pakistan needs a robust and thriving engineering sector. Unfortunately, the Engineering sector as a whole and large diameter pipe manufacturers in particular do not have a level playing field. With regular engagement with these bodies we managed to secure a marginal difference between duties on imports of raw material and finished goods, relevant to our product offering, restoring the long established principle of cascading duties. The sector however, remains open to threat from regional players who enjoy local export subsidies and are able to ship product at dumping prices.

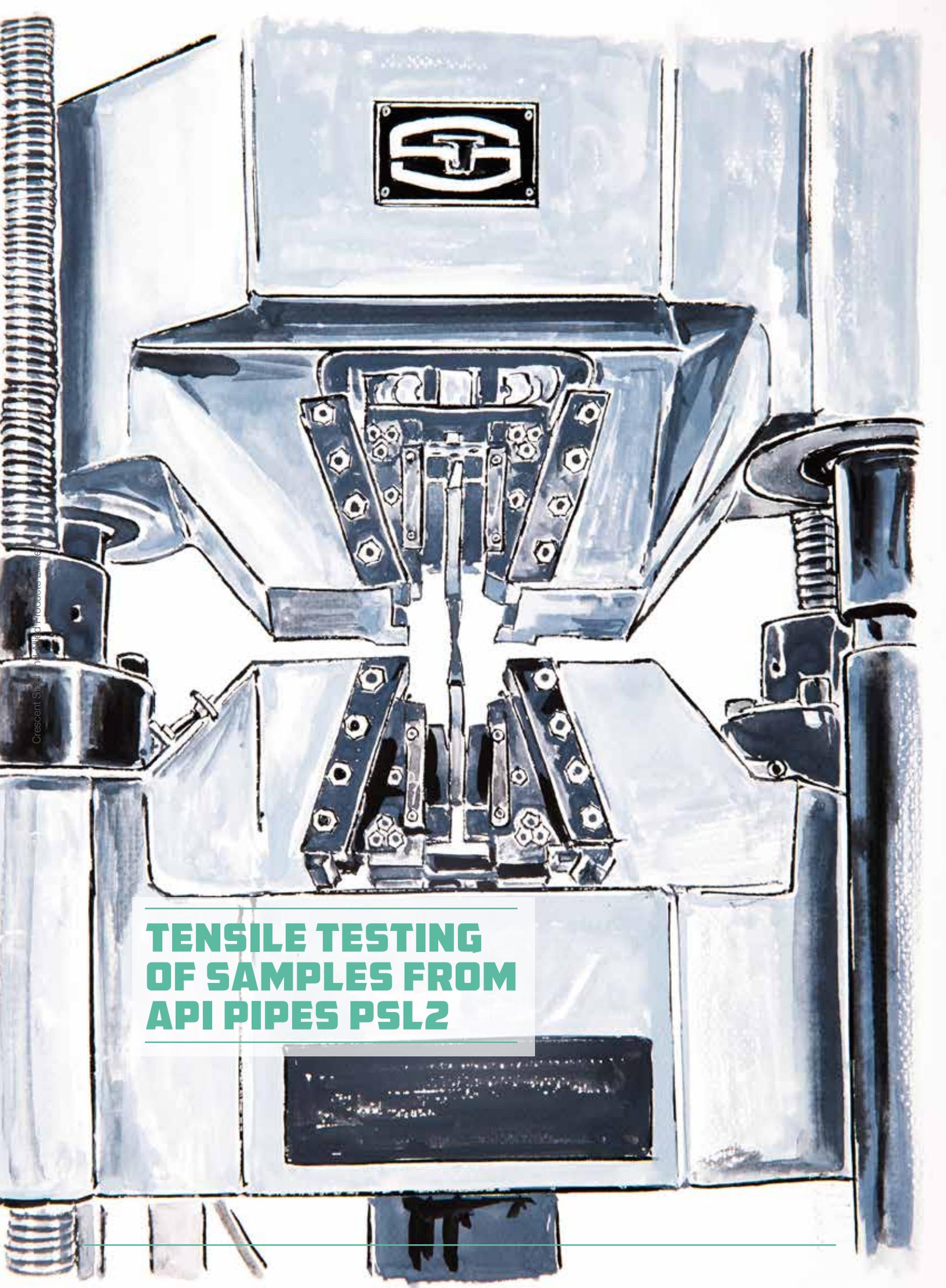
ICAP AND SECP

As a member of the Corporate Social Responsibility (CSR) Reporting Framework Taskforce formed by the Institute of Chartered Accountants of Pakistan (ICAP) we contributed to the development of an assurance framework on Sustainability Reporting in Pakistan.

