



Crescent Steel and
Allied Products Limited

20
18-19 BIENNIAL CORPORATE RESPONSIBILITY REPORT

STRENGTHENING COMMUNITIES

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



**Sustainability.
Corporate citizenship.
Corporate social responsibility.**

At Crescent Steel we view these through a single lens; being a good corporate citizen is not only the right thing to do, it is critical to the long-term success of our business.

This report, now in its sixth edition, forms a part of Crescent Steel's performance reporting – this edition of our reporting covers two-year sustainability performance (fiscal years 2017-2019).

Our business is tightly linked with development; subject to cycles of feast and famine. To buffer periods of famine, we have built a strong corporate structure including ancillary revenue wallets and cash flow buffers.

In the two years since we last published the report, we transitioned from the G4 reporting guidelines to the GRI reporting standards. This report reflects how the company's core values of safety, health, environment, quality and transparency guide daily activities, and presents the information in perspective, reporting four to five years back in all areas. Our report is aligned with and highlights our contributions towards the United Nations Sustainable Development Goals (UN SDGs).

I want to take this opportunity to reflect on the profound impact our industry and our company has on people's lives and the role we play to achieve that, in a meaningful way.

Our flagship operations manufacture and coat large diameter steel line pipes, used for hydrocarbons transportation in the energy cycle. Pipes transport oil and gas, safely across rivers and mountains, through towns and villages; communities and

the environment rely on their long-term integrity of pipelines, to ensure their well-being. Large diameter steel pipes are also used for transportation of water and wastewater systems, and for piling in the construction of ports and jetties.

Our business line in secondary steel manufacturing, operating as an independent business unit Crescent Hadeed, also forms part of our core operations. The unit manufactures high quality steel billets by processing steel scrap through the induction melting and continuous casting process. Our billets are used as inputs by steel re-rolling operations to produce a range of steel construction products.

Our successes mean a durable and sustainable, energy and water infrastructure for Pakistan and sustainable indigenous sources of steel raw material. Those of us who have the privilege to work at Crescent Steel today recognize both the tremendous role it has played in supporting the development of key energy transmission infrastructure as well as our responsibility to ensure that this company endures for future generations. This report reflects how the company's core values of safety, health, environment, quality and transparency guide daily activities, and presents the information in perspective, reporting four to five years back in all areas. Reporting and accounting our sustainability performance enables us to continue to earn public trust, strengthen relationships with stakeholders and renew our social license to operate. Transparency in this area also triggers innovation and action as it forces people to look at the information that would otherwise not be reported.

We are proud that our entire leadership team displays an unwavering commitment to ethical business practices that are insisted upon from managers and the leadership team. Our Core Values and Governing Principles articulate our collective belief that all aspects of our Company's business should be conducted based on standards of honesty, openness, fair play, and decency.

These principles were adopted before any Code of Corporate Governance was mandated on a publicly listed Company and before the Company was listed in 1987. They still serve as Crescent Steel's North Star, informing our thinking, behaviours, and expectations around doing what is right and responsible for our business and for all Crescent Steel stakeholders.

We are very clear about our operating ethos: this company exists to serve our customers, shareholders, employees, and more broadly, the public, by relentlessly focusing on safety, quality, delivery, and cost in the manufacture of high-quality, value-added steel products for the most challenging needs.

We trace our perspective on corporate citizenship and sustainability back to our vision to set up a local line pipe manufacturing business. The unit was set up as the downstream to the Pakistan Steel Mills, with the realisation that pipelines form a critical part of any nation's infrastructure: they have a profound impact on lives everywhere as they help deliver energy and water security which is essential to economic and social development.

Building the country's energy and water infrastructure remains material for both, our business sustainability as well as for sustained growth and development in Pakistan.

In our very first year of operations, we made the decision to provide employment to people from the community in Nooriabad, where we were setting up the plant. We put measures into place to ensure that the facility was energy efficient and that our impact on the environment was minimised as far as reasonably possible.

Our facility had adopted safe workplace practices and developed a strong safety-first culture long before we adopted ISO standards on workplace safety. Similarly, the Company always championed quality, and internal systems were centred on delivering high-quality products, on time, from the get-go – this too was prior to adopting ISO and API standards specifications, because we knew it was good for business.

Today this is the operating ethos across all our operations.

As a multi-business Company today, we operate a line pipe manufacturing and pipe coating business, a machinery fabrication plant, a bagasse fired power plant, a steel melting and billet manufacturing facility and remain active impact investors in Pakistan's capital markets through our portfolio management business unit.

We made some changes to how our businesses are structured and effective June 30th 2019, we merged the two wholly owned subsidiaries, Crescent Hadeed and CS Energy into Crescent Steel. These units now operate as divisions of the Company. The merger was driven primarily by operational economies and cost savings, especially in secretarial and administrative costs incurred on audits, regulatory filings and tax related matters. The merger will also enable us to obtain a standalone connection from the national grid and help vertically expand the melt shop business.

Aggregate revenues for the last two fiscal years were Rs.16.783 billion, of which Rs. 14.7 billion constitute payments to suppliers. We posted a loss after tax of Rs. 61.419 million and Rs. 419.376 million in 2018 and 2019, respectively. Rs. 45.9 million (2018) and Rs. 2.5 million (2019) were donated towards various causes that we support. Rs. 2.6 billion (2018) and Rs. 0.6 billion (2019) were paid in taxes and levies. Of the community investments we made, 64.5% constitute support for causes working towards an educated Pakistan. Over the two years we distributed Rs. 737 million to providers of capital in the form of dividend and interest payments.

To achieve this, we employ a diverse workforce with varying skill sets across 6 locations, receiving compensation and benefits of Rs. 449 million and Rs. 408 million respectively for 2018 and 2019.

In 2018, markets witnessed a significant suppression in response to policy induced demand containment measures. This directly affected business performance across all operations for Crescent Steel. As a result the number of employees, on a year-on-year basis decreased 12% to 758 people and increased 47% to 866 people in 2019 and 2018,

respectively. Over the last six years, the Company allocated Rs. 2,241 million towards capital investments and value addition.

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

The Company supplied 146 Km and 100.5 km of quality bare and coated line pipes and applied line pipe coatings of 407,598 square meters in 2018 and 340,745 square meters in 2019, respectively. These pipes will be laid as part of gas infrastructure projects that are designed to transport 1,200 mmcf per day from the South of the country to power plants in Northern Punjab in order to alleviate supply shortfalls in the region. The slow-down in growth has directly affected the pace of these projects and the Company's pipe sales dropped drastically from a peak of 88,110 tonnes in fiscal year 2017 to 62,503 tonnes over the two-year period under review.

Pakistan has an extensive gas network of over 12,829 km transmission, 132,065 km distribution, and 34,631 services pipelines to cater to the requirement of more than 8.9 million consumers across the country and around 48 percent energy-mix needs of the country are being met through natural gas.

Crescent Steel has contributed 3,677 km to Pakistan's gas transmission network of 12,829 km over the last three decades.

The RLNG related infrastructure that was planned for tendering in 2018 is still on the cards. This pipeline is designed to transport 1,200 mmcf per day from the South of the country to power plants in Northern Punjab. We are closely following progress on this pipeline as well as the pending K4 water pipe and both projects are of high national importance and materiality to our business.

To achieve our goals, we are continuously striving to transform so that we remain a pillar of our communities, a source of

pride for our workers, and a benchmark of business and manufacturing in Pakistan. Just as we are demonstrating that we can create a sustainable competitive advantage in the marketplace, we are also committed to a high-performance culture characterized by accountability, fairness, and respect. We are encouraging a culture of continuous feedback in our performance management process. I was particularly heartened to see that 88% of our employees participated in our 2019 employee opinion survey showing their willingness to contribute to improving the quality of the Crescent Steel workplace and that this was reflected in high scores recorded for the sense of belonging and recognition of Crescent Steel as a good place to work.

Crescent Steel is already leading by example on transparent and voluntary reporting practices. We are committed to elevating our reporting and plan to focus on aspects material to our business and our stakeholders as we evolve in this area.

Our impact is lasting and positive when our operations help improve lives, when we can help create jobs and contribute to growth, when we encourage meaningful dialogue, when we gift our time and resources for good in the areas where we live and work, and when we act with integrity and honesty in our business dealings.

This demands the highest ethical standards, a culture of caring embodied by safety first, a commitment to environmental stewardship, strong relationships with all our stakeholders, and the discipline and focus to stay the course in good times and bad.

At Crescent Steel, we are proud of what we have been able to accomplish over the last 30 years, and we look forward to the opportunities in front of us to make a difference.



AHSAN M. SALEEM
Managing Director and Chief Executive Officer

ABOUT THE REPORT

This report complements our Annual Report and covers our sustainability performance in detail along with highlights of our financial performance for fiscal years 2018 and 2019. Risk and Opportunities that impact our ability to deliver value to stakeholders are covered in our Annual Report 2019.

SCOPE

We started formally reporting on our corporate responsibility performance in 2013. To do this we developed a reporting manual based on Global Reporting Initiative (GRI) G4 Guidelines to strengthen our internal and external reporting mechanisms. We have augmented our reporting mechanisms to update these for the GRI G4 Standards. This report covers the performance of our Group Companies and Business Units including Steel, Engineering, Textile, Energy, and Investment and Infrastructure Development.

PERIOD COVERED

The report covers fiscal years 2018 and 2019; content that describes efforts outside this period is indicated in the respective sections.

REPORTING FRAMEWORK & DATA COLLECTION

The report has been developed based on the G4 standards of Global Reporting Initiatives (GRI) core option and ICAP's Sustainability Report Evaluation Criteria. Where standards have not been defined, they have been reported on management's best estimates using globally accepted methodologies and assumptions. The report also draws from guidelines of the Integrated Reporting Framework.

The Sustainability Action Team comprising of representatives from each of our sites in Pakistan is responsible for maintaining data for reporting. We have developed an online reporting system to capture and consolidate sustainability-related data from all business units and subsidiaries at each monthly close.

All material topics, which are of interest to different stakeholders and which reflect significant impacts of our activities on economy, environment, and society are included in this report.

There are no changes that can significantly affect the comparability of data from period to period. Previous years' figures have been regrouped/ rearranged wherever found necessary to conform to this year's classification.

To ensure accuracy and transparency in reporting, we have engaged our Internal Auditors to have our corporate responsibility reports reviewed.

OUR PRIORITIES AND LEARNING FROM STAKEHOLDERS

We are responsible corporate citizens and strive to build and enhance value for all stakeholders. This includes maximizing returns for our shareholders, enhancing our products and efficiency for our customers, keeping our people motivated and satisfied, practice our business in a sustainable way to do our part in contributing to society and managing the impact of our operations.

We branded our approach to CSR as "Crescent Cares" in 2014 and have witnessed higher employee engagement and appreciation of our efforts for a more universally sustainable future. Through Crescent Cares we regularly collect feedback from our CSR partners and evaluate the initiatives we are engaged with to determine and ensure that we build a sustainable business with lasting positive impacts in all areas of our operations.

Editorial Policy	The Corporate Responsibility Report is a way for us to share information on our sustainability-related activities with stakeholders. This year's report reviews the progress and results achieved in the fiscal years 2018 and 2019, focusing on the Company's approach and sustainability strategies on the management of economic, social, human and natural capitals.
Organization	Crescent Steel and Allied Products Limited and its subsidiary companies. A significant location of operation in Pakistan with the head office situated in Karachi.
Claims of Reporting	'This report has been prepared in accordance with the GRI Standards: Core option';
Reporting Cycle	Annual; <i>(this is a onetime biennial edition of the report)</i>
Reporting Period	The financial years 2018 and 2019 (July 1st, 2017 to June 30th, 2019)
Date of the Previous Report	Corporate Responsibility Report 2017, issued 25 September 2017.
Point of Contact and Feedback	For queries and clarifications on this report, please contact us at sustainability@crescent.com.pk or at info@crescent.com.pk
Available Online	The report is available online at http://www.crescent.com.pk/wp-content/uploads/2019/10/CSAPL-Biennial-CRR-2018-2019.pdf

ABOUT THE COMPANY

Our mission and vision define the purpose and goals of Crescent Steel. Together with the building blocks of our Core Values, the Vision and Mission drives and informs our strategic direction:

VISION

To excel across all our operations and deliver sustainable value to all stakeholders.

MISSION

- 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.
- Conduct business as a responsible corporate citizen and to seek and support local communities in areas where we operate.
- Contribute towards an educated Pakistan.

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

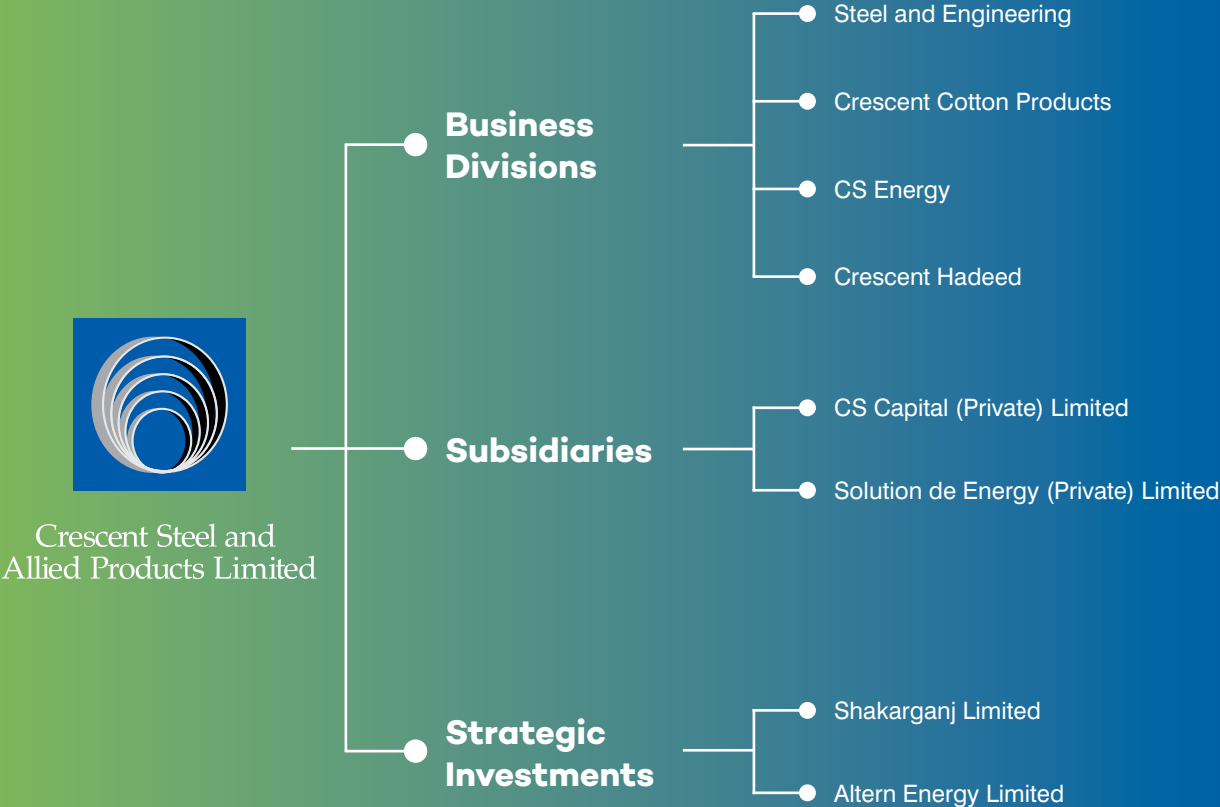
Social responsibility is at the heart of our business

Facilitating social equity in communities where we operate.

GROUP STRUCTURE

All our business operations are structured as separate or as subsidiary units within Crescent Steel. The Company operates five divisions: Steel and Engineering, Crescent Cotton Products, Investment and Infrastructure Development (IID), CS Energy and, Crescent Hadeed. CS Energy and Crescent Hadeed were both subsidiary units of the Company that were merged into Crescent Steel in June 2019.

The Company also has two wholly owned subsidiaries: CS Capital (Private) Limited and Solution de Energy (Private) Limited. Solution de Energy was previously a subsidiary company of CS Energy, however, subsequent to the merger it is a direct subsidiary of Crescent Steel.



OUR BUSINESS MODEL

CAPITALS ENGAGED



FINANCIAL CAPITAL

- 1 Debt and Equity Financing
- 2 Trading Investments



MANUFACTURED CAPITAL

- 1 2 HSAW Line Pipe Plants
- 2 Coating Plant
- 3 16.5MW Thermal Co-Generation Plant
- 4 Spinning Unit
- 5 Capital Market Investments
- 6 Real Estate Investments
- 7 Strategic Holdings/Long Term Investments
- 8 Head Office and Corporate Facilities



INTELLECTUAL CAPITAL

- 1 Tacit Knowledge and Knowledge Sharing
- 2 Systems and Processes
- 3 Company Culture
- 4 Brand Value and Reputation



HUMAN CAPITAL

- 1 Strong Leadership
- 2 Highly Skilled Engineers and Technical Staff
- 3 Motivated and Engaged Employees
- 4 Service Providers



SOCIAL AND RELATIONSHIP CAPITAL

- 1 Complex Supply Chain
- 2 Community Engagement and Trust
- 3 Collaborative Partnerships
- 4 Strong Customer and Industry Partnership
- 5 Positive Employee Relations
- 6 Engagement with Govt. and Regulators



NATURAL CAPITAL

- 1 Energy and Fuel through Conventional and Renewable Resources
- 2 Energy Efficiency
- 3 Water
- 4 Energy Efficient Equipment

BUSINESS CONTEXT

EXTERNAL VARIABLES IMPACTING VALUE

- Volatility of USD:Rupee exchange rate
- Volatility in the Pakistan Stock Exchange (PSX)
- CPEC associated energy and infrastructure projects
- National water and energy infrastructure projects and infrastructure development in general
- Fluctuation in global commodities markets especially steel
- Political instability

OUR MATERIAL RISKS

- Rupee devaluation
- Increase in raw material costs
- Disruptions in planned infrastructure projects



MARKETING AND SALES

Relationship Management

Participation in tenders

Demand Planning

Market development and needs assessment



PROCUREMENT

Raw Material Imports

Inbound Logistics

Relationship management

OUR PROFIT BLUEPRINT

REVENUES

- Sales of bare and coated line pipes
- Coating of customer supplied line pipes
- Sales of cotton and synthetic yarns
- Sale of power and steam to steel meltshop and utilities
- Sale of billets to rerolling mills
- Portfolio gains and returns from strategic investments
- Rental income

COSTS

- Procurement of raw materials, consumables, machinery, spares and parts
- Purchase and maintenance of equipment and facilities
- Investments in management and employees
- Costs of financial capital
- Negative exchange rate impacts
- Taxation
- Supplier and support services costs
- Regulatory and compliance costs

OUR PRODUCTS AND OUTPUTS (PAGE REF 12-17)



Spiral Welded Line Pipes and Line Pipe Coatings
Sectors Served: Oil, gas, (transmission) energy, water and sanitation



Steel scrap
Sectors served: Engineering Steel remelting units



Quality Assurance Laboratory
Outputs: Quality Reduced turn around times



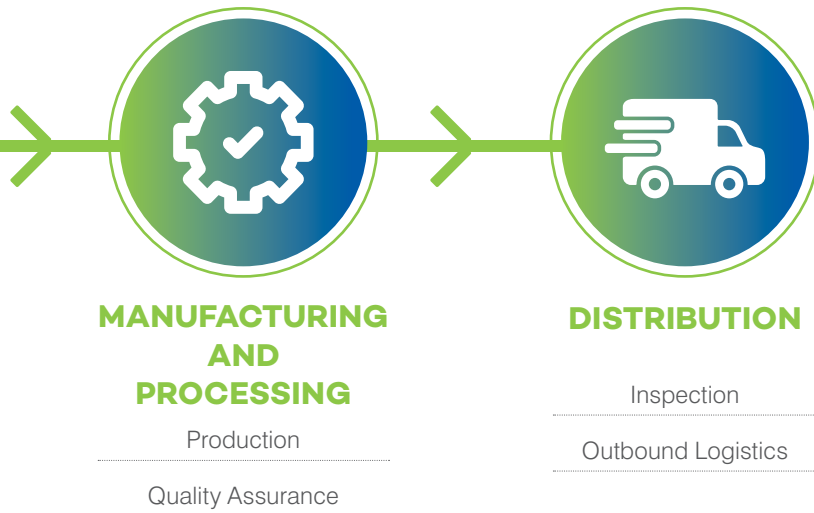
Bio energy/ Renewable energy
Sectors Served: Manufacturing units



Steel Billets and Ancillary Waste
Sectors served: Engineering, Steel Product manufacturers, metal recycling and construction



PV and PC Yarn
Sectors served: Textile



CUSTOMER

Reliable partner for quality line pipes and line pipe coatings for the oil, gas and water transportation segments
 Supply of quality polyester cotton yarn to weaving and knitting units
 Provision of energy to businesses and utilities
 Supply of quality steel billets for re-rolling/rebars

EMPLOYEES

Comprehensive compensation and benefit plans
 Employee development
 Innovate and grow

VALUE PROPOSITIONS

SHAREHOLDERS

Consistently deliver reasonable returns from well managed operations and through acquisitions and organic growth in response to market opportunities

SOCIETAL

Enabling transportation of energy, water and sanitation management, infrastructure and organic development
 Contributing to an educated and skilled Pakistan

IMPACTS AND OUTCOMES

FINANCIAL CAPITAL

- 1 Access to capital through sustained investor returns and market confidence, and a strong balance sheet.

MANUFACTURED CAPITAL

- 1 Generating long term returns through investments in plant, machinery and equipment to maintain and enhance capacity and quality of output.

NATURAL CAPITAL

- 1 Production of air and other pollutants including waste which may lead to negative environmental impacts.
- 2 Consumption of energy and fuel for production and distribution of products.
- 3 Reliable captive generation through renewable resources

HUMAN CAPITAL

- 1 Generating value through skilled, motivated and well cared for employees and service providers; ensuring fair labor practices.
- 2 Providing a safe working environment and conducive human resource management and compensation policies.
- 3 Investing in targeted training and development for technical and management personnel.

SOCIAL AND RELATIONSHIP CAPITAL

- 1 Maintaining positive and productive relationships with employees, suppliers, shareholders and other stakeholders.
- 2 Creating value for the communities we operate in through investments in job security, education, health and the environment.

INTELLECTUAL CAPITAL

- 1 Investments in innovative systems and resources; ensuring effective resource allocation i.e. placing the right people in the right roles by leveraging management systems and corporate culture.

OUR BUSINESS

The success and growth of our business benefits all along the value chain: the government, our suppliers, our customers, their customers, service providers, utilities, infrastructure owners, investors, and more.

Crescent Steel incorporated in 1983 as a steel line pipe manufacturing business, today is a conglomerate listed on the Pakistan Stock Exchange with businesses diversified into four defined sectors; engineering, textiles, capital markets, and power. It spans over six campuses in Sindh and Punjab with headquarters in Karachi and a liaison office in Lahore

STEEL DIVISION

The Steel Division operates three plants across two campuses, a Pipe Manufacturing and Coating Application Plant in Nooriabad, Sindh and, a Machinery Fabrication Plant (Shakarganj Engineering) in Dalawal, Punjab. The pipe plant operates two Spiral Pipe (SP) production lines, specializing in large diameter spiral submerged arc welded steel line pipes. The Coating Plant applies flow efficient and anti-corrosive, external and internal pipe coatings on steel line pipes. Shakarganj Engineering fabricates machinery and equipment for the Sugar, Cement, Power and Steel industries.

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

LINE PIPE MANUFACTURING

The Spiral Pipe Plant has the capability of manufacturing high-quality steel pipes in the diameter range of 8 inch – 120 inches (219 mm – 3,048 mm) with wall thickness from up to 25 mm and material grades up to API 5L X-100. The unit's pipe production capacity is 200,000 metric tonnes per annum.

The notional annual capacity for production based on a single shift of eight hours is 66,700 tonnes. Both plants are capable of operating for 24 hours with the annual plant capacity of 200,000 tonnes per annum. The notional pipe size is taken as diameter size of 30 inches with 1/2 inch thickness for SP-1600 and diameter of 40 inches with 5/8 inch thickness for SP-2003. Production in tonnes for the two year period aggregated 62,502.5 tonnes of line pipe in varying sizes and thicknesses. Actual production was equivalent to 21,310.9 tonnes and 56,145 tonnes in FY19 and FY18 [FY17: 107,699 tonnes] when translated to the notional pipe size of 30-inch diameter.

Production was significantly lower indicating a steep fall in demand. Production stood at 88,110 tonnes in 2017 alone, down 86.1% in FY19 from FY17 levels [FY19: 12,287.5 tonnes down 75.5 % yoy and FY18: 50,215 down 43% yoy].

Hot-rolled coils (HRC) are processed and converted into Submerged Arc Welded Helical Seam Line Pipes. If required, internal and/or external coatings of high-density polyethylene are applied and line pipes are supplied primarily to public utility companies for use in the national oil and gas transmission network and, to other customers.

LINE PIPE COATINGS

Crescent Steel is one of the first in the country to introduce anti-corrosion and flow efficiency internal and external pipe coatings. The coating plant was added to the unit in 1992 enhancing our product and offering.

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.

We can coat steel pipes ranging from 4 inches – 60 inches (114 mm – 1,524 mm), tape coatings on pipe diameter above 60 inches (1,524 mm) and internal epoxy coatings on diameters ranging from 8 – 60 inches (219 mm – 1,524 mm).

The annual notional capacity of the plant works out to 600,000 square meters based on 14-inch diameter pipes operating single eight hour shifts. We coated 206,389 square meters and 434,494 meters [FY17: 272,587 meters] of different dia pipes of varying sizes during FY18 and FY19 respectively. (407,598 and 340,745 square meters surface area) was achieved during the year FY18 and FY19 [FY17: 397,103 square meters surface area].

ENGINEERING UNIT

The Engineering Unit established in 2005, was acquired by Crescent Steel and in 2009 from Shakarganj Mills Limited. The unit is located in Dalawal, Punjab.

The 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, is procured and converted into industrial equipment.

This unit was leveraged in the commissioning of our steel melting and billet manufacturing unit and supplied key infrastructure and equipment to the plant including the fabricated components of the continuous casting machine, overhead cranes, vibro-feeders and furnace hoods.

The Unit continues to provide critical machinery to the sugar sector and high-frequency transformer tanks to Pak Elektron Limited (PEL) in the power sector. Our engineering product offering and, fabrication capability includes:

- Cane Shredders
- Juice Heaters, Vapour Juice Heaters
- Evaporators with Stainless Steel Multi-jet Condensers
- Batch and Continuous Vacuum Pans

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.

- 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
- Girders for Overhead Cranes

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 DIVISION – BILLET MANUFACTURING UNIT

A billet manufacturing unit (formerly operating as a wholly owned subsidiary of Crescent Steel and Allied Products Limited) has been merged into Crescent Steel and now operates as a business division.

The unit manufactures G-40 and G-60 steel billets in ASTM 615 standards specifications, through a steel induction melting and continuous casting process.

The plant has an annual production capacity of 85,000 metric tonnes of steel billets in various sizes in standard length of 6 meters.

The Company manufactured 49,900 tonnes and 29,163 tonnes [FY17: 31,962 tonnes] and sold 47,088 tonnes and 32,517 tonnes [FY17: 31,835 tonnes] of steel billets during FY18 and FY19, respectively. The capacity utilization at the plant stood at an average of 47% for the two-year period as against 38% in FY17. This was primarily due to lower economic activity, continuous rupee devaluation and the selling price of billet was not stable.

Re-rolling mills use our billets to manufacture reinforced steel bars, angles, channels, sections, and other steel products for use in the construction and engineering sectors. The unit was set up with the mission to provide high-quality, sustainable steel construction materials for national infrastructure development requirements.

Supply Chain Steel Long Products



Steel scrap and alloys are imported/procured locally for melting and processing



Secure reliable power sourced from CS Energy



Billets are produced through a steel melting and ladle refining process. These billets are sold to re-rolling mills or converted to rebars



Re-rollers convert the billets into rebars and other long products.



Rebars/long products are used in the construction of buildings, dams, bridges, housing and other infrastructure development projects.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The Investment and Infrastructure Development Division manages the investment portfolios of stocks, securities, real estate and, commodity investments. The division operates a wholly owned subsidiary incorporated in 2011, CS Capital (Private) Limited.

The portfolio is balanced and spreads risk over a diversified spectrum and offers the potential for growth as well as dividend yields, while real estate investments are held for rental as well as long-term appreciation.

The unit supports the Company's bottom line and in addition to capital gains, maintains a stable flow of rental and dividend income to support the working capital requirements of our business. In periods of liquidity stress the trading portfolio offers us the buffer to meet short term obligations through debt financing or liquidation of investments as well.

During the period under review, the division and the subsidiary together provided PKR 2,417 million in working capital support to the group through the pledge of shares. In addition to this the Crescent Steel portfolio aided the Group cash flow requirements by generating PKR 560 million by way of divestments and dividend income.

CRESCENT COTTON PRODUCTS

Crescent Cotton Products, acquired in 2000, is the textile division of the Company, located in Jaranwala, Punjab.

The unit has 19,680 spindles and a production capacity of 385 bags per day; specializing in producing high-quality cotton/synthetic and blended carded yarn equipped with Slub, Siro and Compact attachments. The unit is equipped with modern high-tech European and Japanese machinery ensuring high-quality yarn processing, in counts from 10s to 31s.

The unit is registered with Ministry of Textile Industry Pakistan and is a member of All Pakistan Textile Mills Association (APTMA).

The notional annual plant capacity (converted to 20s count polyester cotton yarn based on three shifts per day for 360 days) is 9,197,007 kilograms in FY18 and FY19 [FY17: 8,298,913]. Actual production (converted into 20s count) is 4,897,430 kilograms for 235 days and 9,087,295 kilograms for 364 days in FY18 and FY19 respectively [FY17: 7,949,096]. In 2018, a planned four-month shut down resulted in underutilized capacity.

