

**CORPORATE RESPONSIBILITY
REPORT 2015**

15



Crescent Steel and Allied Products Limited



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MESSAGE **FROM THE** **CHIEF EXECUTIVE** **OFFICER**

THE PILLARS OF SUSTAINABILITY INFORM EVERY BUSINESS DECISION WE MAKE AT CRESCENT STEEL. WE RECOGNIZE THAT CONSIDERING THESE MATTERS AND THEIR INTERSECTIONS – WHETHER ECONOMIC, SOCIAL OR ENVIRONMENTAL – IS ESSENTIAL TO GROWING A STRONG AND HEALTHY BUSINESS FOR THE LONG TERM. IT’S SIMPLY HOW WE PLAN, WORK AND THINK.



Ahsan M. Saleem
Chief Executive Officer

This is Crescent Steel's 3rd Corporate Responsibility Report. Some may ask why we produce an annual accounting of our sustainability performance. Given the resources required, it's a fair question – and one we first considered two years ago when we started to see the shift towards sustainable thinking and heightened stakeholder expectations for disclosure beyond the balance sheet. Essentially, for us, the decision boiled down to this: Would sustainability reporting make us more competitive? And, if so, were we prepared to be anything other than leaders in our industry? The answers to both questions were clear.

SUSTAINABILITY MAKES GOOD BUSINESS SENSE

At Crescent Steel, we believe it makes good business sense to share our sustainability story because our sustainability and business strategies are essentially one and the same. The setting of ambitious economic, social and environmental objectives, followed by the close tracking of our performance in each of these areas, continuously pushes our Company to improved performance. We believe this is one of our competitive advantages – and that success in

WE ARE GUIDED BY OUR MISSION, PRINCIPLES, AND VALUES WHICH INCLUDE EARNING THE TRUST OF OUR STAKEHOLDERS BY EXHIBITING INTEGRITY AND EMBRACING TRANSPARENCY.

one area is ultimately important to success in the others. At the same time, this reporting enables us to continue to earn public trust, strengthen relationships with stakeholders and renew our social license to operate. So, in our minds, there's no question that providing transparency about the decisions we make with regards to our economic, social and environmental matters is well worth the time and effort it takes.

This report complements our Annual Report 2015 and, focusing on our corporate responsibility performance, it gives insight on how various material aspects surrounding the different forms of capital relate to our business.

As one of the main large diameter line pipe producers active in Pakistan, Crescent Steel's core business touches thousands of stakeholders across Pakistan. The line pipes we manufacture provide households and industries with access to energy and water, and are used to help build sustainable port structures. Today our steel line pipes constitute approximately 70% of the national oil and gas transmission network developed in Pakistan since the 1980s. Our coating applications help enhance transmission efficiency and the durability of pipeline infrastructure. Our yarn business contributes to the agricultural economy by generating demand for cotton and empowering farmers across Pakistan. Investments in alternate power enable us to be energy independent and support the national grid. Equity and real estate investment business reflects our conviction in the growth of Pakistan's corporate sector and our billet manufacturing unit will provide sustainable sources of steel to Pakistan's engineering sector. 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 daily 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.

EMPLOYEES EMBRACE SUSTAINABILITY

In 2015, our employees led the way when it comes to sustainable practices, contributing volunteer hours in our communities and continued to donate generously to charitable organizations - employee contributions through *Crescent Matches* surpassed the previous year's.

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

We take pride in providing transparency about our decisions, holding ourselves to high operating standards, building strong relationships with stakeholders, and innovating to reduce the environmental impact of our operations. We recognize that sustained financial performance of our businesses relies on our people, communities, and the environment and these considerations underpin our strategic direction as a responsible corporate citizen.

Going forward we will further elevate our reporting by taking an integrated approach to our financial and sustainability reporting. We decided to take this next step to truly reflect the ongoing intersection of the three pillars of sustainable business (the economic, social and environmental) and our decision making. We are developing a plan for implementing this change.



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 VARIOUS SECTORS. THIS REPORT COVERS THE PERFORMANCE OF OUR BUSINESSES IN THE ENGINEERING, TEXTILE, ENERGY AND CAPITAL MARKETS SECTORS.



Guided by its corporate vision of delivering value, we aim to contribute to the sustainable development of society through our business activities in addition to providing value through our 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 sharing this information, the Company increases the level of transparency of its actions while creating opportunities to improve its activities by incorporating feedback from stakeholders.

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.

Our reporting covers their management, and the performance achieved through this management. Our annual strategy and performance review process helps to identify activities that Crescent Steel undertakes that are of most interest and importance both 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 2016-2018. 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 STAKEHOLDER 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 time frames: 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 2016 and beyond.

MATERIAL ASPECTS

A detailed materiality assessment reviewed for 2016 has identified 27 key issues for our business. All deserve focus, but six priority issues have emerged as focus areas for fiscal years 2016-2018:

- 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

Over the next three years, our assessment suggests the following aspects are likely to become more prominent:

- 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 issues.

We believe that effective strategizing and management of these material aspects will lead to long term organizational sustainability. We expect our material aspects to evolve through internal monitoring and ongoing consultation with our stakeholders. This report revolves around our approach and performance on these material aspects.

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 management's best estimates using globally accepted methodologies and assumptions.

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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 2015, 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, cotton, energy, investment and infrastructure business portfolios. The report covers fiscal year 2015 (July 2014 to June 2015); content that describes efforts outside this period is indicated in the respective sections.
 - **Organization:** Crescent Steel and Allied Products Limited and subsidiary companies in the Crescent Steel Group. 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 2014, issued 1 October 2014.
 - **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 2015.
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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



CONSISTENTLY DOING THE RIGHT THING

Being ethically unyielding and honest in the way we conduct business.



OWNERSHIP



ACTING WITH STEWARDSHIP

To build a better, stronger and more dynamic organization.



CUSTOMER FOCUS



LEVERAGING RELATIONSHIPS FOR OUT PERFORMANCE

Delivering value through responsiveness to internal and external customers.



CONTINUOUS IMPROVEMENT



CONTINUOUS IMPROVEMENT GIVES US COMPETITIVE ADVANTAGE

Fostering collaboration, innovation, and creativity as individuals and as teams.



COMMUNITY CARE



SOCIAL RESPONSIBILITY IS AT THE HEART OF OUR BUSINESS

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 ALL STOCK EXCHANGES OF PAKISTAN. 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 a line pipe manufacturing and coating plant, and a machinery fabrication facility (Shakarganj Engineering). The pipe plant located at Nooriabad specializes in manufacturing large diameter spiral welded pipes and various line pipe coatings. Shakarganj Engineering, located in Dalawal, fabricates and erects machinery for the sugar, dairy, paper and cement industries.

LINE PIPE MANUFACTURING

The pipe plant's installed/rated capacity for production based on single shift is **30,000 tons** annually on the notional pipe size of 30" diameter x 1/2" thickness. The actual production achieved during the year was **2,837 tons** of line pipe in varied sizes and thicknesses [2014: 10,248 tons]. This is equivalent to **13,590 tons** if actual production is translated to the notional pipe size of 30" diameter [2014: 21,676 tons].

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

SUPPLY CHAIN - BARE LINE PIPES



HR Coil is imported from steel manufacturers



Crescent procures and processes HR Coils to manufacture steel line pipes



Bare steel line pipes are either sold to public utility companies or processed for coating



Steel line pipes are used in transmission pipelines in the oil and gas, and water and sewage sectors. The line pipes are also used as piles at ports and jetties

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 diameter and a thickness range of 3 mm to 16 mm.

The annual capacity of the plant works out to **600,000 square meters** based on notional size of 14" diameter on single shift working. Coatings of 79,764 meters [2014: 82,125 meters] on varying pipe sizes or 90,735 square meters in surface area [2014: 58,651 square meters] was achieved during the year.

SUPPLY CHAIN - INTERNAL AND EXTERNAL PIPE COATINGS



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



External and/or internal coating is applied to bare pipes



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

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. During the year, we leveraged our skill set and enhanced our offering by acquiring the design to fabricate and erect a portion of our continuous casting machine for the billet manufacturing unit. 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 - INDUSTRIAL EQUIPMENT



Metal sheets and other raw material is procured



The engineering unit workshop fabricates and mills industrial machinery and equipment as per design specifications



Fabricated equipment is used by customers in the sugar, cement and other industries

CRESCENT HADEED



Crescent Hadeed (Private) Limited (CHL), incorporated in 2013 will be operational in December 2015. The Company will manufacture steel billets through induction melting and ladle refining process. It has a planned production capacity of **85,000 metric tonnes** of steel billets per annum. These

steel billets will be used by re-rolling mills as raw materials to manufacture steel reinforced bars, angles, channels, sections and other steel products for use in the construction and engineering sectors.

SUPPLY CHAIN - STEEL LONG PRODUCTS



CRESCENT COTTON PRODUCTS

Crescent Cotton Products, acquired in 2000, is the textile division of the Company, located in Jaranwala with nearly 20,000 spindles. It has a production capacity of 500 bags per day and specializes in producing high quality cotton yarn in various counts.

The cotton division's production capacity converted to 20s, as per spinning plan is **6,452,874** kilograms. Actual production converted into 20s count was **5,082,052** kilograms [2014: 5,749,028 kilograms].

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 other materials. 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. 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



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. The principal activity of the unit is to generate, accumulate, distribute, sell and supply electricity to Faisalabad Electric Supply Company and other power distribution companies under the agreement with the Government of Pakistan or to any other consumer as permitted. The power plant will cater to the energy needs of our billet manufacturing unit, Crescent Hadeed (Private) Limited and supply reliable emission free 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 year, 51,705

tons of bagasse and 94,191 tons of water were used for the generation of 8,002 Mwh power of which 6,421 Mwh and 1,580 Mwh was sold to Shakarganj Limited and Faisalabad Electric Supply Corporation, respectively. 91,959 ton 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 during FY13. 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.