EMPLOYEE AND COMMUNITY ENGAGEMENT

STAKEHOLDERS – Community and Employees

Activity	Month
WWF Mangrove Plantation and Beach Cleaning	November 2015
TCF Golf Tournament	December 2015
Crescent Cares Week	February 2016
Indus Hospital Blood Drive	February 2016
Visit to Eduljee Dinshaw Road Visit	February 2016
Visit to Dar-ul-Sukun	February 2016
Visit to Bait-ul-Sukun	February 2016
TCF Students visit to Head Office	February 2016
Visit to Imkaan Welfare Organization	February 2016
WWF Earth Hour	March 2016
WWF Kheenjar Lake Activity	March 2016
Poster Project Competition	March 2016
Visit to TCF Schools	May 2016



TENSILE TESTING OF SAMPLES FROM API PIPES PSL2



Crescent Steel in Wuxi Photochem

NATURAL CAPITAL

ENERGY



Our businesses are manufacturing intensive and financial performance is heavily dependent on reliable sources of energy and so, our energy efficiency strategy calls on us to explore avenues of self-generation and secure reliable power while maintaining cost leadership.

Energy shortages continue to hamper growth while domestic consumption continues to rise rapidly in Pakistan as the country awaits the development of much needed gas infrastructure. Gas infrastructure development remains the key driver for demand of large diameter line pipes in the short to medium term.

Our line pipe manufacturing and coating units faced multiple challenges given a slow pace of development and, more recently strong regional competition. Over the last ten years, as we positioned ourselves to respond to this challenge we explored various opportunities for diversification. Fortunately, business diversification has been a key factor in securing our top and bottom line performance as we evolved from a line pipe manufacturing concern to a conglomerate corporation with businesses in textile spinning, investment portfolios of stocks and real estate, capabilities in machinery fabrication, independent alternate power, and most recently steel billet manufacturing.

Our businesses are manufacturing intensive and financial performance is heavily dependent on reliable sources of energy and so, our energy efficiency strategy calls on us to explore avenues of self-generation and secure reliable power while maintaining cost leadership.

ENERGY EFFICIENCY

To manage our energy consumption, reduce our dependency on the national grid and mitigate the risk of recurring power outages, we have:

- a natural gas power plant to provide reliable self-generated power to our cotton spinning unit
- back up diesel power generators at our line pipe manufacturing site
- solar panels at the fabrication facility in Dalawal
- a bagasse fired thermal power plant in Bhone supplying power to the national grid as well as to our billet manufacturing unit
- Replaced old motors and with energy efficient motors
- Replaced old lights and air conditioning units with energy efficient ones across our sites

Shakarganj Energy (Private) Limited operates a bagasse fired thermal cogeneration power plant capable of producing 14 megawatts of electricity and extraction / condensing power plant capable of producing 16.5 megawatts of electricity for off-season operation. The unit generates and supplies reliable alternate power to our billet manufacturing business, Crescent Hadeed (Private) Limited and to, Shakarganj Limited and Faisalabad Electricity Supply Corporation.

ENERGY CONSERVATION

- Saved 2.1 kWh by replacing window air conditioner with inverter air conditioner in our warehouse epoxy containers
- Saved 70% energy by replacing sodium lights with LED lights in our pipe storage yard

RELATED MATERIAL ASPECT – Energy G4-EN3, G4-EN5, G4-EN6

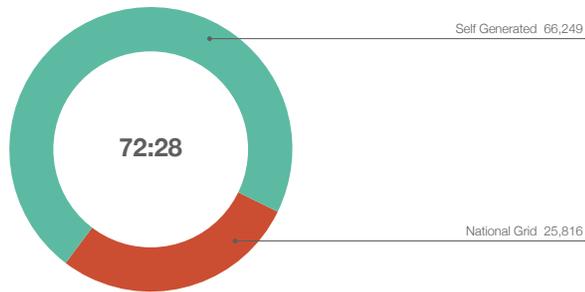
- Energy consumption within the organization
- Energy intensity
- Reduction of energy consumption

ENERGY SCORECARD

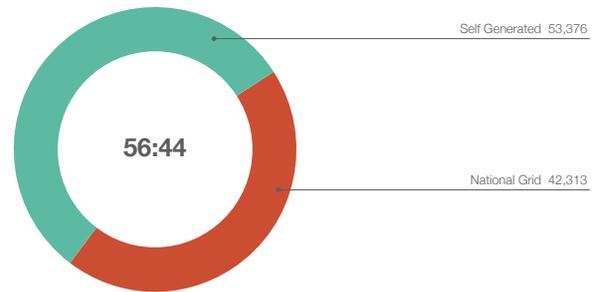
	2016	2015
ENERGY CONSUMPTION (GJ)	92,066 ▼	95,689