The Supply chain for cotton apparel is complex. Farmers grow and harvest cotton. Raw cotton is sold by farmers to the ginning industry where cotton lint is separated from seeds and trash. Ginned Cotton is sold through agents in the local and international markets to spinning mills. We obtain cotton lint in bulk from cotton agents and convert it to yarn based on global standards and purchase synthetic polyester staple fiber (PSF) from local and foreign producers. The fiber is produced through a continuous polymerization process and available in different cut lengths from 32 mm to 51 mm, procured as per requirements. Viscose is imported from different countries including Indonesia, China, and India or purchased from local producers and stockists.

The yarn we produce at Crescent Cotton Products is sold to fabric manufacturers who weave or knit the yarn into the fabric and sell it for further processing to garment manufacturers.

Supply Chain Cotton Yarn



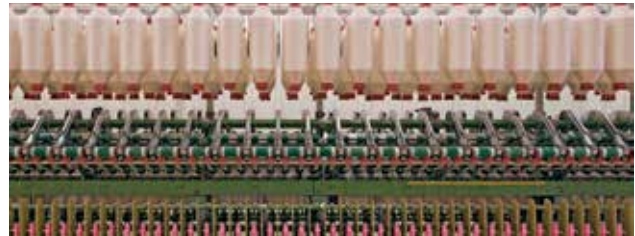
Farmers grow and harvest cotton crop. Raw cotton bolls are picked and sold to ginner



Ginner separate lint from seeds and other materials



Middle market of lint cotton (Agents / intermediaries)



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



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



Fabric is dyed or printed for finishing



Crescent Cotton Products purchases fabric for onward exports to garment manufacturers



Garment manufacturers design and manufacture the fabric into finished product



Retailers / whole sellers sell garments



Consumers use final product

CS ENERGY – ENERGY DIVISION

A Power generation unit (Formerly operating as a fully owned subsidiary of Crescent Steel and Allied Products Limited) has recently merged with and into CSAPL. The primary function of this unit is to provide electricity internally to Crescent Hadeed Division - Billet manufacturing unit and generate, accumulate, distribute, sell and supply electricity to Distribution companies, as permitted. Initially equipped with a 15 MW co-generation, thermal generation power plant at Bhone, Punjab, the Unit commenced commercial operations in December 2014. The Unit also employs a 16.5 MW condensing and extraction turbine to process steam during off-season periods to ensure uninterrupted supply to Crescent Hadeed Division throughout the year. The Generation Plants use bagasse in the combustion process to produce power and processed steam.

Bagasse, a by-product of sugar cane processing, is an alternate and renewable source of power. CS Energy purchases bagasse and uses it as a fuel to generate electricity. During the year, aggregate 297,527 tonnes of bagasse [FY17: 159,917 tonnes], 570,857 tonnes of water [FY17: 307,002 tonnes] and 542,117 tonnes of Steam [FY17: 291,543 tonnes] were used for the generation of 81,576 MWh of renewable power [FY17: 37,529 MWh] of which 56,274 MWh [FY17: 22,214 MWh] and 17,769 MWh [FY17: 14,858 MWh] was supplied to Crescent Hadeed, and to SML-Bhone, respectively while 284,259 tonnes [FY17: 203,631 tonnes] of low-pressure steam was also supplied to Shakarganj Limited.

Supply Chain Power



Sugarcane grown and harvested by local farmers



Sugar mills procure and process sugarcane



Bagasse is produced as a by-product



CS Energy buys bagasse and produces electricity and steam



Steam is supplied to industry and power is supplied to Crescent Hadeed, Shakarganj Mills Limited and FESCO

SOLAR ENERGY INVESTMENTS

Solution de Energy which was a fully owned subsidiary of CS Energy (Private) Limited, is now a fully owned subsidiary of CSAPL, post amalgamation of CS Energy (Private) Limited and CSAPL.

The project aims to develop, own, operate and maintain 100 MW solar power project in Solar Power Park, being established by the Government of Punjab in the Cholistan desert. The Company has been granted a Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and an interconnectivity study report has been approved by National Transmission and Dispatch Company (NTDC).



The Company has been allocated land from PPDB. Feasibility study report was approved by PPDB. Currently Tariff Petition has been filed to NEPRA. Further, we have applied for Generation License pursuant to the regulation of Generation, Transmission and Distribution of Electric Power.

AN OVERVIEW OF OUR PERFORMANCE OVER THE YEARS

- Rs. 330.7 million gifted to support The Citizens Foundation and help educate Pakistan since 1995 at an average rate of Rs. 13.7 million per year. This translates to 3.28% of PBT for the period.
- ROE over 10 years is 10.20%
- Sales growth of 8.41% over the last 10 years
- Contributed 28% to the national gas transmission network over the last 32 years
- 25,000+ trees planted since 2008, reducing 150 tonnes of CO₂ which is equivalent to burning 19,826 gallons of gasoline

AN OVERVIEW OF TWENTY EIGHTEEN AND TWENTY NINETEEN

	2018	2019
ECONOMIC 	<ul style="list-style-type: none"> • LPS: Rs. 0.79 • ROE: (0.81)% • Total sales of Rs. 9,929.7 million with a gross profit margin of 5.44% • Profit before taxation, Rs. 147 million with a net loss margin of 0.6% • Taxes of Rs. 209 million, 2.10% of sales • Remuneration to employees constitutes 4% of revenue • Goods and services purchased constitutes 83% of sale • 146 km of quality line pipes supplied on time, for national energy infrastructure projects 	<ul style="list-style-type: none"> • LPS: Rs. 5.40 • ROE: (5.51)% • Total sales of Rs. 6,854 million with a gross loss margin of 1.8% • Loss before taxation, Rs. 365 million with a net loss margin of 6.1% • Taxes of Rs.55 million, 0.8 % of sales • Remuneration to employees constitutes 6.6 % of revenue • Goods and services purchased constitutes 94% of sales • 100.5 km of quality line pipes supplied on time, for national energy infrastructure projects
PEOPLE 	<ul style="list-style-type: none"> • 866 employees [FY17: 590 employees] across locations in which we operate • 22.1% employees in formal training programs; average training of 1.5 hours per employee across all tiers • 475+ local and 77+foreign contractors / service providers 	<ul style="list-style-type: none"> • 758 employees across locations in which we operate • 13.5% employees in formal training programs; average training of 2.2 hours per employee across all tiers • 358+ local and 45+foreign contractors / service providers
COMMUNITY 	<ul style="list-style-type: none"> • Gifted 4.7% of PBT [FY17: 7.24 of PBT] to causes we support • 1,944 students [FY17: 2,757 students] supported through The Citizens Foundation • 11 students [FY17: 14 students] supported through tertiary sponsorships in Pakistan and abroad • 3,197 hours volunteered [FY17: 1,200+ hours] • Rs. 29.4 million [FY17: Rs. 65.08 million] gifted to support good causes in education during the year • Rs. 45.9 million in value distribution [FY17: Rs. 100.8 million], a decrease of 54.4% [FY17: increase of 25%] from the prior year 	<ul style="list-style-type: none"> • Gifted 10.04% of PBT to causes we support • 184 students supported through The Citizens Foundation • 6 students supported through tertiary sponsorships in Pakistan and abroad • 1,484 hours volunteered • Rs. 1.8 million gifted to support good causes in education during the year • Rs. 2.5 million in value distribution, a decrease of 94.5% from the prior year

	2018	2019
ENVIRONMENT 	<ul style="list-style-type: none"> • Energy consumption (GJ): 373,543 [FY17: 448,431 GJ] ; Self-generated:(GJ) 198,246 [FY17: 352,329 GJ] National grid: (GJ) 175,297 [FY17: 96,102] • Energy Supplied outside the business: (GJ) 34,417 [FY17: 55,135 GJ] • GHG emission decreased by 2,717 tonnes of CO₂ [FY17: increased by 11,353 tonnes of CO₂] • 175 mangrove saplings [FY17: 150 mangrove saplings] at WWF's Wetland Centre, and 9,757 trees [FY17: 5,800 trees] planted at our Nooriabad campus during the year. These plantations will help reduce 58,698 Kgs of CO₂ emissions [FY17: 4,636 Kgs of CO₂ emissions] • 29,000 ml of blood [FY17: 22,500 ml] collected from donors during the year. 58 employees [FY17: 45 employees] participated in blood drives held at the Head Office and our campus in Nooriabad 	<ul style="list-style-type: none"> • Energy consumption (GJ): 276,722 Self-generated:(GJ) 133,272 National grid: (GJ) 143,450 • Energy Supplied outside the business: (GJ) 29,553 • GHG emission increased by 1.28 tonnes of CO₂ • 1,000 mangrove saplings at WWF's Wetland Centre, and 825 trees planted at our Nooriabad campus during the year. These plantations will help reduce 10,786 Kgs of CO₂ emissions • 21,500 ml of blood collected from donors during the year. 43 employees participated in blood drives held at the Head Office and our campus in Nooriabad
RECOGNITION 	<ul style="list-style-type: none"> • Ranked first in the Diversified Holdings category and Joint Second Runner Up in the Integrated Reporting category for 2016 and first in the Diversified Holdings category for 2017 by SAFA • Ranked fifth in ICAP's Best Sustainability Report 2017 Awards • Ranked third in the category of donations by public limited companies as a percentage of PBT by the Pakistan Centre for Philanthropy (PCP) for the year 2018 • Awarded with a certificate of merit for the Best Corporate Report 2018 in the Engineering and Autos Sector. • Listed as one of the Top 25 Companies for 2016 by the Pakistan Stock Exchange. 	

MEMBERSHIP OF ASSOCIATIONS	EXTERNAL INITIATIVES
<ul style="list-style-type: none"> • Pakistan Centre for Philanthropy • Management Association of Pakistan • Pakistan Engineering Council • Pakistan Steel Line Pipe Industry Association • International Cotton Association Limited • Employer's Federation of Pakistan • Pakistan Steel Melters Association • The Federation of Pakistan Chambers of Commerce & Industry • Karachi Chamber of Commerce and Industry • All Pakistan Textiles Mills Associations 	<ul style="list-style-type: none"> • API Specification Q1 and API 5L • ISO 9001:2015, 14001:2015 • OHSAS 18001:2007 • GRI's Framework

AWARDS AND ACCOLADES

2018

PSX Top 25 Companies:

Our Company was listed as one of the Top 25 Companies for 2016 by the Pakistan Stock Exchange.

South Asian Federation of Accountants: Annual Report Awards

We ranked first in the Diversified Holdings category and Joint Second Runner Up in the Integrated Reporting category by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2016.

Sustainability Report 2017 Awards

Our Sustainability Report for the year 2017 secured fifth position.

2019

South Asian Federation of Accountants: Annual Report Awards

Our Company was ranked first in the Diversified Holdings Sector by SAFA under the Best Presented Annual Report Awards for 2017.

ICAP and ICMAP Best Corporate Report Award 2018

The Annual Report of the Company for the year 2018 secured a certificate of merit in the Engineering and Autos Sector

Pakistan Centre for Philanthropy: Corporate Philanthropy Awards 2018

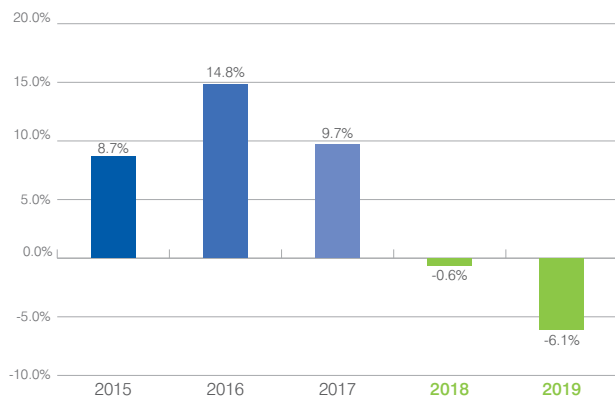
Our Company was ranked third in the category of donations by public limited companies as a percentage of PBT by the Pakistan Centre for Philanthropy (PCP) for the year 2018



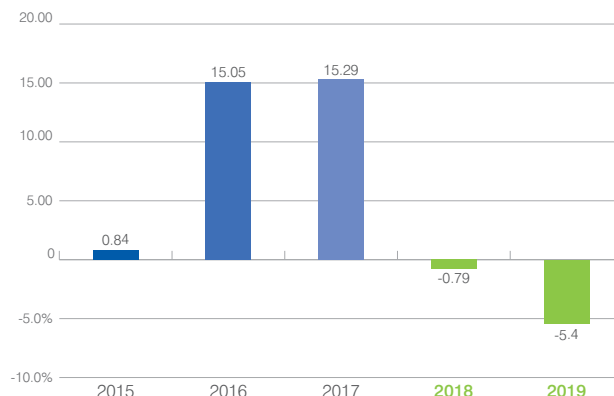
SUSTAINABILITY PERFORMANCE

ECONOMIC PERFORMANCE

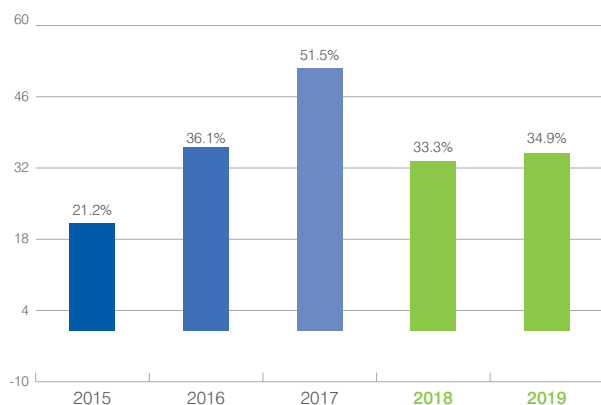
NET PROFIT MARGIN TO SALES



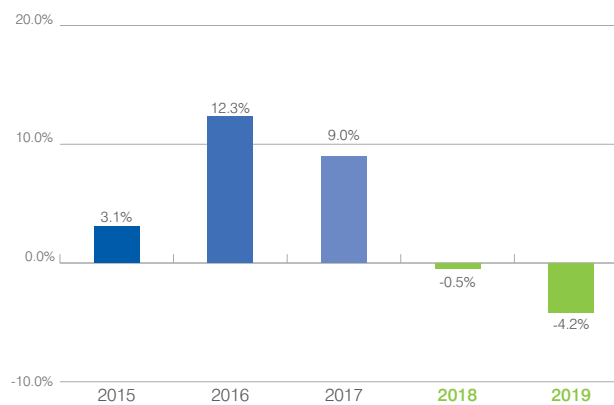
EARNING PER SHARE



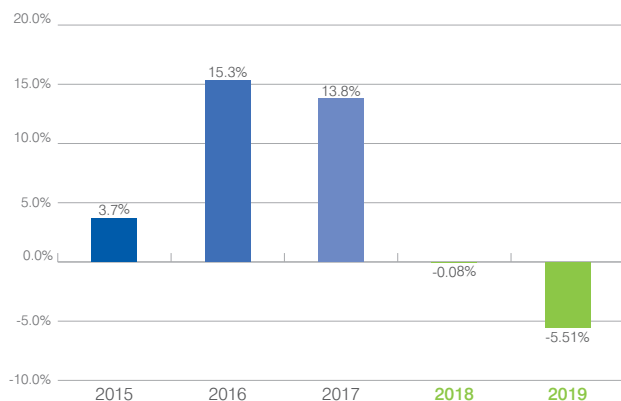
TOTAL LIABILITIES TO TOTAL ASSETS



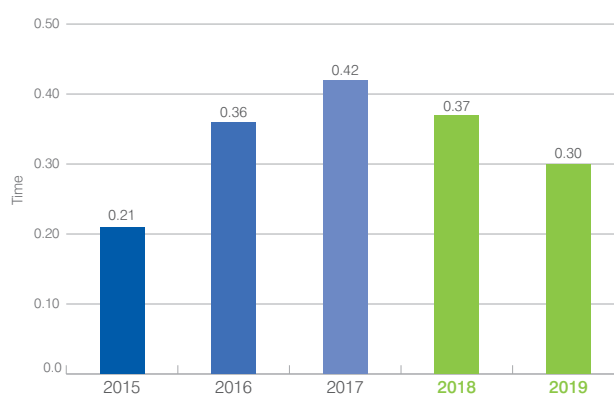
RETURN ON ASSETS



RETURN ON EQUITY



DEBT TO EQUITY

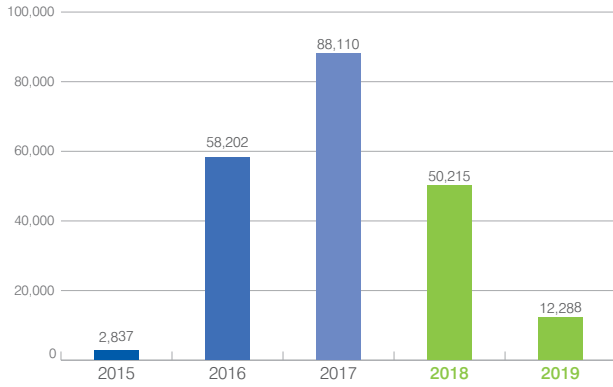


The variance in net profit margins and EPS is mainly due to exclusion of dividend income from associated companies and losses incurred by subsidiaries.

PRODUCTION INFORMATION

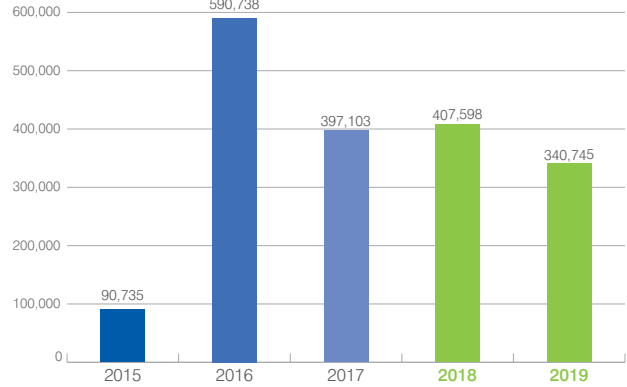
STEEL PIPES

(Tonnes)



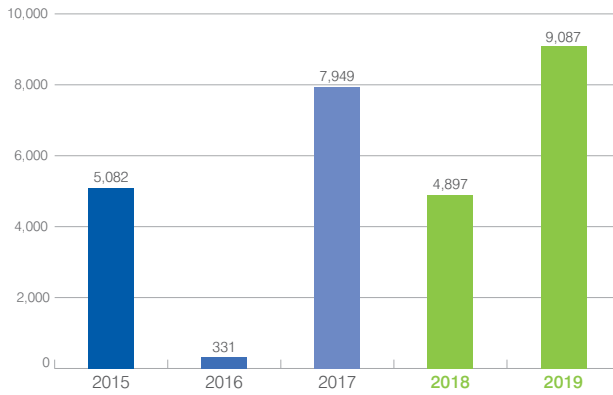
LINE PIPE COATINGS

(Sq Meter)



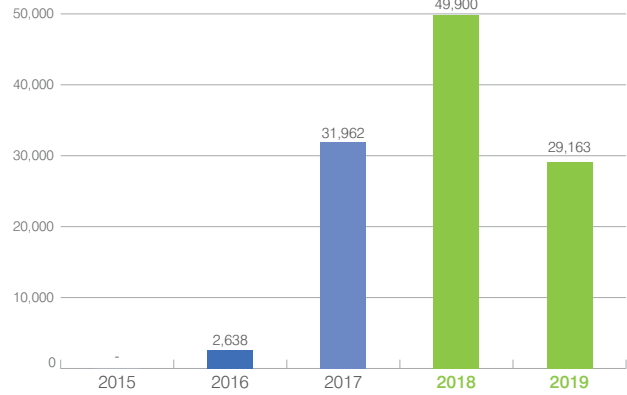
YARN

(000Kg)



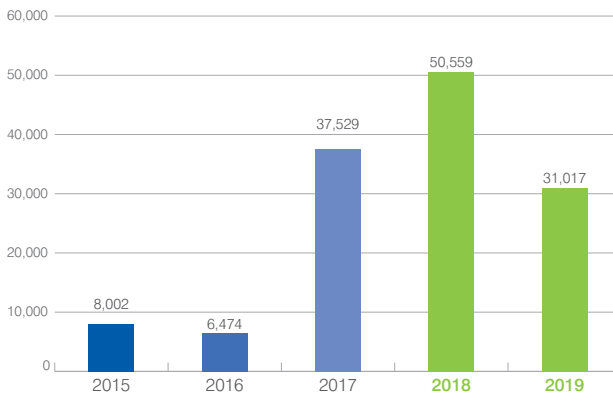
STEEL BILLETS

(Tonnes)



ENERGY

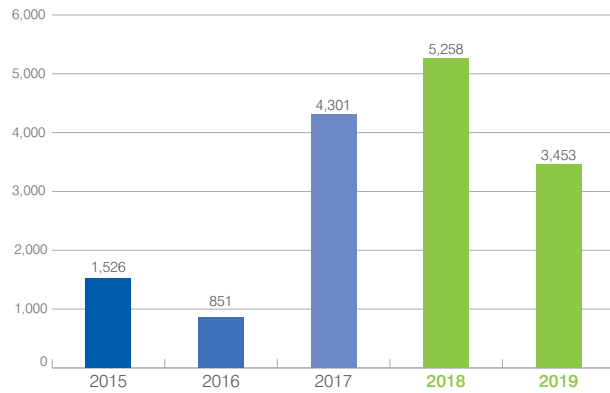
(MwH)



WEALTH GENERATED AND DISTRIBUTED

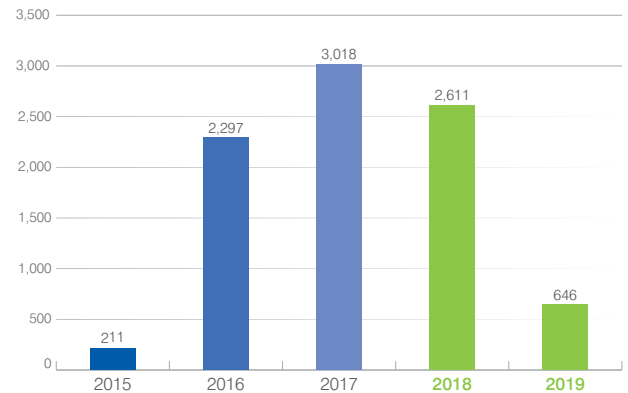
NET WEALTH GENERATED

Rs. in million



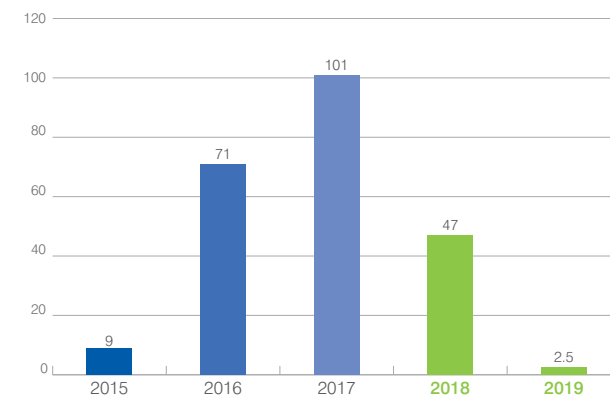
CONTRIBUTION TO EXCHEQUER

Rs. in million



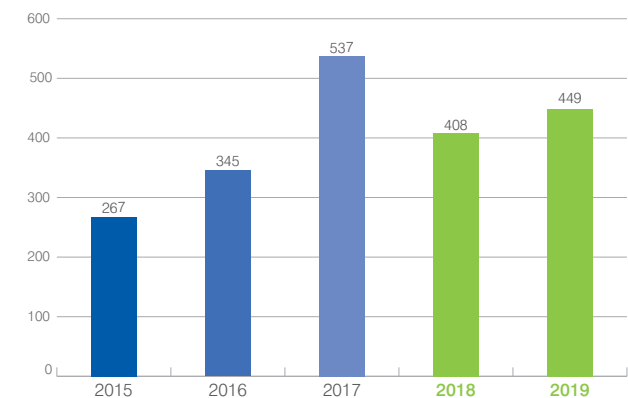
SOCIAL INVESTMENTS

Rs. in million



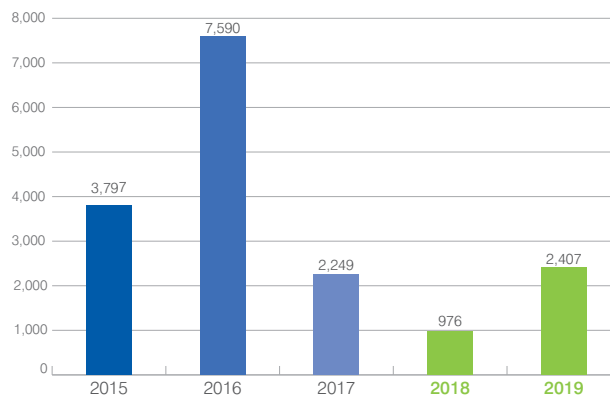
CONTRIBUTION TO EMPLOYEES

Rs. in million



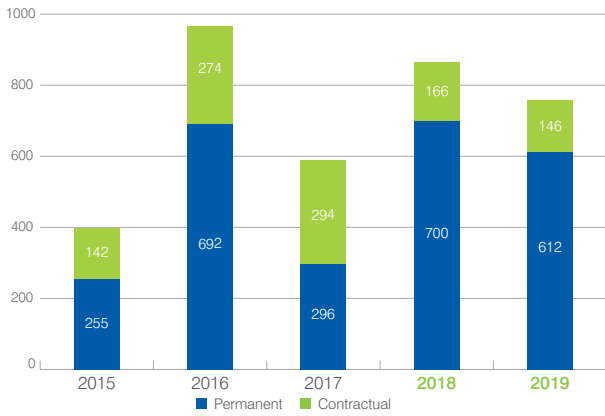
TRAINING EXPENSE

Rs. (000)

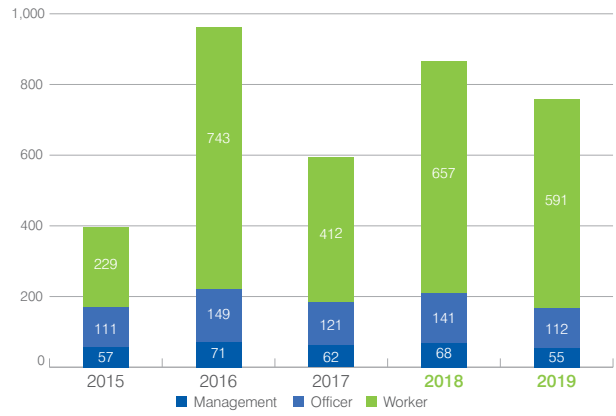


WORKFORCE INFORMATION

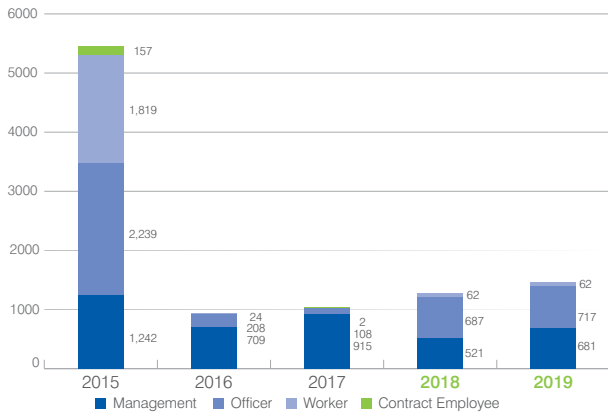
NUMBER OF EMPLOYEES



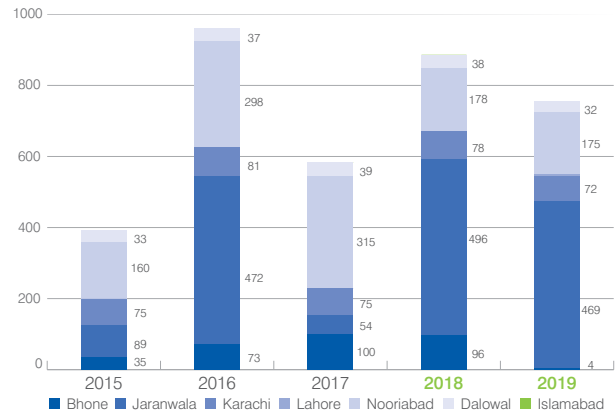
NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE



TRAINING HOURS BY EMPLOYMENT TYPE



WORKFORCE BY REGION



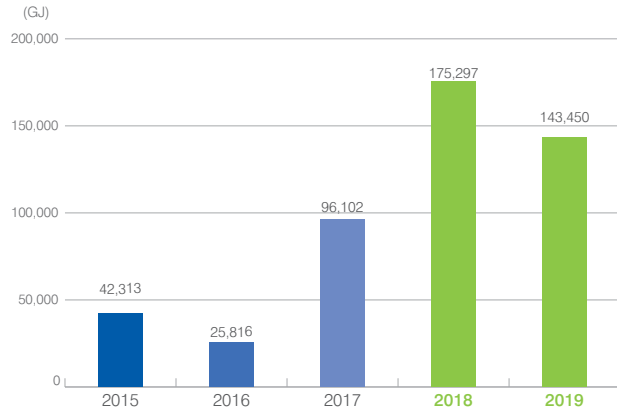
Notes:

The significant rise in the number of training hours in 2015 is because of a soft skills training program conducted across all tiers of the organization during the year.