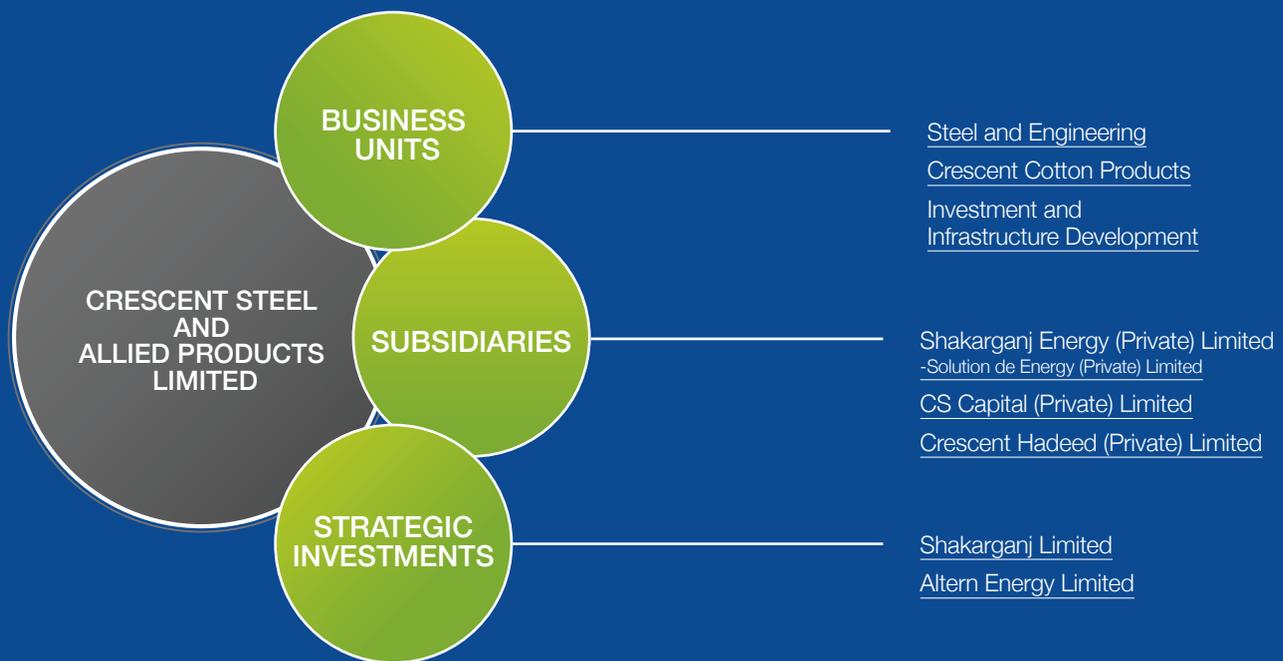
The Company was granted a Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and during the year land for the project was also allocated.

SUPPLY CHAIN - POWER



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 unit supports the Company's bottom line and in addition to capital gains, to support the working capital requirements of our business, the unit maintains a stable flow of rental and dividend income.



AN OVERVIEW OF FISCAL YEAR 2015

If we comply with all obligations imposed upon us and those which 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 on 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 and various 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 2,837 tonnes of steel pipes [FY14: 10,248 tonnes], 5,923 tonnes of yarn [FY14: 8,498 tonnes¹] and 329 tonnes of cotton [FY14: 155 tonnes] locally and exported about 91 tonnes of yarn [FY14: 439 tonnes], 295,000 meters of fabric [FY14: 445,500 meters¹] and no cotton [FY14: 493 tonnes], 3,441 machines and equipment units [FY14: 442 machines and equipment units] were sold during the year. We made investments of Rs. 949.6 million [FY14: Rs. 853.6 million] and realised gains of

Rs. 178.8 million [FY14: Rs. 367.3 million¹] through sale of investments, dividend and rental income.

Our revenues were Rs. 2.9 billion [FY14: Rs. 5.1 billion] of which Rs. 2.1 billion [FY14: Rs. 3.6 billion] constitute payments to suppliers making a value addition of Rs. 851 million [FY14: Rs. 1,526 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. 211 million [FY14: Rs. 361 million]. We have Defined Benefit and Contribution Plans for our employees² and during the year we distributed Rs. 267 million in wages and benefits to our workforce of 397³ employees [FY14: Rs. 255 million across a workforce of 738 employees]. We distributed Rs. 9.1 million [FY14: Rs. 22.2 million] in the form of community investments and, 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. This year, there was a substantial decrease in the value we distributed to key stakeholders because of operating challenges we faced in our core business lines.

¹ Figures for local cotton yarn and meters of fabric for FY14 have been restated. Further, realized gains for FY14 have been restated to exclude dividend income from Crescent Steel subsidiary companies.

² For details please refer to Note 5.12.2— Post Retirement Benefits, in the Consolidated Financial Statements.

³ This figure represents year end number of employees. Average number of employees during the year were 567. [FY14: 798 employees]

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 investments and services supported

AN OVERVIEW OF OUR PERFORMANCE



ECONOMIC

- Posted sale of Rs. 2,302.5 million.
- Rs. 167.7 million in profit before tax as at 30 June 2015.
- Rs. 210.7 million in taxes paid - 9% of sales.
- Remuneration to employees constitutes 12% of sales revenue.
- Goods and services purchased constitute 90% of sales.
- 1,580 Mwh supplied to the national grid.



PEOPLE

- 390+ employees across locations in which we operate.
- 350+ local and 35+ foreign contractors/service providers.
- 0 harmful injury across our sites.
- 60%+ employees in formal training programs; average training of 13+ hours per employee across all tiers.



COMMUNITY

- 660+ volunteer hours donated by our employees.
- 4,700+ trees planted since 2010.



PHILANTHROPY

- Rs. 197.9 million gifted to support The Citizens Foundation and help educate Pakistanis since 1995.
- Rs. 8.3 million gifted to support good causes in education during the year.
- Rs. 9.2 million in value distribution, a decrease of 59% on prior year.

AWARDS & ACCOLADES

MANAGEMENT ASSOCIATION OF PAKISTAN 30TH CORPORATE EXCELLENCE AWARDS

RANKED 1ST in the category of *Forestry and Industrial Metals and Mining*

SAFA'S BEST PRESENTED ANNUAL REPORT AWARDS 2013

1ST RUNNER-UP in the *Manufacturing Sector*

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

CORPORATE AND SUSTAINABILITY REPORT AWARDS 2013 (ICAP and ICMAP)

2ND POSITION in the *Engineering Sector* for Corporate Report 2013

4TH POSITION for Sustainability Report 2013

EMPLOYER'S FEDERATION OF PAKISTAN'S 10TH BEST PRACTICES AWARD ON OHS&E 2014

3RD POSITION in the category of *Processing and Allied Sector*

KSE TOP 25 COMPANIES AWARD FOR 2010, 2011 AND 2013

RANKED 8TH for the years 2013 and 2011 and 20th for the year 2010. The award was received collectively for all three years

HIGHLIGHTS OF OUR ECONOMIC CONTRIBUTIONS

PERFORMANCE INDICATORS

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS **2015** 2014 2013 2012 2011 2010 2009

A Profitability Ratios

Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	389.4	902.5	1,316.6	703.6	1,151.0	1,022.2	279.2
Profit before taxation and depreciation (Rs. in millions)	295.1	802.3	1,251.3	582.7	995.2	889.8	74.1
Gross profit ratio (%)	0.9	5.7	13.0	12.9	18.4	22.1	21.6
Operating profit margin to sales (net) (%)	2.2	11.5	19.1	7.8	17.5	22.3	2.9
Net profit / (loss) margin to sales (net) (%)	8.7	13.7	17.8	11.9	14.5	14.4	(7.2)
EBITDA margin to sales (net) (%)	16.9	22.4	26.3	17.8	26.2	27.6	8.4
Operating leverage ratio	1.6	1.8	4.4	4.1	0.9	63.1	4.1
Return on equity (%)	3.7	10.5	18.0	11.7	17.8	17.4	(9.4)
Return on average equity (%)	3.8	10.8	19.9	12.4	19.2	19.0	(8.7)
Return on capital employed (RoCE) (%)	4.2	14.4	22.5	12.8	22.0	21.4	2.7
Return on average capital employed (%)	4.4	14.6	25.0	12.7	23.4	22.2	2.4
Return on average assets (%)	3.1	9.8	16.3	9.4	13.1	11.9	(5.4)

B Liquidity Ratios

Current ratio	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1	1.2 : 1
Quick / Acid-test ratio	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1	0.8 : 1
Cash to current liabilities (%)	(18.9)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)	(45.8)
Cash flows from operations to sales (%)	4.1	4.3	(1.7)	11.1	4.1	12.3	10.1
Working capital (Net current assets)	929.3	1,123.6	1,340.9	856.4	595.2	384.7	308.0
Working capital turnover (times)	2.2	3.3	4.6	5.4	9.0	10.7	6.5

C Activity / Turnover Ratios

Debtors turnover ratio (times)	30.7	28.1	17.7	15.3	20.9	20.5	32.7
No. of days in receivables / Average collection period (days)	12	13	21	24	18	18	11
Inventory turnover ratio (times)	5.3	7.1	7.0	4.8	3.8	3.5	4.2
No. of days in inventory (days)	69	51	52	76	95	104	86
Creditors turnover ratio (times)	8.5	29.3	19.9	15.9	22.3	14.0	24.6
No. of days in creditors / Average payment period (days)	43	12	18	23	16	26	15
Property, plant and equipment turnover (times)	1.1	2.9	3.9	3.6	3.1	2.9	2.7
Total assets turnover (times)	0.3	0.7	0.9	0.8	0.9	0.8	0.8
Operating cycle (days)	38	52	55	77	96	96	82

D Investment / Market Ratios

Basic and diluted earnings / (loss) per share (Rs.)	3.22	8.91	14.35	7.58	10.29	8.61	(3.85)
Price earnings ratio (times)	16.1	4.9	3.1	3.1	2.5	2.9	-
Dividend yield (%) *	1.3	5.7	7.8	8.6	13.4	12.0	-
Dividend payout ratio (%) *	21.7	28.1	28.5	24.0	30.9	31.7	-
Dividend cover ratio (times) *	4.6	3.6	4.1	3.8	2.9	2.9	-
Cash dividend (Rs. in millions) *	43.5	155.3	197.6	112.9	197.6	169.4	-
Cash dividend per share (Rs.) *	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.)	51.9	43.5	45.0	23.2	26.1	25.1	18.0
- Lowest during the year (Rs.)	34.9	43.5	21.6	18.0	23.8	18.0	13.0
- Highest during the year (Rs.)	62.4	74.8	54.5	28.5	31.7	34.0	61.0
Break-up value per share (Rs.)	86.8	84.5	79.8	64.7	58.0	49.6	41.0

E Capital Structure Ratios

Financial leverage ratio (%)	12.8	6.3	9.8	9.0	23.6	27.2	42.1
Long term debt to equity ratio (%)	5.3	1.2	0.7	0.5	3.6	-	2.2
Cost of debts	10.9	13.7	14.4	16.7	16.5	14.4	15.8
Long term debt : Equity ratio	5 : 95	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100	2 : 98
Total liabilities to total assets (%)	21.1	14.9	15.6	21.1	26.6	37.1	38.1
Gearing ratio (%)	9.8	3.4	7.6	6.8	18.7	17.5	29.5
Interest coverage (times)	2.9	8.5	19.5	5.1	6.8	6.9	0.5

Notes:

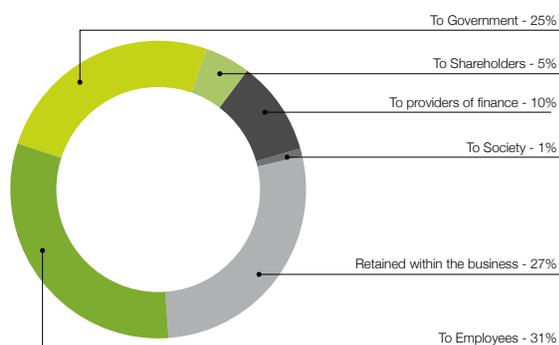
* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

