



Crescent Steel and
Allied Products Limited

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CORPORATE
RESPONSIBILITY
REPORT

TOWARDS A SUSTAINABLE FUTURE

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A MESSAGE TO OUR STAKEHOLDERS

**BEING A GOOD CORPORATE
CITIZEN IS NOT ONLY THE RIGHT
THING TO DO, IT IS CRITICAL TO
THE LONG-TERM SUCCESS OF
OUR BUSINESS.**

Dear Readers,

I have no words to describe the kind of year 2020 has been – the kind of year that left a mark on everyone around the world, reshaping societal expectations and entirely changing established paradigms.

At Crescent Steel, we opened the year with the hope and expectation that development activity, specifically, in the energy infrastructure space would start to recover after an almost two-year policy induced lull period that kept demand tightly contained. We were hopeful that investor confidence would be reinforced, and we would see strong capital market performance on the back of strong corporate earnings and a recovery in demand.

Instead, demand remained subdued as the government continued to induce a slowdown through policy action. Almost suddenly, everything became worse as the pandemic emerged somewhere in December and spread rapidly around the world – causing massive supply chain disruptions, forcing lockdowns, and bringing activity to a complete halt. All businesses operated by us, across all sectors faced severe pressures due to the looming uncertainty everyone has been experiencing together.

The government response to the crisis was to create liquidity in the system through both, monetary easing and, stimulus spending – this helped mitigate unemployment risks emanating from lockdowns and

the economic shut down. Targeted initiatives helped many businesses including ours retain employees on payroll.

The challenges emerging from the pandemic crisis involved every aspect of our business and affected all our employees. We adopted pandemic response protocols to ensure the safety of everyone entering our plants and offices; production was already impacted as demand had plummeted and most of our manufacturing capacity was already operating well below capacity.

Most of the people who work with us are at our manufacturing facilities spread across four campuses: some live on campus with or without their families. Our immediate focus, therefore, was on establishing a safe working environment at our plants and offices and adapting to an environment where employees could work from home.

Fortunately, we had strong foundations to build on, having spent a lot of time in recent years planning, developing, and investing in the technologies and tools that enable us to run our business more efficiently and were on business as usual in a hybrid at work/work from home set up instantly. When lockdowns eased and we returned to work, we made sure that we maintained strict COVID management protocols and controls

across all campuses, including tracking for infections among our people as well as their immediate family members.

Since the start of the pandemic to the close of FY20 we had 4 employees affected by the virus among our workforce of 778.

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.

Crescent Steel was set up in 1983 with a clear purpose to help build a sustainable national energy infrastructure by creating local supply of high-quality transmission line pipes; today Pakistan has a well-developed and integrated gas pipeline infrastructure of about 180,000 km for the transmission and distribution of natural gas; of the approximately 13,000 km transmission system Crescent Steel has supplied approximately 4,000 km since 1987. Today Crescent Steel operates businesses in four industry segments with a clear focus on the engineering segment.

Oil and Gas continue to be Pakistan's primary sources of energy contributing towards 80% of total energy needs. The country today, however, faces challenges in meeting demand as reserves continue to deplete and planning for the development of energy-import infrastructure projects is underway with multiple projects on the cards, yet to materialize.

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. Pipelines remain the safest and most economical way to transport hydrocarbons and liquids across the value chain.

Today it is an imperative for Pakistan's energy and water security as well as our business sustainability that infrastructure to transport fuels and water safely across the country is further developed, reinforced, and integrated.

Our business line in secondary steel manufacturing, 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. We feel there is immense room for growth in this segment as Pakistan's per capita steel consumption remains far below regional averages of over 200 Kgs at around 42 Kgs per capita – Pakistan's steel production capacity of approximately 6 million metric tons has to be buffered by imports to meet local demand.

Today our engineering segment businesses cater to local demand for steel line pipes and steel long products; both of which are imported as final products to meet local demand-supply gaps.

Our successes mean a durable and sustainable, energy and water infrastructure for Pakistan and sustainable indigenous sources of steel raw material.

Capacity utilization for the year remained low across all our manufacturing units – we supplied 126.8 Km of quality bare and coated line pipes and applied line pipe coatings of 88,647 square meters and the pipe plant capacity utilization for the year stood at 17% based on notional pipe of 30" diameter, 12.7 mm thickness and steel grade X-70 and Coating Plant capacity utilization for FY-2020 is 21%.

These pipes will be laid as part of gas infrastructure augmentation projects to alleviate supply shortfalls in the region. The slow-down in demand has affected the pace of projects and the Company's pipe sales dropped drastically, however we are monitoring all projects closely as they remain material for our business and are also of national strategic importance. We expect that planned infrastructure projects would trigger about 600 Kms in line pipe demand in the medium term.

Our billet manufacturing unit has a planned capacity of 85,000 tons per annum; during the year the unit supplied 10,894 tons of high-quality steel billets for use in the construction segment- this is an area of business where we plan to pursue further growth plant capacity utilization is 12%. Our spinning operations, produced 4,527.74 tonnes of yarn at a capacity utilization of 81.55%. Through our portfolio management division, we remain active investors in Pakistan capital markets - our investment portfolio provided Rs. 0.93 billion in working capital support (both through investment income and access to debt) to our core operations.

We have spent a lot of time reflecting on how we can best deliver our purpose of sustainable engineering and energy for Pakistan, including how we deliver to our people, partners and, ultimately how we impact the world we live in.

Over the last few years in particular, our teams have worked hard to drive change that puts Crescent Steel and the industry as a whole, in a strong position to meet national needs in energy and development and we continue to work on developing a longer-term strategy to achieve this.

As a long-term industrial concern, our values are rooted in sustainable principles. Since we opened our first mill in Nooriabad in the 1980s, to the start-up of our state-of-the-art steel meltshop in Bhone in 2016, and all our acquisitions and expansions during this time, we have grown with the communities where we work and live, have remained invested in the overall wellbeing of Pakistan, minimizing our environmental footprint and being a reliable partner for suppliers and customers.

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.

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.

I am 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.

This demands the highest ethical standards, a culture of care 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 35+ years, and we look forward to the opportunities in front of us to continue to make a lasting difference.