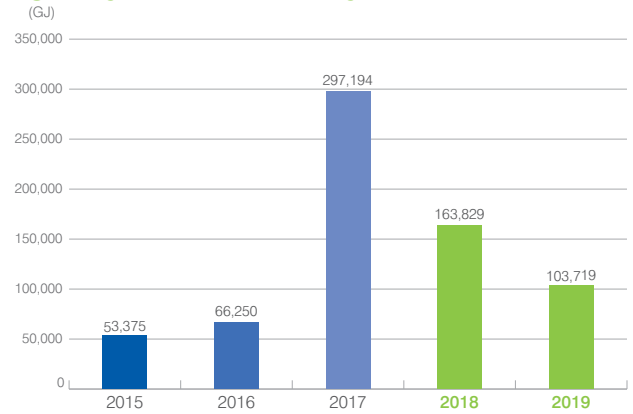
The significant increase and decrease in the workforce over the years is on account of the cyclical nature of the business.

ENVIRONMENTAL PERFORMANCE

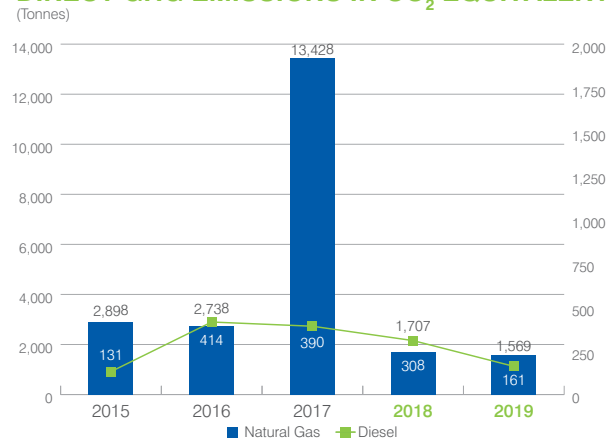
NATIONAL GRID



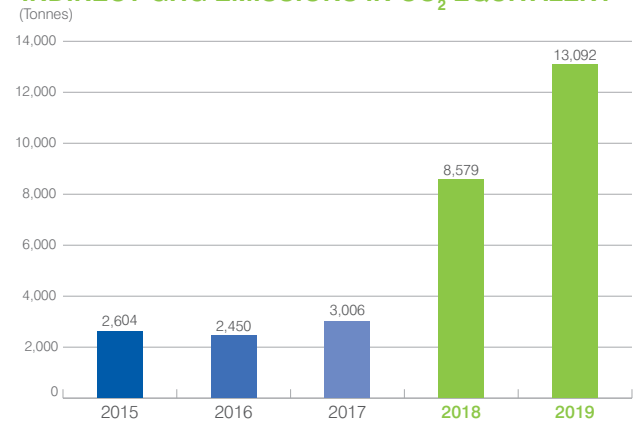
SELF GENERATED ENERGY



DIRECT GHG EMISSIONS IN CO₂ EQUIVALENT



INDIRECT GHG EMISSIONS IN CO₂ EQUIVALENT



ECONOMIC PERFORMANCE

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The value generated in the fiscal year 2019 stands at Rs.1,214 million.

	2019	2018	2017	2016	2015
Economic value generated	(Rs. in millions)				
Total Revenue	7,662,017	11,660,156	15,023,072	9,337,070	2,921,879
Bought-in-material and services	(6,448,043)	(8,206,962)	(9,765,204)	(5,036,026)	(2,070,656)
Value generated	1,213,974	3,453,194	5,257,868	4,301,044	851,223

Economic value distributed

Employees' Salaries, wages, and other benefits	449,486	407,939	536,666	345,057	266,935
Value per Share	5.79	5.25	6.91	4.44	4.30
Government Income tax, sales tax, customs duties, WWF and WPF	645,695	2,610,709	3,018,268	2,296,860	210,678
Value per Share	8.32	33.63	38.88	29.59	3.39
Shareholders Dividend*	-	155,265	407,571	388,163	43,474
Value per Share		2.00	5.25	5.00	0.70
Provider of Finance Finance cost	317,819	263,964	204,626	253,921	87,315
Value per Share		3.40	2.64	3.27	1.41
Society Donation towards education, health, and environment	2,836	35,087	80,813	70,892	9,148
Value per Share	0.37	0.45	1.04	0.91	0.15

Economic value retained

Depreciation, amortization and retained earnings	(201,862)	(19,770)	1,009,924	946,151	233,673
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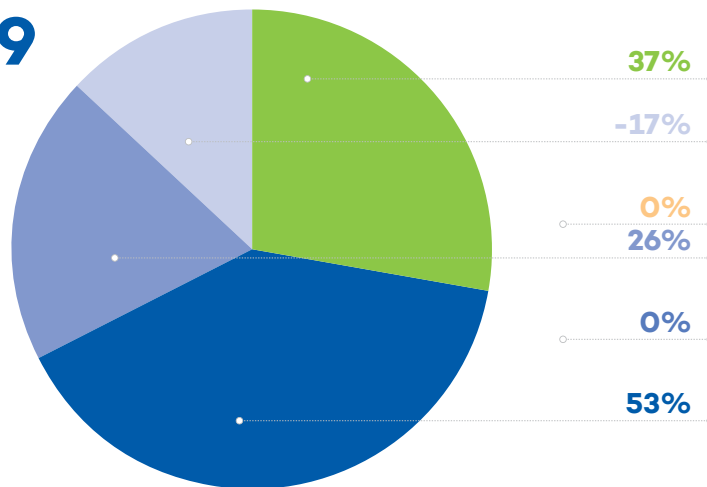
	2019	2018	2017	2016	2015
Value distributed per share	18.24	44.74	54.72	43.22	7.95
Value generated per share	15.64	44.48	67.73	55.40	10.96

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

In 2018 and 2019, Crescent Steel did not receive any direct or indirect financial assistance from the government except certain tax concessions as per applicable laws.

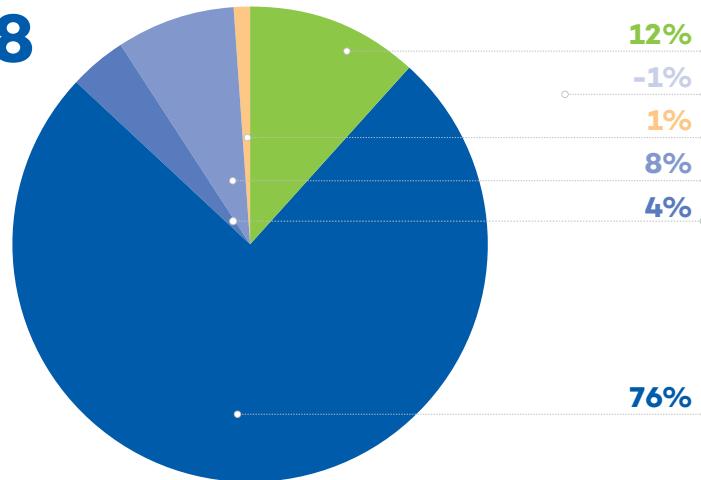
DISTRIBUTION OF WEALTH

2019



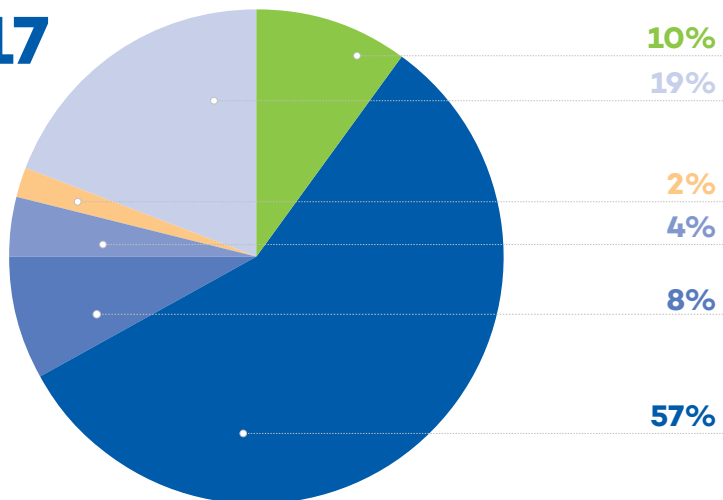
● To Government
 ● To Employees
 ● Retained within the business
● To Society
 ● To providers of finance
 ● To Shareholders

2018



● To Government
 ● To Employees
 ● Retained within the business
● To Society
 ● To providers of finance
 ● To Shareholders

2017



● To Government
 ● To Employees
 ● Retained within the business
● To Society
 ● To providers of finance
 ● To Shareholders

SUMMARY DATA AND PERFORMANCE INDICATORS

For the current and past six financial year(s)

PERFORMANCE INDICATORS	2019	2018	2017	2016	2015	2014	2013
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	189.0	635.7	2,008.4	1,914.4	389.4	902.5	1,316.6
(Loss) / profit before taxation and depreciation (Rs. in millions)	(131.5)	368.1	1,798.5	1,653.4	295.1	802.3	1,251.3
Gross (loss) / profit ratio (%)	(1.8)	5.4	13.7	26.6	0.9	5.7	13.0
Operating (loss) / profit margin to sales (net) (%)	(6.5)	3.3	10.0	18.6	2.2	11.5	19.1
Net (loss) / profit margin to sales (net) (%)	(6.1)	(0.6)	9.7	14.8	8.7	13.7	17.8
EBITDA margin to sales (net) (%)	2.8	6.4	16.3	25.3	16.9	22.4	26.3
Operating leverage ratio	3.6	4.0	0.0	2.6	1.6	1.8	4.4
Return on equity (%)	(6.0)	(0.8)	13.8	15.3	3.7	10.5	18.0
Return on average equity (%)	(5.8)	(0.8)	14.9	17.7	3.8	10.8	19.9
Return on capital employed (RoCE) (%)	(0.5)	4.1	14.9	17.1	4.2	14.4	22.5
Return on average capital employed (%)	(0.5)	3.7	16.1	21.5	4.4	14.6	25.0
Return on average assets (%)	(3.8)	(0.5)	9.0	12.3	3.1	9.8	16.3
B - Liquidity Ratios							
Current ratio	1.2 : 1	1.4 : 1	1.5 : 1	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	0.9 : 1	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1
Cash to current liabilities (%)	(33.6)	(6.6)	(5.8)	(6.8)	(18.9)	(11.8)	(23.6)
Cash flows from operations to sales (%)	(1.2)	15.2	(0.4)	(31.0)	4.1	4.3	(1.7)
Working capital (Net current assets)	499.4	1,753.8	2,949.6	2,095.1	929.3	1,123.6	1,340.9
Working capital turnover (times)	6.1	4.2	4.9	5.0	2.2	3.3	4.6
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	76.7	20.4	18.0	28.4	30.7	28.1	17.7
No. of days in receivables / Average collection period (days)	5	18	20	13	12	13	21
Inventory turnover ratio (times)	4.5	3.3	3.6	3.7	5.3	7.1	7.0
No. of days in inventory (days)	81	110	102	98	69	51	52
Creditors turnover ratio (times)	10.1	6.7	11.2	16.6	8.5	29.3	19.9
No. of days in creditors / Average payment period (days)	36	54	33	22	43	12	18
Property, plant and equipment turnover (times)	2.7	3.8	4.8	3.1	1.1	2.9	3.9
Total assets turnover (times)	0.7	0.8	0.8	0.7	0.3	0.7	0.9
Operating cycle (days)	50	74	89	89	38	52	55
D - Investment / Market Ratios							
Basic and diluted earnings per share (Rs.)	(5.40)	(0.79)	15.29	15.05	2.87	7.93	12.77
Price earnings ratio (times)	-	-	15.6	7.6	18.1	5.5	3.5
Price to book ratio	0.4	0.9	2.2	1.2	0.6	0.5	0.6
Dividend yield (%) *	-	2.2	2.2	4.4	1.3	5.7	7.8
Dividend payout ratio (%) *	-	(252.5)	34.3	34.6	21.7	28.1	28.5
Dividend cover ratio (times) *	-	(0.4)	2.9	3.0	4.1	3.2	3.6
Cash dividend (Rs. in millions) *	-	155.3	407.6	388.2	43.5	155.3	197.6
Cash dividend per share (Rs.) *	-	2.0	5.3	5.0	0.7	2.5	3.5
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.)	37.8	91.2	238.6	114.6	51.9	43.5	45.0
- Lowest during the year (Rs.)	27.4	89.8	116.0	54.6	34.9	43.5	21.6
- Highest during the year (Rs.)	101.9	229.4	283.1	134.8	62.4	74.8	54.5
Break-up value per share (Rs.)	89.6	98.1	110.8	94.3	86.8	84.5	79.8
Break-up value per share including RP investment at MV	96.2	121.4	148.7	93.6	86.3	73.9	72.6
E - Capital Structure Ratios							
Financial leverage ratio (%)	29.9	32.2	40.4	39.9	12.8	6.3	9.8
Long term debt to equity ratio (%) - Book value	4.0	4.6	4.5	6.4	5.3	1.2	0.7
Long term debt to equity ratio (%) - Market value	9.6	5.0	2.1	5.3	8.8	2.3	1.4
Cost of debts	12.3	8.0	8.4	8.4	10.9	13.7	14.4
Long term debt : Equity ratio	4 : 96	4 : 96	4 : 96	6 : 94	5 : 95	1 : 99	1 : 99
Total liabilities to total assets (%)	29.4	36.8	41.9	36.0	21.1	14.9	15.6
Gearing ratio (%)	22.8	22.8	28.3	28.0	9.8	3.4	7.6
Interest coverage (times)	(0.1)	1.6	8.8	6.9	2.9	8.5	19.5

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

ECONOMIC VALUE CREATION

Pakistan is a young country and offers a range of opportunities to leverage national resources and develop products to serve the needs of a growing nation. The operations and impact of the businesses we operate extend across Pakistan.

Our products serve public sector organizations and industrial outlets, enabling them to provide goods and services to end consumers across Pakistan. We have diversified our business portfolio to address the needs of the future – we believe in delivering sustainable value through all our operations and strive to ensure that our sustainability and business strategies are aligned. In line with this approach, we believe the engineering sector will remain an engine for economic growth in Pakistan; therefore, our aim is to develop a solid engineering sector portfolio. Additionally, we are continuously seeking out opportunities to invest in new technologies to expand the footprint of all our businesses.

The boundaries of economic value generation and distribution are restricted to the organization itself, internally and to the Government and society at large, externally. It is our core belief that the objective of healthy economic performance is not restricted to benefiting the organization but extends across the value chain to contribute to the collective health of the economy and society.

We ensure the sustainable and responsible management of our business through compliance with all obligations imposed on us as well as those we choose to impose on ourselves.

Our revenues were Rs. 11.66 billion and Rs. 7.66 billion in FY18 and FY19 respectively, [FY17: Rs.15.02 billion] of which Rs. 8 billion and 6 billion in FY18 and FY19 [FY17: Rs. 9.8 billion] constitute as payments to suppliers; a value addition of 16% or Rs. 3.5 billion and 1.2 billion [FY17: Rs. 3.5 billion].

During the year, from the Steel Division and Engineering unit operations, we produced 50,215 tonnes and 12,287.5 tonnes of steel pipes [FY17: 88,110 tonnes], applied 206,389 square meters and 434,494 [FY17: 272,587 square meters] of line pipe coatings and fabricated and sold 6,544 and 1,862 units of machinery and other equipment during FY19 and FY18 respectively [FY17: 979 units].

The Cotton Division purchased 2,399 tonnes of cotton and 3,166 tonnes of polyester in FY19 and 3,301 tonnes of cotton and nil tonnes of polyester in FY18 [FY17: 2,403 tonnes of cotton and 3,009 tonnes of polyester] and produced 5,618 tonnes and 3,234 tonnes of yarn in FY19 and FY18 respectively [FY17: 5,399 tonnes]. The division also exported nil meters of fabric in FY19 and 96,903 meters in FY18 [FY17: nil].

Through CS Energy we generated 182,012 GJ and 111,660 GJ [FY17: 107,851 GJ] and sold 163,548 GJ and 103,006 GJ of power in FY18 and FY19 respectively [FY17: 133,362 GJ]. As a byproduct of power generation, we produced 333,813 and 208,304 tonnes of steam in FY18 and FY19 [FY17: 291,543 tonnes] of which we sold 163,113 tonnes and 121,146 [FY17: 203,631 tonnes], and reused the remainder in the power generation process through a condensing turbine.

Crescent Hadeed manufactured 49,900 and 29,163 tonnes in FY18 and FY19 [FY17: 31,962 tonnes] and sold 47,088 and 32,517 tonnes [FY17: 31,835 tonnes] of steel billets during the reporting period.

Through our capital markets segment we made investments of Rs. 393.6 million and 88.71 million in FY18 and FY19 [FY17: Rs. 291.8 million] and realized gains of Rs. 600.5 million and 45.76 million [FY17: Rs. 236.5 million] from capital gains, dividend, and rental income.

We distributed a significant part of the value we created to the Pakistani community through the payment of taxes and levies to provincial and federal governments and, for the reporting period these stood at Rs. 2.6 billion and 0.6 billion in FY18 and FY19 [FY 17: Rs. 2.94 billion] respectively.

We have defined Benefits and Contribution Plans for our employees and during the year we distributed Rs.408 million in wages and benefits to our workforce of 866 and Rs. 449 million in wages and benefits to our workforce of 758 employees in FY18 and FY19 respectively [FY17: 537 million in wages and benefits to our workforce of 590 employees].

We distributed Rs. 45.9 million and Rs. 2.5 million in FY18 and FY19 [FY17: Rs.100.8 million] in the form of community investments and, Rs. 419.2 million and Rs. 317.2 million [FY17: Rs.612.2 million] to capital providers as interest and dividend payments.

Other operating costs for the year were 0.7% of total revenue at Rs. 28.6 million as compared to 1.2% of total revenue at Rs. 84.9 million in FY18. This decrease was primarily on account of lower liquidated damages which indicates improvements in the turnaround time for deliveries and general order management. However, it is also indicative of substantial reduction in demand as total revenue fell 28%.

In FY19 gross profit margins stood at 5.4% which was lower as compared to FY18 in which it stood at 11.5% [FY17:18.2%]. While, net profit margin decreased to 3.5% in FY19 as compared to 10.7% in FY18 [FY17: 9.9%] on account of a slowdown in business activity and plant idling.

Consequently, return on equity and capital employed moved from 11.2% and 13.9% to 2.7% and 3.6% respectively in comparison with FY18.

Our economic performance impacts the local community as indicated through our operations, and our contributions in terms of time, money and support. We are driven by taking calculated risks to generate sustainable financial benefits.

We strive to maintain and grow as a leading supplier of integrated pipeline solutions/ services in Pakistan and to emerge as the leading producer of high-quality steel products for the Pakistan market, specifically serving the water and energy segments of the country.

At Crescent Steel, business growth strategies are reviewed and monitored by the Board of Directors and the CEO; they are crucial to the functioning and mainstreaming of the operational management of the company. The executives of the company undertake to represent the company's economic value to its stakeholders, ranging from suppliers to customers. If necessary, the Company modifies its approach to improve value creation and drive performance in the best interests of the company and its stakeholders.

Details of the company's financial statements can be found in the annual report (pages 108-110)

OUR APPROACH TO SUSTAINABILITY

STRATEGY

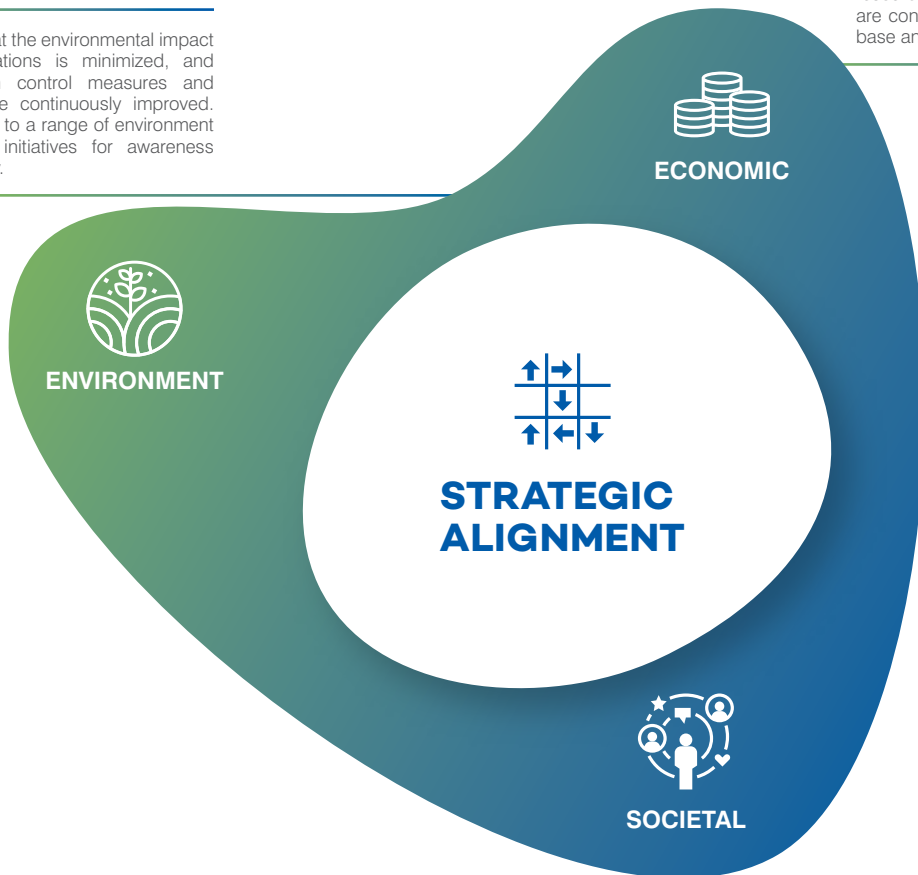
Sustainability has always been a core component of our business strategy and forms the foundation of long-term business success.

Our Corporate Strategy is geared towards sustainable and organic growth to enable long-term success and health of our businesses. As a business, we are driven by calculated risks and making financial gains; but as an organization, we are guided by a clear conscience of coexistence, unwavering integrity, pursuit of trust and continuously striving for reputation as a safe, responsible and reliable corporate citizen.

We use principles of sustainability to foster process innovation, new product development, improve manufacturing efficiencies and reduce material and energy consumption. Our strategy, objectives, goals, and commitments to sustainability principles are mentioned in the relevant sections of this report; a detailed overview of our Corporate Strategy and Objectives is available on page 10 of the Annual Report 2019.

We continue to provide reasonable returns to shareholders through dividends and growth. In line with our mission to create multiple businesses and allocate resources for favorable outcomes, we are continuously expanding our existing base and reshaping our portfolio.

We ensure that the environmental impact of our operations is minimized, and that pollution control measures and processes are continuously improved. We contribute to a range of environment conservation initiatives for awareness and advocacy.



The pipes we supply are used to transport oil, gas and water through high pressure transmission systems to reach consumers across the country. Our billets are used to produce re-bars for construction. We continue to invest in an educated Pakistan and strive to manage and improve the impact of our operations.

MATERIALITY

ASSESSMENT METHODOLOGY

We use the Global Reporting Initiative (GRI) reporting framework to inform our definition of sustainability, materiality, and in identifying issues material to our business.

The materiality assessment is carried out using a self-developed materiality assessment toolkit that ranks issues in terms of significance (significant, high, medium and low). Our goal is to understand which corporate responsibility issues are most likely to affect Crescent Steel's business strategy. We use the following indicators to select issues that will have the greatest impact:

- Relevance of the issue
- Impact on the Company and Business
- Importance and relevance to stakeholders

We rank the list of sustainability issues (which has been derived from the GRI's list of aspects) in terms of relevance and significance to Crescent Steel and its stakeholder groups (ranking for stakeholder groups is based on management's best estimates), assess Crescent Steel's performance and strategy plan on these issues and, estimate the impact of non-performance in these areas.

Consolidated scores on each aspect form a materiality matrix. The matrix provides an initial understanding of issues which are of primary importance today, and those that Crescent Steel considers an opportunity and a responsibility in the future.

Ranking corporate social responsibility issues (derived from the GRI's topic specific standards) by individual business units, and service area leaders, enables us to assess Crescent Steel's performance and in developing future strategic plans related to these issues; while simultaneously monitoring the current progress of the issues at hand. The matrix provides us with an overview, enabling greater visibility on future opportunities and emphasizing areas of importance in the context of what is material to the sustainability of our business today.

The sustainability aspects we report are aligned with the risks identified in the Risk and Opportunity Report section of our Annual Report 2019. This report along with sustainability reporting in the past, discloses our management of, and performance in, aspects considered to be material to our business.

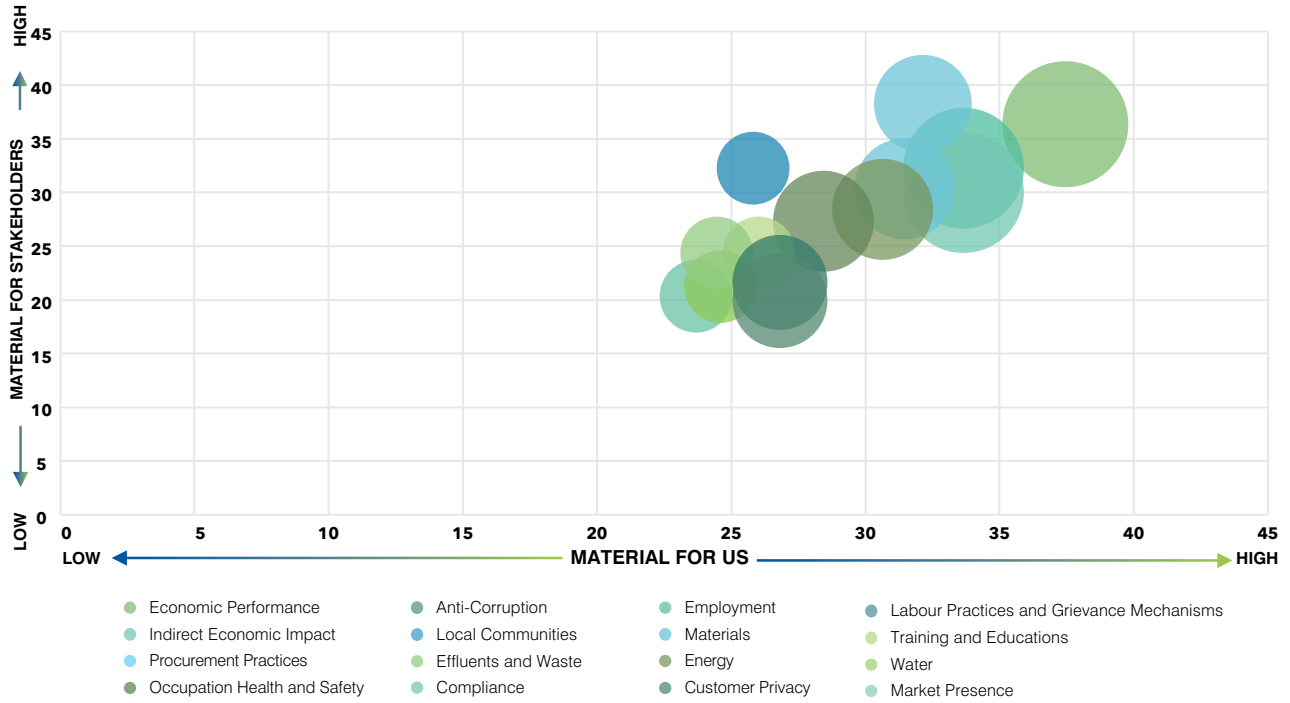
REVIEW AND IDENTIFICATION

We reviewed our materiality assessment this year to evaluate changing economic, environmental and social impacts and to recognize stakeholder expectations regarding our performance, strengths, and weaknesses. Our annual materiality review, which includes examining each sustainability aspect according to its level of risk to the Company, the level of stakeholder interest and its relevance, has identified 16 key sustainability issues in economic, environmental and social aspects. All deserve focus, but seven priority issues have emerged as focus areas for fiscal years 2019-2021; these are defined in material aspects and its boundaries, later on in this section.



The outcome of this analysis can be seen in the graph below.

MATERIALITY MATRIX



MATERIAL ASPECT AND BOUNDARY IDENTIFICATION

The impact of every material aspect, inside and outside the organization is measured based on management best estimate and analysis using the materiality toolkit. These impacts are being reported for the seven items we consider material to our business sustainability over the next three years.

Moreover, the concern of stakeholders and limits of the boundary for disclosures are considered in accordance with GRI industrial characteristics and the industry experiences. The reporting principles of GRI Standard GRI 101 Foundation 2016, have been utilized to report on the significance and distinguishing limits for material subjects.

We continuously identify and survey any threats to our businesses. We consider the opinions and advice of our stakeholders seriously, to understand, fully, the importance of the sustainability of our operations.

The company uses GRI standards' and concepts of materiality to report on any material information. Understanding and setting a threshold for our material aspects play an important role in the interest of our business and stakeholders. Regular performance reviews, integrated monitoring of processes, and persistent consultation from our stakeholders are all pivotal for the evaluation of material aspects.

Aspect	Material Issue	Material Aspect	GRI Indicator	Boundary Inside	Boundary Outside
Economic	Revenue generation through Sales and distribution of wealth to internal and external stakeholders	Economic performance	GRI 201-1	Crescent Steel	Community, Shareholders, Government
	Corporate Responsibility Performance i.e. Cash, Kind and Time contributions/Community Investments. Focus areas i.e. Education, Health and Environment	Indirect Economic Impacts	GRI 203-2	Crescent Steel	Community, Government
	Company's strategic direction enhances business opportunities through local suppliers to contribution in economic development.	Procurement Practices	GRI 204-1	Crescent Steel	Our Suppliers, Community, Government
Environmental	Environmental impacts in view of use of non-renewable resources for energy production.	Energy	GRI 302-1	Crescent Steel	Community
	Depleting raw material resources affecting finite resources	Materials	GRI 301-1	Crescent Steel	Community
Social	Compliance with laws and regulations leads towards better productivity in line with diversified workforce	Employment and labor relations	GRI 401-1	Crescent Steel	Community
	Productivity of an organization is directly related to workers health and safety to deliver the best product to consumer.	Occupational health and safety	GRI 403-1	Crescent Steel	Community

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We support the United Nations Sustainable Development Goals (SDGs) in their ambition to achieve a better world for all.