STATEMENT OF VALUE ADDITION

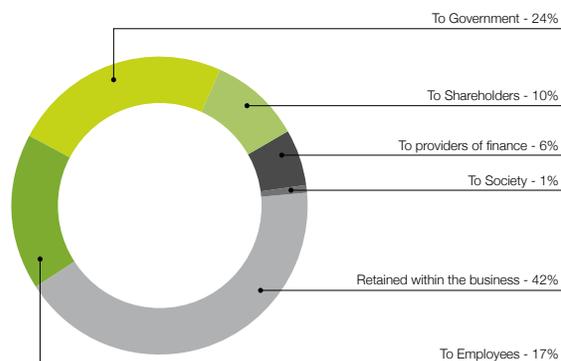
	2015		2014	
	Rupees in '000	%	Rupees in '000	%
WEALTH GENERATED				
Total revenue	2,921,879	100%	5,122,064	100%
Bought-in-material and services	(2,070,656)	71%	(3,596,477)	70%
	851,223	29%	1,525,587	30%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	266,935	31%	255,105	17%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	210,678	25%	361,399	24%
To Shareholders				
Dividend *	43,474	5%	155,265	10%
To providers of finance				
Finance costs	87,315	10%	94,911	6%
To Society				
Donation towards education, health and environment	9,148	1%	22,275	1%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	233,673	27%	636,632	42%
	851,223	100%	1,525,587	100%

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

Distribution of Wealth 2015



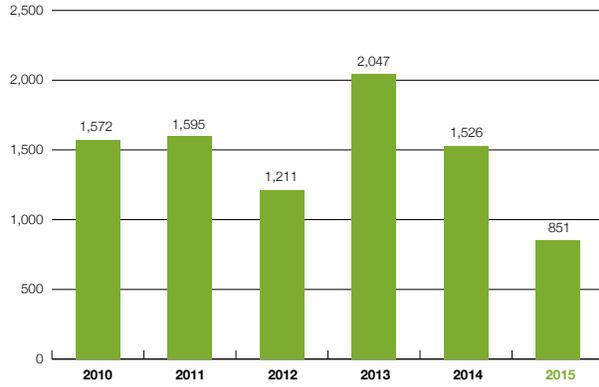
Distribution of Wealth 2014



RELATED MATERIAL ASPECT – Economic Performance, G4-EC1
Direct Economic Value generated and distributed

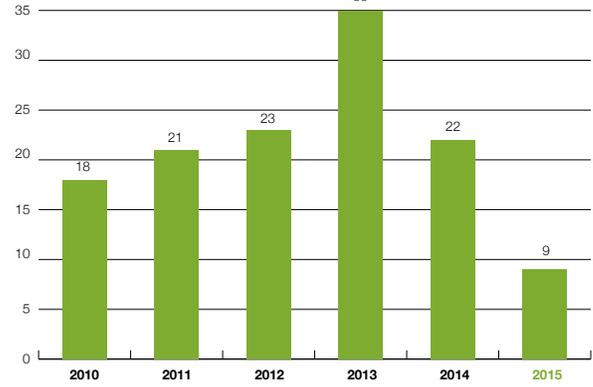
Net Wealth Generated

Rupees in Million



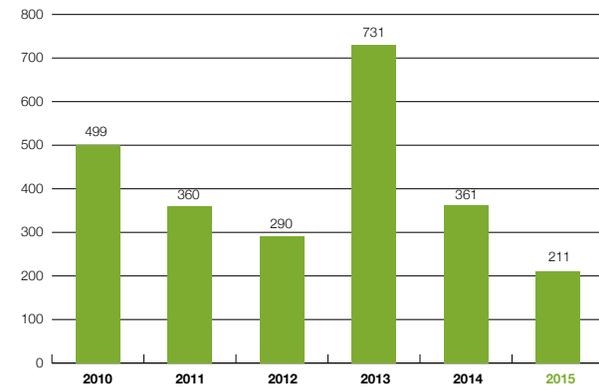
Social Investment

Rupees in Million



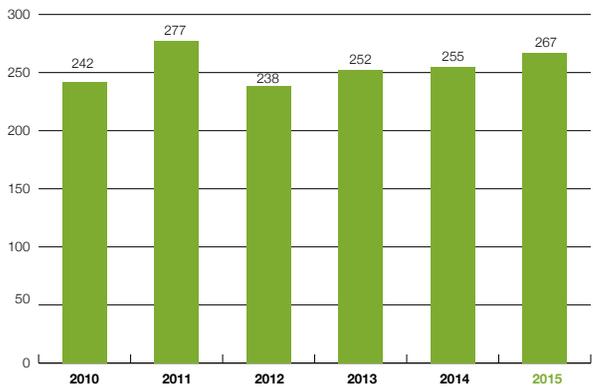
Contribution to Exchequer

Rupees in Million



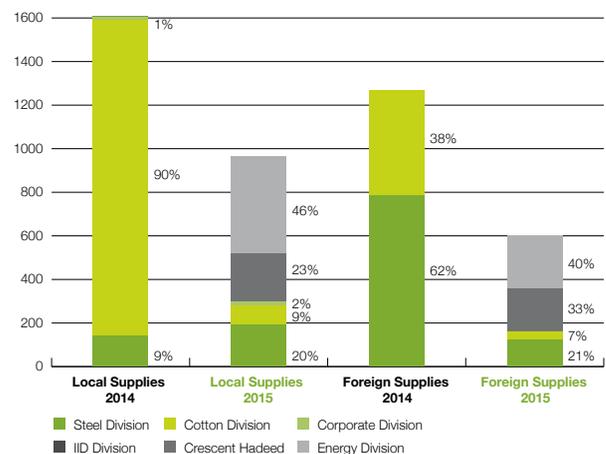
Contribution to Employees

Rupees in Million



	Rs. in million	In percentage
Purchases in 2015		
Local Vendors	964	62%
Foreign Vendors	599	38%
Total	1,563	
Purchases in 2014		
Local Vendors	1,607	56%
Foreign Vendors	1,267	44%
Total	2,874	

Composition of Local and Foreign Supplies

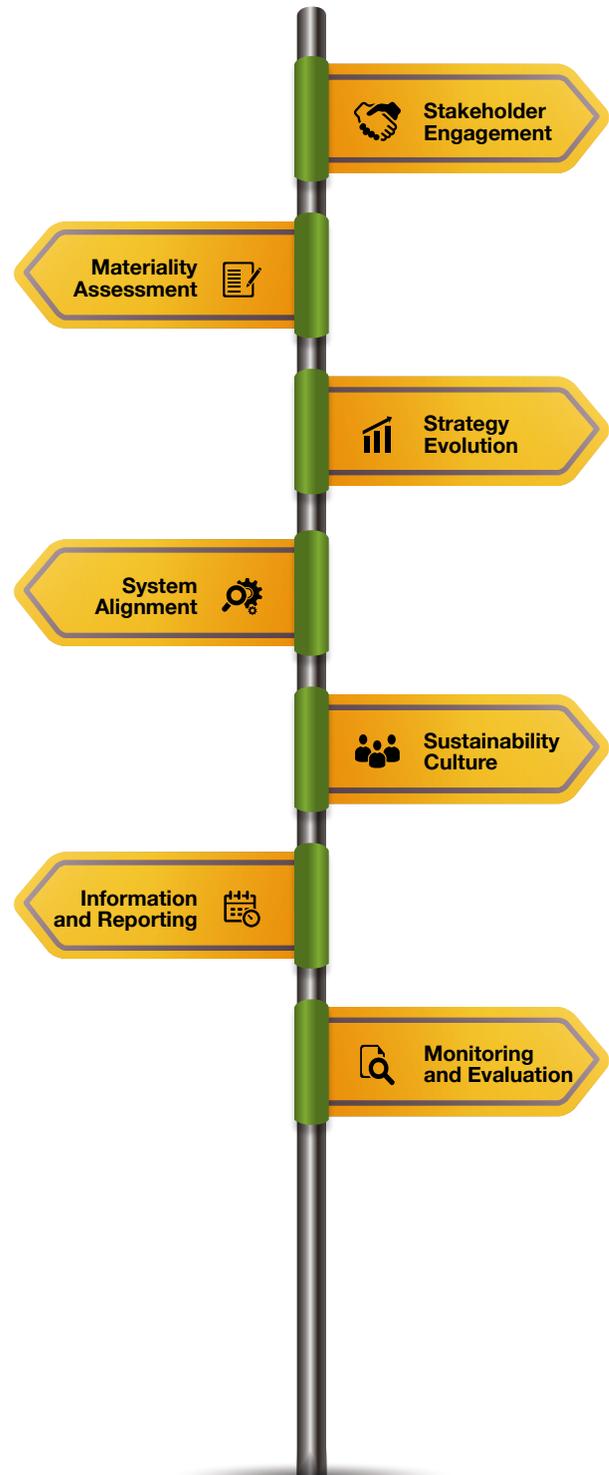


RELATED MATERIAL ASPECT – Procurement Practices G4-EC9

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, the concept of doing business dutifully is not. 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 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 will 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.

1 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 – we see lacking stakeholder engagement as a major sustainability risk and strive to mitigate it 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 single employee, customer, and supplier takes responsibility for social issues and that the design and execution of our engagement with community, business, and strategic partners is impact oriented and sustainable.

An over view of our major activities as relevant to each of our stakeholder groups is provided in the Social and Relationship Capital section of this report. In some areas we are proud of what we are already achieving, and in others we strive to do better.

2 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 2014 materiality assessment was reviewed in 2015. 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 value and revenue
- Operational excellence
- Compliance with regulations
- Corporate reputation
- Shareholders
- Employees and their level of engagement

Each business 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.

3 STRATEGY EVOLUTION



The Company's Corporate Strategy overview is presented in our 2015 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 2015.

4 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.