PROPORTION OF ENERGY SELF-GENERATED AND FROM NATIONAL GRID

ENERGY CONSUMPTION - 2016



ENERGY CONSUMPTION - 2015



BREAK-UP OF SELF-GENERATED ENERGY (GJ)

BREAK-UP OF SELF-GENERATED ENERGY - 2016



BREAK-UP OF SELF-GENERATED ENERGY - 2015



	2016	2015
ENERGY INTENSITY RATIO (TOTAL ENERGY CONSUMPTION/SALES)	0.001% ▼	0.0039%

	2016	2015	Change
Total Energy Consumption (GJ)	92,066	95,690	(4%)
Sales (Rs. in million)	8,858	2,467	2.5 times
Sales per unit of consumption (Rs./GJ)	96,210	25,786	2.7 times
Energy Intensity Ratio	0.001%	0.0039%	(74%)

	2016	2015
ENERGY CONSUMPTION WITHIN THE BUSINESS	92,066 GJ	95,689 GJ
ENERGY SUPPLIED OUTSIDE THE BUSINESS	10,730 GJ	28,806 GJ

Fuel Type	Self-Generated Energy (GJ)	Consumption pattern
Diesel	4,860	Consumed within the business
Gas	48,809	Consumed within the business
Bagasse	23,307	Supplied to the national grid and industry
Solar	4	Consumed within the business

Fuel Type	Purchased Energy (GJ)	Consumption pattern
WAPDA/ K-Electric	25,816	Consumed within the business

ENVIRONMENTAL CARE

We do not operate in an industry with high greenhouse gases' intensity. The nature of our direct business operations also does not pose other significant environmental risks.

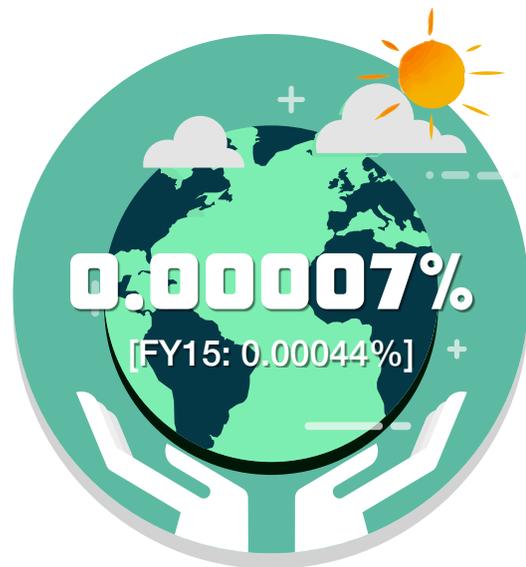
EMISSIONS

Pakistan has an insignificant carbon footprint, yet Pakistan ranks among the 10 countries most vulnerable to climate change. At CSAPL all our emissions and discharges are compliant and within the prescribed limits set by the National Environmental Quality Standards (NEQS). This includes our emissions of Sulphides (SOx Gases), Nitrides (NOx Gases), Particulate Matter, Ozone Gas, Volatile Organic Compounds, Ozone Depleting Substances (including CFCs and Freon), Carbides, and any other such emissions. As a part of our continued commitment to our stakeholders we work hard to manage the environmental impact of our operations.

Our sources of direct CO2 emissions are primarily fossil fuel based back up power generation units at our manufacturing sites. The main source of indirect CO2 emissions is the energy we purchase and consume from the national grid across our campuses.

EMISSIONS INTENSITY RATIO

(Total Emissions/Sales)



Total GHG emissions fell by 85% or 4,959 tonnes of CO₂ against an increase of 2.5 times in sales over prior year.