From the commencement of our operations, our commitment has always been to deliver quality products, efficiently and economically, minimising the negative impacts of our operations, contributing to the communities where we operate, providing fair and consistent returns to our shareholders and a desirable workplace for our employees where they are assessed and rewarded with fairness.

Our approach and contributions towards SDGs are listed below:

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEARS 2018 AND 2019
 <p>End poverty in all its forms everywhere</p>	<p>To promote social entrepreneurship, vocational and industrial training to enhance the employability of our people and of Pakistanis at large.</p> <p>Empowering through education.</p>	<p>Collaborated with NUST to promote social entrepreneurship by sponsoring their initiative – Finding Innovative and Creative Solutions for Society (FICS) for the third year in a row.</p> <p>Supported renovations for the Women's Vocational Training Centres and sponsored welding training courses through The Hunar Foundation.</p>
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>Contribute towards food security and distribution programs/centres.</p> <p>Enabling financial independence through education support.</p>	<p>Our employees volunteer for food and ration distribution drives each year which are conducted throughout the city. In 2018 we fed 1,100 people.</p> <p>All excess food from the Head Office Mess is distributed to under privileged near the Head Office.</p>
 <p>Ensure healthy lives and promote well – being for all at all ages</p>	<p>Promote a healthy Pakistan by catering to basic health care needs of the people through awareness campaigns and initiatives while contributing with financial support leading to a hepatitis free Pakistan.</p>	<p>With the help of the Health Foundation, 12,971 people were sensitized regarding hepatitis B and C protection and prevention through 326 targeted community awareness sessions and 4,242 people were vaccinated for Hepatitis B.</p>
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Our mandate is to build an educated Pakistan through a focus on primary education. We selectively support programs for tertiary education, especially when those resources may be absorbed into our businesses.</p>	<p>Our contributions helped educate 2,667 students in 2018 and 2019, of this 99% constitute TCF students and the rest are children of our employees.</p>
 <p>Achieve gender equality and empower all women and girls</p>	<p>We are committed to providing equal opportunities and are gender-blind in our recruitment. We ensure that the workplace is rewarding, safe and comfortable for all employees.</p>	<p>19% of our employees across our corporate offices are females. 20% of the executive management team roles and 9% of the management roles are filled by women and 3% of our workforce consists of minorities.</p>
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p>We aim to conserve, reuse and recycle water at every opportunity.</p>	<p>We reused 111.58% of water consumed in 2019 across all our campuses.</p>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>To manage our energy consumption, reduce our dependency on the national grid and mitigate the risk of recurring power outages.</p>	<p>We continue to conserve energy through various means and advocate to develop a culture of energy conservation in the organization.</p>

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEARS 2018 AND 2019
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>We aim to provide equal growth opportunities to our people and encourage them to innovate, discuss and present new ideas.</p>	<p>We employ a staff of 758 people across our locations and strive to provide the right resources and an environment that supports their growth and development needs.</p>
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>We support sustainability advancement and transformational change across our business and use the best technology to make our operations environment friendly.</p>	<p>All our emissions and discharges are compliant and within the prescribed limits set by the National Environmental Quality Standards (NEQS).</p> <p>As a part of our continued commitment to our stakeholders, we work hard to mitigate the environmental impact of our operations.</p>
 <p>Reduce inequality within and among countries</p>	<p>We provide equal opportunities to grow and encourage innovation, discuss, and suggest new ideas.</p>	<p>Our businesses continue to provide equal opportunity employment to hundreds of citizens across Pakistan. Our priority towards society and people are effectively integrated with our business offering and how we work on a day to day basis.</p>
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>We strive to make a meaningful impact in the communities where we operate.</p>	<p>Our contribution to Rashidabad (a project of Rashid Memorial Welfare Organization) has created an everlasting impact on the community. It encompasses all four elements of a sustainable society: education, health, environment and socio-economic and has provided employment opportunities for over 1,200 people in various positions.</p> <p>The line pipes we supply are used in hydrocarbon transmission to businesses and households across the country. To date we have supplied 3,677 km in quality line pipes to major utilities of the country.</p> <p>Additionally, We also ensure that we hire people from localities near our operations, as far as reasonably possible and in line with business requirements. Over the last year 87% of new entrants represent rural communities and 84% of our total workforce is from rural Pakistan.</p>
 <p>Ensure sustainable consumption and production patterns</p>	<p>To minimize wastage resulting by reducing material consumption as far as reasonably possible.</p>	<p>Where reuse is not possible, we ensure proper disposal of waste matter in accordance with local regulations imposed on us and international best practices. Disposal methods include landfilling, recycling, and incineration.</p>
 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>We strive to conserve natural resources by partnering with WWF.</p>	<p>Mangrove Forests serve as a valuable nursery for fish and other invertebrates. Through our partnership with WWF Pakistan, we planted 175 mangrove saplings in 2018 and 1,000 mangrove saplings in 2019.</p>
 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>We strive to support marine conservation and environmental advocacy activities.</p>	<p>We planted a total of 11,582 trees at our Nooriabad and Bhone campus in 2018 and 2019. These plantations along with mangrove saplings will help reduce 74,803 KGs of carbon.</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>We strive to promote sustainable business practices throughout our value chain.</p>	<p>Through our business, we increase stability, improve economic prospects and contribute socially and economically towards the community.</p>



SUSTAINABLE DEVELOPMENT GOALS



49.5
million in wealth distribution



50,500
ml of blood donated



Supported
2,128
TCF students



19%
female representation across our corporate offices



81.44M
litres of water reused



297,527
tonnes of bagasse and 257,858 tonnes of steam used to generate 81,576 MW renewable power



246.5
KM of quality line pipes delivered



12,500+
trees and mangrove saplings planted



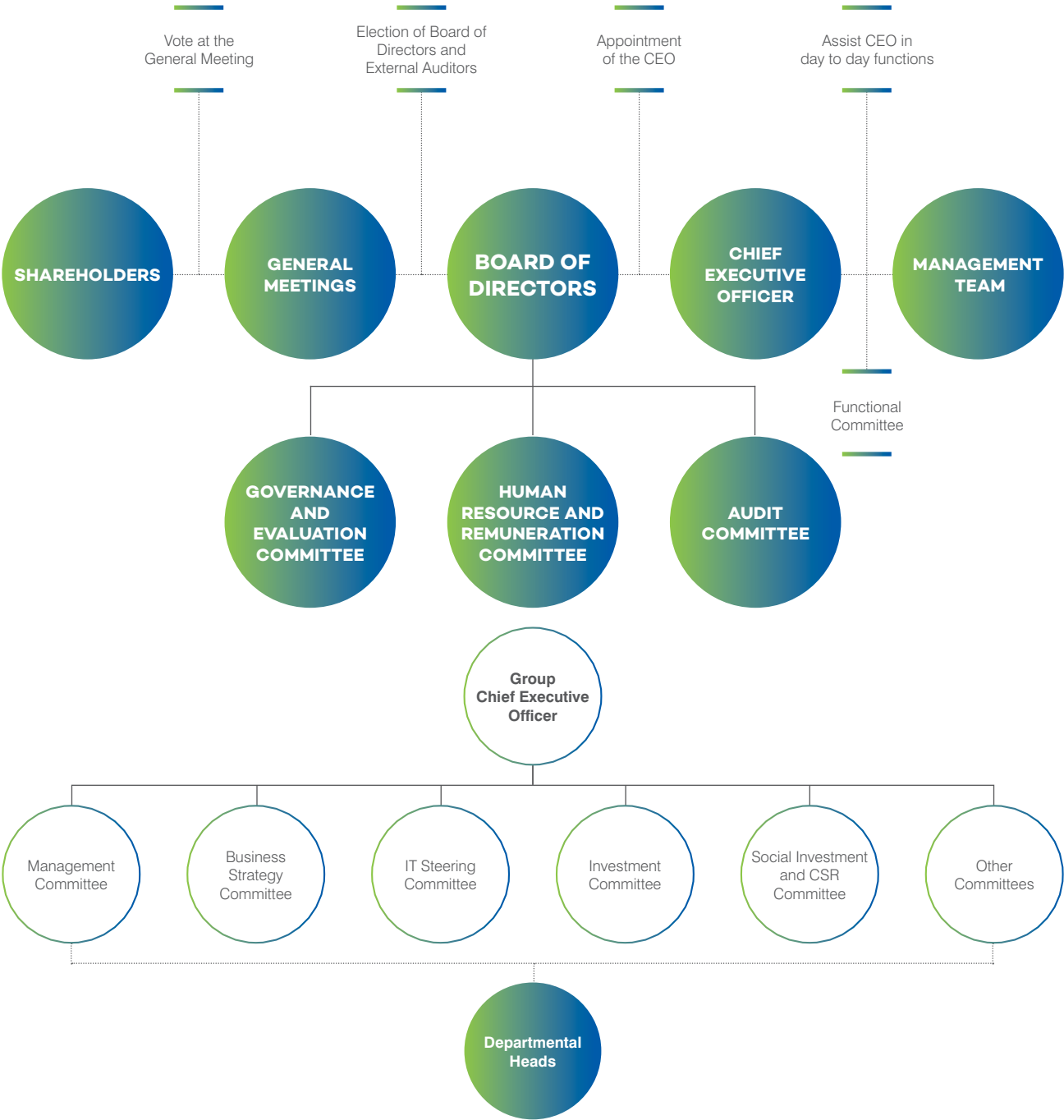
331,516 GJ
of self-generated electricity,
62,503
tonnes of steel pipes and
79,062
tonnes of steel billets produced.



GOVERNANCE

Crescent Steel conducts its business in a responsible manner and with honesty, integrity and in line with best practices. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right which sets the tone of our actions and underpins the functioning of our employees. We also insist that all transactions be open, transparent and within the legal framework culminating in responsible financial reporting.

OUR GOVERNANCE STRUCTURE



Detailed information on our governance structure is published on page 32-33 of the Governance section of our Annual Report 2019

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 performance on sustainability objectives is monitored through various systems already in place. These systems monitor performance at a corporate, BU, team and at an individual level.

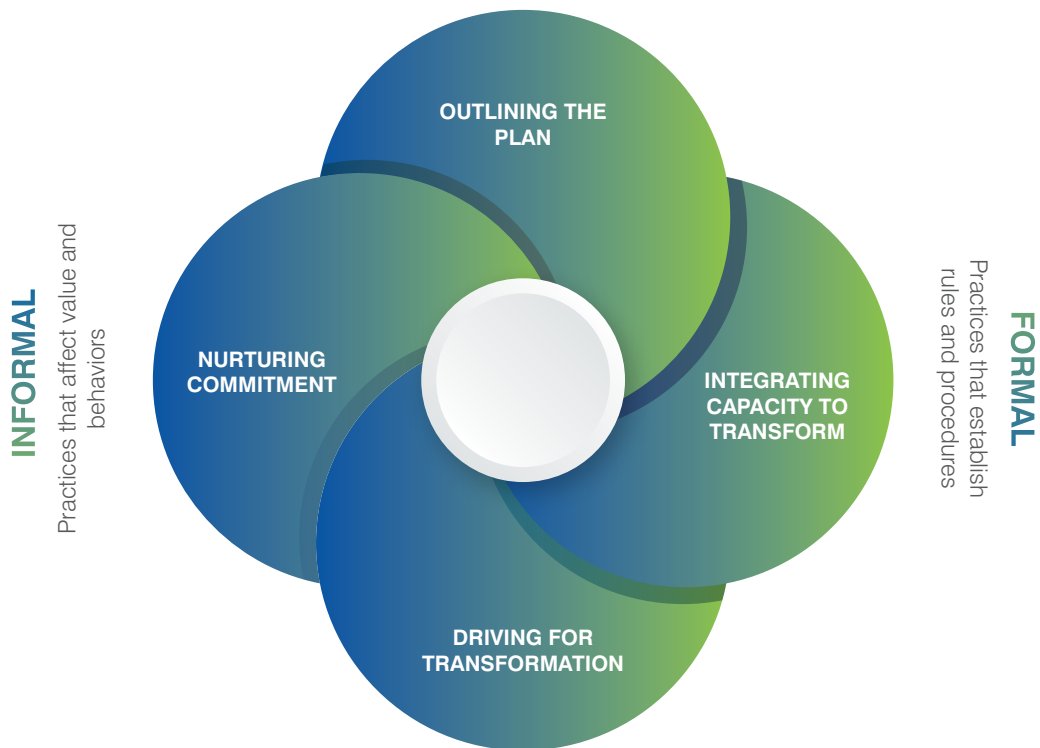
- Monthly reporting to management by each Business Unit on sustainability factors and KPIs (linked with GRI disclosures)
- Aligning our people with our values and guiding principles
- Engage employees in corporate responsibility for collective action
- Governance and transparency
- Encouraging innovation and communication
- Strengthening internal communication
- Fostering a culture of collaboration
- Monitoring and informing stakeholders of our corporate responsibility performance

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 2019 and beyond include:

FULFILLMENT

(SHORT TERM - CONTINUOUS)
Practices for delivering on current sustainability commitments



INNOVATION

(LONG TERM)
Practices that move the company further along the path to sustainability by doing things differently or better

OUR SUPPLY CHAIN

Supply chain and logistics play a key role in ensuring efficient and profitable operations of all our businesses. The supply chain function is not limited to sourcing quality products and services with conducive price and volume variables. Suppliers are strategic partners for our business. We leverage our relationships with key suppliers and work with them for planning, logistics, and the introduction of new products and services.

As a socially responsible business with high ethical, social and environmental standards, Crescent Steel endeavors to propagate a culture of quality, transparency, accountability, and integrity across our supply chain. We screen our suppliers for compliance with international and domestic standards and laws. On a best effort basis, we work with businesses that fulfill their obligations to the national exchequer and operate responsibly to deliver sustainable value and growth. We actively invest in and seek out suppliers that have adopted measures to protect their labor and the environment – suppliers that are proactive in adopting new methods and technologies and are committed to continuous improvement. In sourcing vendors for certain products or services, we encounter parties that are unregistered owing to the undocumented nature of the industries in which they operate and have actively encouraged and enabled them through the registration process with tax authorities. However, in certain instances there are no alternate options available in Pakistan.

Our supply chain is geared towards sustainability and is committed to developing indigenous sources, where available. In this regard, we have worked with a range of domestic partners to enhance technical and professional capabilities. We aim to move beyond the boundaries of supplier-buyer relationships to create strategic partners; our suppliers engage with us at many levels, enabling us to generate additional revenue, and leverage our relationships for cost savings

As a leading line pipe manufacturer engaged in oil and gas transmission projects of national and strategic importance, we have a rigorous protocol of supplier induction, evaluation, and

monitoring. We engage with a range of foreign and domestic suppliers, for critical and non-critical goods and services. We assess our suppliers on a number of factors including inventory optimization, their flexibility and assuring compliance, visibility, and transparency. We consider labor management practices as a threshold encompassing community care and this forms a critical aspect of our supplier engagement criteria. We configure our supply chain model on three basic characteristics: product design and quality, risk assessment and opportunities for business growth. Our supplier engagement aims to strengthen the supply chain through as it helps to identify environmental and cost hotspots.

Our major imports include Hot Rolled Coils – we use high-grade alloy steel coils for manufacturing pipes for high pressure, large diameter transmission systems.

We imported 3,330 metric tonnes and 1,330 metric tonnes in FY18 and FY19 [FY17: 13,320 metric tonnes] of hot rolled coils and 226.051 metric tonnes and 464.25 metric tonnes of coating material [FY17: 4,349 metric tonnes]. The sourcing protocol of our raw material for our pipe and coating operations is critical. In accordance with API protocols, manufacturers of HRC are assessed and compliance of the raw material is verified against Mill Test Certificates, Manufacturing Procedure Specifications, and third-party quality assurance verifications.

We imported 40,912 metric tonnes and 92,285 metric tonnes in FY18 and FY19 of ferrous scrap [FY17:129,805 metric tonnes] for our melting operations, purchased 18,578 bales of raw cotton locally and imported 3,040 and 15,193 bales of raw cotton, 5,143 bales of local polyester and 3,739 bales of imported polyester in FY18 and FY19 for our spinning unit [FY17: local raw cotton: 15,910 bales, imported raw cotton: 1,421 bales and local polyester: 9,049 bales].

Due to the nature of our businesses and the demand for superior product quality, we import a major portion of our raw material and consumables. However, as capacities improve we are able to source more materials, domestically.

TYPE AND NUMBER OF SUPPLIERS ENGAGED

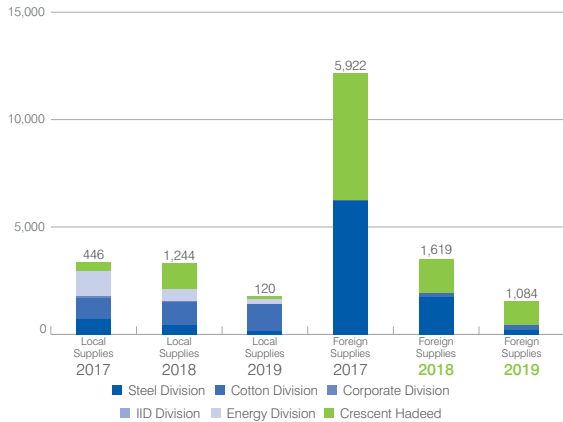
Operational Area	Local	Foreign	Total
Steel Division	566	140	706
Cotton Division	922	84	1,006
Corporate Division	150	5	155
IID/CS Capital	20	-	20
CS Energy	63	-	63
Crescent Hadeed	108	48	156
Total	1,829	277	2,106

PROCUREMENT PRACTICES WITH TRUSTED BUSINESS PARTNERS

For any business, suppliers are crucial strategic partners, providing goods and services, enabling the continuity of business. Supply Chain is not just an area for suppliers to merely comply with quality, price and volume variables. Our suppliers are strategic partners that adopt our standards to work towards the end goal of providing high quality and reliable products to our customers. In lieu of our business sustainability strategy, Crescent Steel aims to maximize indigenous procurement and minimize imports; however, due to lack of expertise, a range of products and services required for our operations are not available locally and must be imported. This includes our raw material, which accounts for 80% of our procurement cost. We have worked with our local partners to develop and enhance expertise and capabilities to fabricate spares locally, in order to reduce the volume of imports. The core objective of our Supply Chain function is to reduce throughput time by minimizing the use of intermediaries, and by enabling supply chain depth to deliver the right materials, at the right time, at the right price.

After successful evaluation of the vendor, the order is processed and evaluated again on the basis of quality control. The quality control criteria includes measured specifications, product lifecycle, and requirements by the customer. Despite our long-term association with certain vendors, we do not compromise on the quality of material as they constitute a hefty proportion of our production as depicted in our financial statements. The division between our local and foreign vendors and amounts in the transaction are described briefly in the table below:

COMPOSITION OF LOCAL AND FOREIGN SUPPLIES



	RS. IN MILLION	RS. IN MILLION
Purchases in 2019		
Local Vendors	1,755	53.7%
Foreign Vendors	1,517	46.3%
	3,272	100%
Purchases in 2018		
Local Vendors	3,336	49%
Foreign Vendors	3,518	51%
Total	6,854	100%

LOCAL 53.7% AND FOREIGN 46.3%

CRESCENT STEEL'S LOCAL PROCUREMENT CYCLE



The procurement cycle follows specific steps for identifying a requirement or need of the company following which a purchase requisition is raised by the stores. The supply chain officer floats inquiries and sends requests for quotation to the suppliers via email, or phone. After receiving quotations from suppliers containing their delivery terms, rate etc. a comparative statement is prepared on the basis of quotations obtained from the suppliers. The manager supply chain verifies and evaluates comparative statement with quotations and recommends a supplier.

The selection of vendors is reviewed every year normally in January to assess the consideration of the original decision. Such reviews help us in determining if circumstances have changed sufficiently to cause the company to change vendors. After acquiring quotations from approved vendors, the quotations are evaluated to determine the best terms for the product in accordance with customer preference, quality, and price.

The purchase order provides details of the price, terms and conditions and the seller highlights any additional agreements between buyer and seller.

STAKEHOLDER ENGAGEMENT

Stakeholders play an essential role in Crescent Steel’s continued success, especially in determining opportunities to collaborate towards common goals.

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 strategic partners are essential and managing their expectations is vital to our future performance as a sustainable business.

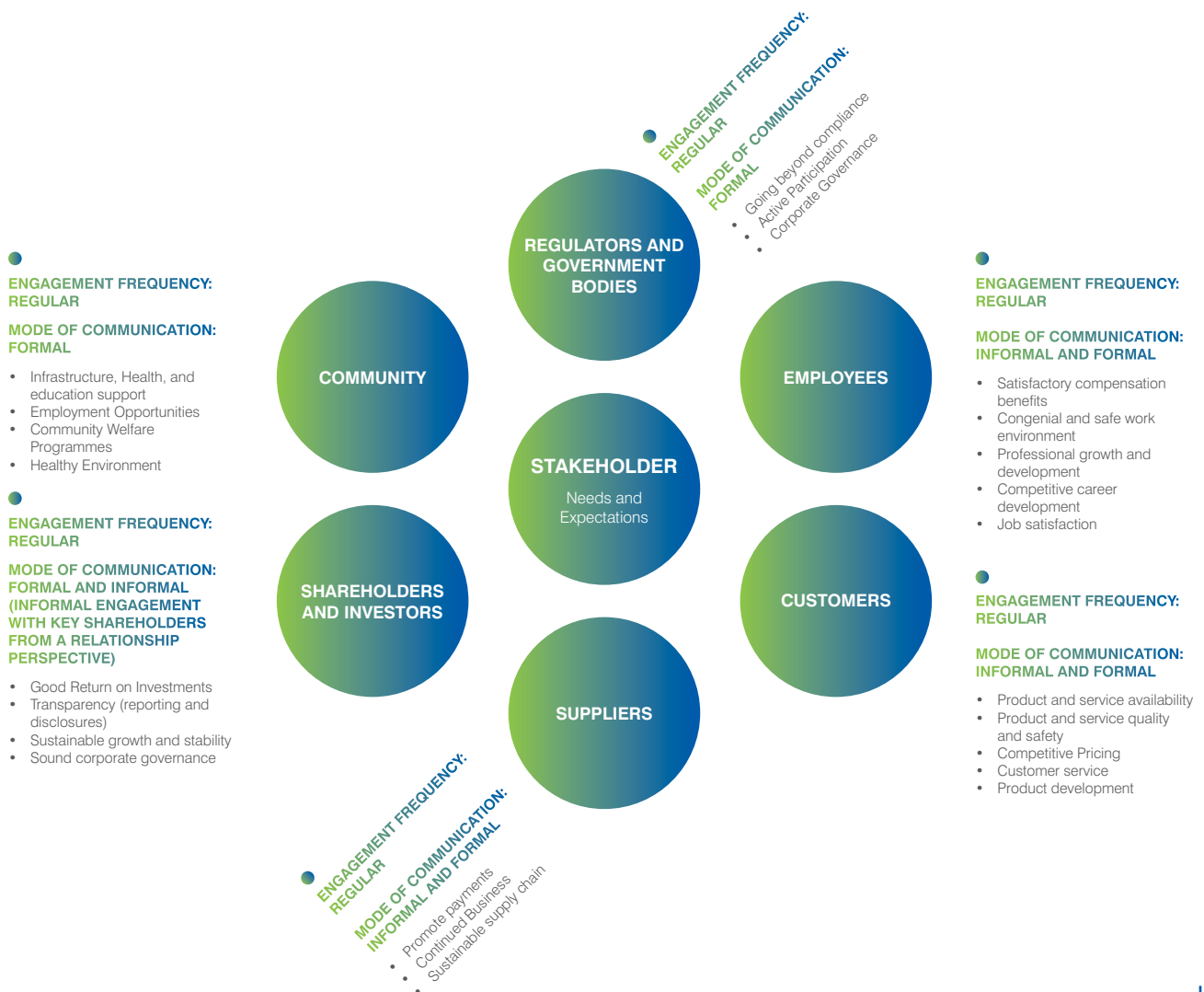
Ineffective stakeholder engagement is a sustainability issue and we strive to mitigate this through formal and informal mechanisms. While engagement with our employees, suppliers, customers, shareholders, and investors is stronger, we recognise that we need to strengthen our engagement with other stakeholders that include local community and regulatory authorities.

Stakeholders play an essential role in Crescent Steel’s continued success, especially in determining opportunities to collaborate toward common goals.

Understanding and addressing the needs and expectations of our stakeholders is a sustainability imperative. Effective and meaningful stakeholder engagement is vital to the performance of our businesses.

STAKEHOLDERS NEEDS AND EXPECTATIONS

We prioritize our key stakeholders by creating and maintaining regular and honest communication with them. We work to strengthen our engagement with them. Crescent Steel believes in operating responsibly and addressing the needs of these interconnected groups to ensure commercial success and enables us to deliver on sustainability priorities. We aspire to ensure that every employee, customer, and supplier takes responsibility for social issues and the design and execution of our engagement with the community, business, and strategic partners are impact-oriented and sustainable.



STAKEHOLDER GROUP

We have consulted¹ stakeholder groups and identified the following areas of importance:

Stakeholder Group	Areas Identified	Our Response
Employees	<ul style="list-style-type: none"> • Safe workplace • Diversity and inclusion • Skillset enhancement • Strong organizational culture • High performance culture and fair remuneration 	<ul style="list-style-type: none"> • HSE Briefing and emergency drills to observe safety measures • Female representation at corporate offices at 19% and minorities at 3% • Participation in employee engagement activities. • 2,740.5 hours of training in the last two years (FY18: 1,269.5 hours and FY19: 1,471 hours). • Subsidized benefits and facilities.
Customers	<ul style="list-style-type: none"> • Producing and delivering high quality, reliable products on time • Customer satisfaction; improving through product offerings and aiming to meet needs of customer base, including remaining in touch with needs and expectations • Educating customers about new products such as Fusion Bonded Epoxy coatings etc. • Enabling better execution of national projects by engaging customers at design phase 	<ul style="list-style-type: none"> • Enhancing production capacity and adhering to international standards and best practice • Customer satisfaction surveys • Ensuring quality control and remaining up to date with the latest market trends and requirements
Suppliers	<ul style="list-style-type: none"> • Growth through sharing information and expertise • Improvement of formal and informal mechanisms to assess supplier-business relationships • Improving HSE practices for a sustainable supply chain 	<ul style="list-style-type: none"> • Regular evaluations of all suppliers for better business conduct. • Environmental assessments ensure trust and quality between the business and its suppliers
Shareholders and Investors	<ul style="list-style-type: none"> • Stable and efficient economic performance • Effective management of the company's major business operations • Making sustainable decisions for enhanced financial performance in the long run 	<ul style="list-style-type: none"> • Periodic technological advancement of processes of plant and machinery at manufacturing sites to augment sustainable revenues while persistently pursuing opportunities for business development through strategic annual objectives
Local Community	<ul style="list-style-type: none"> • The need for heavy investments in the education, health and societal sectors 	<ul style="list-style-type: none"> • Contribution towards various community partners such as TCF, NUST, Indus Hospital, The Health Foundation, WWF etc.

¹Formal consultations only took place with three stakeholder groups; formal consultation from investors and the local community segment was not sought however, this assessment is based on discussions with investors, the brokerage community and partner NGOs that we work with.

Local community and shareholders and investors are self-assessed through informal consultations.

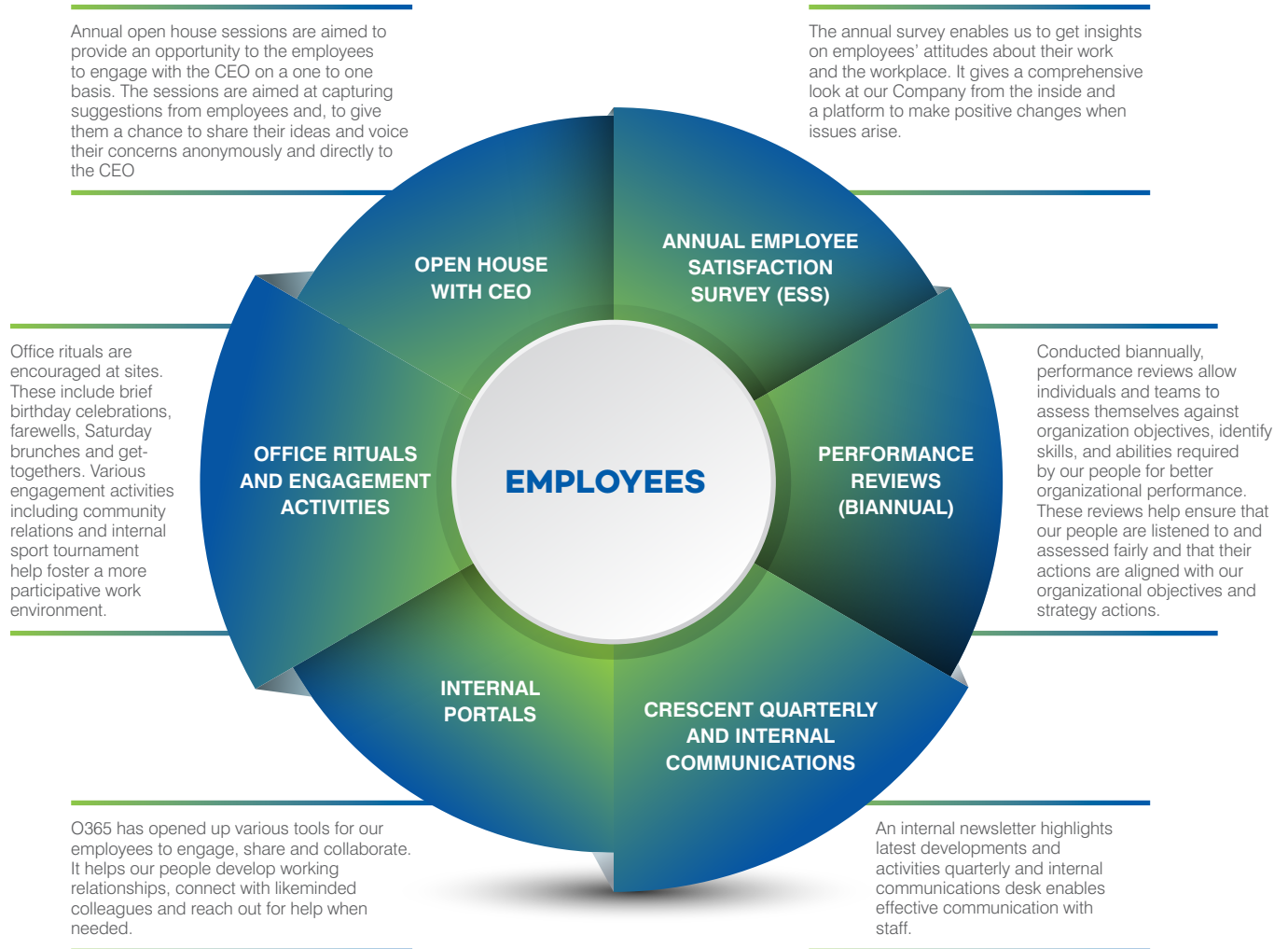
INTERNAL STAKEHOLDERS

EMPLOYEES

We work hard to establish a safe, diverse and inclusive working environment for all our employees. Safety and equal opportunity are not just a priority; they form an integral part of our approach to sustainability. We continue to focus on and monitor our safety performance and reinforce safe

behaviors at all our offices and manufacturing sites. Our goal is to maintain a strong and vibrant organizational culture that supports the expertise of our people, enabling and developing high-performance teams.