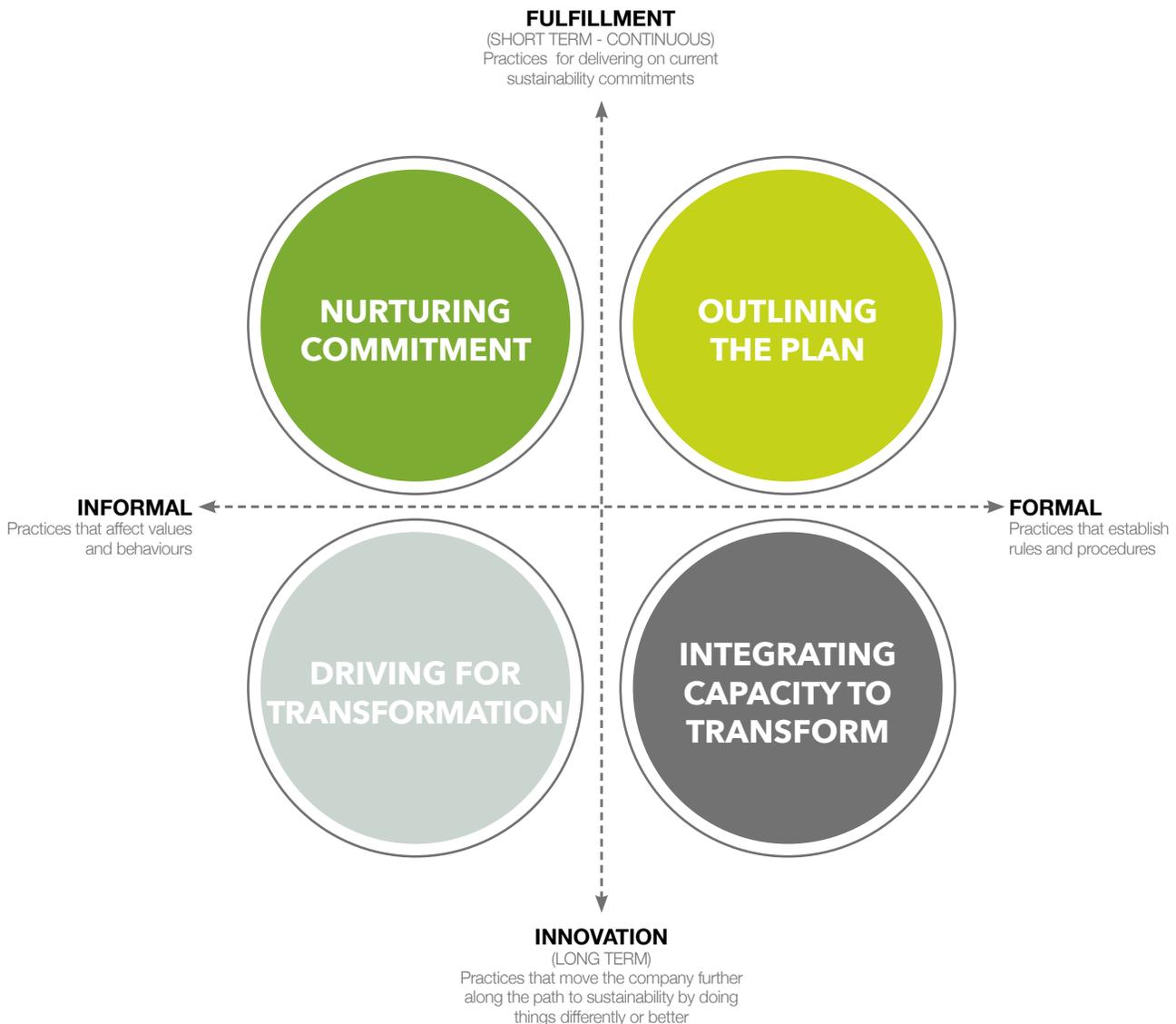
Our performance, environmental and safety management systems and, our actions on product responsibility and community development are fairly well developed and support us in meeting our corporate objectives and in managing our material aspects sustainably.

5 SUSTAINABILITY CULTURE



Action plans with formal and informal initiatives help guide us in sustaining a culture of responsible actions. Some of our planned actions for 2016 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



6 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.

7 MONITORING AND EVALUATION

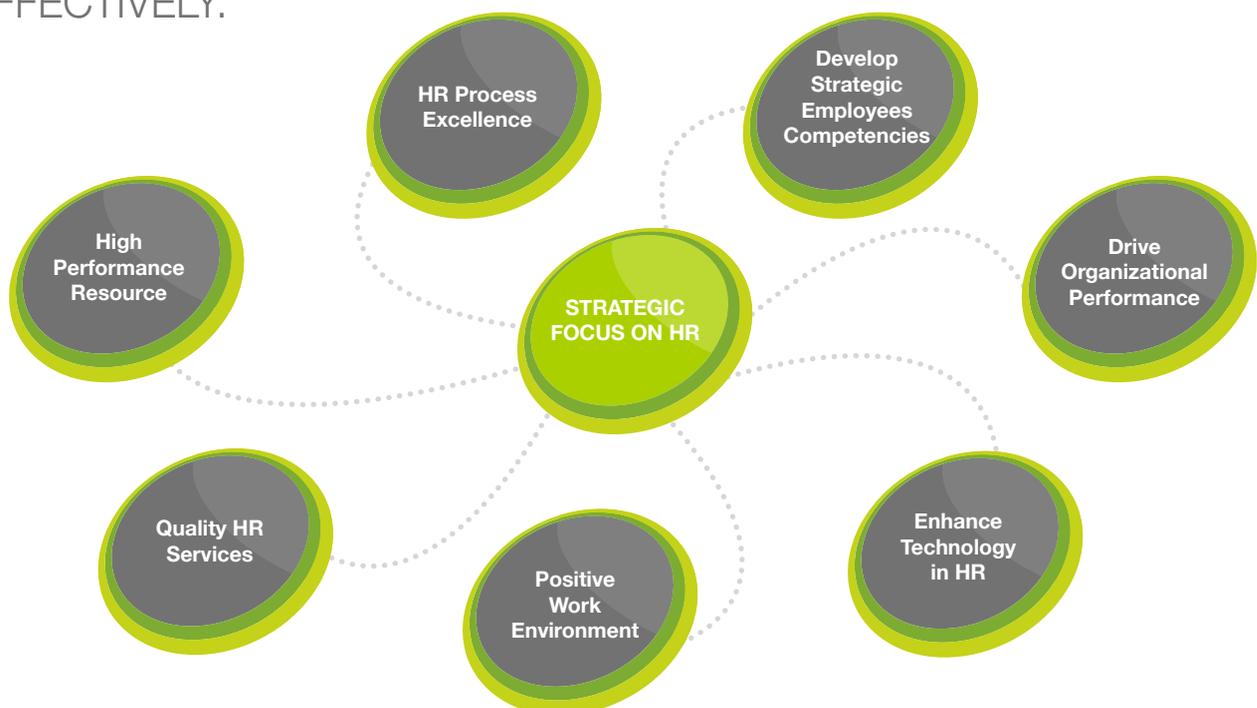


We have consciously chosen not to introduce an independent monitoring process to evaluate performance on sustainability objectives because our sustainability and corporate strategies and objectives are essentially the

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

HUMAN CAPITAL

THE VALUE OF INTANGIBLE ASSETS WITHIN ORGANISATIONS, SUCH AS HUMAN AND INTELLECTUAL CAPITAL, HAS INCREASED SIGNIFICANTLY IN RECENT YEARS AS OUR ECONOMY HAS BECOME MORE KNOWLEDGE INTENSIVE. OUR BUSINESS INCREASINGLY RELIES ON THE SPECIALIZED SKILLS AND EXPERTISE OF OUR PEOPLE. WE SEEK TO RECRUIT, DEVELOP AND RETAIN THE BEST TALENT, SO WE CAN CONTINUE TO DELIVER WHAT OUR CLIENTS EXPECT. TO ACHIEVE THIS WE HAVE A COMPREHENSIVE HR STRATEGY AND EXTENSIVE POLICIES IN PLACE TO SUPPORT OUR STRATEGIC HUMAN AND INTELLECTUAL CAPITAL OBJECTIVES AND DRIVE OUR ACTIONS EFFECTIVELY.



We are committed to creating a rewarding workplace for our people by encouraging personal development, recognising good performance and providing equal 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 as far as reasonable. Our human resource function is subject to regular monitoring by an independent internal audit function that identifies implementation and policy gaps.

Related Material Aspect – Employment G4-LA2

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

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

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

GOALS AND OBJECTIVES FOR 2016- 2018

At Crescent Steel, we believe in treating our people fairly and equitably.

- Continue to deliver equal average pay for men and women at comparative role and job grade
- Improve our workplace environment at plants sites to make them suitable and safe for our people
- Improve our rate of appointment of women by 15 per cent by financial year 2018
- Implement a state of the art Human Capital Management System by September 2016
- Narrow the employee satisfaction gap
- Participate in a compensation survey and review compensation across key positions in 2016
- Implement key HR processes across new BUs/ Subsidiaries by September 2016
- Strengthen key operational areas by acquiring and retaining top talent in mid management positions
- Improve ESI to 4.0 in 2016 and to 4.2 by 2018
- 360 degree surveys of key management staff in 2016

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, so that they will contribute to the best of their ability, and we can retain the incredible talent that we have.

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 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. In 2013, we introduced a central communications desk – a cascade process to communicate management messages throughout the organisation, and invite feedback.

Other communications vehicles include our quarterly 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 2015, our overall employee satisfaction score was 3.4 [2014: 3.5]. Areas that need attention include 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 and culture, 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, annually, 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 mechanism 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

We are committed to providing equality of 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 30 June 2015, 3.2% of our employees were female. 12.5% of the Executive Management Team roles were filled by women.

We are developing work practices to accommodate a diverse workforce such as flexible work and we are pleased to see these are being adopted by our people.



EMPLOYEE DEVELOPMENT



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.

During the year we invested Rs. 3.8 million, 0.2% of sales turnover, [FY2014: Rs. 1.4 million; 0.04% 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 received 26 hours of training during the year.





Average training hours planned for every employee in 2016.



Percentage of management grade employees for whom training need analysis has been conducted and training plans prepared in 2015.



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

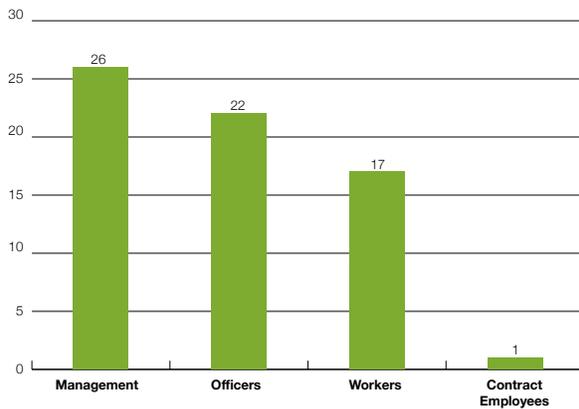


Percentage of eligible employees for whom performance reviews and career development plans have been prepared in 2015.

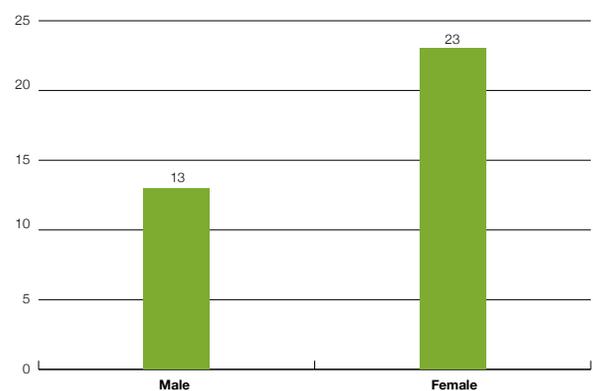
RELATED MATERIAL ASPECT – Training and Education G4-LA11

Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.