- Over the years, Nitrogen gas was substituted with Oxygen gas to reduce NOx level from 1,357 mg/Nm³ to less than 400 mg/Nm³
- Water discharged from our coating unit was neutralised to bring PH levels between 7-10

2016: DIRECT GHG Emissions in tonnes of CO₂ equivalent – **3,198 TONNES**

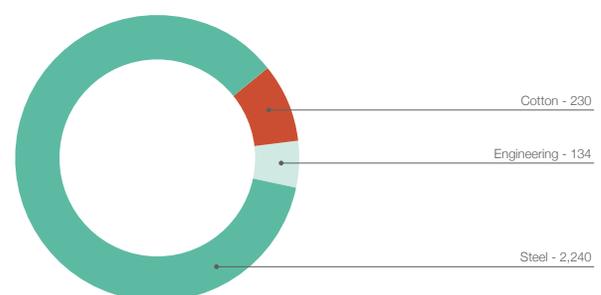
2016: INDIRECT GHG Emissions in tonnes of CO₂ equivalent – **2,604 TONNES**

DIRECT GHG EMISSIONS - 2016



2015: 2,994 TONNES OF CO₂ EQUIVALENT

INDIRECT GHG EMISSIONS - 2016



2015: 7,767 TONNES OF CO₂ EQUIVALENT

RELATED MATERIAL ASPECT – Environmental Care G4-EN27

- Extent of impact mitigation of environmental impacts of products and services.

AIR POLLUTION CONTROL SYSTEM

We have taken appropriate measures to go beyond complying with the minimum national standards enforced by the Pakistan Environmental Protection Agency by adhering to globally recognised standards of air pollution control at the steel billet manufacturing unit which has commenced commercial production in June 2016.

Gaseous emissions and metal dust is the most prominent form of waste in the steel melting process while primary

wastes produced in casting steel are contact water, oil, grease and metal scraps. We have taken necessary measures to manage the environmental impact of our new business line and have installed an air pollution control system to clean the air of metal dust, harmful gasses and other waste and pollutants. The unit is equipped with air pollution control systems with air filtration capacity of 50 mg/Nm³ against national standards that require air pollution control system with filtration capacity below 100 mg/Nm³.

WASTE



We work to minimize the wastes resulting from our operations by reducing material consumption and waste and, reusing or recycling waste material as far as reasonably possible. We continue to advocate environmental responsibility in our daily actions through advocacy and communications.

Where reuse is not possible, we ensure proper disposal of waste matter in accordance with local regulations imposed on us and international best practices that we impose on ourselves. Disposal methods include: Land filling, recycling and incineration.

WASTE MANAGEMENT

Business Unit	Type	Specification and units	2016	2015	Treatment
Steel	Hazardous	Plastic bags, drums etc. (in numbers)	65,006	9,519	Sold for recycling/reuse
		Tube lights and Sodium Discharge bulbs	200	200	Incinerated
	Non-hazardous	Steel scrap (in tons)	3,230	162	Sold for recycling/reuse
		Polyethylene/ Polypropylene (in tons)	58	17	Sold for recycling/reuse
		Debris, kitchen waste and others (in tons)	13	10	Landfilled
Cotton	Hazardous	Cotton dust (in Kg)	821	111	Sold for reuse
	Non-hazardous	Cotton waste (in tons)	1.2	934	Sold for reuse
Engineering	Hazardous	Bulbs and light (in numbers)	94	168	Landfilled

WATER DISCHARGE (LITRES)

Business Unit	2016	2015	Quality and Destination
Steel	2,046,810	298,600	treated, drained to Municipal sewer
Engineering	154,700	167,440	untreated, drained to Municipal sewer
Total	2,201,510	466,040	

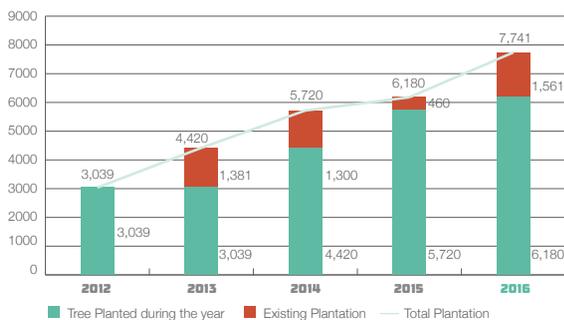
Note: At our Cotton division, we do not currently have any mechanism to measure water discharge.

FORESTATION

Over the last 9 years we planted more than 7,740 trees across communities where we operate. This will reduce 45.7 tons of carbon dioxide every year which is equivalent to burning 6,031 gallons of gasoline.



TREE PLANTATION



7,740+

Trees planted resulting in 45.7 Tonnes of CO² reduction per annum equivalent to burning 6,031 gallons of gasoline.

BEACH CLEANING AND MANGROVE PLANTATION ACTIVITY

In Pakistan, only 4.8% of the land is covered with forests, which is far below the optimal requirement for a country. Despite the low percentage of forests in Pakistan, deforestation continues to take place countrywide, thus posing great threats, such as desertification, flooding and endangering of wildlife.