This report is now in its seven edition since we first started formally reporting on our sustainability performance in 2013, covering eight years. The 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 on our sustainability performance enables us to continue to earn public trust, strengthen relationships with stakeholders - the transparency triggers innovation and action as it forces people to look at the information that would otherwise not be reported. 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.



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 year 2020. Risk and Opportunities that impact our ability to deliver value to stakeholders are covered in our Annual Report 2020.

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.

SCOPE

We started formally reporting on our corporate responsibility performance in 2013. To do this we developed a reporting manual based on Global Reporting Initiatives reporting guidelines which we augment to remain updated with GRI's latest reporting guidelines and to strengthen our internal and external reporting mechanisms. This report covers the performance of all business operations divided in five Business Units and two wholly owned subsidiaries.

PERIOD COVERED

The report covers fiscal years 2019-2020; content that describes efforts outside this period is indicated in the respective sections.

FINANCIAL AND NON-FINANCIAL REPORTING

This report complements our Annual Report and covers our non-financial performance in detail along with highlights of our financial performance for fiscal years 2019-2020. Risk and Opportunities that impact our ability to deliver value to stakeholders are covered in our Annual Report 2020.

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 may 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, however this remains a pending action.

Editorial Policy	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 2020, 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.
Referenced Reporting Guidelines	'This report has been prepared in accordance with the GRI Standards: Core option';
Reporting Cycle	Annual; (July 2019 to June 2020)
Reporting Period	The financial years (July 1st, 2019 to June 30th, 2020)
Date of the Previous Report	Biennial Corporate Responsibility Report 2018-2019, issued 7 July 2020.
Date of Previous Report Audit (Internal/ External)	The Company's Corporate Responsibility Reports have never been audited by a third party and largely follow a self-audit theme.
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/2020/10/CSAPL-CRR-Report-2020.pdf

ABOUT THE COMPANY

OUR VISION AND MISSION DEFINE THE PURPOSE AND GOALS OF CRESCENT STEEL. TOGETHER WITH THE BUILDING BLOCKS OF OUR CORE VALUES, THEY DRIVE AND INFORM 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 and,
- Conduct business as a responsible corporate citizen and support local communities in areas where we operate

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

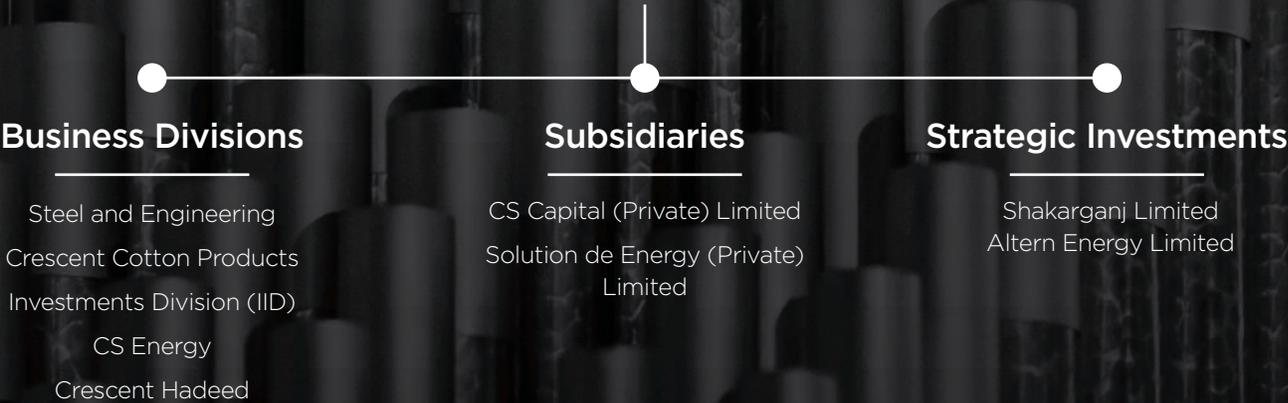
ALL OUR BUSINESS OPERATIONS ARE STRUCTURED AS SEPARATE UNITS WITHIN CRESCENT STEEL AND AS SUBSIDIARY UNITS. THE COMPANY OPERATES FIVE DIVISIONS: STEEL AND ENGINEERING, CRESCENT COTTON PRODUCTS, INVESTMENT AND INFRASTRUCTURE DEVELOPMENT (IID), CS ENERGY AND CRESCENT HADEED.

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. CS Capital forms part of the IID Division as a standalone investment holding company.

Additionally, the Company holds strategic investments in energy through investments in Altern Energy Limited (17.5% minority stake) and Solution de Energy (100% subsidiary with investments in the 100 MW solar project) - aggregate strategic investments in energy translate into 153 MW.



Crescent Steel and Allied Products Limited



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



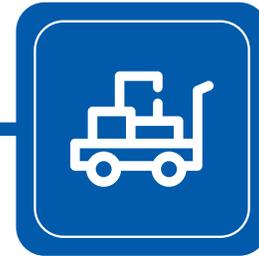
MARKETING AND SALES

Relationship Management

Participation in tenders

Demand Planning

Market development and needs assessment



PROCUREMENT

Raw Material Imports

Inbound Logistics

Relationship Management

OUR PROFIT BLUEPRINT

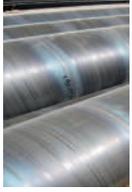
REVENUES

- 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 melt shop 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 10-15)



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



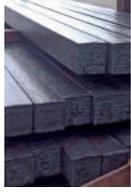
Steel scrap
Sectors served:
 Engineering
 Steel remelting units



Quality Assurance Laboratory
Outputs:
 Quality
 Reduced turn around times



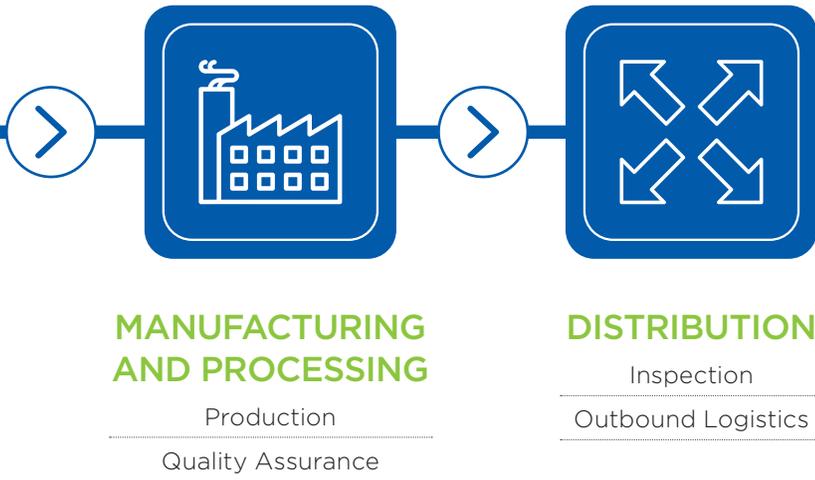
Bio energy/
 Renewable energy
Sectors Served:
 Manufacturing units



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

SHAREHOLDERS

- Consistently deliver
- Reasonable returns from well managed Operations and through acquisitions and Organic growth in response to market opportunities

VALUE PROPOSITIONS

EMPLOYEES

- Comprehensive compensation and benefit plans
- Employee development
- Innovate and grow

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 corporate culture and management systems.