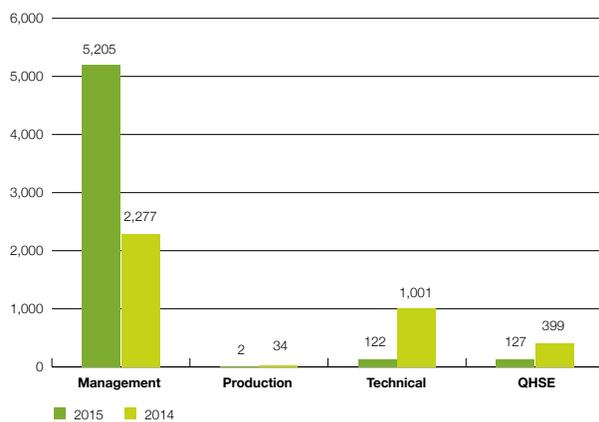
Average Training Hours / Employee by Category



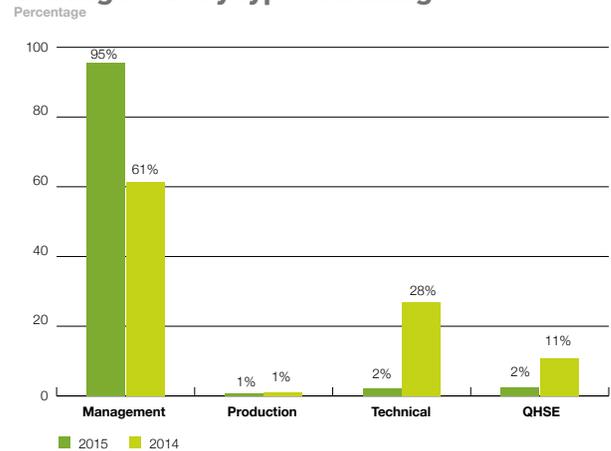
Average Training Hours / Employee by Gender



Training Hours by Type of Training



Training Hours by Type of Training



The significant rise in management training is because of a soft skills training program conducted across all tiers of the organisation during the year

RELATED MATERIAL ASPECT – Training and Education G4-LA9, G4-LA10

- 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.

EMPLOYEE DEMOGRAPHICS

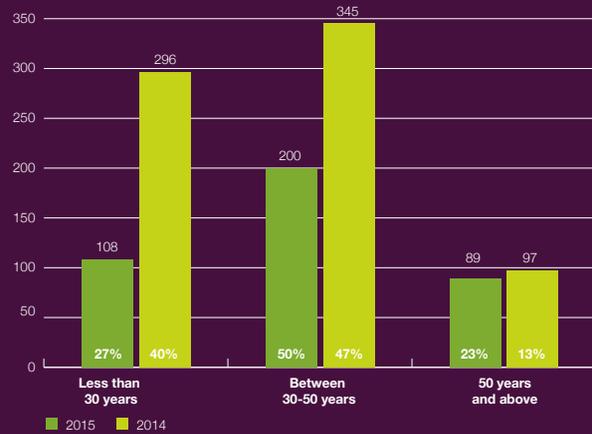
Employees at Crescent are provided equal opportunities to grow and are encouraged to innovate, discuss and suggest new ideas. We aim to employ, develop and retain people from the communities in which we operate. We promote diversity at the workplace and ensure safe and healthy work environment for our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

Total Workforce – Region Wise

	2015	2014*
Bhone	35	18
Jaranwala	89	483
Karachi	75	59
Lahore	4	4
Nooriabad	160	147*
Dalawal	33	27
Islamabad	1	0
Total	397	738*

*Restated to exclude absconding employees.

Employee by Age



Average Age of Employees – By Employee Category

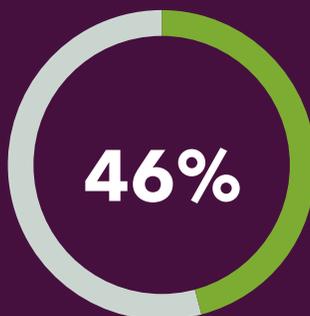
Management	43 years
Officer	40 years
Worker	38 years

A significant reduction in the workforce below 30 years of age is on account of a temporary closure of the cotton spinning unit for necessary upgradation during the last quarter of FY15.

Total Number of Employees - 2014



Total Number of Employees - 2015



Our workforce was reduced by 46% since last year.



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

NEW HIRES

	Incoming Employees 2014		Incoming Employees 2015		Incoming Employees 2015 (Excluding Cotton Division Staff)		
	Number	Rate	Number	Rate	Number	Rate	
By Age	Less than 30 years	285	35.5%	399	70.3%	76	27%
	Between 30 - 50 years	130	16.2%	168	29.6%	23	8.2%
	51 years and above	17	2.3%	16	2.8%	8	2.8%
	Total	432	54%	583	102.7%	107	38%
By Location	Karachi (Head office)	13	1.6%	28	4.9%	28	9.9%
	Nooriabad	71	8.9%	40	7%	40	14.2%
	Jaranwala	317	39.5%	476	83.9%	-	-
	Islamabad	3	0.4%	1	0.2%	1	0.4%
	Dalawal	7	0.9%	19	3.3%	19	6.7%
	Bhone	19	2.4%	18	3.2%	18	6.4%
	Lahore	2	0.3%	1	0.2%	1	0.4%
	Total	432	54%	583	102.7%	107	38%

EMPLOYEE TURNOVER

	Outgoing Employees 2014		Outgoing Employees 2015		Outgoing Employees 2015 (Excluding Cotton Division Staff)		
	Number	Rate	Number	Rate	Number	Rate	
By Age	Less than 30 years	322	40.3%	567	99.9%	37	13.1%
	Between 30 - 50 years	210	26.3%	317	55.9%	16	5.7%
	51 years and above	20	2.5%	40	7%	1	0.4%
	Total	552	69.1%	924	162.8%	54	19.2%
By Location	Karachi (Head office)	13	1.6%	11	2%	11	3.9%
	Nooriabad	77	9.6%	27	4.8%	27	9.6%
	Jaranwala	444	55.6%	870	153.3%	-	-
	Islamabad	3	0.4%	-	-	-	-
	Dalawal	7	0.9%	13	2.3%	13	4.6%
	Bhone	8	1%	3	0.5%	3	1.1%
	Lahore	-	-	-	-	-	-
	Total	552	69.1%	924	162.8%	54	19.2%

Major contributor to high turnover rate is staff at the spinning unit. The reason for high turnover is twofold; the cyclical nature of business and a temporary upsurge in staffing during the harvest season and a temporary shut down during the last quarter for necessary BMR. The table represents rate of incoming and outgoing employees, with and without accounting for the cotton division impact.

RELATED MATERIAL ASPECT – Employment G4-LA1

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

EMPLOYEE SATISFACTION



of employees are satisfied working for Crescent
[2014: 71%]



of employees are committed to Crescent
[2014: 86%]

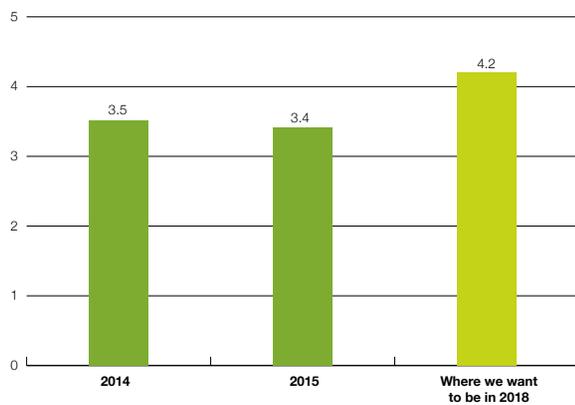


of employees are satisfied about guidance and coaching provided to execute the job
[2014: 67%]

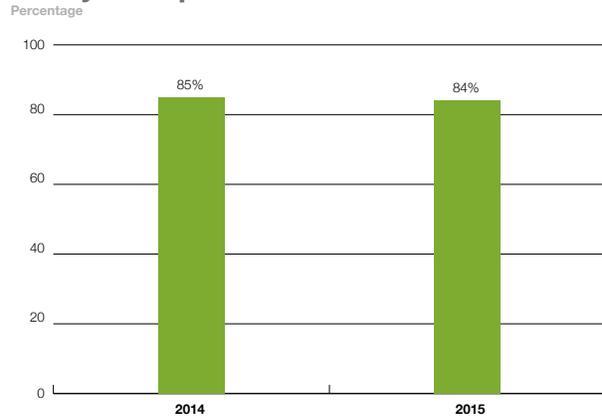


of employees are satisfied that Crescent is sensitive to safety needs of employees and provides appropriate work tools
[2014: 79%]

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 recognised and rewarded 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 successfully passed their part II Matriculation Examinations and 3 employees sat in part I Matriculation Examinations during the year. 11 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 registration charges, 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 2015, we sponsored 1 car and 7 motor cycles [2014: 4 cars, 24 motor cycles] for eligible employees across all campuses.

BICYCLE SCHEME

Last year we successfully launched our first Bicycle Scheme for employees who are ineligible to apply for the traditional vehicle scheme. The scheme, launched in the cotton division completed its fourth distribution cycle, making a total of 100 bicycles distributed among eligible employees of the Company (75 bicycles distributed during the reporting period).



The goal of the scheme is to reduce absenteeism and turnover among employees and to ensure a healthier, mobile workforce.

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 the education of the children of our employees through this program. This year, we supported scholars taking Crescent Scholars to four awarded through the CSAP Benevolent Fund.

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.

We have achieved positive progress in our safety agenda during the year and a particular success has been a marked performance improvement in our cotton division. Employee engagement and reward systems were introduced to encourage safety and health practices particularly by the unskilled workforce inherently a part of all textile spinning units. One such reward system awarded bicycles to employees that remained true to health and safety standards at the unit.

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.

8 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 training, prepare for emergencies 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 everybody 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 audits of HSE.
- Analysis of all incidents, accidents 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 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 Personnel 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 - 2016

For Business Unit – Steel

Lost Workday Cases	02 (at maximum)	For our Corporate offices, cotton division, Shakarganj Energy and Engineering Unit, we strive to achieve zero cases of work-related injuries .
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)	

Note: The Injury Rate (IR) is calculated on the basis of total working hours; total working hours in FY2015 have increased contributing to a fall in the Injury Rate (IR).

OCCUPATIONAL HEALTH AND SAFETY: BUSINESS UNIT – STEEL DIVISION

	2015	2014
Number of Injuries		
- Medical Treatment Cases	5	2
- Restricted Work Cases	-	-
- Lost Workday Cases	6	1
Number of Occupation Diseases Cases	-	-
Number of Work Related Fatalities	-	-
Injury Rate(IR)	0.0008	0.0041
Occupational Disease Rate	-	-

OCCUPATIONAL HEALTH AND SAFETY: ENERGY DIVISION

	2015	2014
Number of Injuries		
- Medical Treatment Cases	1	-
- Restricted Work Cases	-	-
- Lost Workday Cases	-	-
Number of Occupation Diseases Cases	-	-
Number of Work Related Fatalities	-	-
Injury Rate(IR)	0.0010	-
Occupational Disease Rate	-	-



THERE WERE NO INCIDENTS OF WORK RELATED INJURY OR FATALITY IN OUR COTTON DIVISION AND ENGINEERING UNIT IN 2015.