MANAGING OUR PEOPLE, THEIR ENGAGEMENT, AND THEIR EXPECTATIONS



EXTERNAL STAKEHOLDERS

CUSTOMERS

We are proud of how we are positioned as one of Pakistan's leading engineering companies, helping customers to better manage their oil, gas and water transmission systems and in using sustainable structures for ports. In order to meet the increasing product needs of our customers, we have enhanced our manufacturing capacity by more than 100%.

We are consistently collaborating 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 is used.

Customer satisfaction is a major priority and customer feedback and expectations encourage us to improve our product offering and address quality and service concerns. We make use of several channels and make every effort to engage our customers and recognize their needs and expectations.



SUPPLIERS

Our supply chain plays a crucial role in sustainable procurement management. 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. We leverage our relationships with key suppliers and work with them for planning, logistics, and the introduction of new products and services. 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 that are not available locally. As per our policy, we make sure that all our critical suppliers are ISO certified.

Our supply chain is divided into two categories; critical and non-critical and our supplier management system has defined supplier induction, evaluation, and re-evaluation protocols; these reinforce our commitment to sustainable and safe practices. To ensure sustainable practices across our supply chain, all new suppliers are regularly engaged through formal and informal mechanisms assessing their business viability, conduct and health and safety and environment practices. If our assessments fail to mitigate risks, a changed protocol for procurement practice is established for that particular supplier.

SUPPLIERS SCREENED USING ENVIRONMENTAL CRITERIA

We evaluate 100% of our suppliers through desktop research and our vendor questionnaire form with regular onsite visits and inspections for key raw material suppliers.

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.

SHAREHOLDERS AND INVESTORS

2019 was a more challenging year for our business, as is evident in our financial results. Our financial performance and future prospects are discussed in further detail in our Annual Report 2019.

Change in government and subsequent political and economic environment, rupee devaluation, historically high exchange and interest rates and current account deficits are the main reasons for decline in business performance.

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.

The responsibilities associated with making complex choices are immense, and we undertake to responsibly evaluate the impacts of all our actions, as we try to meet the expectations of our stakeholders. We approach challenges with confidence, knowing that our guiding principles and values enable sound decision making today, and every day. Some of the ways in which we engage our shareholders and investors include:

MATERIAL INFORMATION (AS REQUIRED)	ANNUAL GENERAL MEETING	QUARTERLY, HALF-YEARLY AND ANNUAL REPORTS	PRESS RELEASES (AS REQUIRED)	INVESTOR INTERACTIONS (AS REQUIRED)
Information is transmitted to Pakistan Stock Exchange Limited (PSX) on timely basis as per the requirement of PSX rule book	This meeting provides a platform for stakeholder engagement	Reports are uploaded on the website and are available in print on request	Updates of potential interests are published for our stakeholders via press releases	We participate in various local and international investor conferences and broker briefing sessions to interact with existing and potential investors

COMMUNITY

While operating, at the core of our corporate strategy, investing in and caring for the local communities is one of our primary objectives. We follow self-assessed guidelines for measuring the impacts of our community investments and these are regularly

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

We work hard to share the substantial economic benefits generated through our contributions to various gas infrastructure and energy development projects by providing employment opportunities and working with local suppliers.

We acknowledge the adverse impacts our developments can have on communities and strive to minimize them. Details on our initiatives and contributions for the fiscal years 2018 and 2019 are available in the Social and Relationship Capital section of this report.

All our units have formal and informal programs through which we engage with local communities.

We also ensure that we hire people from localities near our units of operation, as far as reasonably possible and in line with business requirements. We gather feedback from the community itself so that we may better understand their needs. This allows us to address the feedback received.

None of our operations have significant actual and potential negative impact on the local communities.

ENGAGEMENT ACTIVITIES

Various engagement activities were organized throughout the years. These include ongoing formal and informal office rituals, formal CSR activities with community partners and other internal events. Our people also volunteer to conduct impact assessment visits to select community partners. These activities also form a part of how we engage the people who work with us.

REGULATORS AND GOVERNMENT BODIES

Regulators and government bodies are 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, export steel products to capitalize on attractive dumping margins. The prevailing structure of duties and taxes on raw materials, coupled with higher production costs (compared to the region) has contributed to the deteriorating competitiveness of our products and has increased prices of our finished goods, compared with other countries in the region. 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 products (for large diameter welded pipes).

We are pursuing this issue with the Engineering Development Board (EDB), Board of Investment (BOI) and Federal Board of Revenue (FBR), in an attempt to seek trade protection for local manufacturers. We believe that for sustained growth, Pakistan needs a robust and thriving engineering sector to catalyze it. Unfortunately, the Engineering sector as a whole, and large diameter pipe manufacturers, in particular, do not have a level playing field. Through 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 threats from regional players who enjoy local export subsidies and are able to ship their goods at dumping prices.

EMPLOYEE AND COMMUNITY ENGAGEMENT

Stakeholders – Community and Employees

Activity	Month
WWF Mangrove Plantation and Beach Cleaning	February 2019 and November 2017
Crescent Cares Week	February 2018 and March 2019
Indus Hospital Blood Drive	February 2018 and March 2019
Visit to Rashidabad	February 2018
Visit to Dar-ul-Sukun	February 2018
TCF Students visit to Head Office, Bhone and Jaranwala Factories	February 2018 and March 2019
Food Distribution with Alamgir Welfare Organization	February 2018
WWF Earth Hour	March 2018 and March 2019
Visit with WWF to Pai Forest and Sukkur	April 2018
Monitoring and Evaluation visits to TCF Schools	May 2018
Iftar Distributions	June 2018
Visit to ACF Animal Rescue	March 2019
Visit to Edhi Foundation	March 2019

HUMAN CAPITAL

The value of intangible assets within organizations, including 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, to meet the needs and expectations of our clients. 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, recognizing good performance and providing equal opportunities for all.

In all our operations, we recognize that our employees and contractors require:

- A safe and healthy workplace
- Fair and equitable remuneration by recognizing 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 upholds our values.

Our organizational culture supports transparency and open communication, where every employee enjoys the freedom to give feedback and raise complaints and grievances with ease. We actively monitor the results of our employee engagement initiatives 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.

We have categorized entitlement of benefits to employees by job levels such as executive, management, and officer.



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	μ
Company Sponsored Vehicles (Car / Motorcycle)	Ω
Scholarship awards for children of employees	Ω
Hardship Assistance	Ω
Stock Ownership	■

√ = to all employees

μ = to our executives and management as per business need

Ω = on application, to eligible employees

■ = generally not available, however considered on case to case basis



GOALS AND OBJECTIVES FOR 2019 - 2021

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

- | | |
|--|--|
| <ul style="list-style-type: none">• Focus Groups to address key issues identified by the Employee Satisfaction Survey• Improve our workplace environment across locations to make them suitable and safe for our people• Implement and leverage a Human Resource Information System• 360-degree surveys of key management staff and executives, including for managerial positions• Enhance the HR competency level of the organization so that every manager acts as an HR manager for their team• Identify skill gaps across the organization and work to develop the right people to meet future growth objectives; review the inventory of skills to ensure it remains live | <ul style="list-style-type: none">• Improve our appointment of women by 25 percent by the financial year 2021 (at corporate office locations)• Encourage self-directed learning within the organization• Hire the right person in the right position• Continue to deliver equal average pay for men and women at comparative role and job grade• Narrow the employee satisfaction gap; improve ESI to 4.2 by 2020• Strengthen key operational areas by acquiring and retaining top talent in mid-management positions• Simplify training and encourage the concept of self-learning within the organization• Develop a culture where people are listened to, valued and assessed with fairness. |
|--|--|

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 they have to offer.

Our communications, incentive schemes and culture are vital ways to engage our employees, and these are all motivated 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 aim to increase productivity 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.

We aim to ensure that our employees are committed to the future of Crescent Steel to encourage them to take a step forward in the right direction. It helps the workforce in becoming involved and motivated. The initiatives for employee engagement not only provide new experiences to employees, rather, it strengthens the company wholly as a unit.

We strive to provide the right resources and a healthy environment that supports growth and generates a positive impact on the organization through developing and fulfilling employee needs. On an operational level, we want to ensure that the messages from our leadership are reaching every employee and that everyone has the opportunity to give feedback, ask questions, and offer ideas.

We have maintained a central communications desk since 2013 to communicate messages from the management throughout the organization and invite feedback.

Other engagement 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 regularly conduct surveys on important areas of our functioning including our annual Employee Satisfaction Survey.

We offer our employees regular opportunities to step out of their daily work routine to contribute their time by volunteering to make a difference. This helps enhance teamwork and reinforces our company values.

Through our employee satisfaction survey, we are gaining an understanding of our core strengths and opportunities to improve. In 2019, our overall employee satisfaction score was 3.6, which has reduced from 2018, when the score was 3.7.

In both the years, strong scores were registered for our brand, strategy, values, structure of the organization, work

environment and culture, with particularly positive results on quality of management, communication, policies, processes, governance and ethics.

Major area of concern included compensation. We have however, benchmarked compensation of all key positions through a comprehensive salary survey carried out by HRSG and have found that we are at par or above market compensation across all critical positions.

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 mechanisms in place, including a Whistle Blowing Policy where employees can anonymously report matters to the Head of Internal Audit, Human Resources and/or the CEO.

LABOR MANAGEMENT RELATIONS AND GRIEVANCE MECHANISM

As a labour intensive company, it is important to have a good communication system between the workforce and the management. Implementation of policies relating to labour management through joint committees between workers and managers has helped Crescent Steel to achieve its targets in the past and will also help us in the future. Devoted towards teamwork, the management goes beyond normal circumstances to facilitate its workers.

The joint committee discusses labour problems, how they can be eliminated and ensures that workers are facilitated as per their job requirements. The company provides transportation, food and housing facilities (wherever applicable) to its workers so that a gap is not created between the workforce and management. Moreover, workers are encouraged to report to their respective supervisors/managers for any grievances or concerns relating to their health and safety and the workplace.

There are no collective bargaining agreements in our Company.

DIVERSITY AND INCLUSION

We are committed to providing equality of opportunity and creating a rewarding workplace for all employees. Increasing female representation, especially in management level roles, is an ongoing priority.

As on June 30, 2019, 19% of our employees across our corporate offices were females. 20% of the Executive Management Team, 9% of management roles were filled by women and, 3% of our workforce consisted of minorities and for the Head Office, minorities constitute 7%. Over the last year 87% of new entrants represent rural communities and 84% of our total workforce is from rural Pakistan.

MARKET PRESENCE

During FY18 and FY19, the ratio of standard entry level wage by gender compared to local minimum wage remained 1:1 across all significant locations of operations and inclusive of plants and regional offices at Karachi, Nooriabad, Jaranwala, Bhone, Dalowal, and Lahore. As an equal opportunity employer, the company follows strict criteria and ensures that the rights of its employees are protected in all forms of work.

100% of our senior operational management employees including group functional heads are residents of local areas/regions.

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.

We have invested Rs. 2.4 million, 0.059% of sales turnover in FY19, as compared to Rs. 0.9 million, 0.014% of sales turnover in FY18 in training our employees, enabling them to develop their careers, fulfil their potential and make the best possible contribution to the success of the company. On average, each employee in management category has received 12.3 hours of formal training in FY19 and 8.4 hours of training in FY18.

20 and 8.5 hours

Average training hours planned for every employee in 2019 and 2018.

100%

Percentage of eligible employees for whom performance reviews and career development plans have been prepared in 2019 and 2018.

47% and 67%

Percentage of management grade employees for whom training need analysis has been conducted and training plans prepared in 2019 and 2018.

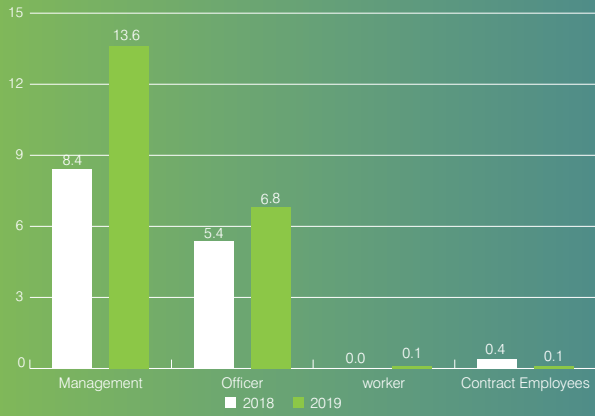
22% and 33%

Percentage of management grade employees reviewed in the organizational talent review sessions in 2019 and 2018.

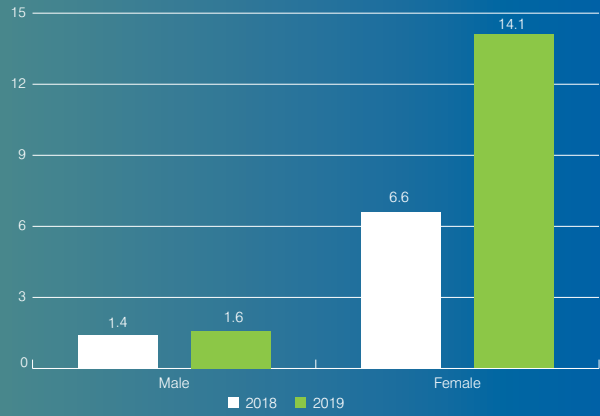
Our commitment towards employee equality and the creation of a gratifying workplace augments our core values and continuous drive for improvement of business and humanitarian ethics.

There have been no incidents of discrimination reported during FY18 and FY19.

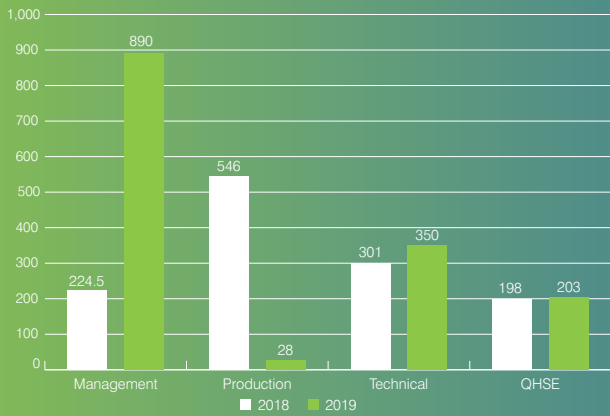
AVERAGE TRAINING HOURS / EMPLOYEE BY CATEGORY



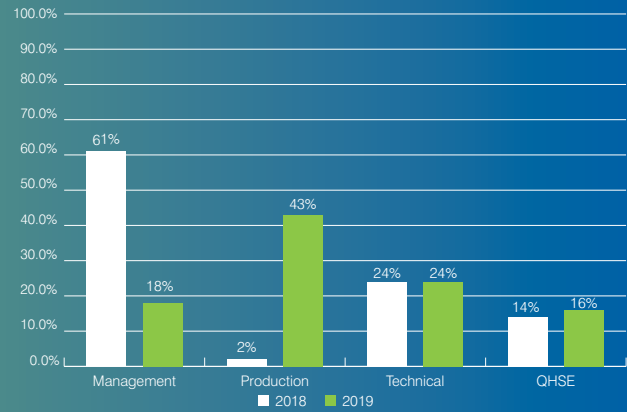
AVERAGE TRAINING HOURS / EMPLOYEE BY GENDER



TRAINING HOURS BY TYPE OF TRAINING



TRAINING HOURS BY TYPE OF TRAINING

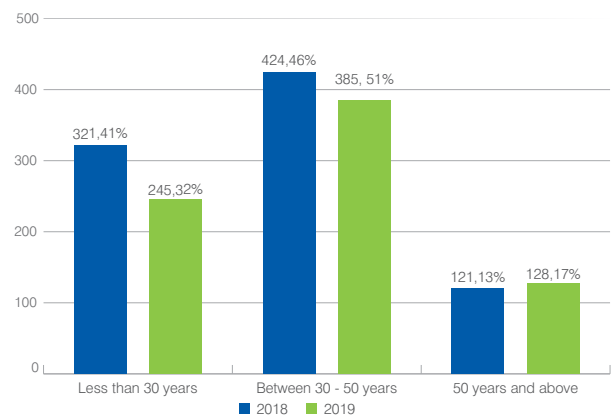


EMPLOYEE DEMOGRAPHICS

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 in the workplace and ensure a safe and healthy work environment for our staff.

Total Workforce – Region Wise			
	2019	2018	2017
Bhone	3	96	100
Jaranwala	469	469	54
Karachi	73	78	75
Lahore	4	5	5
Nooriabad	175	178	315
Dalawal	32	38	39
Islamabad	2	2	2
Total	758	866	590

EMPLOYEES BY AGE



AVERAGE AGE OF EMPLOYEES – BY EMPLOYEE CATEGORY



Management **43** years

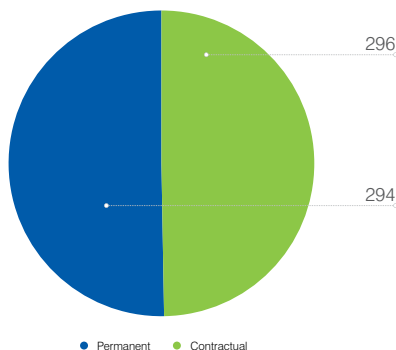


Officer **39** years

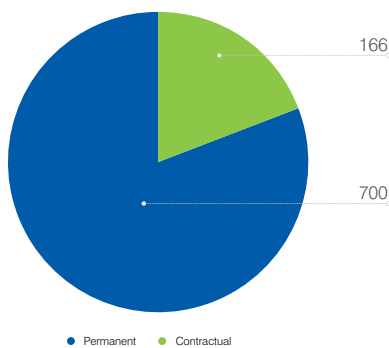


Worker **36** years

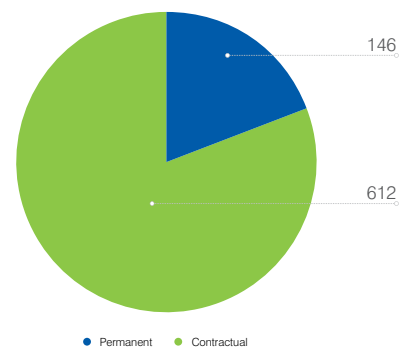
TOTAL NUMBER OF EMPLOYEES - 2017



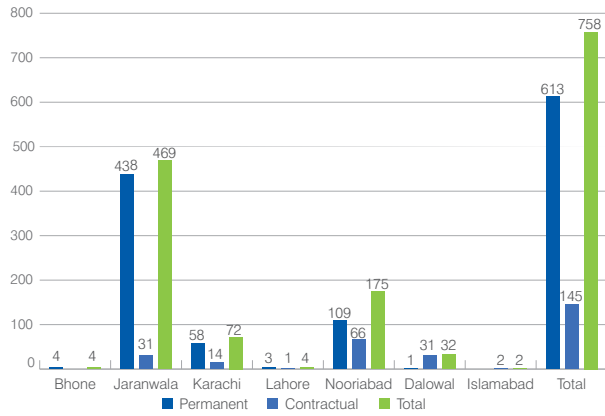
TOTAL NUMBER OF EMPLOYEES - 2018



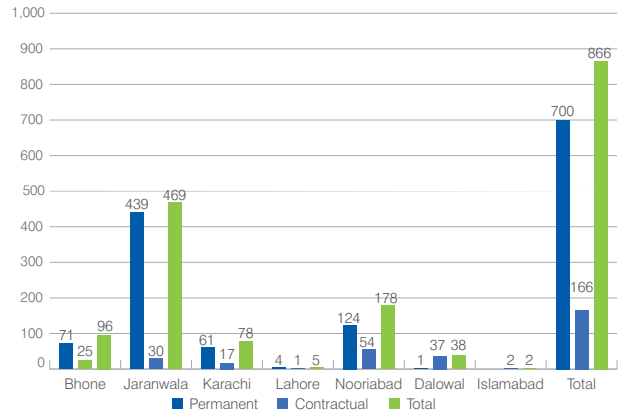
TOTAL NUMBER OF EMPLOYEES - 2019



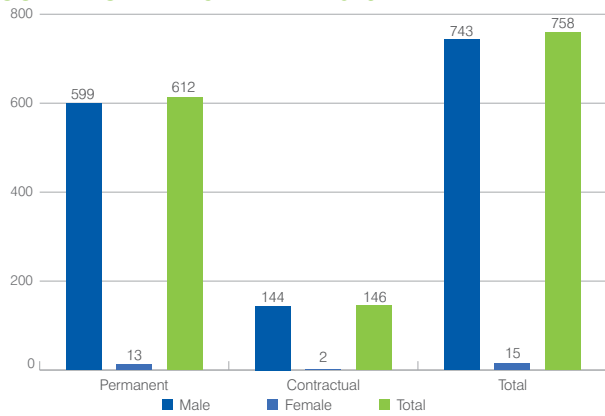
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION - 2019



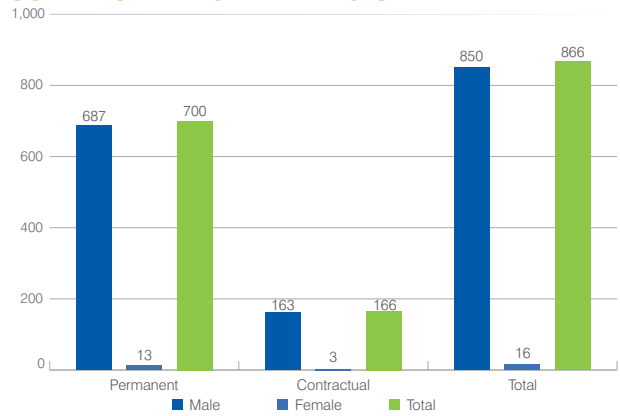
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION - 2018



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER - 2019



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER - 2018



New Hires	Incoming Employees 2019		Incoming Employees 2018		Incoming Employees 2017	
	Number	Rate %	Number	Rate %	Number	Rate %
Less than 30 years	377	44.80	542	81.32	571	63.9
Between 30 - 50 years	266	31.59	411	63.38	349	40.2
51 years and above	27	3.13	43	7.25	28	2.9
Total	670	82.46	996	136.81	948	121.8
Karachi (Head Office)	22	2.55	17	2.87	9	0.9
Nooriabad	98	11.29	69	13.23	264	26.9
Jaranwala	529	61.09	864	108.47	603	79.8
Islamabad	-	-	-	-	-	-
Dalawal	11	1.27	15	2.54	23	2.3
Bhone	10	1.22	31	5.26	49	5
Lahore	-	-	-	-	-	-
Total	670	82.46	966	136.81	948	121.8

Employee Turnover	Outgoing Employees 2019		Outgoing Employees 2018		Outgoing Employees 2017	
	Number	Rate %	Number	Rate %	Number	Rate %
Less than 30 years	428	50.86	389	58.36	717	80.2
Between 30 - 50 years	316	37.53	294	45.34	546	62.9
51 years and above	35	4.06	37	6.24	61	6.4
Total	779	95.88	720	98.9	1,324	170.1
Karachi (Head Office)	29	3.36	14	2.37	13	1.3
Nooriabad	96	11.06	206	39.5	233	23.7
Jaranwala	531	61.32	451	56.62	1,024	135.5
Islamabad	-	-	-	-	-	-
Dalawal	18	2.08	16	2.71	25	2.5
Bhone	105	12.81	33	5.6	29	2.9
Lahore	-	-	-	-	-	-
Total	779	95.88	720	98.90	1,324	170.1

All employee data and information presented above is extracted from our Human Resource Management System and is, therefore, accurate.

EMPLOYEE SATISFACTION

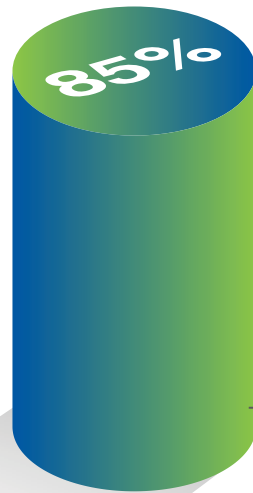
of employees are satisfied working for Crescent as compared to 77% in 2018 [FY17:76%]



of employees are satisfied about guidance and coaching provided to execute the job as compared to 74% in 2018 [FY17: 71%]



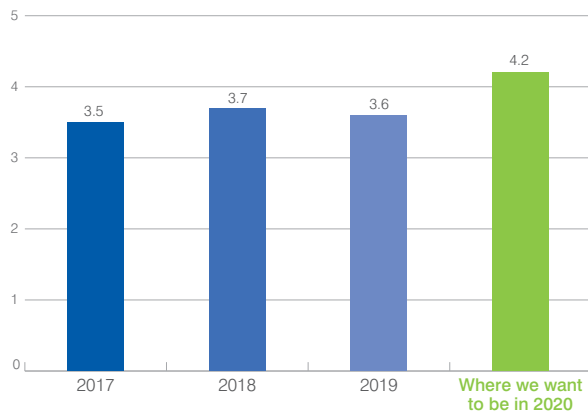
of employees are committed to their jobs as compared to 87% in 2018 [FY17: 86%]



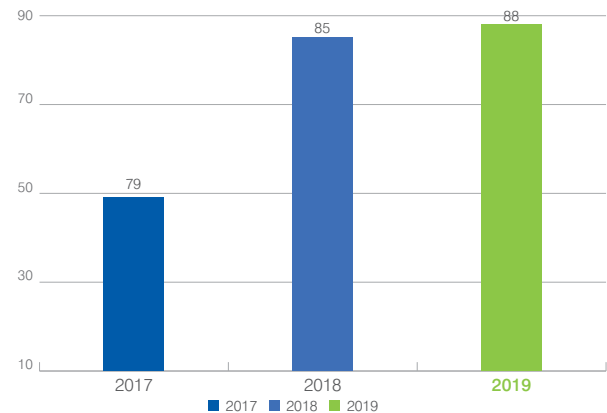
of employees are satisfied that Crescent is sensitive to the safety need of employees and provides appropriate work tools as compared to 83% in 2018 [FY17: 78%]



EMPLOYEE SATISFACTION INDEX



SURVEY PARTICIPATION LEVEL

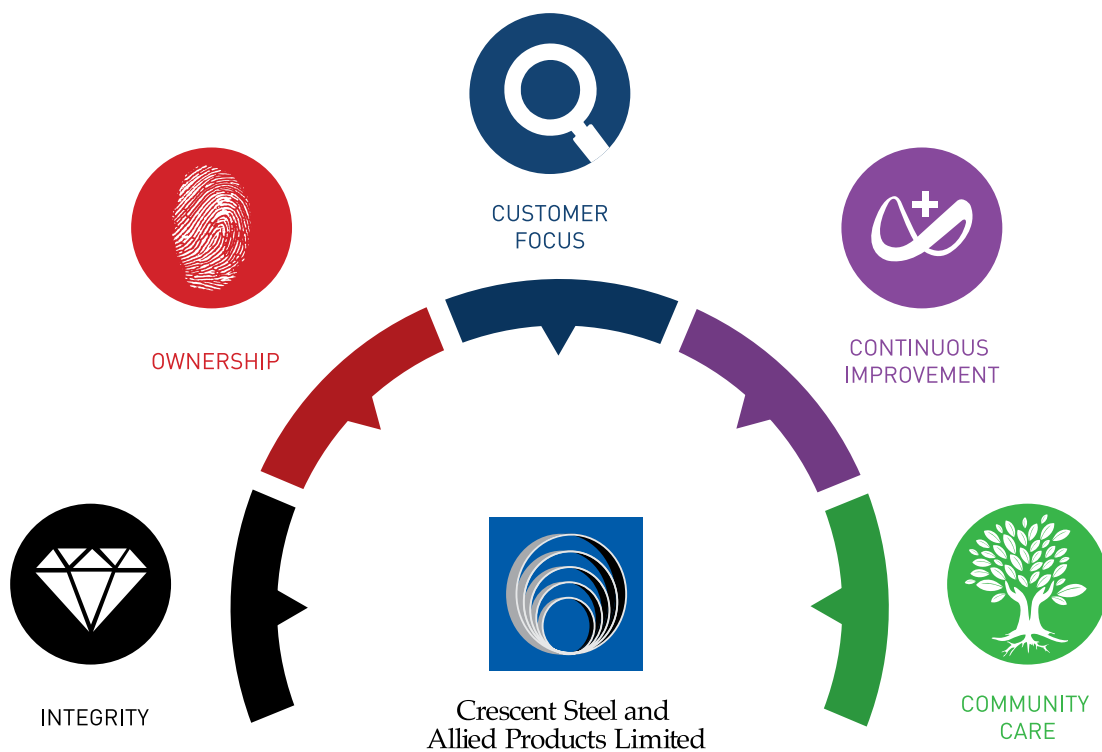


ENGAGEMENT AND DEVELOPMENT

This section highlights our key employee engagement and development programs.