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.

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 12 inch thickness for SP-1600 and diameter of 40 inches with 58 inch thickness for SP-2003.

The actual production achieved during the year was 7,965 tonnes (2019: 12,287.5 tonnes) line pipes of varied sizes and thickness. Actual production is equivalent to 34,527 tonnes (2019: 21,310.9 tonnes) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

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.

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 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 ten hour shifts. We coated 128,416 meters (2019: 434,494 meters) of different dia pipes 88,647 square meters surface area (2019: 340,745 square meters surface area) was achieved during the year. Reason for underutilization was lack of coating work orders in hand.

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 Dalowal, 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 has 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

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.

- Evaporators with Stainless Steel Multi-jet Condensers
- Crystallizer "U" shape
- Stainless Steel Spray Clusters for Spray Pond
- Hydraulic Tilting Trolleys for Cane Harvesting
- High Voltage Transformer Tanks
- Fabrication and Erection of Heavy Duty Crane Girders
- Fabrication and Erection of Steel Structure, Hood Duct Line with Chimney of Air Pollution Control
- Juice Heaters, Vapour Juice Heaters
- Batch and Continuous Vacuum Pans
- Centrifugal Machines
- Deep Bed Filters Milk Silos
- Perforated Plates and Vibro Screens for Paper Plants

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

- High Pressure Boilers
- Fabrication and Erection of Steel Structure of Continuous Casting Machine
- Girders for Overhead Cranes

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 10,894 metric tonnes [FY19: 29,162 metric tonnes] of billets Unit operated only for about four months on self-generated (Inter division) power supply that was only compatible during crushing season. Production was suspended for rest period of eight months because of no alternative power supply arrangements.

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

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.

sectors. The unit was set up with the mission to provide high-quality, sustainable steel construction materials for national infrastructure development requirements.

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 1,872 million [FY19: 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 449.40million [FY19: 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 plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,080 shifts is 9,197,007 kilogram (2019: 9,197,007 kilograms). Actual production converted into 20s count was 7,190,635 kilograms for 921 shifts (2019: 9,087,295 kilograms for 1,092 shifts). 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 fibre (PSF) from local and foreign producers. The fibre 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 ginners



Ginners 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 70,156 tonnes of bagasse [FY19:108,163 tonnes], 136,633 tonnes of water [FY19: 220,492 tonnes] and 131,851 tonnes of Steam [FY19: 208,304] were used for the generation of 16,341 MWh of renewable power [FY19: 31,017 MWh] of which 7,360 MWh [FY19: 20,404 MWh] and was supplied to Crescent Hadeed, and 8,830 MWh to SML-Bhone, respectively while 125,707 tonnes [FY19:121,146 tonnes] of low-pressure steam was also supplied to Shakarganj Limited.



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

SUPPLY CHAIN POWER



Sugarcane grown and harvested by local farmers



Sugar mills procure and process sugarcane

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 Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and currently the Company is in the phase of completing the requirements specified in LOI. Further, the Company has been allocated Land from PPDB. The interconnectivity study report was vetted and approved by National Transmission & Dispatch Company (NTDC). During the current year, the Company has been granted electricity generation license from National Electric Power Regulatory Authority (NEPRA) for its 100MW Solar Power

AN OVERVIEW OF OUR PERFORMANCE OVER THE YEARS

- Rs. 331.8 million gifted to support The Citizens Foundation and help educate Pakistan since 1995 at an average rate of Rs. 13.2 million per year. This translates to 3.32% of PBT for the period.
- ROE over 10 years is 8.20%
- Sales growth of 0.31% 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 more than 150 tonnes of CO₂ which is equivalent to burning approximately 20,000 gallons of gasoline



ECONOMIC

2020

- LPS: Rs. 0.26
- ROE: (0.3)%
- Total sales of Rs. 3,822 million with a gross profit margin of 1.3%
- Loss before taxation, Rs. 283 million with a net loss margin of 0.3%
- Taxes of Rs.263 million, 6.9 % of sales
- Remuneration to employees constitutes 11.1 % of revenue
- Goods and services purchased constitutes 81% of Sales
- 126.854 km of quality line pipes supplied on time, for national energy infrastructure projects

2019

- 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

2020

- 778 employees across locations in which we operate
- 18.9% employees in formal training programs; average training of 0.93 hours per employee across all tiers
- 313+ local, 49+ foreign contractors /service providers

2019

- 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 45+ foreign contractors /service providers



COMMUNITY

2020

- 11 students supported through tertiary sponsorships in Pakistan and abroad
- 907 hours volunteered
- Rs. 1.07 million gifted to support good causes in education during the year
- Rs. 1.6 million in value distribution, a decrease of 35% from the prior year

2019

- 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



ENVIRONMENT

2020

- Energy consumption (GJ): 159,970 ; Self-generated:(GJ) 79,998 National grid: (GJ) 79,972
- Energy Supplied outside the business: (GJ) 31,788
- GHG emission decreased by 4,766 tonnes of CO₂
- 15,000 ml of blood collected from donors during the year. 30 employees participated in blood drives held at the Head Office and our campus in Nooriabad.