SOCIAL & **RELATIONSHIP** **CAPITAL**

TO US, CSR HAS FOUR CATEGORIES: OUR ECONOMIC, LEGAL, ETHICAL AND PHILANTHROPIC/DISCRETIONARY RESPONSIBILITIES TO OUR STAKEHOLDERS.

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

RELATED MATERIAL ASPECT – Local Communities, G4 DMA

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 **people, planet and profit** 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.)	2015	2014	2013
In Cash	9,280,025	22,275,551	35,149,981
In Kind	96,090	745,228	1,245,632
*In time	101,694	101,262	72,480
Total	9,477,809	23,122,041	36,395,613

*In time contributions have been valued using the organisation average salary per hour for the year.

EMPLOYEE VOLUNTEERING HOURS

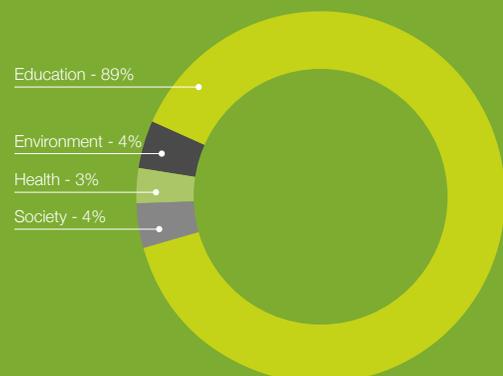
2015  **663**

2014  **1,113**

2013  **906**

 = 100 Hours

Contributions in Cash and in Kind



OUR CASH DONATIONS INCLUDE:

Contributions to

- **The Citizens Foundation** as support for 3 of the 11 school campuses built by us (5 of the 21 schooling units) and contribution to an Endowment Fund managed by TCF. Investments in the fund have an ROI of Rs. 1.2 million growing the principal base by 12.07%.
- Support education of **1 intermediate student from TCF** through proceeds from sale of fractional entitlements of CSAPL Bonus Shares.
- **Support education through the arts and sports** to help TCF educate **126 students for an entire year**.
- **Sponsor 41 Pakistanis through Vocational Training** Courses at the National University of Sciences and Technology (NUST).
- Support World Wide Fund for Nature-Pakistan (WWF-Pakistan) in **marine conservation and environmental advocacy** activities.
- **Support internally displaced Pakistanis** through the Karachi Relief Trust.
- Support infrastructure maintenance at the **Indus Valley School of Art and Architecture**.

Sponsorship of

- WWF **Earth Hour** awareness program
- **Agha's Marine Gala** to create awareness of the Pakistan marine environment and advocate marine conservation.
- **COMMECS Mera Pakistan Conference**

OUR IN TIME CONTRIBUTIONS INCLUDE:

Our CEO's time for serving on the Boards of

- The Citizens Foundation
- Pakistan Centre for Philanthropy

Our Employees' time for

- Volunteering to conduct monitoring and evaluation visits of 11 TCF school campuses we helped build and continue to help support.
- Volunteering to clean the beach and plant mangrove saplings in partnership with WWF.
- Providing Career Counseling to students enrolled for Matriculation Examinations at TCF schools.
- Volunteering for community visits and sharing their ideas to make Crescent Cares week a success.
- Participating as golfers to help TCF educate Pakistan.
- Mentoring students through The Citizens Foundation's Rahbar Program.

OUR IN KIND CONTRIBUTIONS INCLUDE:

- Distribution of food items on community visits.
- 40 kg clothes, paper and plastic waste donated to Kashan-e-Atfal-o-Naunihal, Dar-ul-Sukun and Gul Bahao.

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

CRESCENT CARES WEEK

Crescent Cares Week 2015 aimed at reintroducing our core values, instilling value and care for community and engaging employees in various community care initiatives. Several activities were planned throughout the week such as community visits to Dar-ul-Sukun and Karachi Vocational Training Centre (KVTC), recycling drive, Indus Hospital blood drive at the Head Office and TCF students visit to our spinning unit in Jaranwala. All funds collected from these activities were donated to TCF, Indus Hospital and WWF on a ratio of 6:1:3. Impact of Crescent Cares is illustrated below.



Donated 15000 ml of Blood



Volunteered 56 hours of community service



Generated Rs. 84,435 in cash donations



Recycled 80 kgs of waste

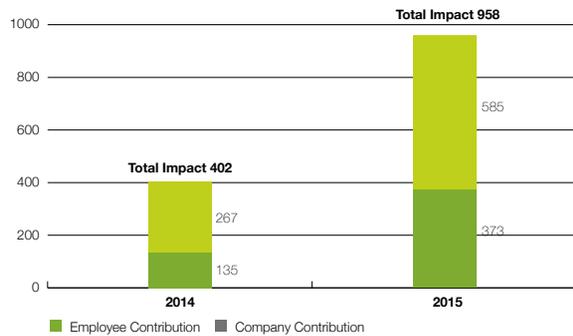
CRESCENT MATCHES

Crescent Matches is geared towards capturing and multiplying the impact of employee giving. Participation improved from 8 employees in 2014 to 13 employees in 2015 and collections were up 58% over last year at Rs. 958,750. Of this 39% constitutes employee giving.

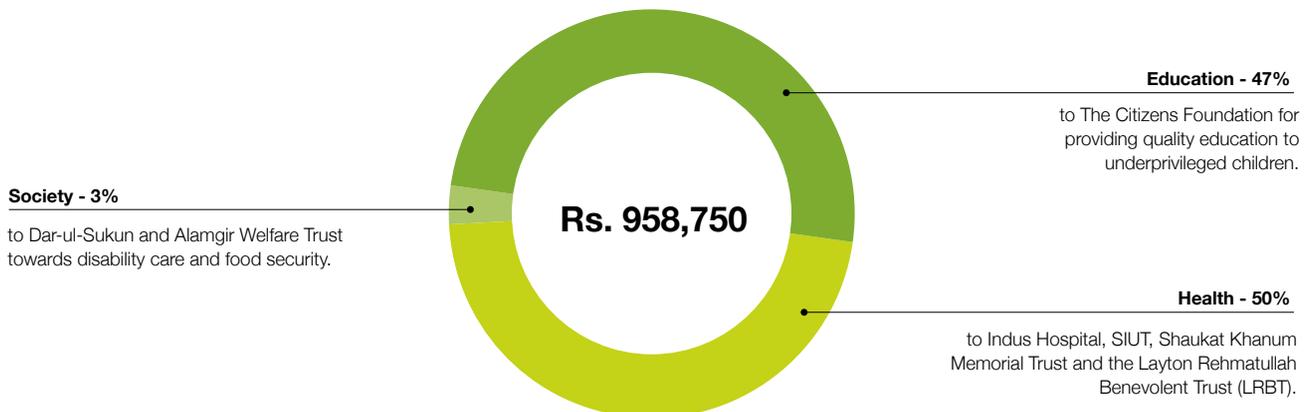
Distribution of funds raised through Crescent Matches:

Impact of Crescent Matches

Rupees in Thousand



Crescent Matches by Segment



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-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). Due to lower profitability it was not possible for the Company to extend full support for some units. Consequently 5 of the 15 school units received operational support in 2015. We hope to address this shortfall over the course of fiscal year 2016.

To date an estimated **2,374 children** have graduated from primary schools supported by us, **260 secondary school graduates** from schools supported by us have been awarded intermediate and tertiary level scholarships arranged by TCF and in 2015 alone **96 students** graduated from secondary schools supported by us. Combined enrolment in these schools today is **3,140 students**, the majority of whom reside in some of the most impoverished communities of the country; **45% of these students are female**.

ENVIRONMENTAL CONTRIBUTIONS

During the year, the Company contributed to local communities and the environment by planting trees, and mangrove saplings, participating in a beach cleaning activity, creating awareness and promoting conservation of Pakistan's marine environment and supporting WWF's Earth Hour campaign. This is covered in more detail in the Natural Capital section of this report.

THE 11TH 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 **4 students** at TCF schools.

INDUS HOSPITAL BLOOD DRIVE

Indus Hospital, the first centralized blood centre of Pakistan aims to provide screened blood to hospitals across the country. With multiple complexities and challenges around access to compatible blood and blood components in Pakistan, a centralised blood centre is an urgent need.

A total of **30 employees** donated **15000 ml** of blood at a Blood Drive planned during Crescent Cares Week at our Head Office.



SUCCESS STORIES

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 and we are pleased to report that he has managed to maintain a CGPA of 2.7 throughout the course of his program and is on track to graduate in 2017.



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.



A TCF student from Crescent Steel Campus III is enrolled in the Biomedical Degree Programme at Hamdard University, Karachi.



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



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	336
Crescent Steel Campus II	1 P (M), 1 P (A)	Korangi Town	301
Crescent Steel Campus III	2 S (M)	Umar Maingal Goth	297
Crescent Steel Campus IV	2 P (M), 1 P (A)	Jaranwala	512
Crescent Steel Campus V	2 P (M), 1 P (A)	Jaranwala	487
Crescent Steel Campus VI	1 P (M), 1 P (A)	Bin Qasim Town	325
Crescent Steel Campus VII	1 P (M)	Jaranwala	151
Crescent Steel Campus VIII	1 P (M)	Chiniot	169
Crescent Steel Campus IX	2 P (M)	Jaranwala	172
Crescent Steel Campus X	1 S (M)	Bhone, Jhang	101
Crescent Steel Campus XI	2 S (M)	Jaranwala	289
Total	21 units		3,140