RECOGNISING VALUE BEHAVIOURS

Our core values and guiding principles govern the way we carry on with work every day. To encourage and highlight value behaviors, we hold value awareness sessions and recognize and reward employees who live our values in how they work, what they believe in and what they stand for. By recognizing and rewarding value behaviors in employees we keep them engaged with our corporate identity.



STRUCTURED TRAINING PROGRAMS

We take pride in learning and growing with our employees. Every year, the HR department proposes a training plan which includes a number of training programs and certifications to enable employees to perform effectively and efficiently. We have categorized trainings into four types; production, management, quality and HSE and technical. These are further classified into internal, external, in-house and on-the-job trainings. Each year, training needs for each employee are defined and are consolidated into a training plan and a

budget is prepared and presented to the CEO. Crescent Steel believes in internal cohesion and therefore prefers “on-the-job” trainings for its employees. Each training is evaluated through a feedback form.

We also offer one-year training appointments to candidates for technical qualifications including ACCA and ICMA candidates. In addition to this in the year 2019, there were 15 interns inducted across various departments across

our Head Office and Nooriabad campus for a minimum period of six weeks as compared to 11 interns inducted in 2018. Interns were provided with an opportunity to gain professional experience that is useful in enhancing their career opportunities. This also enhances our visibility as an employer and these interns act as ambassadors for Crescent Steel; this is particularly important because as an engineering sector company with a relatively low annual intake, other avenues such as participation in career fairs and formal engagement with prospective hires is usually not feasible.

EMPLOYEE DEVELOPMENT AND ROTATIONS

Organization talent reviews are conducted every year in March which assist in identifying and developing employee talent at all levels. The HR division also functions as training organizers and coordinates with managers and supervisors to ensure subordinates are equipped to perform jobs in the most competent, effective and efficient way possible.

We have structured training programs for fresh engineers and business graduates that offer lateral rotations within and across functions. Given the depth of the organization, we do not induct a large pool of trainees every year.

We also offer three-year apprenticeships at our manufacturing facilities. The apprenticeship is offered in electrical, welding and mechanical areas and offers substantial benefits to both the trainees and the business.

LATERAL ROTATIONS

We also offer employees exhibiting strong performance and value-based behaviors opportunities for lateral rotations across functions. This enables them to see the business from the outside in, enhances skill set and helps with future leadership roles.

PERFORMANCE MANAGEMENT

We keep our people informed about key processes including the formal performance management and review process. Office hours for discussions, refreshers on how to self-assess and set goals are also available for staff. The staff is also engaged and informed on how performance is measured, reviewed and managed across the organization.

COMPENSATION AND BENEFIT SCHEMES

The company offers comprehensive compensation and benefit plans. In addition to traditional compensation plans of guaranteed and variable pay schemes and benefits such as company maintained vehicles, the company offers a suite of employee benefit plans that include:

- Pension and gratuity benefits in addition to the traditional Provident Fund
- Scholarships for children of employees
- Vehicle loan scheme
- Hardship support

At Crescent Steel, we share value created with our employees, providing them with competitive wages and a range of benefits. The Company maintains a provident fund on a contribution basis; and matches the employee's contributions to the fund (at 8.33% of basic salary up to 5 years of service and 10% of basic salary after 5 years of service). Benefit funds including both gratuity and pension, are contributed by the company at the rates of 8.33% and 20% of the employee's basic salary, respectively. Collectively, the company provides 5% of its pre-tax profits in Worker Profit Participation Fund (WPPF) for the assistance of its employees.

COMMUNITY ENGAGEMENT

Our employees value our work with the communities where we operate. We continue to keep them informed and engaged in key community initiatives and programs being led by the company and those that matter to them through the Crescent Matches Program, sports, arts and more.

AIESEC GLOBAL INTERNSHIP PROGRAM

Through this program, we have provided internship opportunities to five international students. We plan to engage more foreign trainees in the coming years. Inviting foreign students' placement opportunities enhances diversity and provides our employees with a chance at global networking. The program promotes a culture of learning and innovation.

CRESCENT SCHOLARS

We introduced a scholarship program in 2013 to support tertiary education for children of our employees. The program is in its sixth year and now covers intermediate studies as well. Through CSAP Foundation we also offer scholarships to candidates with exceptional academic and community performance to top-tier degree programs abroad.

We have supported a total of eleven scholars, out of which nine are children of our employees and the remaining two are other scholars

Children of Employees	Program & Institute Name
Syed Muhammad Mufeez (2014)	BE - Chemical Engineering candidate at NED University; has graduated
Abdul Rehman (2015)	BS – Electrical Engineering candidate at Habib University; is working as an Electronic Engineer at Data Communication & Control (Private) Limited
Muhammad Taha Zaidi (2015)	BBA candidate at IBA; has graduated and plans to pursue his career in marketing analytics
Ahmed Ali (2016)	BSc - Computer Sciences candidate at FAST; has graduated
Muhammad Ans (2016)	BE - Mechanical Engineering candidate at International Islamic University; has graduated
Khizran Kulsoom Zaidi (2017)	MSc – Human Resources candidate at Karachi University; has graduated and is working as an HR Executive at Bank Al Habib Limited
Munazza Zafar (2017)	Intermediate – Pre-Medical candidate at Islamabad Model College; has completed her intermediate and plans to enroll in a medical university
Sidra Muhammad Ali (2018)	Intermediate – Pre-Medical candidate at Trinity Methodist Girls' Higher Secondary School; has completed her intermediate and enrolled as a PharmD student at Hamdard University
Syed Muhammad Bilal (2018)	BS – Computer Sciences candidate at DHA Suffa University; currently is his sixth semester
Other Scholars	
Mariam Asaad (2016)	MS - Education at Harvard Graduate School of Education; has graduated and is working as a consultant with the World Bank and the Sindh Education Foundation on a project
Muhammad Waqar Mustaqeem (2016)	BSc - Actuarial Sciences candidate at London School of Economics and Political Sciences; has graduated and secured a job at the Lloyds Banking Group

TESTIMONIALS FROM OUR SCHOLARS

"After completing my Masters in International Education Policy from the Harvard Graduate School of Education, I returned to Karachi and started consulting with the World Bank on a project with that aims to reduce the prevalence of malnutrition in Sindh. I am also now volunteering with The Citizens Foundation; at TCF my work includes program design to improve the quality of teaching and learning in multi-grade schools. The skills and networks fostered by my Masters program directly led me to each of these positions and have allowed me to thrive at them. I look forward to leveraging them further in my work towards reducing educational inequality in Pakistan. The support from CSAPL was helpful in my decision to pursue a Masters at HGSE; I cherish knowing that whatever impact my work has had and will have is forever shared with CSAPL." – Mariam Asaad (2016 scholar)

"It was 2015 when I had secured an offer from one of my dream university and had also met the offer, the only hurdle which remained was the financial one, and that I had left up to the Divine. Thinking if He wills, he will send help, and my prayers bore fruit when I found out about the excellent work Crescent has been doing for its employee's children.

I graduated LSE with a first-class honours degree in BSc Actuarial Science. I am currently working at Lloyds Banking Group since Sept 2018. My first rotation was in Cardiff in retail credit risk, I then came to London to work in insurance credit risk within Scottish Widows and am now in Lloyds commercial bank in large corporate credit. I have completed a certificate in enterprise risk management from IRM and am now working towards an ICA qualification. I also have 8 exemptions from IoFA and want to pursue my actuarial studies further. My academic paper was published in the Annals of Actuarial Science on the 26th of June 2019." - Muhammad Waqar Mustaqeem (2016 scholar)

"I work as a Robotics Engineer for NCRA and Centre for Water Informatics and Technology at LUMS. My role is to develop electronics related instruments for modelling of various hydrological, atmospheric and agricultural

phenomena resulting in publishable findings and commercializable products. My goal is to contribute towards solving Karachi's urban water management issues with the help of technology and social development faculties. One of the major contributing factors that helped me in pursuing my passion is the educational training that I was fortunate to acquire during my undergraduate at Habib University and during my first employment under the direction of a Pakistani eminent engineer. All of that was possible due to varying supports from family members and financial assistance from Crescent Steel's financial aid program. Previously, most of my time after classes was spent on working as a student employee and giving part-time tuitions. With the help of CSAP scholarship, not only I was able to concentrate on my studies but also devote extra time on working on initiatives and with clubs and societies to address and explore today's most pressing urban and social developmental issues. I will always be thankful to CSAP family for their role in all that I've achieved in my life so far." - Abdul Rehman (2015 scholar)

"I am honored to be one of the recipients of Crescent Steel scholarship program. I thank Crescent Steel for its continuous and generous support throughout my graduation.

I have completed my graduation from Institute of Business Administration (IBA) with majors in marketing and I plan to pursue my career in the same field, especially in marketing analytics. The financial assistance provided by the company helped me paying my educational expenses and allowed me to concentrate more on studies.

I express my gratitude to Crescent Steel for its generosity and support throughout my four years at IBA. I will work hard and eventually give something back to society by helping others once I pursue my professional career." – Muhammad Taha Zaidi (2015 scholar).

OCCUPATIONAL HEALTH AND SAFETY

Crescent Steel has proven to be a responsible corporate citizen over the span of its existence and follows standards related to health, safety, and environment. Our employees are trained to emphasize and strictly adhere to the precautionary approach laid out by the United Nation's Rio Declaration on environment and development focusing primarily on principle 15.

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 enables 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 an emphasis on major risks. We have also strengthened our engagement and encourage employees to participate more meaningfully in this critical agenda.

We have a designated quality, health, and safety department at each unit. Our line pipe operations are compliant with OHSAS 18001, an internationally recognized 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.

We take several safety measures within our Company such as identifying hazards, conducting risk assessments and environmental aspect impact analysis. Workers are provided with sufficient personal protective equipment and go through regular health check-ups.

These measures are all controlled by HSE related joint management-worker committees and are extended to all our workers. Each employee is required to ensure compliance with HSE policies, procedures, and instructions at their respective stations. 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.

In 2018 and 2019, 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.

HEALTH, SAFETY AND ENVIRONMENT POLICY

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

Crescent Steel aims to give back to the environment and invests heavily for a better standard of living. While aiming to work responsibly, Crescent Steel tries to bridge effective business management along with reduced environmental footprints.

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 complying 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 continual improvement while the policy is disseminated to all its stakeholders. Our initiatives related to occupational health and safety include:

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

Occupational Health And Safety Targets – 2019

For Business Unit – Steel

Lost workday case	02 (at maximum)	For our Corporate offices, Cotton Division, Crescent Hadeed, CS Energy and Shakarganj Engineering Unit, we strive to achieve zero cases of work-related injuries.
Restricted workday case	01 (at maximum)	
Medical treatment case	02 (at maximum)	
First aid	02 (at maximum)	
Near miss	02 (at maximum)	
Unsafe act/unsafe condition	02 (at maximum)	

Occupational Health And Safety: Business Unit – Steel Division

Number of injuries				
	2019	2018	2017	2016
- Medical treatment cases	4	-	11	14
- Restricted work cases	-	-	-	-
- Lost workday cases	3	-	7	5
Number of occupation diseases cases	-	-	-	-
Number of work related fatalities	-	-	-	-
Injury rate (IR)	0.0019	0.00	0.0015	0.0015
Occupational disease rate	-	-	-	-

Occupational Health And Safety: Business Unit – Energy Divison

Number of injuries				
	2019	2018	2017	2016
- Medical treatment cases	-	-	1	1
- Restricted work cases	-	-	-	-
- Lost workday cases	-	-	-	-
Number of occupation diseases cases	-	-	-	-
Number of work related fatalities	-	-	-	-
Injury rate (IR)	0.00	0.00	0.0010	0.0010
Occupational disease rate	-	-	-	-

Occupational Health And Safety: Business Unit – Engineering Divison

Number of injuries				
	2019	2018	2017	2016
- Medical treatment cases	-	-	2	-
- Restricted work cases	-	-	-	-
- Lost workday cases	-	-	-	-
Number of occupation diseases cases	-	-	-	-
Number of work related fatalities	-	-	-	-
Injury rate (IR)	0.00	0.00	0.0020	0.00
Occupational disease rate	-	-	-	-

Note: - Injury Rate (IR) is calculated based on total working hours
 - Disclosures are not available for Cotton and Hadeed Units

SOCIAL AND RELATIONSHIP CAPITAL

SOCIAL INVESTMENT COMMITTEE

We are committed to conducting our business as a responsible corporate citizen and with an objective to improve the social infrastructure, by supporting community welfare causes. We are proud of our role as a philanthropic leader in the communities we seek to serve and support; promising programs from non-profit entities that are closely aligned with Company's defined guidelines.

The Social Investment Committee reviews the distribution of charitable contributions in line with the Company's policy for donations, charities, and contributions. Terms of reference of the committee include:

- To review and recommend any changes to the Company's policy relating to Corporate Social Responsibility for the approval of the Board
- Review and recommend the distribution of charitable contributions in line with the Corporate Social Responsibility policy
- Review and monitor CSR activities, and
- Engage and measure social investments for impact

COMMUNITY DEVELOPMENT

Caring for the communities in which we operate is at the core of our corporate strategy. We follow self-assessed guidelines for measuring community investments and impacts. Our operational approach is centred on:

- Community care: one of our five core values
- Management buy-in through the Social Investment Committee reporting directly to the CEO
- A defined CSR policy that allocates 2-5% of profits before tax donations
- Employee engagement
- Relationships with community partners
- Monitoring and evaluating our social investment programs

OUR APPROACH TO COMMUNITY DEVELOPMENT AND CSR

To us, CSR has four categories: our economic, legal, ethical and philanthropic/discretionary responsibilities to our stakeholders. It enables us to enhance our competitive advantage and create win-win relationships with our stakeholders, in addition to realizing

gains from cost and risk reduction, legitimacy and reputation benefits while recognizing the complex but interrelated nature of the relationship between CSR and financial performance.

Our philanthropic CSR policy allocates between 2% to 5% of our 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 Crescent Steel Foundation over the next three 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

OUR CASH DONATIONS INCLUDE:

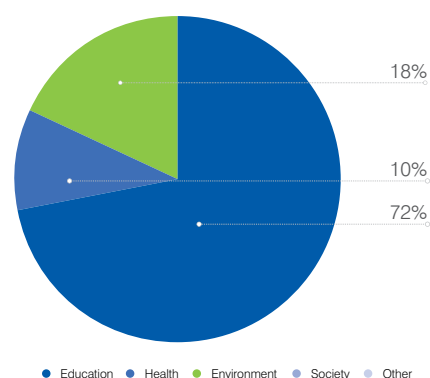
In time contributions have been valued using the organization average salary per hour for the year

CONTRIBUTIONS (RS)	2019	2018	2017	2016
In Cash	2,500,500	45,937,502	100,813,125	80,978,119
In Kind	111,111	153,213	73,319	227,004
In Time	210,657	537,012	212,436	229,572
Total	2,822,268	46,627,727	101,098,880	81,434,695

CONTRIBUTIONS TO (2019)

- The Citizens Foundation as support for 1 school campus built by us (1 of the 21 schooling units)
- Support the World Wide Fund for Nature-Pakistan (WWF-Pakistan) in marine conservation and environmental advocacy activities
- Sponsor Crescent Educational Trust's golden jubilee celebrations
- Sponsor Habib Public School Alumni Association's convention

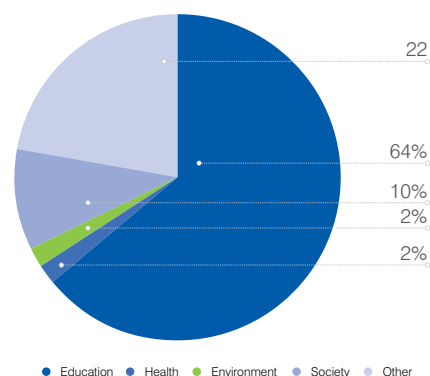
CONTRIBUTIONS IN CASH AND IN KIND - 2019



CONTRIBUTIONS TO (2018)

- The Citizens Foundation as support for the 10 school campuses built by us (15 of the 21 schooling units)
- Support education of 3 TCF students from KG to Matric and 100 TCF students for an entire year
- Support tertiary education of 5 TCF students
- Sponsor education of a student enrolled in the BSc Actuarial Sciences program at London School of Economics and Political Sciences
- Support Crescent Educational Trust in the construction of the Mazhar Karim Auditorium at Crescent Model Higher Secondary School
- Finance the deficit in Karigar Training Institute's operating budget
- Support NUST FICS's Prototype Development Fund
- Sponsor a research "Diaspora Philanthropy (UK): Outreach and Impact" conducted jointly by PCP and British Council
- Support the World Wide Fund for Nature-Pakistan (WWF-Pakistan) in marine conservation and environmental advocacy activities
- Support Rashid Memorial Welfare Organization towards building a welfare society
- Support Citizens Police Liaison Committee in developing a database of criminals
- Support Earth Hour 2018
- Sponsor an advertisement for Marine Environment and Sportsfishing Magazine
- Sponsor the Magic Shoe Box Project by Sui Southern Gas Company Women's Association

CONTRIBUTIONS IN CASH AND IN KIND - 2018



OUR IN TIME CONTRIBUTIONS INCLUDE:

2019

Our CEO's time for serving on the Board of

- The Citizens Foundation

Our Employees' time for

- Volunteering to plant mangrove saplings in partnership with WWF
- Volunteering for community visits and sharing their ideas to make Crescent Cares week a success

2018

Our CEO's time for serving on the Board of

- The Citizens Foundation
- Our Employees' time for
- Volunteering to clean the beach and plant mangrove saplings in partnership with WWF
- Volunteering to visit heritage sites in interior Sindh in partnership with WWF
- Volunteering for community visits and sharing their ideas to make Crescent Cares week a success

OUR IN-KIND CONTRIBUTIONS INCLUDE:

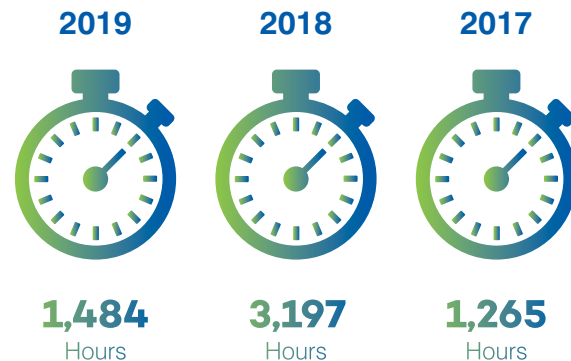
- Commute for community visits with WWF in 2019 and 2018

We took part in various social initiatives during the year of which some are mentioned below. Our contributions and work with TCF are covered separately on page 70-73 of this section.

CRESCENT EDUCATIONAL TRUST

We contributed towards the building of Mazhar Karim Auditorium for students at Crescent Model Higher Secondary School in 2018. The auditorium is 2,270 square feet in area and can accommodate 350 students. It has been specially built for conferences, plays and musical concerts.

EMPLOYEE VOLUNTEERING HOURS



KARIGAR TRAINING INSTITUTE

KTI was established in response to the urgent need to provide specialized skills to enable literate and semi-literate youth from less privileged sections of society to become economically independent, through the acquisition of specialized vocational skills. We pledged Rs. 300,000 for financing the deficit in KTI's operating budget for FY18.

PAKISTAN CENTRE FOR PHILANTHROPY

PCP conducted a joint study with the British Council on 'Diaspora Philanthropy (UK): Outreach and Impact'. The study focuses on Pakistan Diaspora in the UK and assesses patterns and motivations of philanthropic giving in the form of cash, kind and time volunteering. We sponsored the study by contributing Rs. 1 million in 2018.

RASHID MEMORIAL WELFARE ORGANIZATION

Rashid Memorial Welfare Organization (RMWO) was set up by a group of retired PAF officers in 1998. The objective of the organization is to set up model villages throughout Pakistan by integrating all essential facilities so as to ensure a positive outflow to the rural community all under one roof.

Rashidabad, a pilot project of RMWO, is located in interior Sindh and encompasses all four elements of a sustainable society: education, health, environment, and socio-economics. Rashidabad has created an everlasting impact on the community. Its three schools are catering to the needs of over two thousand students and it has provided the surrounding population with employment opportunities for over 1,200 people in various positions. We contributed Rs. 1 million towards this project in 2018.

THE CITIZENS POLICE LIAISON COMMITTEE

The Citizens Police Liaison Committee (CPLC) is a statutory institution that is completely managed by citizens. It serves as the central branch that collects, collates, analyzes and then disseminates all information related to criminal activities. CPLC is working towards integrating resources to develop a database supported by actionable mechanisms. We contributed Rs. 2.5 million towards this project in 2018.

NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY

Finding Innovative and Creative Solutions for Society (FICS) is being managed by NUST for the past five years, aimed at promoting a culture of social entrepreneurship where students are given an opportunity to address social problems and think innovatively to devise technology-based solutions that can serve communities. The concept of FICS is fully aligned with the Sustainable Development Goals (SDGs).

FICS competition comprises of three stages and a workshop. In the third and final stage of the competition, the teams shortlisted present working prototypes of their solution. We supported NUST by contributing Rs.1 million towards FICS's prototype development fund. This fund helped 28 teams to develop working prototypes. Our employees also volunteered their time to evaluate a few projects that had qualified for the second stage of FICS 2018 at the Pakistan Navy Engineering College (PNEC).

Additionally, we were the event sponsors of the Falling Walls Lab 2018. The Lab is a platform for academics, entrepreneurs and professionals from all disciplines to present their research work, business models, innovative projects or ideas with peers and a jury from academia and business. NUST participated in this event which took place in Germany.

THE AMAN FOUNDATION

In 2016, we sponsored an Aman Foundation ambulance. These ambulances are the first and only ambulances in Karachi that provide a tiered emergency response with cardiac care and advanced and basic life support. During the period July 2017 - June 2019, the ambulance dealt with more than 3,000 emergencies.

CRESCENT CARES WEEK

Crescent Cares Week is held every year and is designed to instill value and care for the community and engaging employees in various community care initiatives.

In 2019, activities planned throughout the week included community visits to Edhi Home and ACF Animal Rescue, beach cleanup, donation of used items to Alamgir Welfare Trust, Indus Hospital's blood drive at the Head Office and Nooriabad campus, tree plantations at the Bhone campus and TCF students visit to our Head Office, Jaranwala and Bhone campuses. All funds collected from these activities were donated to TCF (60%), ACF (20%), WWF (10%), Dar-ul-Sukun (10%) and to Indus Hospital through their Brick for Life campaign.

In 2018, several activities were planned throughout the week such as community visits to Dar-ul-Sukun, heritage sites in Karachi, Rashidabad, food distribution drive with the Alamgir Welfare Trust, Indus Hospital's blood drive at the Head Office and Nooriabad campus and TCF students visit to our Head Office, Jaranwala and Bhone campuses. All funds collected from these activities were donated to TCF (60%), Indus Hospital (20%), WWF (10%) and Dar-ul-Sukun (10%). Impact of Crescent Cares is illustrated on the next page:

FY19



Generated
PKR **138,635**
in cash
donations

FY18



Generated
PKR **150,000**
in cash
donations

FY19



Generated
PKR **34,910**
in kind
donations

FY18



Generated
PKR **46,695**
in kind
donations

FY19



Volunteered
926 hours
for community
service

FY18



Volunteered
948 hours
for community
service

FY19



Donated
21,500 ml
of blood

FY18



Donated
29,000 ml
of blood

FY19



Donated **68** kgs of used clothing,
accessories and medicines

FY19



Planted
225 trees

CRESCENT MATCHES

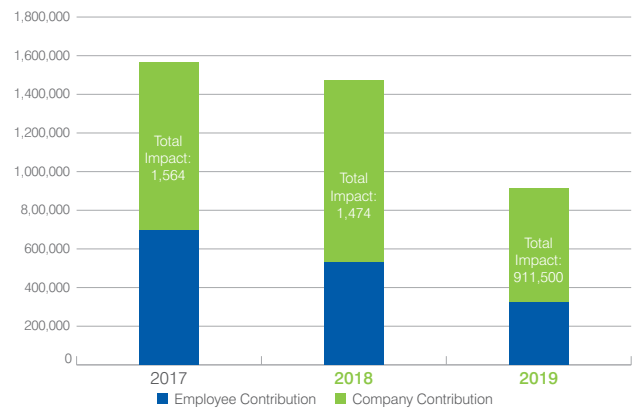
Distribution of funds raised through Crescent Matches:

25% to TCF for EDUCATION, 70% to Indus Hospital, Shaukat Khanum and SIUT for various HEALTH causes. 5% to Dar-ul-Sukun in SOCIETAL investments towards disability care.

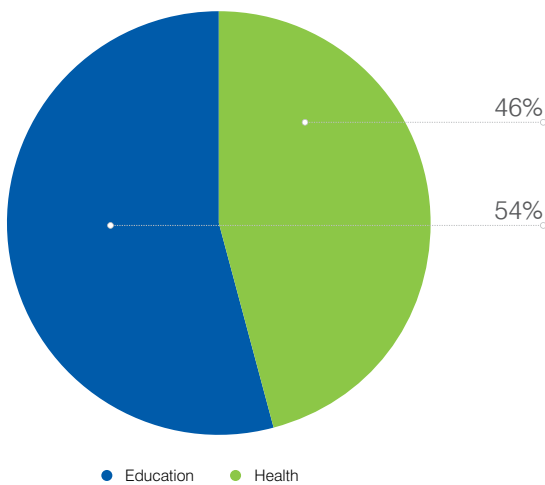
Distribution of funds raised through Crescent Matches in 2019: 54% to TCF for EDUCATION and 46% to Indus Hospital, Shaukat Khanum, SIUT and LRBT for various HEALTH causes.

Crescent Matches is geared toward capturing and multiplying the impact of employee giving. In both 2018 and 2019, the participation stood at 10 employees [FY17: 12 employees] and collections in 2019 stood at Rs. 911,500 as compared to Rs. 1,474,250 in 2018 [FY17: Rs. 1,564,500]. Of this 36% constitutes employee contribution in both the years.

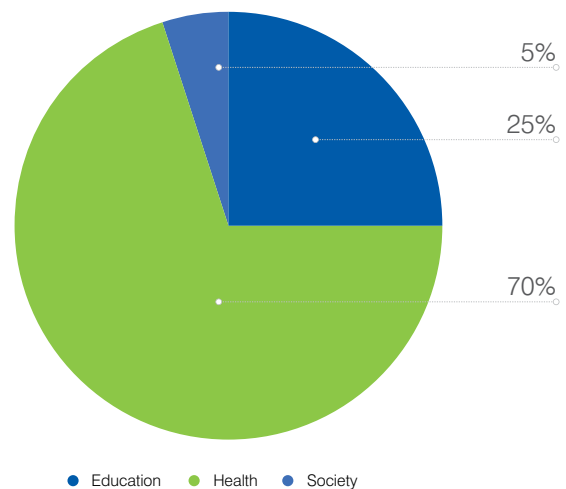
IMPACT OF CRESCENT MATCHES



CRESCENT MATCHES BY SEGMENT - 2019



CRESCENT MATCHES BY SEGMENT - 2018



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 and in creating awareness and promoting conservation of Pakistan's marine environment. This is covered in more detail in the Natural Capital section of this report

SCHOLARSHIP SUPPORT

We have also pledged scholarship support to five TCF graduates from other campuses; these students are enrolled in programs at NED and FAST. All sponsorships are for the entire program duration.

OBHARTAY SITARAY

Obhartay Sitaray is an inter-school singing competition that is being held for the past eight years. The competition is aimed at developing national pride in our young generation. Our contributions helped educate 100 TCF students for an entire year and helped to promote performing arts in 2018.

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 aspects. Our twenty three 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 supports operational expenses of 15 schooling units (12 primary and 3 secondary).

To date, an estimated 3,476 children have graduated from primary schools supported by us and in the past year alone 148 students graduated from secondary schools supported by us. Combined enrolment in these schools today is 3,683 students, the majority of whom reside in some of the most impoverished communities of the country; 46% of these students are female.