2019

- 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 emission
- 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

2020

- Awarded with a certificate of merit for the Best Corporate Report 2019 in the Engineering and Autos Sector.
- Ranked first in the Diversified Holdings Sector by SAFA under the Best Presented Annual Report Awards for 2019

2019

- 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

- 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
- Pakistan Centre for Philanthropy



EXTERNAL INITIATIVES

- API Specification Q1 and API 5L
- ISO 9001:2015, 14001:2015
- OHSAS 18001:2007
- GRI's Framework

AWARDS AND ACCOLADES

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 2019.

ICAP AND ICMAP BEST CORPORATE REPORT AWARD 2019

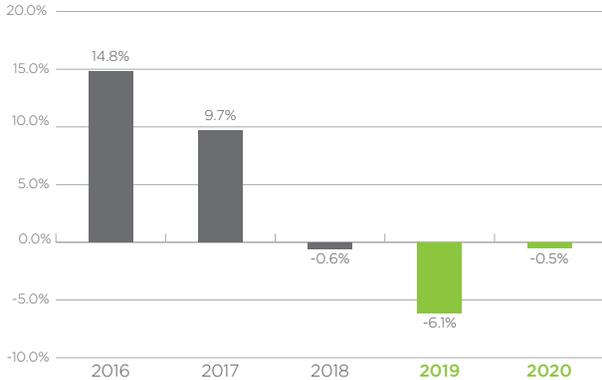
The Annual Report of the Company for the year 2019 secured a certificate of merit in the Engineering and Autos Sector.



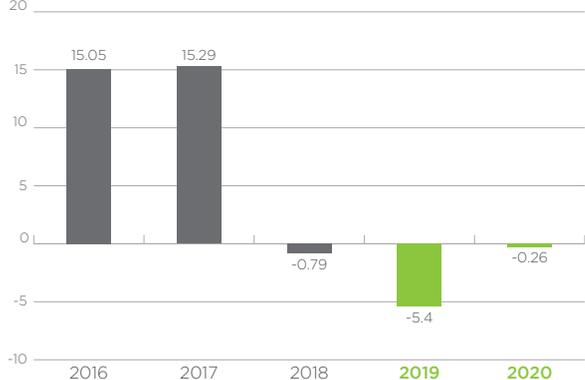
SUSTAINABILITY PERFORMANCE

ECONOMIC PERFORMANCE

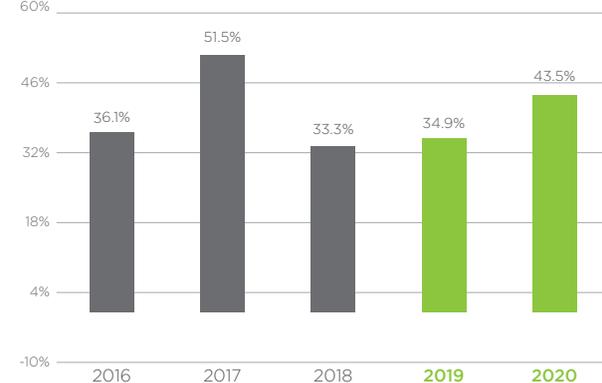
NET PROFIT MARGIN TO SALES



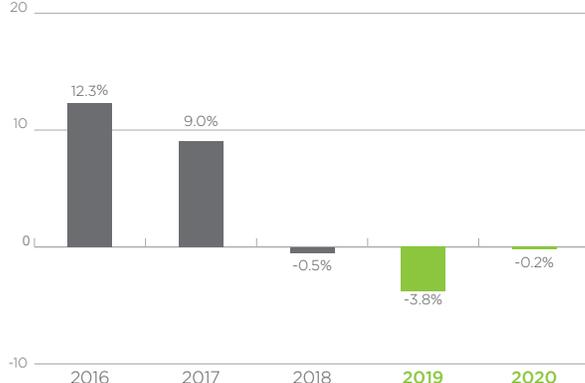
EARNING PER SHARE



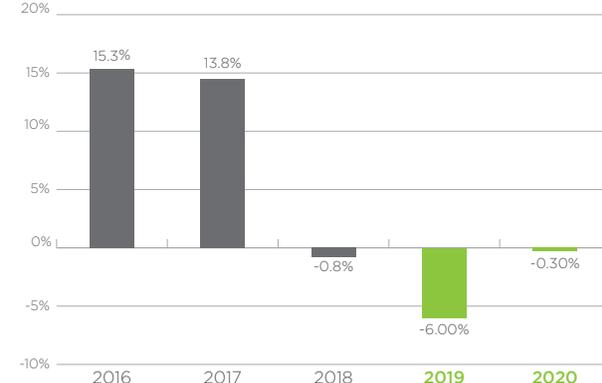
TOTAL LIABILITIES TO TOTAL ASSETS



RETURN ON ASSETS



RETURN ON EQUITY



DEBT TO EQUITY

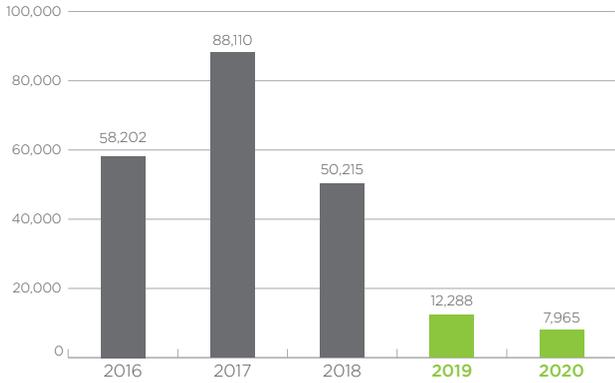


The variance in net profit margins and EPS is mainly due to exclusion of dividend income from associated companies and losses incurred by subsidiaries.