This particularly pertains to mangrove forests, which are immensely important in many ways, and their depletion is causing a variety of problems, not only to the environment but also to the country, at large.

To protect the natural environment, we partnered with WWF Pakistan to plant 150 mangrove plants [2015: 100 mangrove saplings] at their Wetland Center this year. These plants will reduce 0.88 tonnes of carbon dioxide every year which is equivalent to burning 116.8 gallons of gasoline. The plantation was followed by a beach cleaning activity.



CELEBRATING EARTH HOUR

Earth Hour is a worldwide grassroots movement organized by the World Wide Fund each year that aims to protect the planet. Earth Hour was started as a lights-off event in 2007 and since then it has grown to engage more than 7,000 cities and towns worldwide.

Earth Hour 2016 was held on March 19, 2016 between 8:30 – 9:30 PM. This year, we went beyond just switching

off unnecessary lights by partnering with WWF Pakistan to visit Kheenjar Lake in Thatta District, the second largest fresh water lake in Pakistan. The activity involved planting neem trees, engaging with the surrounding community and helping put into place a waste management system for them. These neem trees will reduce 0.29 tonnes of carbon dioxide every year which is equivalent to burning 39 gallons of gasoline.

RESOURCE CONSERVATION

Our business depends on the availability of quality materials which majorly include hot rolled coil, raw cotton and bagasse. Our cost of doing business and profitability is dependent on responsible consumption and effective waste management.

The Company has various initiatives in place and barring items necessary for consumption in business operations and production, everyone is encouraged to reduce the use of all materials as far as possible.

PAPER

We aim to reduce, recycle and reuse paper in our daily work. For this, we have replaced numerous paper processes with electronic alternatives and target to bring greater visibility to departmental and individual paper use by leveraging smart printers to report consumption patterns.

WATER

We understand that water is a scarce resource and wherever we find opportunities to conserve, reuse or recycle water; we do so.

- Water is redirected and reused for pressure testing of pipes and to cool pipes in the coating process.
- At the power plant water is reused to generate steam for turbines.



(Million Litres)

Business Units	Sources	2016	2015
Energy	Condensate From Sugar Process	49.93	3.44
	Condensate water from Condensing Turbine	9.69	-
	Ground Water	19.37	-
Steel	Municipal Water Supply	18.10	11.75
	Lake Water	27.15	17.63
Engineering	Ground Water	1.35	0.80
Total Water Consumption		125.59	33.62

Note: At our Cotton division, we do not have a mechanism to measure water withdrawal.

MATERIAL CONSUMPTION

Material Consumed	Unit of quantity	Quantity (weight / volume)	
		2016	2015
Non-Renewable Materials			
Steel – Pipe Manufacturing			
HR coils (comprises 99% of input materials)	Kg	64,139,069	2,951,990
Steel – Coating			
High Density Polyethylene	Kg	1,913,275	242,750
Polypropylene	Kg	-	13,940
Co Polymer Adhesive	Kg	211,125	30,300
Fusion Bonded Epoxy	Kg	327,340	41,890
Liquid Epoxy Paint	Ltr	-	1,298
Cotton			
Binding Rope (Dori)	Kg	14	388
Yarn Wrapping Cone	No's	171,960	3,340,981
Hoop	Kg	-	2,100
Polypropylene Bags	No's	8,099	136,051
Polythene Bags	Kg	508	13,446
Washer Discs	GRS	772	20,708
Tape	No's	-	199
Polyester	Tons	139	-
Engineering			
Gas LPG	Kg	3,529	3,493
Gas Oxygen	Cubic M	10,012	6,883
Diesel Oil	Ltr	16,455	14,000
Disc (Grinding & Cutting)	No's	2,872	2,117
Welding Electrode	Tons	11.8	9.9
Round Bar, Pipes, Nut Bolt etc.	Tons	72.1	49.9
Sheets Mild Steel	Tons	581.8	630
Sheets Stainless Steel	Tons	6.2	7.4
Crescent Hadeed			
Melting Scrap (HMS, Shredded, Bundled Scrap)	Mt	4,971	-
Silico Manganese	Kgs	27,739	-
Ferro Manganese	Kgs	24,359	-
Ferro Silicon	Kgs	7,270	-
T.C Tips	No's	1,880	-
Mill Scale	Kgs	60,270	-
Mustard Oil	Ltr	1,995	-
Cu. Coated Pipe	Mtr	1,150	-
LPG Gas	Kgs	1,936	-
Oxygen Gas	M3	8,994	-
Diesel Oil	Ltr	19,630	-
Rice Husk	Kgs	2,100	-
MS Lancing Pipe	Mtr	5,714	-
Quartz Powder	Kgs	148,758	-
Boric Acid	Kgs	1,340	-
Sodium Silicate	Kgs	4,835	-
Nozzle - Ex	Kgs	1,363	-
Silica Sand	Kgs	54,379	-
-Renewable Materials			
Energy			
Bagasse	Tons	53,494	50,705
Cotton			
Raw Cotton	Tons	135	6,529