P: Primary, S: Secondary, M: Morning, A: Afternoon

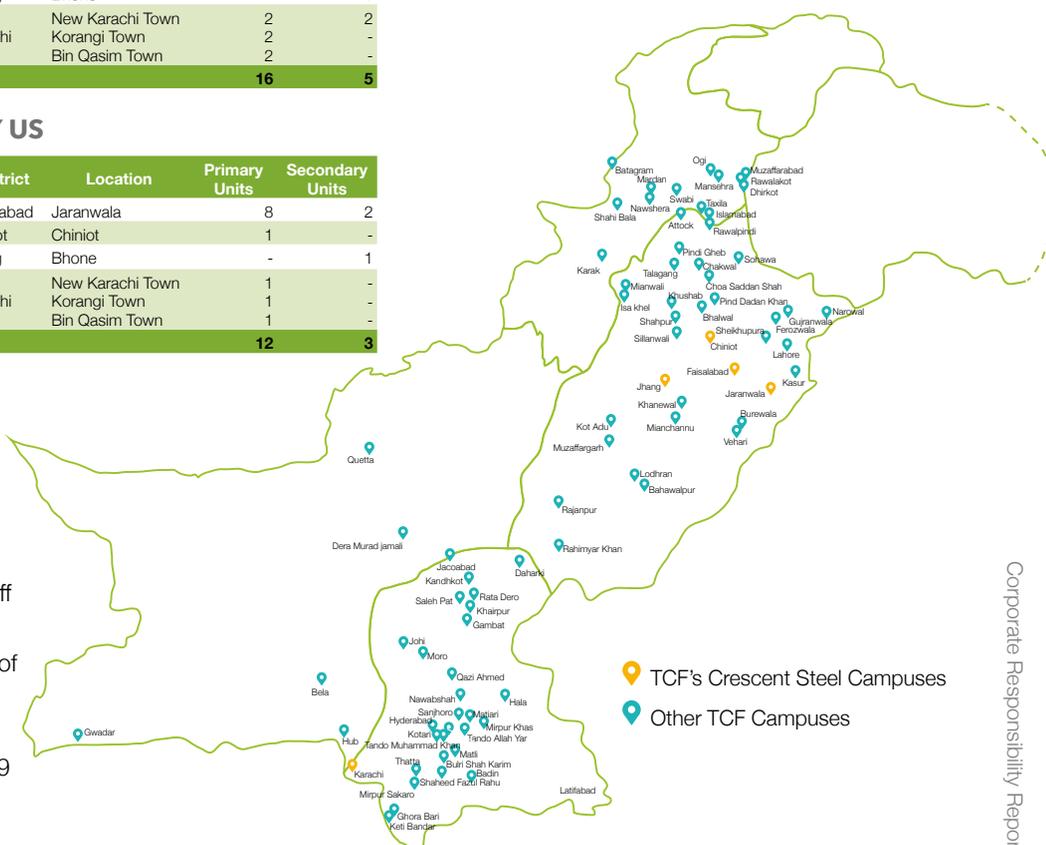
CAMPUSES WE HELPED BUILD

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	2	2
		Korangi Town	2	-
		Bin Qasim Town	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	1	-
		Korangi Town	1	-
		Bin Qasim Town	1	-
Total			12	3

We have contributed to build **11 campuses** (21 schooling units) with student strength of **3,140 children - 45% of whom are girls** – these schools employ a staff of **234** of which **168** constitute an all-female faculty. Over the course of our partnership with TCF, we have donated **Rs. 197.9 million** since 1997 at an average rate of Rs. 10.9 million per year.



Note: All information pertaining to TCF school units i.e. student strength, performance, scholarships and employment is for the school year i.e. from April 1st 2014 to March 31st 2015.

Mode of Engagement	2014 - 2015 Inputs	Outcomes
Financial support to TCF	Contributed Rs. 6 million towards school support.	The investment was utilized in managing the operational expenditures of the school and student's fee subsidies. This has supported 845 students [FY 2014: 2,309 across 15 school units] in 5 school units.
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.
Career Counseling	Six employees participated in Career Counseling sessions.	Our employees provided career counseling to over 18* students . 146 students from CSAPL sponsored schools received career related advice and guidance during the year from volunteers in varying fields across different organizations.
Mentoring TCF students (Rahbar Program)	Seven employees participated as mentors in the 8 week structured Rahbar Program.	Our employees mentored 35** students out of a total of 97 students from CSAPL sponsored schools who were mentored through the Rahbar Program during the year.
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 have been 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. 50,000 was contributed to sponsor TCF's annual golf tournament. Four employees participated as golfers. Rs. 500,000 to sponsor a musical evening. Rs. 1,025,000 to support the arts.	The contributions supported education costs for 126 students for the entire year on full scholarship. Through these contributions we supported local sports and the arts.
Multiplying our Impact	Rs. 170,000 donated by employees to TCF through the Crescent Matches program.	Employee donations were matched at a ratio of 1:2 as per our matching contribution program, totaling donations to Rs. 450,000 . These donations were routed to the TCF scholarship desk enabling intermediate education support for 5 students on full scholarship.
Other engagements	During the Crescent Cares Week, 60 students from TCF schools visited our Cotton factory and were provided briefing on various operations of the factory.	The visit proved to be a learning experience for TCF students.

*Number of students are calculated based on an average of 3 students per counsellor.

** Number of TCF students is calculated based on an average mentee group size of 5 per mentor.



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. During the year, we met with children studying at TCF schools and people from surrounding communities to obtain direct feedback from them and prioritize actions for improvement in collaboration with TCF.

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 **1,060 school units** spread across over **109 towns and cities** with a student strength of **165,000 children** of which almost 50% are girls. TCF employs more than **12,000 Pakistanis** of which **8,480 constitute an all-female teaching faculty**.



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 in 2016 and enable us to bring greater focus to our philanthropic CSR.

This year, the foundation made a total contribution of **Rs. 568,800**, mainly in the sectors of education and community development. Of the total, **Rs. 268,800** was contributed to National University of Sciences and Technology (NUST) for vocational training courses and **Rs. 300,000** was donated to Karachi Relief Trust to help support internally displaced people.

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

OUR COMMUNITY PARTNERS



The Citizens Foundation
Builds and manages schools providing quality education in less privileged areas across Pakistan.



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 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.



Indus Valley School of Art and Architecture
Provides quality education and training in the disciplines of Fine Arts, Design and Architecture.



Karachi Vocational Training Centre
Provides vocational training and skills development of intellectually challenged individuals in Karachi.



National University of Sciences and Technology
Provides quality tertiary and technical education to students across Pakistan with a focus on supporting the less privileged.



Shaikat Khanum Memorial Cancer Hospital and Research Centre
SKMT provides quality healthcare and treatment to cancer patients.



The Health Foundation
Working towards a hepatitis free Pakistan.

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 like-minded colleagues and reach out for help when needed.

REWARDING VALUE BEHAVIOURS

Engaging our people to uphold our values at all times.

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 tournaments 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 and gas transmission systems and in using sustainable structures for ports.

To provide greater visibility and real time MIS to customers, we plan to launch a smart application developed in-house during fiscal year 2016. It will provide customers with almost real-time access to information about dispatches allowing them to time advantage for operational readiness.

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.

MARKET VISITS (CONTINUOUS)

Our marketing officers frequently interact with customers ensuring 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 issues are addressed in time.

CUSTOMER SATISFACTION FEEDBACK (CONTINUOUS)

Feedback is sought to ensure that the products and services 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 and service.

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.

SUPPLIERS SCREENED USING ENVIRONMENTAL CRITERIA

We evaluate 100% of our suppliers through desktop research and our vendor questionnaire form. On-site 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

It was a more challenging year for our business in 2015 and this was evident in our financial results.

Our financial performance and future prospects are discussed in further detail in our Annual Report 2015.

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.

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 2015 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 Federal Board of Revenue (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
TCF Golf Tournament	December 2014
TCF School Visits	April 2015
TCF Rahbar Program	October 2014 - December 2014 April 2015 - May 2015
TCF Career Counseling	November 2014
WWF Mangrove Plantation and Beach Cleaning	February 2015
Crescent Cares Week	February 2015
WWF Earth Hour	March 2015
Indus Hospital Blood Drive	February 2015
Visit to KVTC	February 2015
Visit to Dar-ul-Sukun	February 2015
Agha's Marine Gala	October 2014
Cricket Tournament	December 2014
Core Value Champion Awards	March 2015

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 with a production capacity of 14MW. The unit will generate and supply reliable alternate power to our billet manufacturing business, Crescent Hadeed (Private) Limited and to Shakarganj Limited and Faisalabad Electricity Supply Corporation.

ENERGY CONSERVATION

- Saved 189 kWh per day by installing 716 fluorescent tube lights in the Ring and Auto Cone departments
- By replacing old air-conditioning units and lights with energy efficient ones we reduced energy consumption by another 18,967 kWh throughout FY2015 at an average of 60 kWh per day

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

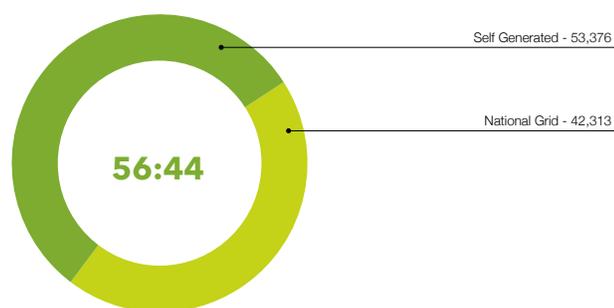
- Energy consumption within the organization
 - Energy intensity
 - Reduction of energy consumption
-

ENERGY SCORECARD

	2015	2014
ENERGY CONSUMPTION (GJ)	95,689 ▼	127,571*

PROPORTION OF ENERGY SELF-GENERATED AND FROM NATIONAL

Energy Consumption - 2015

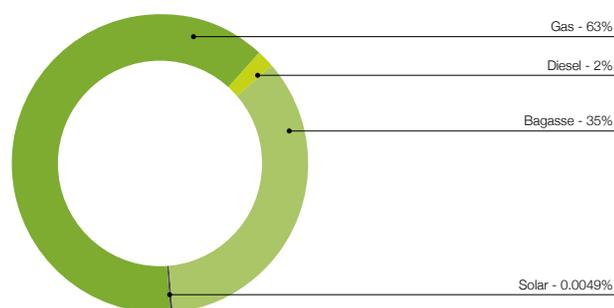


Energy Consumption - 2014*

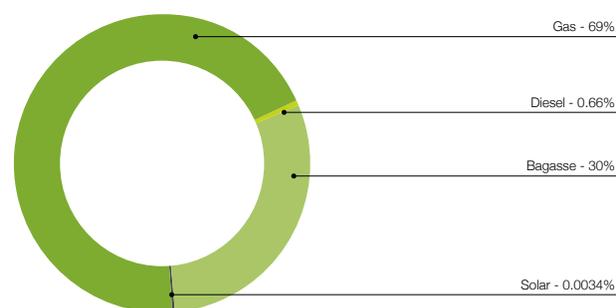


BREAK-UP OF SELF-GENERATED ENERGY (GJ)

Break-up of Self-generated Energy - 2015



Break-up of Self-generated Energy - 2014



	2015	2014
ENERGY INTENSITY RATIO (TOTAL ENERGY CONSUMPTION/SALES)	0.0039% ▲	0.0030%*

	2015	2014	Change
Total Energy Consumption (GJ)	95,690	127,572	(25%)
Sales (Rs.)	2,467,486,000	4,292,687,000	(43%)
Sales per unit of consumption (Rs./GJ)	25,786	33,649	(23%)
Energy Intensity Ratio	0.0039%	0.0030%	30%

Fuel Type	Self-Generated Energy (GJ)	Consumption pattern
Diesel	1,709	Consumed within the business
Gas	51,663	Consumed within the business
Bagasse	28,806	Supplied to the national grid and industry
Solar	4	Consumed within the business
Fuel Type	Purchased Energy (GJ)	Consumption pattern
WAPDA	42,313	Consumed within the business

ENERGY CONSUMPTION WITHIN THE BUSINESS 95,689 GJ

ENERGY SUPPLIED OUTSIDE THE BUSINESS 28,806 GJ

*Energy consumption data for 2014 has been restated as the previously published figure included steam supplied outside the business operations.