PRODUCTION INFORMATION

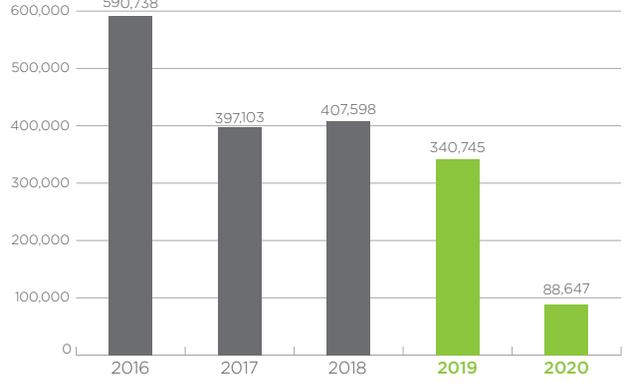
STEEL PIPES

(Tonnes)



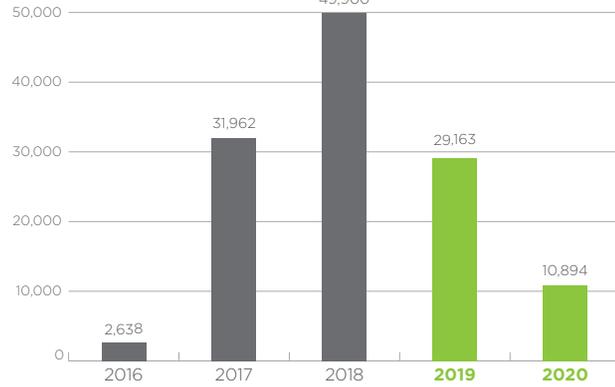
LINE PIPE COATINGS

(Sq Meter)



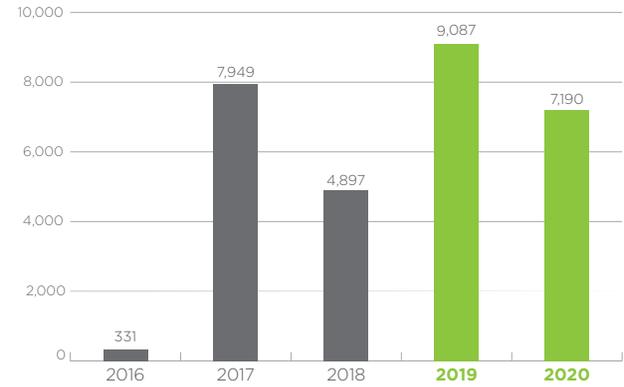
STEEL BILLETS

(Tonnes)



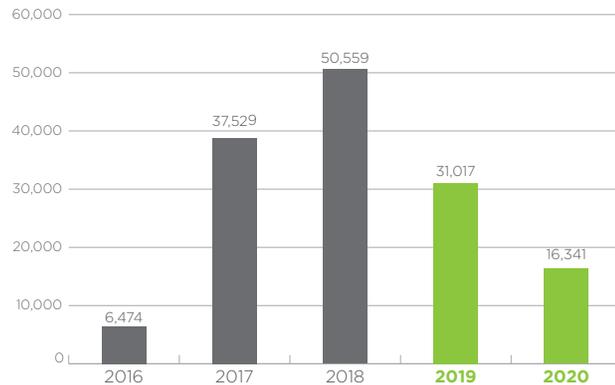
YARN

('000Kg)



ENERGY

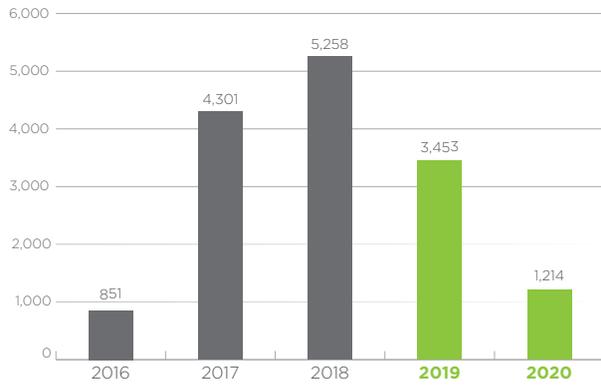
(MwH)