RELATED MATERIAL ASPECT – Materials G4-EN1 - Materials used by weight or volume

PRODUCT STEWARDSHIP

PRODUCT QUALITY AND SAFETY

MAINTAINING PRODUCT AND SERVICE QUALITY IS A SUSTAINABILITY IMPERATIVE

We strive to apply cutting edge technology and remain client centric to drive profitability and efficiency, ensuring the highest standards of quality in product delivery. The effectiveness of our Quality Management System is ensured through an independent quality function at each business unit level.

CSAPL strictly adheres to its quality policy to ensure that quality is embedded from the beginning to the end of the value chain. The management ensures measurable and verifiable quality objectives are set throughout the organization, from the initial inspection of raw materials to the transportation of the finished product to the customer.

The Company retains its authorisation to the use the API monogram of the American Petroleum Institute since its inception in 1987. In 1997, CSAPL was awarded ISO9001 Quality Management Standard Certificate which it continues to maintain as ISO 9001:2008.

STEEL DIVISION

PIPE MANUFACTURING AND COATINGS

Raw material sourcing for line pipe manufacturing is critical for oil and gas/API monogram pipes given the applicability of stringent raw material quality specifications and API standard compliance. Our raw material is purchased from pre-qualified suppliers, against established parameters that forms part of our vendor evaluation system.

The pipes we produce and coat are inspected and tested on sophisticated testing equipment.

We have various testing facilities available at our pipe manufacturing and coating plant:

- **On-line Automatic Ultrasonic Testing:** To ensure that the entire plate as well as the seam is flawless for both Spiral Pipe Mills
- **Radiographic Inspection:** To analyse the defects identified by Ultrasonic testing.
- **Visual Inspection:** To determine surface defects
- **Hydrostatic Pressure testing of pipes:** To check pipe strength, durability and leakages
- **Residual Magnetism Measurement:** To ensure that Residual Magnetism is within the limits of the applicable standard or client's requirements.
- **Final Inspection:** To rigorously inspect the different dimensional parameters
- **Tensile Testing and Guided Bend Tests:** To ensure that the coil received and the pipes manufactured have the required mechanical properties
- **CVN Test:** To ensure the fracture toughness of the Pipe Body, Weld and HAZ is in compliance with API standards and client requirements
- **Chemical Tests:** To ensure the product has met client specified chemical requirements
- **Hardness Testing:** To check hardness of the Pipe Body, Weld and HAZ for the sour service pipe
- **Burst Test:** To ensure that the pipe exceeds the minimum design pressure requirement
- **Impact Test at - 40°C:** To ensure that coated pipes have required impact resistance at low temperature

RELATED MATERIAL ASPECT – Product and Service Labelling G4-PR3, G4-PR4

- Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements
 - Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
-

Coating applications undergo various tests including:

- Online holiday inspection
- Coating adhesion strength testing
- Thermal analysis
- Melt Flow index
- Cathodic disbondment test
- Hot water soak resistance test
- Flexibility bend test
- Indentation hardness test

MEASURING CUSTOMER SATISFACTION

- The unit continues to maintain a high customer satisfaction score of over 84% for both, pipes and coatings
- The survey identifies many strong areas for improvement like timely product delivery, timely & accurate dissemination of information etc
- The survey provides customer feedback on our product capability for:
 - Submerged Arch Welded Helical Seam Steel Pipes in diameters ranging from 8-120 inch in Steel Grades up to and including API 5L X-100, under API Monogram authorization
 - Anti-corrosion coating application of steel line pipes in diameters ranging from 4 – 60 inches, as per international standards like DIN 30670
- Our main customer base constitutes the two state gas utilities operating in Pakistan, SSGC & SNGPL - headquartered in Karachi and Lahore, respectively - with a footprint across various towns and cities in Pakistan. Our Karachi and Lahore offices, and our plant site in Nooriabad are within easy access of our main customer base

COTTON DIVISION

COTTON SPINNING

We continue to maintain high standards in quality management, performance and innovation. Our Quality Control laboratory and trained workforce ensure that all processing methods and products meet the required industry and international standards. Raw material like Polyester/Viscose is procured from world renowned synthetic fibre producers locally or imported. Raw cotton is checked against established standards prior to procurement

while sophisticated testing infrastructure strengthens quality management and assurance.