Our Contribution To TCF's Footprint			
Campuses Built By Crescent Steel	Units	Location	Students
Crescent Steel Campus I	1 P (M), 1 P (A)	Ibrahim Goth	416
Crescent Steel Campus II	1 P (M), 1 P (A)	Korangi Town	385
Crescent Steel Campus III	2 S (M)	Umar Maingal Goth	363
Crescent Steel Campus IV	2 P (M), 1 P (A)	Jaranwala	451
Crescent Steel Campus V	2 P (M), 1 P (A)	Jaranwala	514
Crescent Steel Campus VI	1 P (M), 1 P (A)	Bin Qasim Town	466
Crescent Steel Campus VII	1 P (M)	Jaranwala	154
Crescent Steel Campus VIII	1 P (M)	Chiniot	177
Crescent Steel Campus IX	2 P (M)	Jaranwala	273
Crescent Steel Campus X	1 S (M)	Bhone, Jhang	171
Crescent Steel Campus XI	2 S (M)	Jaranwala	313
Total	21 units		3,683

Campuses We Helped Build				
Campus	District	Location	Primary	Students
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	-
		Korangi Town	2	-
		North Karachi Town	-	2
		Malir Town	2	-
Total			16	5

Campuses Supported By Us				
Campus	District	Location	Primary	Students
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	-
		Malir Town	1	-
Total			12	3

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

We have contributed to build 11 campuses (21 schooling units) with a student strength of 3,683 children - 46% of whom are girls – these schools employ a staff of 238 of which 206 constitute an all-female faculty. Over the course of our partnership with TCF, we have donated Rs. 330.7 million since 1995 at an average rate of Rs. 13.7 million per year

SUCCESS STORIES

Two TCF students from Crescent Steel Campus III were enrolled in the BSc Electrical Engineering program and BE Aviation program at PAF KIET, Karachi. The Company pledged to support their education through the Endowment Fund. One of them graduated in 2017 and the other one in 2019.

Three TCF students are enrolled in the BSc Physics, BSc Software Engineering and BE Biomedical Engineering program at NED University. The Company has pledged to support their education

Two TCF students are enrolled in the BE Electrical Engineering program at FAST University. The Company has pledged to support their education. They are on track to graduate in 2020.

MODE OF ENGAGEMENT	2018 - 2019 INPUTS	OUTCOMES
Financial Support to TCF	Contributed Rs. 1.5 million in 2019 and Rs. 20.8 in 2018 towards school support	The investment was utilized in managing the operational expenditures of the schools and subsidized student's fee. This has supported 1,944 students in FY18 and 184 students in FY19 [FY17: 2,757 students across 15 school units] in 15 school units.
Investing with TCF	The Endowment Fund maintained with TCF earned a profit of 16.30% in FY19, totaling the endowment size to Rs. 54,624,653 and in FY18 earned a profit of 8.73%, totaling the endowment size to Rs. 46,968,747 [FY17: earned a profit of 7.7% taking the endowment size to PKR c. 43.1 million]	The Endowment Fund will enable TCF to invest funds for financial returns. We plan to build the endowment to fund operational support for school units built by us or to utilize it for a new school unit
	An expendable endowment fund is being maintained with TCF to reward post-matric scholarships to TCF students. The fund earned a profit of 8.15% in 2019 [FY18: 8.73%], totaling the endowment size to Rs. 2,292,355 [FY18: Rs. 2,306,979]	We had pledged to support two PAF KIET students from our Crescent Steel campus III through this fund for the entire duration of their programs. Both of them have graduated.
Scholarship Support	We contributed Rs. 610,000 as scholarship support for five students in 2018.	Supporting five undergraduate candidates in programs at FAST (2 students) and NED (3 students).
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. The association also helps build trust among key stakeholder groups.
Supporting TCF's Fund Raising Activities	Rs. 0.5 million was contributed to sponsor a musical evening in 2018.	The contribution supported education costs for 3 students from KG to Matric.
	Rs. 1.5 million was contributed to sponsor TCF's Obhartay Sitaray event in 2018.	The contribution supported education costs for 100 students for the entire year. Through this contribution, we also met our commitment to support performing arts.
	Rs. 0.5 million was contributed to sponsor a fundraiser tea event in 2018.	The contribution helped in supporting operational expenses for one TCF school for an entire year.
Multiplying our Impact	Rs. 163,000 were donated in 2019 and Rs. 124,000 in 2018 were donated by employees to TCF through the Crescent Matches program.	Employee donations were matched at a ratio of 1:2 totaling donations to Rs. 489,000 in 2019 and Rs. 372,000 in 2018.
Monitoring and Evaluation Support	12 employees visited 11 campuses supported by us in 2018 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.
Other Engagements	During Crescent Cares Week, students from TCF schools visited our Head Office, Jaranwala and Bhone campuses and were provided a briefing on various operations of each department.	The visit proved to be a learning experience for TCF students and our employees alike.

We regularly review activities, progress and the impact of our investment on The Citizens Foundation. Our employees regularly visit TCF schools and interact with the staff, community, and students. We are proud of our association with TCF and believe that it is the only impact organization 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 1,567 school units spread across 61 districts with a student strength of 252,000 children of which almost 50% are girls. TCF employs more than 16,600 Pakistanis of which 12,000 constitute an all-female teaching faculty.

OUR COMMUNITY PARTNERS IN 2018 AND 2019



The Citizens Foundation

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



Crescent Educational Trust

Provides an engaging, challenging and a learning environment for students



Shakarganj Foundation

Works 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

Leads the environmental conservation and awareness agenda in Pakistan and across the globe



National University of Sciences and Technology

Works to promote social entrepreneurship amongst students



Rashid Memorial Welfare Organization

Sets up model villages throughout the country by integrating Education, Health, Environment, and Socio-Economic Uplift



Citizens Police Liaison Committee

Enhances the safety and security of our community



The Health Foundation
Works towards a hepatitis free Pakistan



Shaukat Khanum Memorial Cancer Hospital and Research Centre
Provides quality healthcare and treatment to cancer patients



Pakistan Centre for Philanthropy
Works to create greater visibility of philanthropic giving with an aim to enhance the effectiveness of local giving for social development in Pakistan



COMMECS Institute of Business and Emerging Sciences
Imparts quality business education to students



Agha's Sportfishing
Works towards preserving and protecting the marine environment



Dar-ul-Sukun
Strives to empower individuals with disabilities and with non-disabilities to achieve economic self-sufficiency with inclusion and integration into all aspects of society



Karigar Training Institute
Enables young, literate and semi-literate men and women from less privileged sections of society to become economically independent, through the acquisition of specialized vocational skills



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

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

CSAP Foundation has recently been granted tax exemption from FBR and is operative as a non-profit organization. We are currently working towards positioning all our social contributions through the foundation and are hopeful that it will enable us to bring greater focus to our philanthropic CSR.

In 2018 and 2019, the foundation made a total contribution of Rs. 1,643,014 to the education and environmental sector.

Focus areas for the foundation are:

- Providing shelter for the underprivileged
- Educational institutions
- Establishment of libraries, research centres, museums, galleries, academies, and handicraft centres
- Awarding scholarships to outstanding students and scholars

- Establishing hospitals, clinics, dispensaries, centres 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
- Persuading and assisting in the control of pollution in all its forms and in the preservation of the living environment
- Encouraging 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.

NATURAL CAPITAL

ENERGY

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

Crescent Steel constantly explores new methods which can reduce our dependency on the national grid and mitigate the risks pertaining to power outages. The management is keen to use energy in accordance with the Sustainable Development Goals. For instance, at our office, we continue to take measures regarding the conservation of energy by switching off all air conditioners and all unnecessary utilities for two hours daily. We aim to develop a culture of energy conservation.

The goals of energy consumption and conservation are set yearly by the management. Our energy consumption is measured through our electricity provider and billing for energy use. Policies pertaining to energy are under the jurisdiction of the Health, Safety and the Environmental committee which are reviewed every year and presented to the CEO for approval.

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 gas power generators and solar panels 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 lights and air conditioning units with energy efficient ones across our sites

CS Energy operates a bagasse fired thermal cogeneration power plant with a production capacity of 16.5 MW.

The unit generates and supplies power to our billet manufacturing business, Crescent Hadeed, to Shakarganj

Limited, and Faisalabad Electricity Supply Corporation. Our Energy Scorecard on page 79 of this report reflects the energy produced at this plant.



2019

108,163 tonnes of bagasse and 87,153 tonnes of steam used to generate 31,017 MWh renewable power



2018

189,364 tonnes of bagasse and 170,700 tonnes of steam used to generate 50,559 MWh renewable power

ENERGY CONSERVATION

The following energy conservation measures were taken

- Twenty five 400-watt lights (10 kW) replaced with twenty five 200-watts LED lights (5 kW) for yard lighting resulting in 50% saving
- Motion sensors were installed in meeting rooms at the Head Office to automatically power off lights and equipment
- Replaced five 1.5 tonnes window air conditioning units by two 1.5 tonnes and three 01 tonnes split inverter type air conditioning units.

MAJOR ADVANTAGES

REDUCED CONSUMPTION

- LED lights will help in reducing electricity consumption up to 40 %
- Inverter air-conditioning will help conserve an estimated 20% of total energy consumption at our sites
- Installed skylights in our pipe plant sheds, through which we are saving 60 units per day

ENERGY REDUCTIONS

Our energy consumption in 2019 was decreased by 35% due to limited number of orders.

The reduction in consumption is calculated on a yearly basis keeping the previous year as a base year.

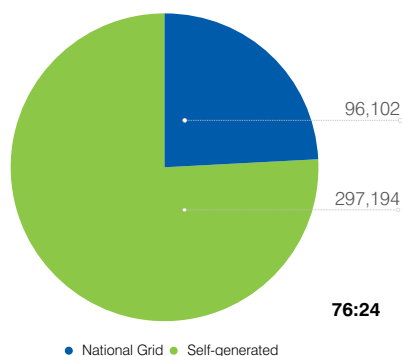
Energy Scorecard					
ENERGY CONSUMPTION (GJ)	2019	2018	2017	2016	2015
Energy Consumption Within The Business (GJ)	24,716	339,126	393,296	92,066	95,689
Energy Consumption Outside The Business (GJ)	29,553	34,417	55,135	10,720	28,807
Total Energy Consumption (GJ)	276,722	373,543	448,431	102,786	124,496

	2019	2018	2017	2016	2015	Change (2019 Vs. 2018)	Change (2018 Vs. 2017)
Total energy consumption (GJ)	448,431	373,543	448,431	102,786	124,496	20%	(17%)
Sales (Rs. in million)	7,285	11,463	14,145	8,858	2,467	(36%)	(19%)
Sales per unit of consumption (Rs./GJ)	16,246	30,687	31,544	86,176	19,820	(47%)	(3%)
Energy intensity ratio	3.9%	3.3%	3.2%	1.2%	5.0%		

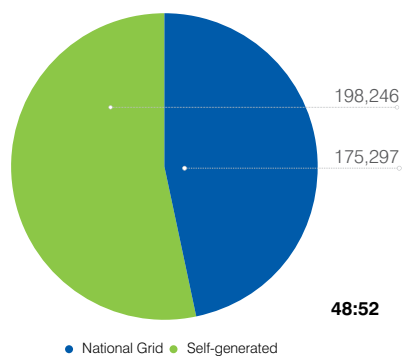
Fuel Type	Self-Generated Energy (GJ) 2019	Self-Generated Energy (GJ) 2018	Consumption Pattern
Diesel	2,172	4,178	Consumed Within The Business
Gas	27,972	30,427	Consumed Within The Business
Bagasse	103,600	163,548	Supplied To The Industry
Solar	122	93	Consumed Within The Business
Fuel Type	Purchased Energy (GJ) 2019	Purchased Energy (GJ) 2018	Consumption Pattern
Wapda/ K-Electric	143,450	175,297	Consumed Within The Business

PROPORTION OF ENERGY SELF-GENERATED AND FROM THE NATIONAL GRID

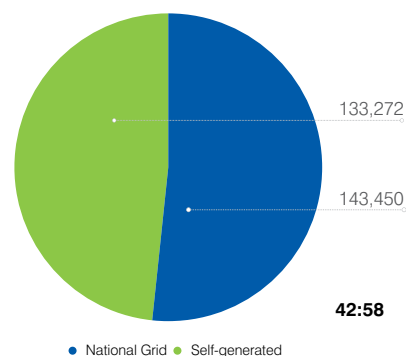
ENERGY CONSUMPTION - 2017



ENERGY CONSUMPTION - 2018

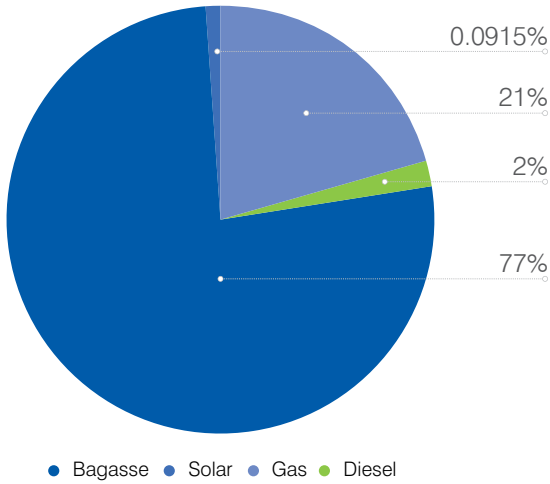


ENERGY CONSUMPTION - 2019

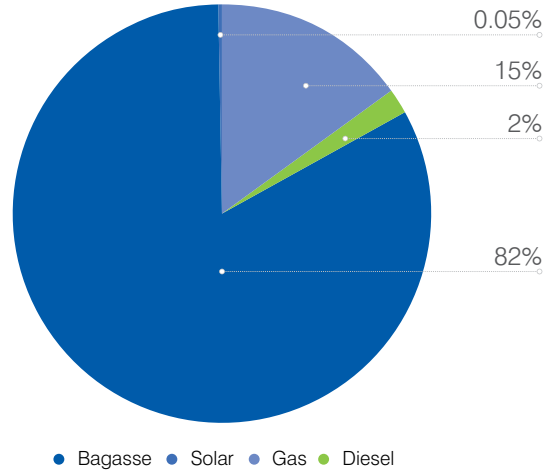


BREAK-UP OF SELF GENERATED ENERGY

BREAK-UP OF SELF-GENERATED ENERGY - 2019



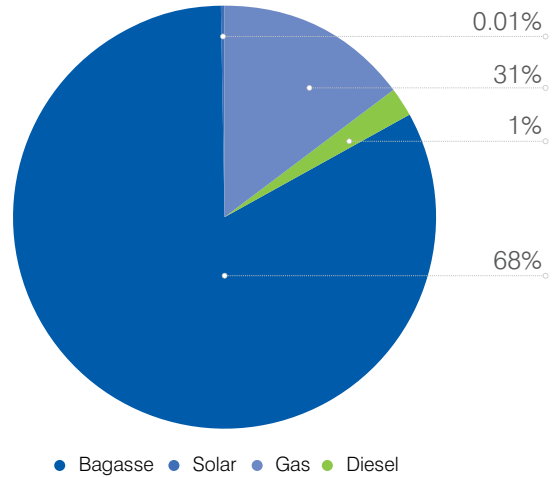
BREAK-UP OF SELF-GENERATED ENERGY - 2018



ENERGY CONSUMPTION OUTSIDE ORGANIZATION

Recording energy consumption outside the organization presents many challenges. We do not have any scale to measure this particular consumption, neither does the company consider it appropriate to disclose consumptions which relate to specific company policies and travel plans. However, we do record our energy consumption in terms of inbound and outbound logistics which relates to fuel consumption by the company's own vehicles and contracted vehicles. The total consumption in terms of fuel was 38,960 GJ, which decreased by 61% against the corresponding period last year [FY18:99,167 GJ]. This includes consignment and scrap metal shipment from Karachi Port to our plants at Nooriabad and Bhone, inbound and outbound logistics, and vehicles maintained by the company. We measure this consumption with the help of fuel cards given to drivers before the initiation of any shipment. The consumption is recorded in litres consumed and then converted into Giga-Joules. The conversion rate is mentioned in the glossary.

BREAK-UP OF SELF-GENERATED ENERGY - 2017



ENVIRONMENTAL CARE

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

EMISSIONS

Pakistan has an insignificant carbon footprint, yet it ranks among the top 10 countries most vulnerable to climate change. The nature of our business poses no significant environmental risks. As part of our emission control policy, all our emissions and discharges are compliant with the prescribed limits set out by the National Environmental Quality Standards (NEQs). Our commitment and approach towards our stakeholders enables us to manage the environmental impact of our business.

The HSE Committee sets out goals for controlling emissions every year. Our measures go beyond complying with the national standards enforced by the Pakistan Environmental Protection Act (PEPA). This also encourages us to adhere to globally recognized standards of air pollution control at our billet manufacturing facility. 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.

The major direct emissions at our manufacturing sites are from plasma arc cutting and the stripping station at the coating unit. For quality assurance, we employ an external agency which analyses emission from these sources on a quarterly basis when our plant manufacturing units are operational and functional. We follow ASTM (American Standard for Testing Materials) as a testing methodology for emissions and further conform to the limits prescribed by SEQS (Sindh Environmental Quality Standards) to control emissions. Tables are presented in the glossary which further explain this.

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.

- Over the years Nitrogen gas was substituted with Oxygen gas to reduce NOx level from 1357 mg/Nm³ to less than 400 mg/Nm³
- Water discharged from our coating unit was neutralised to bring PH levels between 7 – 10

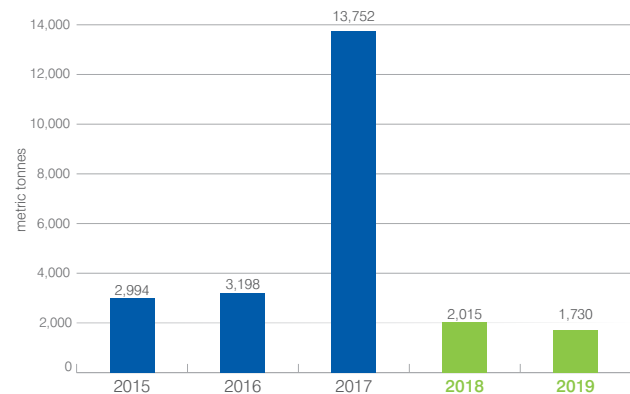
No significant financial implications were incurred due to climate change.

BREAKDOWN OF CRESCENT STEEL'S EMISSIONS

SCOPE-I

Greenhouse Gases have a significant effect on the environment and its surroundings regardless of the presence of human life. Therefore, we strive to reduce emissions in every aspect, whether it is our production line or our daily consumption of fossil fuels.

INDIRECT GHG EMISSIONS (SCOPE I)



Considering that our country is most likely to be affected by climate change in the coming years, we acknowledge that it is not only our choice but our obligation to lead the expedition against emissions for a healthier planet.

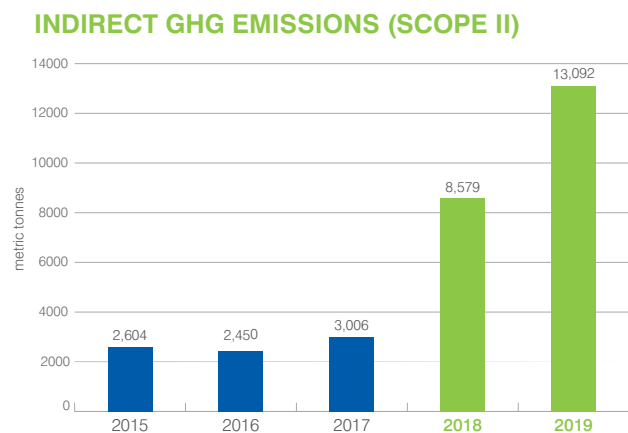
Crescent Steel's direct emissions are the results of our production processes which directly affect the environment and are unavoidable. Direct CO₂ emissions are measured and recorded on a monthly basis at every plant site and are then totalled for the presentation of collective direct GHG emissions.

The sources of CO₂ emissions include fuels used for the pipe and billet manufacturing, steam from our subsidiary's power plant and from the process of power generation. The GHG figures present all direct emissions of our associate companies and subsidiaries. CO₂ serves as the major contributor to our total direct GHG emissions.

Crescent Steel's consolidation of GHG gases does not include biogenic emissions of CO₂ at any production site across its locations of operation. As the Global Warming Potential (GWP) values indicate, our direct GHG emissions are sourced from the Intergovernmental Panel on Climate Change (IPCC) established by United Nations Environment Programme (UNEP) and World Meteorological Organization (WMO). The company has used the previous year as a base year as per its general practice.

SCOPE-II and SCOPE-III

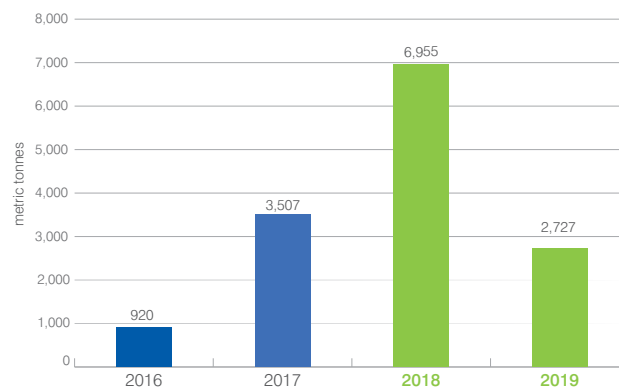
Our indirect GHG gas emissions are not significant in the long run but our commitment towards the community obliges us to adhere every aspect of environmental care. As a result, we inform every employee regarding the importance of reducing emissions in everyday life and its role in building a sustainable culture. Crescent Steel produces indirect emissions (SCOPE-II) in the form of external energy purchased by WAPDA.



The organization consistently explores opportunities for reducing energy consumption and utilizing renewable resources to reduce emissions as much as possible. The other indirect emissions (SCOPE- III) refer to the emissions caused by the fuel consumed in vehicles owned and used by the company. The company uses its fleet fuel card's total consumption as a basis to record its consumptions and uses conversion factors from the IPCC to convert the respective units in terms of CO₂ equivalent.

Similar to direct emissions, the company uses the previous year as a base year as per general practice of the company. Gases included in SCOPE-II are CO, SOx, and Oxides of Nitrogen. As for SCOPE-III, Fluoride, Forklift emissions, and Noise are included in other indirect emissions. Furthermore, the company used the Fifth Report Assessment (AR5 from IPCC) as a source for the GWP rates used which depicts GWP values for a 100-year time horizon. For SCOPE-II, the company has presented total indirect emissions instead of a location-based representation of emissions.

INDIRECT EMISSIONS



Prior to 2016, there was no mechanism for recording fleet fuel consumption

REDUCTIONS IN EMISSIONS (SCOPE-I, SCOPE-II AND SCOPE-III)

Crescent Steel consistently aspires to reduce emissions in the atmosphere, whether direct or indirect. The following graphs portray all emissions on an annual basis. Combining all scopes, our total emissions have decreased over the past year. We have installed air pollution control systems at our manufacturing sites as an initiative to reduce air emissions and constantly review our emission outcomes on a monthly basis. Independently, Scope-I emissions decreased by 285 metric tonnes in FY19 and 11,737 metric tonnes in FY18 [FY17: increased by 10,797 metric tonnes] while Scope-II emissions increased by 4,514 metric tonnes in FY19 and decreased by 5,572 metric tonnes in FY18 [FY17: increased by 556 metric tonnes] and Scope-III emissions decreased by 4,228 metric tonnes in FY19 and increased by 3,448 metric tonnes in FY18 [FY17: increased by 2,587 metric tonnes].

GHG EMISSIONS INTENSITY

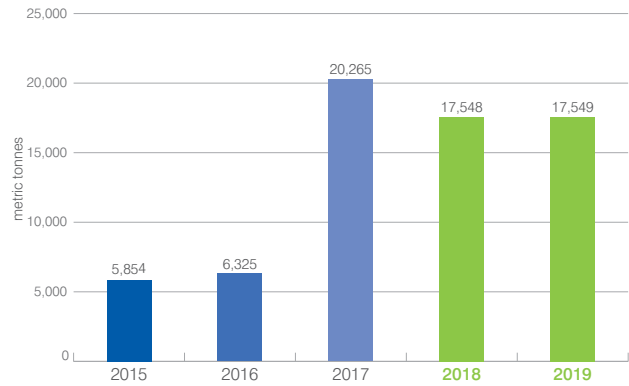
Emission intensities are used to compare the environmental impact of different activities. Crescent Steel uses sales as an organization specific metric to calculate its emissions intensity ratio. SCOPE-I, SCOPE-II, and SCOPE-III are the types of GHG emissions included in the calculation which contain all of the gases mentioned in their respective scopes. Total GHG emissions increased by 1.28MT CO₂/MT in FY19 as compared to a decrease of 2,717 MT CO₂/MT in FY18 [FY17: 13,940 MT CO₂/MT] 0.01% against a decrease of 36% in sales over the prior year. The emissions intensity ratio for FY19 is 0.0024MT CO₂/MT and was 0.0015MT CO₂/MT in FY18 [FY17: 0.0014MT CO₂/MT] which is a 57% increase from the last year.

Crescent Steel did not emit any ozone-depleting substance in FY19. The company's health, safety, and environmental policy does not permit the use of ozone-depleting substances as they cause significant harm to the environment. All emissions are recorded with the help of consumption patterns of fuel and output generation.

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

TOTAL EMISSIONS PER YEAR



to globally recognized standards of air pollution control at our steel billet manufacturing facility. 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. 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 MANAGEMENT

We work to minimize the wastes resulting from our operations by reducing material consumption and reusing or recycling waste material as far as reasonably possible. We continue to advocate environmental responsibility in our actions through advocacy and communications. Where reuse is not possible, we ensure proper disposal of waste matter in accordance with local regulations and international best practices. Disposal methods include landfilling, recycling, and incineration.

Our approach towards waste minimization is essential for a cleaner and healthier environment. Policies are steered by the HSE committee which contributes to the company's precautionary approach regarding environmental hazards as much as possible.

In 2018 and in 2019, no monetary fines or sanctions for non-compliance with environmental laws and regulations were imposed.

Waste Treatment						
Business Unit	Type	Specification And Units	2019	2018	2017	Treatment
Steel	Hazardous	Plastic bags, drums etc. (in numbers)	43,008	39,008	41,116	Sold for recycling/ reuse
		Tube lights and Sodium Discharge bulbs (in numbers)	-	90	-	Incinerated
	Non-hazardous	Steel scrap (in tonnes)	2,246	5,800	6,800	Sold for recycling/ reuse
		Miscellaneous Scrap Empty Carton (No)	4,700	6,660	6,725	Saleable
		Polyethylene/ Polypropylene (in tonnes)	52	79	90	Sold for recycling/ reuse
	Debris, kitchen waste and others (in tonnes)	15	16	17	Landfilled	
Cotton	Hazardous	Cotton dust (in Kg)	61	48	42	Sold for reuse
	Non-hazardous	Cotton waste (in tonnes)	264	301	420	Sold for reuse
Engineering	Hazardous	Bulbs and lights (in numbers)	129	166	71	Landfilled
Crescent Hadeed	Non-hazardous	Acid Lining SiO ₂ (in Mtn)	336	679	251	Land Filled
		Slag (in Mtn)	881	2,059	1,235	Land Filled
		APC Dust (in Mtn)	96	142	-	Sold to Client
Total			51,788	55,049	56,767	

Includes cotton dust, cotton waste and APC dust from Crescent Hadeed sold to external parties.

RESOURCE CONSERVATION

Our business depends on the availability of quality materials which primarily include hot rolled coil, raw cotton, bagasse, and scrap. Our cost of doing business and profitability depends 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.

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.

No water source was significantly affected by the withdrawal of water in 2018 and 2019.

Water Discharge (Litres)				
Business Unit	2019	2018	2017	Quality And Destination
Steel	1,149,900	1,220,900	1,185,750	Treated, drained to municipal sewer
Engineering	210,018	189,642	194,900	Untreated, drained to the municipal sewer
Energy	128,385	168,331	210,807	Treated, drained to SML drainage system
Total	1,488,303	1,578,873	1,591,457	

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

Water Withdrawal from Various Sources (in liters)					
Business Unit	Source (Litres)	2019	2018	2017	2016
Energy	Condensate from sugar process	128,385	168,331	210,807	49,930
	Condensate water used by the turbine generator	61,304	126,879	45,349	9,687
	Groundwater	30,803	55,155	50,846	19,367
Steel	Groundwater	14,094,797	15,024,354	20,627,384	27,151,669
	Lake water	21,142,196	22,536,532	30,941,076	18,101,113
Engineering	Groundwater	965,371	1,192,478	1,350,757	187,600
Total water consumption		36,422,856	39,103,729	53,226,219	45,519,366

Note: We do not have a mechanism to measure water withdrawal at the Cotton Division.

Percentage And Total Volume Of Water Recycled And Reused					
Water Recycled /Reused	Business Unit	2019	2018	2017	2016
Total water recycled/reused m _y /year	All Units	39,318,885	42,118,538	41,922,181	69,950,707
% of water recycled/reused		111.58%	111.97%	81.21%	154.51%

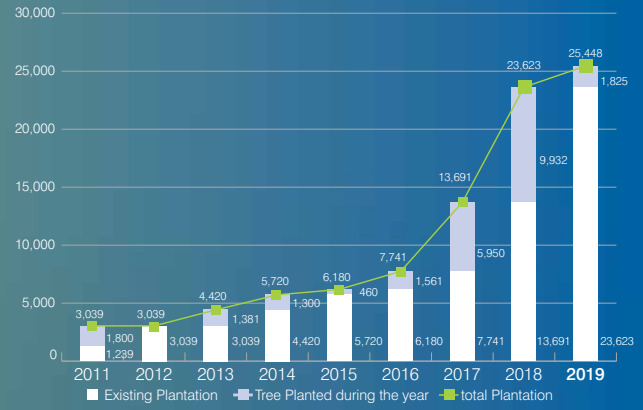
FORESTATION

Over the last eight years, we planted more than 25,000 trees across the communities where we operate. This will reduce 150 tonnes of carbon dioxide every year which is equivalent to burning 19,826 gallons of gasoline.



25,000+

TREE PLANTATIONS



TREES PLANTED RESULTING IN 150 TONNES OF CO₂ REDUCTION PER ANNUM EQUIVALENT TO BURNING 19,826 GALLONS OF GASOLINE



BEACH CLEANING AND MANGROVE PLANTATION ACTIVITY

Pakistan was one of the largest mangrove countries in the world. Mangrove forests serve as a valuable nursery for fish and other invertebrates in addition to protecting shorelines' erosions from storms and tsunamis. These forests also protect threatened and endangered species. The Indus Delta once used to be home to thick mangrove forests stretching from Karachi to the Rann of Kutch. Today, only some pockets of these forests remain.