WEALTH GENERATED AND DISTRIBUTED

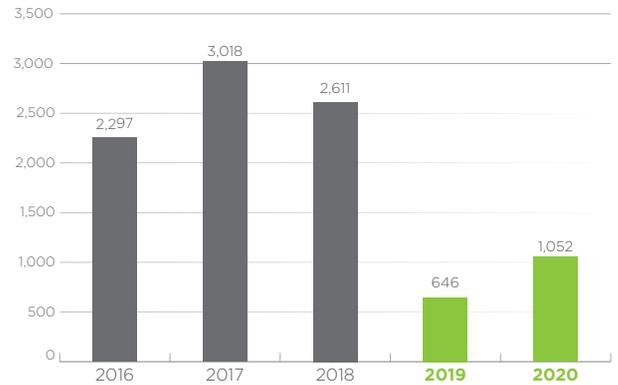
NET WEALTH GENERATED

Rs. in million



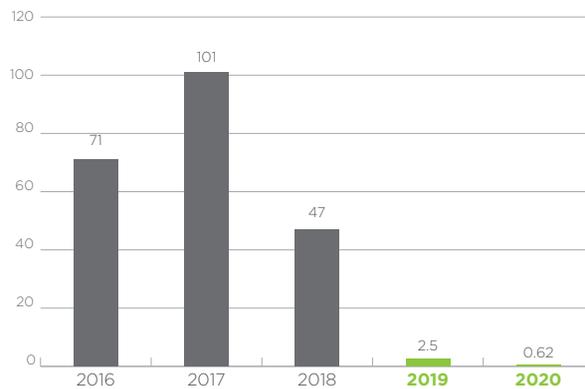
CONTRIBUTION TO EXCHEQUER

Rs. in million



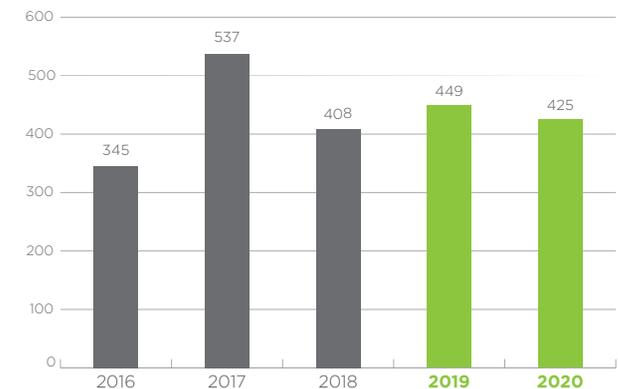
SOCIAL INVESTMENTS

Rs. in million



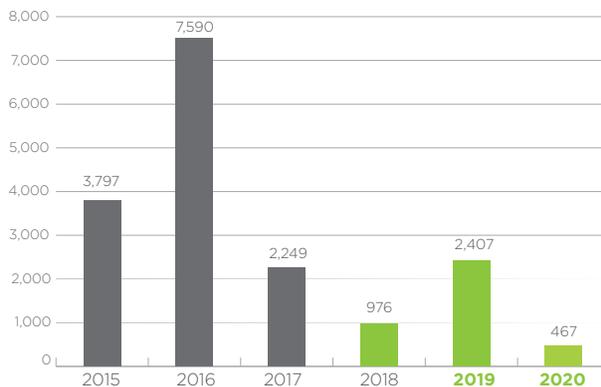
CONTRIBUTION TO EMPLOYEES

Rs. in million



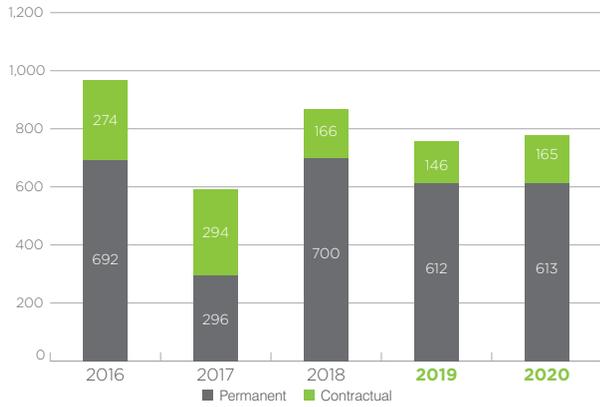
TRAINING EXPENSE

Rs. ('000)



WORKFORCE INFORMATION

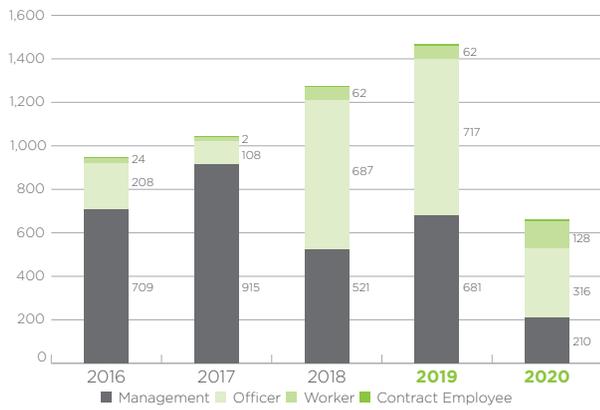
NUMBER OF EMPLOYEES



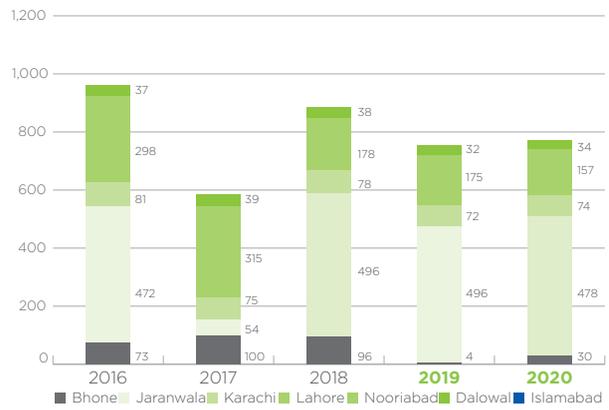
NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE



TRAINING HOURS BY EMPLOYMENT TYPE



WORKFORCE BY REGION



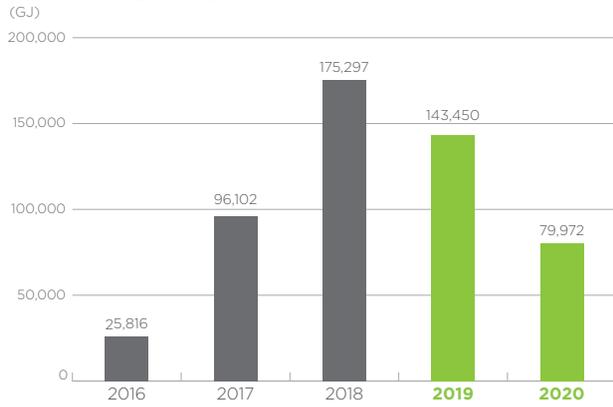
Note:

- 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.

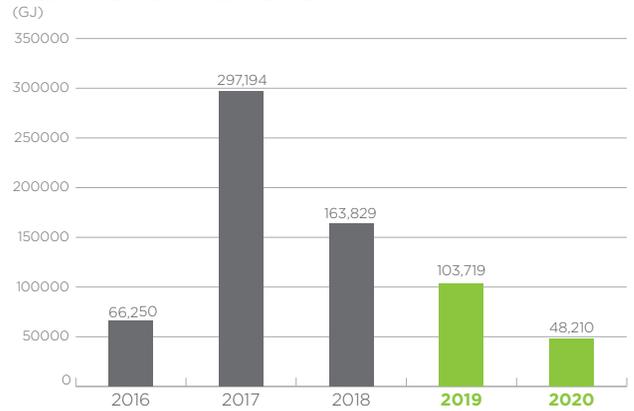
- The significant increase and decrease in the workforce over the years is on account of the cyclic nature of the business.

ENVIRONMENTAL PERFORMANCE

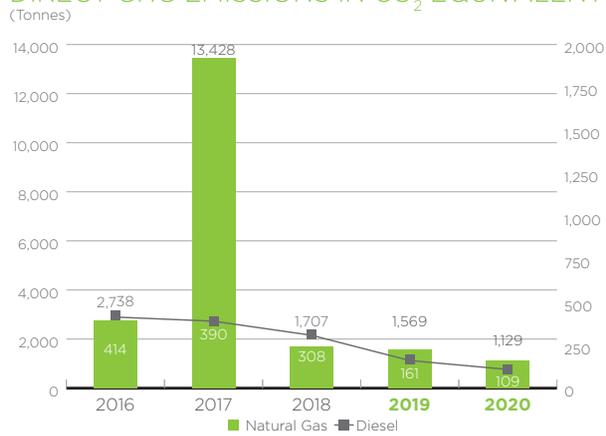
NATIONAL GRID



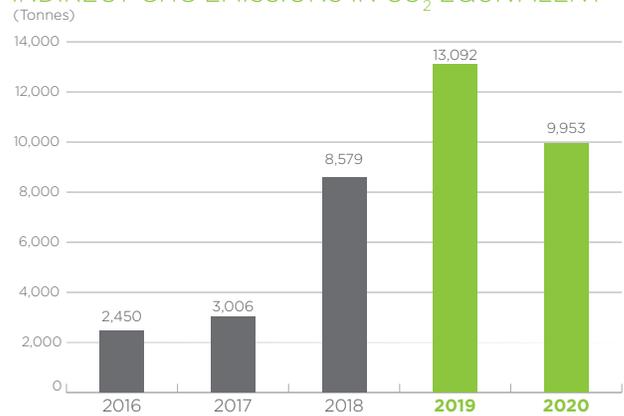
SELF GENERATED ENERGY



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 2020 stands at Rs. 1,643 million