The cotton division continues to maintain quality management systems under ISO 9001 certification standards.

The quality assurance and testing laboratory at the spinning unit is equipped with necessary testing equipment. These include:

For Fibre Testing	For Yarn Testing
HVI-Spectrum	Uster Tensojet-4
AFIS	Uster Tester-5
Fibrograph 530	Count Analyzer
Micronaire	Lea Strength Tester
Moisture Meter	Twist Tester

MEASURING CUSTOMER SATISFACTION

- A survey of our product and service quality was carried out to invite customer feedback on our Cotton Division product performance for cotton/synthetic blended carded yarn ranging from 10/s to 31/s, slub and siro yarn
- The survey was carried out across a sample of 25 customers located primarily in Punjab with offices in the main cities of Faisalabad and Lahore. Our footprint in Karachi, Lahore and Islamabad enables easy access for our customers. The spinning unit in Jaranwala is also easily accessible from Faisalabad and Lahore
- The survey highlighted areas of strength and weaknesses. We strive to work on weak areas to enhance our product offering and will continue to engage customers for feedback and to better understand their needs

GRI CONTENT INDEX - IN ACCORDANCE WITH CORE CRITERIA

General Standard Disclosures	
General Standard Disclosures	Page Number or Direct Answer
Strategy and Analysis	
G4 – 1	2
Organizational Profile	
G4 – 3	Cover page
G4 – 4	10-17
G4 – 5	Annual Report : Company Information
G4 – 6	The Company has operations in Pakistan only
G4 – 7	10 & Pattern of shareholding in the Annual Report
G4 – 8	10-17
G4 – 9	10-17 and 21
G4 – 10	36
G4 – 11	No collective bargaining agreements
G4 – 12	10-17
G4 – 13	There has been no such significant change
G4 – 14	The company has adopted sustainable practices voluntarily on the basis of precautionary approach
G4 – 15	Pakistan Centre for Philanthropy, ISO 14001, OHSAS 18001, GRI's framework
G4 – 16	The Citizen's Foundation Pakistan Centre for Philanthropy Commecs Educational Trust Taskforce for CSR Reporting Framework (ICAP)
Identified Material Aspects and Boundaries	
G4 – 17	All such entities have been covered. Please refer page 108 for the list of entities.
G4 – 18	5-7 and 26
G4 – 19	5
G4 – 20	The material for all aspects has been assessed and reported at group level and having the boundary within the company.
G4 – 21	The material for all aspects has been assessed and reported at group level and having the boundary within the company.
G4 – 22	17,36 and 68
G4 – 23	No such significant change
Stakeholder	
G4 – 24	61
G4 – 25	Engagement plans are in place for all stakeholders
G4 – 26	33 and 62-65
G4 – 27	33, 56 and 62-65

General Standard Disclosures	
General Standard Disclosures	Page Number or Direct Answer
Report Profile	
G4 – 28	7
G4 – 29	7
G4 – 30	7
G4 – 31	7
G4 – 32	GRI Content Index
G4 – 33	No seeking assurance this year
Governance	
G4 – 34	29,30 and Annual Report: Governance section
Ethics and Integrity	
G4 – 56	9 and Governance section in the Annual Report
Specific Standard Disclosures	
Identified Material Aspects	Disclosure reference (with Page Number) or Direct Answer
Economic	
Economic Performance	EC1 (22), EC3 (17 and Annual Report 2016), EC4 (No financial assistance received from the Government)
Market Presence	EC5 (1:1), EC6 (100%)
Indirect Economic Impacts	EC7 (17, 18, 48 and 49)
Procurement Practices	EC9 (23)
Environmental	
Material	EN1 (73), EN2 (No recycled input material used)
Energy	EN3 (68), EN5 (68), EN6 (68), (The organisation specific metric used for the calculation of Energy Intensity is sales turnover. Energy intensity constitutes electricity and steam consumed within the business.)
Water	EN8 (72), EN9 (No water source significantly affected), EN10 (72)
Biodiversity	Not Material
Emissions	EN15 (69), EN16 (69), EN18 (69), (The organisation specific metric used for the calculation of Emissions Intensity is sales turnover. Emissions intensity constitutes direct GHG emissions from self-generated energy from diesel oil and natural gas at 74.1 and 56.1 MT of CO2 per GJ as per base year, 2013 and per IPCC standards and indirect GHG emissions on management best estimates.)
Effluent and Waste	EN22 (70), EN23 (70), EN24(No significant spills)
Product and Service	EN27 (69)
Compliance	EN29 (No monetary fines or sanctions for non-compliance with environmental laws and regulations has been imposed)
Transport	Not considered material
Supplier Environmental Assessment	EN32 (63), EN33 (63)
Environmental Grievance Mechanisms	EN34 (No grievance has been filed about environmental impacts during the year)