Despite the fact that mangroves are of immense economic and environmental importance to Pakistan, over the last five decades, they are being subjected to overexploitation, water pollution, sedimentation, and coastal erosions. As a result, these precious forests are fading away fast.

In 2018, we partnered with WWF Pakistan to conserve mangrove plantations and planted 175 mangrove saplings at the mangrove forest near their Wetland Centre [FY17: 150 mangrove saplings]. The plantation was followed by a beach cleaning activity by 25 participating employees.

In 2019, we partnered with WWF Pakistan again and planted 1,000 mangrove saplings. Through our contributions, WWF was able to develop a nursery for the mangroves to ensure their proper protection and sustenance. The plantation was followed by dolphin watch and a visit to the mangroves at Sonmiani.

These saplings will reduce 6.35 tonnes of carbon dioxide every year – this is equivalent to burning 837.5 gallons of gasoline

Year	Number Of Trees Planted	Yearly Carbon Reduction (In Tonnes)
2012 (FY13)	50	1.47
2013 (FY14)	75	1.77
2015 (FY15)	100	1.77
2015 (FY16)	150	1.77
2016 (FY17)	150	0.88
2017 (FY18)	175	1.03
2018 (FY19)	1,000	5.91
Total	1,700	20.53

This is equivalent to emissions from burning approximately 2,707 gallons of gasoline

CELEBRATING EARTH HOUR

Earth Hour is a worldwide grassroots movement organized by the World Wide Fund each year that aims to protect the planet. Earth Hour was started as lights off event in 2007 and since then it has grown to engage 188 countries worldwide. Individuals, businesses and cities in countries and territories worldwide joined Earth Hour to speak up for nature and inspire urgent action for the environment. We, at Crescent Steel celebrated Earth Hour in 2018 and 2019 by switching off all unnecessary lights at all our campuses.



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.

Crescent Steel 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 that 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 authorization to use the API monogram of the American Petroleum Institute since its inception in 1987. In 1997, Crescent Steel was awarded ISO 9001 Quality Management Standard Certificate which it continues to maintain as ISO 9001:2008.

STEEL DIVISION – PIPE MANUFACTURING AND COATINGS

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

The pipes we produce and coat are inspected and tested by sophisticated testing equipment. We have various testing facilities available at our pipe manufacturing and coating plant:

- On-line Automatic Ultrasonic Testing: To ensure that the entire plate, as well as the seam, is flawless for both Spiral Pipe Mills

- Radiographic Inspection: To analyze, the defects identified by ultrasonic testing
- Visual Inspection: To determine surface defects
- Hydrostatic Pressure Testing of Pipes: To check the 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 the hardness of the pipe body, weld and HAZ for the sour service pipe
- Burst Test: To ensure that the pipe exceeds the minimum design pressure requirement
- Impact Test at – 400 C: To ensure that coated pipe has required impact resistance at low temperature

Coating applications undergo various tests including:

- Online Holiday Inspection
- Coating Adhesion Strength Testing
- Thermal Analysis
- Melt Flow Index
- Cathodic Disbondment Test
- Hot Water Soak Resistance Test
- Flexibility Bend Test
- Indentation Hardness Test

MEASURING CUSTOMER SATISFACTION

- The unit continues to maintain a high customer satisfaction score of over 90% for both, pipes and coatings
- The survey identifies many strong areas for improvement like timely product delivery etc.
- The survey provides customer feedback on our product capability for:
 - A) Submerged Arc Welded Helical Seam Steel Pipes in diameters ranging from 8-120 inch in steel grades up to and including API 5L X-100, under API monogram authorization
 - B) Anti-corrosion coating application of steel line pipes in diameters ranging from 4 – 60 inches, as per international standards like DIN 30670
- Our main customer base constitutes the two-state gas utilities operating in Pakistan, SSGC, and SNGPL - headquartered in Karachi and Lahore, respectively - with a footprint across various towns and cities in Pakistan. Our Karachi and Lahore Offices and our Plant Site in Nooriabad are within easy access to our main customer base.

	2019	2018	2017	2016	2015
Customer Satisfaction Level Over The Years	94%	91%	88%	84%	80%

No incident of non-compliance with regulations and voluntary codes concerning products and services information and labelling, occurred during the year.

No incident of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship have been identified during the year.

COTTON DIVISION – COTTON SPINNING

We continue to maintain high standards of quality management, performance, and innovation. Our quality control laboratory and trained workforce ensure that all

processing methods and products meet the required industry and international standards. Raw material like polyester/viscose is procured from world-renowned synthetic fiber producers locally and from abroad. 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. The quality assurance and testing laboratory at the spinning unit is equipped with necessary testing equipment. This includes:

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 via electronic means to invite customer feedback on our Cotton Division product performance
- 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.

In 2018 and 2019, all products were in compliance with labeling requirements specified by the laws and regulations.

MATERIAL CONSUMPTION

Our materials are divided into two basic categories i.e. critical and non-critical. Critical materials being those which have a direct impact on the company's production and non-critical being those which are indirectly associated with the company's products. It is imperative to understand that we use our critical raw materials efficiently.

As scarcity of resources is increasing globally, we, as an organization, understand the effective utilization of resources. We continue to strive to strengthen our processes across all our production sites.

Steel pipe scrap is used as a raw material for our billet making process in Crescent Hadeed. Similarly, we use a by-product of sugarcane bagasse as a source of electricity and supply to Crescent Hadeed, SML and FESCO. We continuously explore new strategies and methodologies through which we can ensure effective utilisation of resources. We make sure that consumption of material does not adversely affect the communities in our surroundings. Our purchased materials go through quality control checks and some of our critical raw material suppliers are ISO certified.

As indicated in the table on the next page, most of our raw materials are non-renewable items which cannot be reused, except for energy generated from bagasse and materials such as polyester, viscose and raw cotton from CCP which are reused or sold to external sources.

All the data presented in the table on the next page represents accurate measurements of material consumed through gauges and instruments installed at the production lines. The HSE committee also conducts various checks to validate and authenticate the data. Crescent Steel does not use any recycled input materials or any reclaimed products and their packaging materials.

Material Consumed	Unit Of Quantity	Quantity (Weight / Volume)		
		2019	2018	2017
Non-Renewable Materials				
Steel – Pipe Manufacturing				
HR Coils (comprises 99% of input materials)	m	12,387	52,005	89,938
Steel – Coating				
High Density Polyethylene	Kg	698,175	1,538,165	1,302,125
Co Polymer Adhesive	Kg	62,375	165,395	129,82
Fusion Bonded Epoxy	Kg	79,770	190,334	181,800
Welding Wire	Kg	47,590	152,380	249,970
Welding Flux	Kg	61,010	123,615	272,630
Steel Grit	Kg	18,125	51,700	69,000
Cotton				
Binding Rope (Dori)	Kg	-	310	538
Yarn Wrapping Cone	No's	2,987,592	1,720,524	3,144,750
Hoop	Kg	-	450	80
Polypropylene Bags	No's	116,741	71,262	115,747
Polythene Bags	Kg	10,391	6,610	11,559
Washer Discs	GRS	-	750	4,850
Diesel	Ltr	3,115	1,465	3,255
Engineering				
Gas LPG	Kg	921	1,688	2,384
Gas Oxygen	Cubic M	2,208	6,150	8,316
Diesel Oil	Ltr	2,280	3,974	11,200
Disc (Grinding and Cutting)	No's	932	1,997	2,378
Welding Electrode	Tonnes	1.90	6.7	8.5
Round Bar, Pipes, Nut Bolt etc.	Tonnes	58.91	133.6	88
Sheets Mild Steel	Tonnes	187.51	545	999.7
Sheets Stainless Steel	Tonnes	7.69	6.3	3.3

Material Consumed	Unit Of Quantity	Quantity (Weight / Volume)		
		2019	2018	2017
Crescent Hadeed				
Melting Scrap (HMS, Shredded, Bundled Scrap)	MT	27,305	53,481	33,882
Silico Manganese	Kgs	290,656	482,797	311,790
Ferro Manganese	Kgs	209,963	361,246	192,129
T.C Tips	No's	9,850	18,180	11,416
Mill Scale	Kgs	1,297,950	1,695,630	1,387,750
Oxygen Gas	M ₃	27,358	56,975	38,920
Diesel Oil	Ltr	18,660	25,910	14,215
MS Lancing Pipe	Mtr		128,500	73,716
Quartz Powder	Kgs	1,060,490	2,313,020	5,578
Boric Acid	Kgs	280	11,853	31,899
Sodium Silicate	Kgs	28,205	54,549	2,567
Nozzle – Ex	Kgs	3,780	9,730	4,854
Silica Sand	Kgs	172,151	278,420	334
Renewable Materials				
Energy				
Bagasse	Tonnes	108,163	189,364	159,917
Cotton				
Raw Cotton	Tonnes	2,860	2,475	2,790
Polyester	Tonnes	3,244	1,531	3,010
Viscose	Tonnes	-	-	59

APPENDICES

GRI CONTENT INDEX

Fully disclosed 

















Partially disclosed 

The subsequent table lists all disclosures in accordance with GRI Standards. Page reference is given against each disclosure or reference to other publicly available sources























Key
























SR = Sustainability Report 2018 and 2019



















AR = Annual Report 2019

General Standard Disclosures			
GRI Standard	Disclosure	Page Number	Omission And Reason
GRI 101: Foundation 2016	GRI 101 contains no disclosures		
General Standard Disclosures			
GRI 102: General Disclosures 2016	Organizational Profile		
GRI 102-1	Name of the organization	Cover Page	
GRI 102-2	Activities, brands, products, and services	SR 9	
GRI 102-3	Location of headquarters	SR 12, AR Company Information	
GRI 102-4	Location of operations	SR 12-17	
GRI 102-5	Ownership and legal form	SR 12-17, AR Pattern of share holding	
GRI 102-6	Markets served	SR 12-17, SR 29	
GRI 102-7	Scale of the organization	SR 21-22, 29	
GRI 102-8	Information on employees and other workers	SR 52-55	
GRI 102-9	Supply chain	SR 39-40	
GRI 102-10	Significant changes to the organization and its supply chain	There has been no such significant change	
GRI 102-11	Precautionary Principle or approach	SR 61	
GRI 102-12	External initiatives	SR 19	
GRI 102-13	Membership of associations	SR 19	
STRATEGY			
GRI 102-14	Statement from senior decision-maker	SR 4-6	
ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behavior	SR 8	
GOVERNANCE			
GRI 102-18	Governance structure	SR 37, AR 31	

General Standard Disclosures			
GRI Standard	Disclosure	Page Number	Omission And Reason
STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	SR 41	
GRI 102-41	Collective bargaining agreements	SR 50	
GRI 102-42	Identifying and selecting stakeholders	SR 41-42	
GRI 102-43	Approach to stakeholder engagement	SR 41	
GRI 102-44	Key topics and concerns raised	SR 42	
REPORT PROFILE			
GRI 102-45	Entities included in the consolidated financial statements	SR 9,12	
GRI 102-46	Defining report content and topic boundaries	SR 7 and SR 31-32	
GRI 102-47	List of material topics	SR 33	
GRI 102-48	Restatements of information	SR 7	
GRI 102-49	Changes in reporting	SR 7	
GRI 102-50	Reporting period	SR 7	
GRI 102-51	Date of most recent report	SR 7	
GRI 102-52	Reporting cycle	SR 7	
GRI 102-53	Contact point for questions regarding the report	SR 7	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	SR 7	
GRI 102-55	GRI content index	SR 92-97	
GRI 102-56	External assurance	Not seeking assurance this year	
MATERIAL TOPICS			
ECONOMIC PERFORMANCE			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 29	
GRI 103-3	Evaluation of the management approach	SR 26, SR 29 AR 44-53	
GRI 201: ECONOMIC PERFORMANCE 2016			
GRI 201-1	Direct economic value generated and distributed	SR 26	
GRI 201-3	Defined benefit plan obligations and other retirement plans obligations and other retirement plans	SR 29, SR 58	
GRI 201-4	Financial assistance received from government	SR 26	
MARKET PRESENCE 2016			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 47	
GRI 103-3	Evaluation of the management approach	SR 29	
GRI 202: MARKET PRESENCE 2016			
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SR 51	
GRI 202-2	Proportion of senior management hired from the local community	SR 28	


General Standard Disclosures			
GRI Standard	Disclosure	Page Number	Omission And Reason
INDIRECT ECONOMIC IMPACTS			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 29, SR 45	
GRI 103-3	Evaluation of the management approach	SR 64	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
GRI 203-1	Infrastructure investments and services supported	SR 65-SR 66	
GRI 203-2	Significant indirect economic impacts	SR 69	
PROCUREMENT PRACTICES			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33,SR 40	
GRI 103-2	The management approach and its components	SR 40, SR 44	
GRI 103-3	Evaluation of the management approach	SR 40	
GRI 204: PROCUREMENT PRACTICES 2016			
GRI 204-1	Proportion of spending on local suppliers	SR 40	
MATERIALS			
ENVIRONMENTAL			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33, SR 61-62	
GRI 103-2	The management approach and its components	SR 61-62	
GRI 103-3	Evaluation of the management approach	SR 61-62	
GRI 301 : MATERIALS 2016			
GRI 301-1	Materials used by weight or volume	SR 90-91	
GRI 301-2	Recycled input materials used	SR 89	
GRI 301-3	Reclaimed products and their packaging materials	SR 89	
ENERGY			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 61-62	
GRI 103-3	Evaluation of the management approach	SR 61-62	
GRI 302: ENERGY 2016			
GRI 302-1	Energy consumption within the organization	SR 78	
GRI 302-2	Energy consumption outside of the organization	SR 79	
GRI 302-3	Energy intensity	SR 78	
GRI 302-4	Reduction of energy consumption	SR 77	









General Standard Disclosures			
GRI Standard	Disclosure	Page Number	Omission And Reason
WATER			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 61-62,SR 83	
GRI 103-3	Evaluation of the management approach	SR 61-62,SR 83	
GRI 303: WATER 2016			
GRI 303-1	Water withdrawal by source	SR 84	
GRI 303-2	Water sources significantly affected by withdrawal of water	SR 84	
GRI 303-3	Water recycled and reused	SR 84	
EMISSIONS			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 61-62	
GRI 103-3	Evaluation of the management approach	SR 61-62	
GRI 305: EMISSIONS 2016			
GRI 305-1	Direct (Scope 1) GHG emissions	SR 80	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	SR 81	
GRI 305-3	Other indirect (Scope 3) GHG emissions	SR 81	
GRI 305-4	GHG emissions intensity	SR 82	
GRI 305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	SR 82	
EFFLUENT AND WASTE			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33, SR 61-62	
GRI 103-2	The management approach and its components	SR 82	
GRI 103-3	Evaluation of the management approach	SR 82	
GRI 306: EFFLUENT WASTE 2016			
GRI 306-1	Water discharge by quality and destination	SR 84	
GRI 306-2	Waste by type and disposal method	SR 84	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
GRI 307-1	Non-compliance with environmental laws and regulations	SR 82	
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 41-SR 45	
GRI 103-3	Evaluation of the management approach	SR 44-45	

General Standard Disclosures			
GRI Standard	Disclosure	Page Number	Omission And Reason
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
GRI 308-1	New suppliers that were screened using environmental criteria	SR 40	
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	SR 40	
LABOUR PRACTICES AND DECENT WORK			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 31, SR 50-51	
GRI 103-2	The management approach and its components	SR 50-51	
GRI 103-3	Evaluation of the management approach	SR 50-51	
GRI 401 : EMPLOYMENT 2016			
GRI 401-1	New employee hires and employee turnover	SR 54	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR 58	
LABOUR MANAGEMENT RELATIONS AND EQUAL OPPORTUNITY			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 33	
GRI 103-2	The management approach and its components	SR 45	
GRI 103-3	Evaluation of the management approach	SR 45	
GRI 402: LABOUR MANAGEMENT RELATIONS 2016			
GRI 402-1	Minimum notice periods regarding operational changes	SR 50	Not Applicable
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
GRI 405-1	Diversity of governance bodies and employees	SR 51	
GRI 406: INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN 2016			
GRI 406-1	Incidents of discrimination and corrective actions taken	SR 51	
HEALTH AND SAFETY			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 31	
GRI 103-2	The management approach and its components	SR 61-62	
GRI 103-3	Evaluation of the management approach	SR 61-62	
GRI 403: OCCUPATION HEALTH AND SAFETY 2016			
GRI 403-1	Workers representation in formal joint management – worker health and Safety committees	SR 62-63	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR 62-63	
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	SR 62-63	

General Standard Disclosures			
GRI Standard	Disclosure	Page Number	Omission And Reason
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR 88	
TRAINING			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 31,SR 47	
GRI 103-2	The management approach and its components	SR 47, SR 57-58	
GRI 103-3	Evaluation of the management approach	SR 47	
GRI 404: TRAINING AND EDUCATION			
GRI 404-1	Average hours of training per year per employee	SR 52	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	SR 52, SR 57-58	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	SR 51	
LOCAL COMMUNITIES			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 31	
GRI 103-2	The management approach and its components	SR 42, SR 45	
GRI 103-3	Evaluation of the management approach	SR 42, SR 45	
GRI 413: LOCAL COMMUNITIES 2016			
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	SR 64, SR 69	
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	SR 64, SR 69	
MARKETING AND LABELING			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 31	
GRI 103-2	The management approach and its components	SR 87- SR 89	
GRI 103-3	Evaluation of the management approach	SR 87- SR 89	
GRI 417: MARKETING AND LABELING 2016			
GRI 417-1	Requirements for product and service information and labelling	SR 87-SR 89	
GRI 417-2	Incidents of non-compliance concerning product and service information and labelling	SR 88	
GRI 417-3	Incidents of non-compliance concerning marketing communications	SR 88	

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
	End poverty in all its forms everywhere	SR 51, SR 69	202-1, 203-1 ,203-1, 203-2, 413-2
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	SR 26, SR 62-63, SR 65-66, SR 69	201-1, 203-1 ,203-1, 203-2, 413-2
	Ensure healthy lives and promote well – being for all at all ages	SR 62-63, SR 65-66, SR 69, SR 80-82, SR 84	203-1, 203-2, 305-1, 305-2, 305-3, 305-4, 305-7, 306-1, 306-2, 307-1, 403-2, 403-3
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	SR 52, SR 66	404-1
	Achieve gender equality and empower all women and girls	SR 51-52, SR 55, SR 58, SR 65-66	202-1, 203-1, 401-1, 401-2, 404-1, 404-3, 405-1,406-1
	Ensure availability and sustainable management of water and sanitation for all	SR 84	303-1, 303-2, 303-3, 306-1, 306-2
	Ensure access to affordable, reliable, sustainable and modern energy for all	SR 77-79	302-1, 302-2, 302-3, 302-4, 302-5
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	SR 26,SR 40, SR 51-52, SR 55, SR 57-58, SR 62-63 SR 69, SR 78-79, SR 84, SR 89, SR 90-91	102-8, 201-1, 202-2, 202-1, 204-1, 203-1, 203-2, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 303-3, 401-1,401-2, 403-1, 403-2, 403-3, 404-1, 404-3, 404-2, 405-1
	Build resilient infrastructure, promote sustainable industrialization and foster innovation	SR 26 , SR 65-66	201-1, 203-1

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
	Reduce inequality within and among countries	SR 52-55	102-8 ,401-1,404-3
	Make cities inclusive, safe, resilient and sustainable	SR 65-66	203-1
	Ensure sustainable consumption and production patterns	SR 78-SR 79, SR 84,SR 89, SR 90-91,	301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 303-3, 305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 417-1
	Take urgent action to combat climate change and its impacts	SR 77-SR 79, SR 80- SR 82	302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4
	Conserve and sustainably use the oceans, seas and marine resources	SR 80- SR 82, SR 84	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1
	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	SR 80-SR 82,	305-1, 305-2, 305-3, 305-4, 305-5, 305-7,
	Promote just, peaceful and inclusive societies	SR 82, SR 88	307-1, 416-2, 417-2, 417-3
	Revitalize the global partnership for sustainable development	AR 6,AR 30,SR 7-SR 8, SR 37, SR 41, SR 44-SR 45, SR 87-SR 89	102-16, 307-1, 406-1, 416-2, 417-2, 417-3,

Definitions And Formulas	
Term	Explanation
Absentee	An employee absent from work because of incapacity of any kind, not just as the result of work related injury or disease. Permitted leave absences such as holidays, study, maternity etc. are excluded.
Base year	Used for comparison in the measure of a business activity. The base year for the report is 2013.
Benefit	The direct benefit provided in the form of financial contributions paid by the organization or reimbursement of expenses to employee .
Carbon dioxide (CO ₂)	The measure used to compare the emissions from various types of greenhouse gas (GHG). The CO ₂ equivalent for a gas is determined by multiplying the metric tonnes of the gas.
Community development	A plan that details actions to minimize, mitigate, or compensate for adverse financial, social, and environmental impacts and find opportunities or actions to enhance the positive impacts of a project on the community.
Defined benefit plan	Post-employment benefit plan other than a defined contribution plan.
Defined contribution plan	Post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Direct (Scope 1) GHG emissions	Direct GHG emissions occur from sources that are owned or controlled by an organization.
Employee	Individual who is in an employment relationship with the organization, according to national law or its application.
Employee turnover	Employees who leave the organization voluntarily or due to dismissal, retirement, or death in service
Foreign suppliers	We consider foreign suppliers as those who are situated outside Pakistan.
Grievance mechanism	System consisting of procedures, roles and rules for receiving complaints and providing remedial actions.
Governance body	Committee or board responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its stakeholders.
Indirect Energy (Scope 2) GHG emissions	GHG emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organization.
Injury	Non-fatal or fatal injury arising out of, or in the course of, work.
Injury rate	The frequency of injuries, relative to the total time worked by all workers during the reporting period.
Local suppliers	We consider local suppliers as those who operate within the region of our significant locations of operations or are conducting business within Pakistan.
Local minimum wage	Minimum compensation for employment per hour, or other unit of time, allowed under law.
Local communities	The local community can range from persons living adjacent to an organization's operations, to those living at a distance who are still likely to be impacted by these operations.
Management approach disclosure	Narrative description of how an organization manages its material topics and their related impacts.
Material topic	A topic that reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders.
Other indirect (Scope 3) GHG emissions	Indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions.
Significant locations of operations	We consider significant locations of operations which are near to our corporate offices in Karachi and Lahore and near our plant sites at Nooriabad, Bhone, Jaranwala and Dalowal.
Senior management	Top ranking members of the management of an organization that include the Chief Executive Officer (CEO) and other individuals reporting directly to the CEO.

FORMULAS USED

A) Standards, methodologies, assumptions, and/or calculation tools used.

B) Source of the conversion factors used.

TYPE OF FUEL	CONVERSION FACTOR FOR CONVERTING IN GIGA JOULES (GJ)
Coal (metric tonne)	27
Crude oil (metric tonne)	44.8
Diesel (metric tonne)	43.33
Natural Gas (MMBtu)	1.054615
Electricity (kilowatt-hour)	0.0036

C) 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 (2018).

D) Indirect GHG emission factor for electricity purchased from WAPDA is 0.67 kg of CO₂ eqv. /kWh and from that of KESC is 0.58 kg of CO₂ eqv. /kWh. It has been assumed that the electricity at Nooriabad, Jaranwala and Bhone is supplied from WAPDA, while the electricity at the Head Office in Karachi is supplied by KESC as per IPCC standards and indirect

GHG emissions on management best estimates.

TYPE OF FUEL (IN GJ)	IPCC (INTERNATIONAL PANEL ON CLIMATE CHANGE) DEFAULT KG CO ₂ /GJ
Coal	96
Diesel Oil	74.1
Natural Gas	56.1

METRIC	CONVERSION IN LITRE
1 cubic meter	1,000 litre
1 tonne of water	1,000 litre

METRIC	CONVERSION IN KG
1 metric tonne	1,000 kilograms

Energy intensity =

Absolute energy consumption* / organization-specific metric

GHG emissions intensity =

Absolute GHG emissions* / product or sales quantity

Reused water (Gallons) =

Net production time x 90

Percentage of reclaimed products and their packaging materials=

Products and their packaging materials reclaimed within the reporting period x 100/ products sold within the reporting period

Percentage of recycled input materials used (%) =

Total recycled input materials used/ Total input materials used

Opening no. of employees =

Closing - outgoing + incoming

Average no. of employees =

(Opening + closing) / 2

Rate of employee turnover =

(Outgoing / average no. of employees) x 100%

Training hours per employee:

Training hours / number of employees

In time into in cash conversion:

Average salary = total gross salary of all employees/ total number of employees

Injury rate (Injuries/day) =

Number of injuries / total number of days worked by the total workforce

Occupational disease rate**(Occupational disease cases / day) =**

Number of occupational disease cases / total number of days worked by the total workforce

Lost day rate (Lost days / day) =

Total lost days by the affected workers (due to occupational accidents and diseases) / total number of days scheduled to be worked by the workforce in the reporting period

Absentee rate =

(Actual absentee days lost / total days scheduled to be worked by the workforce for the period) x 100%

Economic Performance:**LPS (Liquidity per share):**

Total number of shares traded over a period/average number of shares

ROE (return on equity):

Net income/shareholder's equity

Total liabilities to total assets %:

(Total liabilities/total assets) *100

Return on assets:

Net income/average total assets

Debt ratio:

Total liabilities/total assets

Net profit margin:

Sales revenue/ net income

Debt to equity:

Total liabilities/shareholder equity

Earnings per share:

(Net income - preferred dividends)/ average number of shares outstanding.

EMISSIONS RESULTS

External Test Results (June 2019)				
Measuring Parameters	Units	Testing Method	SEQS Limits	Test Results
A. Pipe Plant Process Emission				
CO	Mg/ Nm ₃	ASTM D-6522	800	489
SO ₂	Mg/ Nm ₃	ASTM D-6522	1,700	12
Oxides of Nitrogen	Mg/ Nm ₃	ASTM D-6522	400	310
Particulate Matter	Mg/ Nm ₃	ASTM D-3685	300	62
Fluoride	Mg/l	ASTM D-4185	150	8
B. Coating Plant Stripping Emission				
CO	Mg/ Nm ₃	ASTM D-6522	800	463
SO ₂	Mg/ Nm ₃	ASTM D-6522	1,700	20
Oxides of Nitrogen	Mg/ Nm ₃	ASTM D-6522	400	240
Particulate Matter	Mg/ Nm ₃	ASTM D-3685	300	56
Fluoride	Mg/l	ASTM D-4185	150	4
C. Fork Lifters Emission				
Smoke	Ringelmann Scale	ASTM D-2156	2	2
CO	CO (%)	ASTM D-6522	6	1.09
Noise	Decibels	ASTM E-1124	85	72.8
D. Backup Generators (non-routine; only operative when KESC/WAPDA supply is down) Following parameters are analysed: CO, Oxides of Nitrogen, Smoke, SO₂, Noise and Particulate Matter				

Glossary And Acronyms

API	American Petroleum Institute
ASTM	American Society for Testing and Materials
CSR	Corporate Social Responsibility
CO ₂	Carbon dioxide
CO	Carbon monoxide
EPS	Earnings per share
GHG	Greenhouse gas
GJ	Gigajoule
GRI	Global Reporting Initiative
GWP	Global Warming Potential
HRC	Hot Rolled Coil
HSE	Health Safety and Environment
ISO	International Organization for Standardization
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
LOI	Letter of Interest
MT	Metric tonne
Mg/ Nm ₃	Milligrams per cubic metre
NEQS	National Environmental Quality Standards
NTDC	National Transmission and Dispatch Company
OHSAS	Occupational Health and Safety Management System
PEPA	Pakistan Environmental Protection Act
PSX	Pakistan Stock Exchange
PPDB	Punjab Power Development Board
QMS	Quality Management System
SEQS	Sindh Environmental Quality Standards
SO ₂	Sulphur Dioxide
SOP	Standard Operating Procedure
UNEP	United Nations Environment Programme
WWF	World Wide Fund

FEEDBACK FORM

BIENNIAL CORPORATE RESPONSIBILITY REPORT

2018-19

Detail of information provided on issue covered in the report.

Comprehensive



Adequate



Non adequate



Clarity of information provided in the report

High



Medium



Low



Quality of design and layout of the report

Excellent



Good



Average



Your Comments for adding value to the report

 Name

 Designation

 Organization

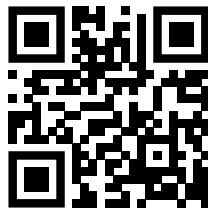
 Contact Details

 Telephone

Please mail your feedback to us at sustainability@crescent.com.pk or mail this form at the following address :

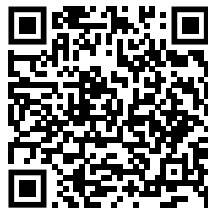


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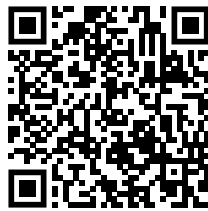
CORPORATE WEBSITE

To visit our website, go to
www.crescent.com.pk.



FINANCIAL STATEMENTS

For Annual Report for the year ended go
to [http://crescent.com.pk/wp-content/
uploads/2019/10/CSAPL-Accounts-2019.pdf](http://crescent.com.pk/wp-content/uploads/2019/10/CSAPL-Accounts-2019.pdf)



CORPORATE RESPONSIBILITY REPORT

The complete report can be found on: [http://www.
crescent.com.pk/wp-content/uploads/2019/10/
CSAPLBiennial-CRR-2018-2019.pdf](http://www.crescent.com.pk/wp-content/uploads/2019/10/CSAPLBiennial-CRR-2018-2019.pdf)



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