	2020	2019	2018	2017	2016
Economic value generated	(Rs. in millions)				
Total Revenue	4,744,061	7,662,017	11,660,156	15,023,072	9,337,070
Bought-in-material and services	(3,101,110)	(6,448,043)	(8,206,962)	(9,765,204)	(5,036,026)
Value generated	1,642,951	1,213,974	3,453,194	5,257,868	4,301,044

Economic value distributed

Employees' Salaries, wage, and other benefits	425,442	449,486	407,939	536,666	345,057
Value per Share	5.48	5.79	5.25	6.91	4.44
Government Income tax, sales tax, customs duties, WWF and WPF	1,051,944	645,695	2,610,709	3,018,268	2,296,860
Value per Share	13.55	8.32	33.63	38.88	29.59
Shareholders Dividend*	-	-	155,265	407,571	388,163
Value per Share			2.00	5.25	5.00
Provider of Finance Finance cost	315,109	317,819	263,964	204,626	253,921
Value per Share	40.59	40.94	3.40	2.64	3.27
Society Donation towards education, health, and environment	618	2,836	35,087	80,813	70,892
Value per Share	0.08	0.37	0.45	1.04	0.91

Economic value retained

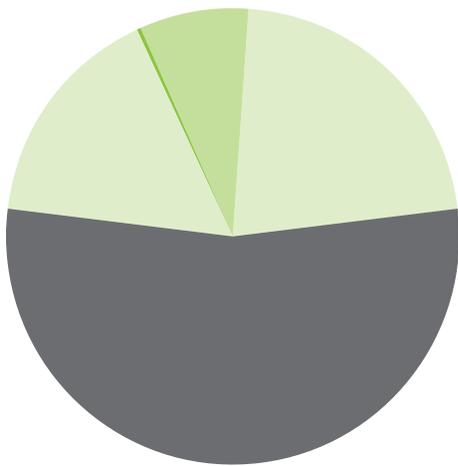
Depreciation, amortization and retained earnings	(150,162)	(201,862)	(19,770)	1,009,924	946,151
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	2020	2019	2018	2017	2016
Value distributed per share	23.10	18.24	44.74	54.72	43.22
Value generated per share	21.16	15.64	44.48	67.73	55.40

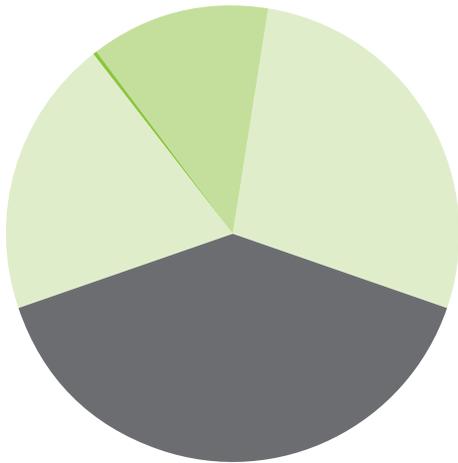
* This includes final dividend recommended by the Board of Directors subsequent to year end.

In 2020, Crescent Steel received indirect financial assistance from government under the State Bank of Pakistan's (SBP) "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concern", and received certain tax concessions as per applicable laws

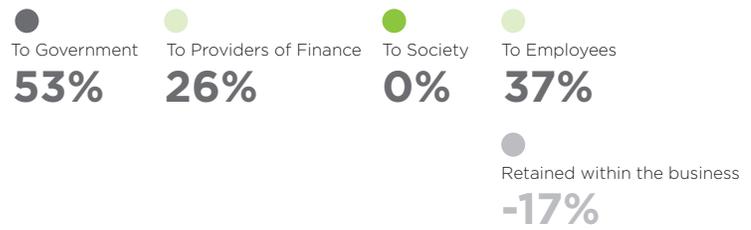
DISTRIBUTION OF WEALTH



2020



2019



SUMMARY DATA AND PERFORMANCE INDICATORS

For the current and past six financial year(s)