Specific Standard Disclosures	
Identified Material Aspects	Disclosure reference (with Page Number) or Direct Answer
Social: Labour Practices and Decent Work	
Employment	LA1 (37), LA2(32)
Labour/ Management Relations	LA4 (One month notice period)
Occupation health and safety	LA5 (43), LA6 (43) and LA7 (43)
Training and Education	LA9 (34-35), LA10 (34-35 and 41) , LA11 (35)
Diversity and Equal Opportunity	LA12 (34)
Equal Remuneration for Women and Men	Not considered material
Supplier Assessment for Labor Practices	Not considered material
Labour Practice Grievance Mechanisms	LA16(No grievance filed about labour practice during the year)
Social: Human rights	
Investment	Not considered material
Non-Discrimination	HR3 (No incidents of discrimination reported during the year)
Freedom of Association and Collective Bargaining	Not considered material
Child Labour	Not considered material
Forced or Compulsory Labour	Not considered material
Security Practices	Not considered material
Indigenous Rights	Not considered material
Supplier Human Rights Assessment	Not considered material
Human Rights Grievance Mechanisms	HR12(No grievance filed about human rights impact filed during the year)
Social: Society	
Local Communities	SO1 (All our units have formal and informal programs through which we engage with indigenous communities. Some of these include Monetary and Evaluation visits to schools supported by us & regular meetings with local Elders/Politicians in our areas of operations. We also ensure that we hire people from localities near our operations, as far as reasonably possible and in line with business requirements), SO2(None of our operations have significant actual and potential negative impact on local communities)
Anti-Corruption	SO3(All of our operations have been assessed for risks related to corruption), SO5 (No incidents of corruption occurred during the year)
Public Policy	Not considered material
Anti-Competitive Behaviour	Not considered material
Compliance	SO8 (No monetary fines or sanctions for non-compliance with society laws and regulations has been imposed)
Supplier Assessment for Impacts on Society	Not considered material
Grievance Mechanisms for Impact on Society	No grievances filed about impacts on society during the year.
Social: Product Responsibilities	
Customer Health and Safety	PR2(No incident of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, occurred during the year)
Product and Service Labelling	PR3 (74), PR4 (No incident of non-compliance with regulations and voluntary codes concerning products and services information and labelling, occurred during the year) PR5 (75)
Customer Privacy	Not considered material
Compliance	Not considered material, PR9 (No files were imposed for non-compliance with laws and regulations concerning the provision and use of products and services, during the year)
Compliance	Not considered material, PR9 (No files were imposed for non-compliance with laws and regulations concerning the provision and use of products and services, during the year)

UN SUSTAINABLE DEVELOPMENT GOALS



We support UN Sustainable Development Goal #3
 Ensure healthy lives and promote well – being for all at all ages.



We support UN Sustainable Development Goal #4
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



We support UN Sustainable Development Goal #5
 Achieve gender equality and empower all women and girls.



We support UN Sustainable Development Goal #6
 Ensure availability and sustainable management of water and sanitation for all.



We support UN Sustainable Development Goal #7
 Ensure access to affordable, reliable, sustainable and modern energy for all.



We support UN Sustainable Development Goal #8
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



We support UN Sustainable Development Goal #10
 Reduce inequality within and among countries.



We support UN Sustainable Development Goal #11
 Make cities and human settlements inclusive, safe, resilient and sustainable.



We support UN Sustainable Development Goal #12
 Ensure sustainable consumption and production patterns.



We support UN Sustainable Development Goal #14
 Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



We support UN Sustainable Development Goal #15
 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

To visit our website, go to
www.crescent.com.pk or
scan QR code



For Corporate Responsibility
Report for the year ended 30 June
2016, go to:
[http://www.crescent.com.pk/
sustainability-report-2016/](http://www.crescent.com.pk/sustainability-report-2016/) or scan
QR code



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