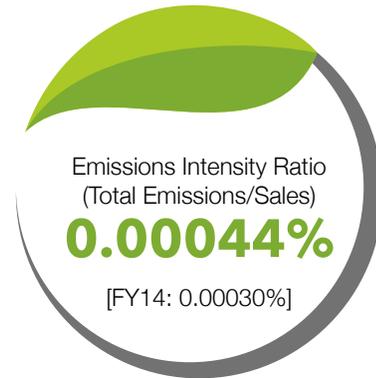
ENVIRONMENTAL CARE

WE DO NOT OPERATE IN AN INDUSTRY WITH HIGH GREENHOUSE GASES' INTENSITY. THE NATURE OF OUR DIRECT BUSINESS OPERATIONS AND 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.



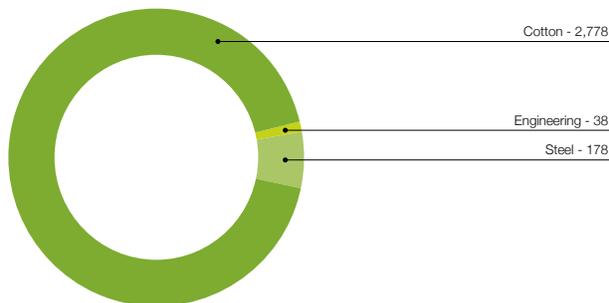
Total GHG emissions fell by 16% or 2,008 tonnes of CO₂ against a 43% fall in sales over prior year.

- 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

2015: Direct GHG Emissions in tonnes of CO₂ equivalent – **2,994 tonnes**

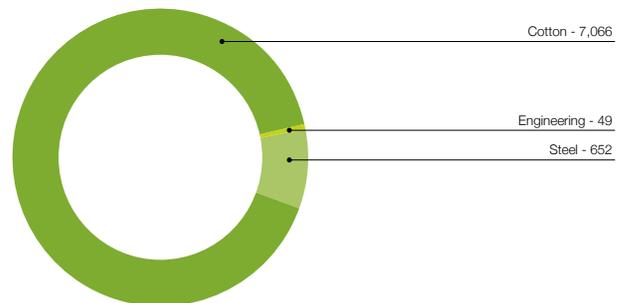
2015: Indirect GHG Emissions in tonnes of CO₂ equivalent – **7,767 tonnes**

Direct GHG Emissions - 2015



2014: 4,727 tonnes of CO₂ equivalent

Indirect GHG Emissions - 2015



2014: 8,043 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 is on track to start commercial production in fiscal year 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	2015	2014	Treatment
Steel	Hazardous	Plastic bags, drums etc. (in numbers)	9,519	2,504	Sold for recycling/reuse
		Tube lights and Sodium Discharge bulbs	200	-	Incinerated
	Non-hazardous	Steel scrap (in tons)	162	461	Sold for recycling/reuse
		Polyethylene/ Polypropylene (in tons)	17	5	Sold for recycling/reuse
		Debris, kitchen waste and others (in tons)	10	20	Landfilled
Cotton	Hazardous	Cotton dust (in tons)	111	98	Sold for reuse
	Non-hazardous	Cotton waste (in tons)	934	934	Sold for reuse
Engineering	Hazardous	Bulbs and lights (in numbers)	168	54	Landfilled
Energy	Non-hazardous	Water blown down (in tons)	-	404	Landfilled

WATER DISCHARGE (Litres)

Business Unit	2015	2014	Quality and Destination
Energy	-	404,000	treated, drained to Shakarganj drainage system
Steel	298,600	270,136	treated, drained to Municipal sewer
Engineering	167,440	186,581	untreated, drained to Municipal sewer
Total	466,040	860,717	

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

FORESTATION

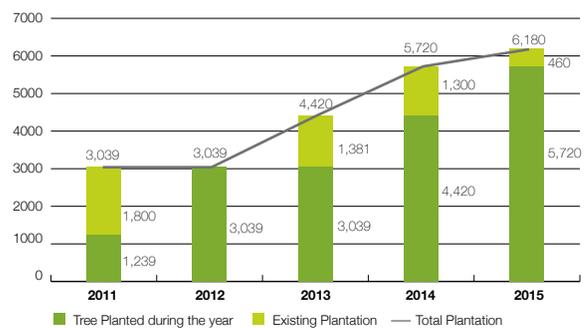
OVER THE LAST 8 YEARS WE PLANTED MORE THAN 6,180 TREES ACROSS COMMUNITIES WHERE WE OPERATE. THIS WILL REDUCE 36.5 TONS OF CARBON DIOXIDE EVERY YEAR, EQUIVALENT TO BURNING 4,815 GALLONS OF GASOLINE.



6,100+

Trees planted resulting in 36.5 Tonnes of CO₂ reduction per annum. This is equivalent to burning 4,815 gallons of gasoline.

Tree Plantation



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 100 mangrove plants [2014: 75

mangrove saplings] at their Wetland Centre this year. These plants will reduce 0.59 tonnes of carbon dioxide every year which is equivalent to burning 77.9 gallons of gasoline. The plantation was followed by a beach cleaning activity.

CELEBRATING EARTH HOUR

Earth Hour is an impactful action taken by hundreds of millions around the world to show their commitment to saving the planet. We, at Crescent Steel celebrated Earth Hour with 7,000 cities in 162 countries around the globe on March 28th by switching off all unnecessary lights at all our campuses.

Employees were also encouraged to conserve energy by switching off lights at their homes.



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. To encourage 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

WATER REUSE



10.8 million litres in Steel division
3.4 million litres in Shakarganj Energy

		(Million Litres)	
Business Units	Sources	2015	2014
Energy	Condensate From Sugar Process	3.44	8.80
	Municipal Water Supply	11.75	10.61
Steel	Lake Water	17.63	19.71
	Ground Water	0.80	0.28
Engineering			
Total Water Consumption		33.62	39.40

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)	
		2015	2014
Non-Renewable Materials			
Steel – Pipe Manufacturing			
HR coils (comprises 99% of input materials)	Kg	2,951,990	10,736,602
Steel – Coating			
High Density Polyethylene	Kg	242,750	123,005
Polypropylene	Kg	13,940	12,185
Co Polymer Adhesive	Kg	30,300	18,110
Fusion Bonded Epoxy	Kg	41,890	25,750
Liquid Epoxy Paint	Ltr	1,298	711
Cotton			
Bailing Buckle	Kg	-	122
Binding Rope (Dori)	Kg	388	550
Yarn Wrapping Cone	No's	3,340,981	4,014,692
Hoop	Kg	2,100	2,390
Polypropylene Bags	No's	136,051	143,000
Polythene Bags	Kg	13,446	16,844
Sheets	No's	-	11,074
Washer Discs	GRS	20,708	20,588
Tape	No's	199	775
Engineering			
Gas LPG	Kg	3,493	1,039
Gas Oxygen	Cubic M	6,883	1,465
Diesel Oil	Ltr	14,000	2,370
Disc (Grinding & Cutting)	No's	2,117	672
Welding Electrode	Tons	9.9	2.5
Round Bar, Pipes, Nut Bolt etc.	Tons	49.9	8.9
Sheets Mild Steel	Tons	630	118
Sheets Stainless Steel	Tons	7.4	4.2
Renewable Materials			
Energy			
Bagasse	Tons	51,705	4,895
Cotton			
Raw Cotton	Tons	6,529	7,479

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.

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

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
- **Fluoroscopic 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

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 and indentation hardness test.

MEASURING CUSTOMER SATISFACTION

- The unit continues to maintain a high customer satisfaction score of over 80% for both, pipes and coatings.
- The survey identifies many strong areas including product quality, service and availability of accurate information on time. It also identifies on time product delivery as an area for improvement.
- The survey provides customer feedback on our product capability for:
 - Submerged Arc Welded Helical Seam Steel Pipes in diameter ranging from 8-60 inches in steel grades up to API 5L X-80 under API Monogram authorization.
 - Anti-corrosion coating application of steel line pipes in diameters ranging from 4 – 60 inches.
- Our main customer base constitutes the two state gas utilities operating in Pakistan, SSGC and SNGPL, headquartered in Karachi and Lahore, respectively - with a footprint across various towns and cities in Pakistan. Our offices in Karachi and Lahore and plant site in Nooriabad is 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 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 carded yarn ranging from 6/s to 30/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.

RELATED MATERIAL ASPECT – Product and Service Labelling G4-PR5
Results of surveys measuring customer satisfaction.

**GRI CONTENT
INDEX - IN
ACCORDANCE
WITH CORE
CRITERIA**

General Standard Disclosures	
General Standard Disclosures	Page Number or Direct Answer
Strategy and Analysis	
G4 – 1	3
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	11 & 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 11 for the list of entities.
G4 – 18	6-7, 26
G4 – 19	6
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 64
G4 – 23	No such significant change
Stakeholder	
G4 – 24	56
G4 – 25	Engagement plans are in place for all stakeholders
G4 – 26	33, 58-61
G4 – 27	33, 52, 58-61
Report Profile	
G4 – 28	7
G4 – 29	7
G4 – 30	7
G4 – 31	7

General Standard Disclosures	
General Standard Disclosures	Page Number or Direct Answer
G4 – 32	GRI Content Index
G4 – 33	No seeking assurance this year
Governance	
G4 – 34	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 2015), EC4 (No financial assistance received from the Government)
Market Presence	EC5 (1:1 ratio), EC6 (100%)
Indirect Economic Impacts	EC7 (17-18, 46-47)
Procurement Practices	EC9 (23)
Environmental	
Material	EN1 (69), EN2 (No recycled input material used)
Energy	EN3 (64), EN5 (64), EN6 (64), (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 (68), EN9 (No water source significantly affected), EN10 (68)
Biodiversity	Not Material
Emissions	EN15 (65), EN16 (65), EN18 (65), (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 (66), EN23 (66), EN24 (No significant spills)
Product and Service	EN27 (65)
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 (59), EN33 (59)
Environmental Grievance Mechanisms	EN34 (No grievance has been filed about environmental impacts during the year)
Social: Labour Practices and Decent Work	
Employment	LA1 (37), LA2 (32)
Labour/ Management Relations	LA4 (One month notice period)
Occupation health and safety	LA5(41), LA6(41), LA7(41)
Training and Education	LA9 (34-35), LA10 (34-35 and, 40), LA11(35)
Diversity and Equal Opportunity	LA12 (34)
Equal Remuneration for Women and Men	Not considered material

Specific Standard Disclosures

Identified Material Aspects	Disclosure reference (with Page Number) or Direct Answer
Supplier Assessment for Labour 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 operation. 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 (71), PR4 (No incident of non-compliance with regulations and voluntary codes concerning products and services information and labelling, occurred during the year), PR5 (72)
Marketing Communication	Not considered material, PR6 (No sale of banned or disputed products), PR7 (No incident of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship has not identified during the year)
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)

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