PERFORMANCE INDICATORS	2020	2019	2018	2017	2016	2015
A - Profitability Ratios						
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	260.9	189.0	635.7	2,008.4	1,914.4	389.4
(Loss) / profit before taxation and depreciation (Rs. in millions)	(54.4)	(131.5)	368.1	1,798.5	1,653.4	295.1
Gross (loss) / profit ratio (%)	1.3	(1.8)	5.4	13.7	26.6	0.9
Operating (loss) / profit margin to sales (net) (%)	(3.7)	(6.5)	3.3	10.0	18.6	2.2
Net (loss) / profit margin to sales (net) (%)	(0.5)	(6.1)	(0.6)	9.7	14.8	8.7
EBITDA margin to sales (net) (%)	6.8	2.8	6.4	16.3	25.3	16.9
Operating leverage ratio	3.8	3.6	4.0	0.0	2.6	1.6
Return on equity (%)	(0.3)	(6.0)	(0.8)	13.8	15.3	3.7
Return on average equity (%)	(0.3)	(5.8)	(0.8)	14.9	17.7	3.8
Return on capital employed (ROCE) (%)	0.3	(0.5)	4.1	14.9	17.1	4.2
Return on average capital employed (%)	0.3	(0.5)	3.7	16.1	21.5	4.4
Return on average assets (%)	(0.2)	(3.8)	(0.5)	9.0	12.3	3.1
B - Liquidity Ratios						
Current ratio	1.1 : 1	1.2 : 1	1.4 : 1	1.5 : 1	1.6 : 1	1.9 : 1
Quick / Acid-test ratio	0.6 : 1	0.9 : 1	0.9 : 1	0.9 : 1	0.9 : 1	1.4 : 1
Cash to current liabilities (%)	(14.6)	(33.6)	(6.6)	(5.8)	(6.8)	(18.9)
Cash flows from operations to sales (%)	(36.6)	(1.2)	15.2	(0.4)	(31.0)	4.1
Working capital (Net current assets)	487.3	499.4	1,753.8	2,949.6	2,095.1	929.3
Working capital turnover (times)	7.7	6.1	4.2	4.9	5.0	2.2
C - Activity / Turnover Ratios						
Debtors turnover ratio (times)	23.7	76.7	20.4	18.0	28.4	30.7
No. of days in receivables / Average collection period (days)	15	5	18	20	13	12
Inventory turnover ratio (times)	2.6	4.5	3.3	3.6	3.7	5.3
No. of days in inventory (days)	143	81	110	102	98	69
Creditors turnover ratio (times)	14.1	10.1	6.7	11.2	16.6	8.5
No. of days in creditors / Average payment period (days)	26	36	54	33	22	43
Property, plant and equipment turnover (times)	1.7	2.7	3.8	4.8	3.1	1.1
Total assets turnover (times)	0.3	0.7	0.8	0.8	0.7	0.3
Operating cycle (days)	132	50	74	89	89	38
D - Investment / Market Ratios						
Basic and diluted earnings per share (Rs.)	(0.26)	(5.40)	(0.79)	15.29	15.05	2.87
Price earnings ratio (times)	-	-	-	15.6	7.6	18.1
Price to book ratio	0.5	0.4	0.9	2.2	1.2	0.6
Dividend yield (%) *	-	-	2.2	2.2	4.4	1.3
Dividend payout ratio (%) *	-	-	(252.5)	34.3	34.6	21.7
Dividend cover ratio (times) *	-	-	(0.4)	2.9	3.0	4.1
Cash dividend (Rs. in millions) *	-	-	155.3	407.6	388.2	43.5
Cash dividend per share (Rs.) *	-	-	2.0	5.3	5.0	0.7
Market value per share (at the end of the year) (Rs.)	45.5	37.8	91.2	238.6	114.6	51.9
- Lowest during the year (Rs.)	27.8	27.4	89.8	116.0	54.6	34.9
- Highest during the year (Rs.)	58.7	101.9	229.4	283.1	134.8	62.4
Break-up value per share (Rs.)	90.3	89.6	98.1	110.8	94.3	86.8
Break-up value per share including RP investment at MV	92.9	96.2	121.4	148.7	93.6	86.3
E - Capital Structure Ratios						
Financial leverage ratio (%)	43.6	29.9	32.2	40.4	39.9	12.8
Long term debt to equity ratio (%) - Book value	3.6	4.0	4.6	4.5	6.4	5.3
Long term debt to equity ratio (%) - Market value	7.2	9.6	5.0	2.1	5.3	8.8
Cost of debts	12.2	12.3	8.0	8.4	8.4	10.9
Long term debt : Equity ratio	4 : 96	4 : 96	4 : 96	4 : 96	6 : 94	5 : 95
Total liabilities to total assets (%)	37.96	29.4	36.8	41.9	36.0	21.1
Gearing ratio (%)	30.2	22.8	22.8	28.3	28.0	9.8
Interest coverage (times)	0.1	(0.1)	1.6	8.8	6.9	2.9

* 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. 4.74 billion [FY19: Rs. 7.66 billion] of which Rs. 3 billion [FY19: Rs. 6 billion] constitute as payments to suppliers; a value addition of 35% or Rs. 1.6 billion [FY19: 16% or Rs.3.5 billion]

During the year, from the Steel Division and Engineering unit operations we produced 7,965 tonnes of steel pipes [FY19: 12,287.5 tonnes], applied 128,416 meters [FY19: 434,494 meters] of line pipe coatings and fabricated and sold 568 units of machinery and other equipment [FY19: 6,544 units]

The Cotton Division purchased 2,009.95 tonnes of cotton and 2,990.39 tonnes polyester [FY19: 2,399.26 tonnes Cotton and 3,165.82 tonnes Polyester] and produced 4527.74 tonnes of yarn in FY20 [FY19: 5,617.65 tonnes]. The division also exported nil meters of fabric in FY20 [FY19: Nil].

Through CS Energy we generated 58,828 GJ [FY19: 111,660 GJ] and sold 58,282 GJ of power in [FY19: 103,006 GJ]. Steam as a byproduct of power generation, we produced 131,851 tonnes [FY19: 208,304 ton] of which we sold 125,707 tonnes [FY19: 121,146 tonnes], and reused the remainder in the power generation process through a condensing turbine.

Crescent Hadeed manufactured 10,894 tonnes [FY19: 29,162 tonnes] and sold 10,894 tonnes [FY19: 32,517tonnes] of steel billets during the reporting period.

In 2020, through our capital markets segment we made investments of Rs. 15.06 million [FY19: Rs. 88.71 million] and realized loss of Rs. 4.14 million [FY19: Rs. 45.76 million] through sale of investments. We made profit through dividend and rental income Rs. 30.78 million [FY19: 43.99 million].

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 year these stood at Rs. 1.1 billion [FY: 19: Rs. 0.6 billion].

We have defined Benefits and Contribution Plans for our employees and during the year we distributed Rs. 425 million in wages and benefits to our workforce of 778 employees [FY19: 449 million in wages and benefits to our workforce of 759 employees]

We distributed Rs. 0.62 million [FY19: Rs. 2.5 million] in the form of community investments and, Rs. 315 million [FY19: Rs. 317.2 million] to capital providers as interest and dividend payments.

Other Operating costs for the year were 0.68 % of total revenue at Rs. 3,822 million as compared to 1.04% of total revenue at Rs. 6,854 million in FY19. 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 FY20 gross profit margins decreased at 1.3% which was lower as compared to FY19 in which it stood at 5.4% While, net profit margin decreased to (0.4%) as compared to 3.5% in FY19 on account of a slowdown in business activity and plant idling.

In FY20 gross profit margins stood at 1.3% which was higher than last year. While, net loss margin decreased to 0.5 % as compare to 6.1%.

Consequently, return on equity and capital employed moved from (0.3%) from 2.7% and 2.3% to 3.6% respectively in comparison with last year

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 206-208)

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 09 of the Annual Report 2020.



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 2020. 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.

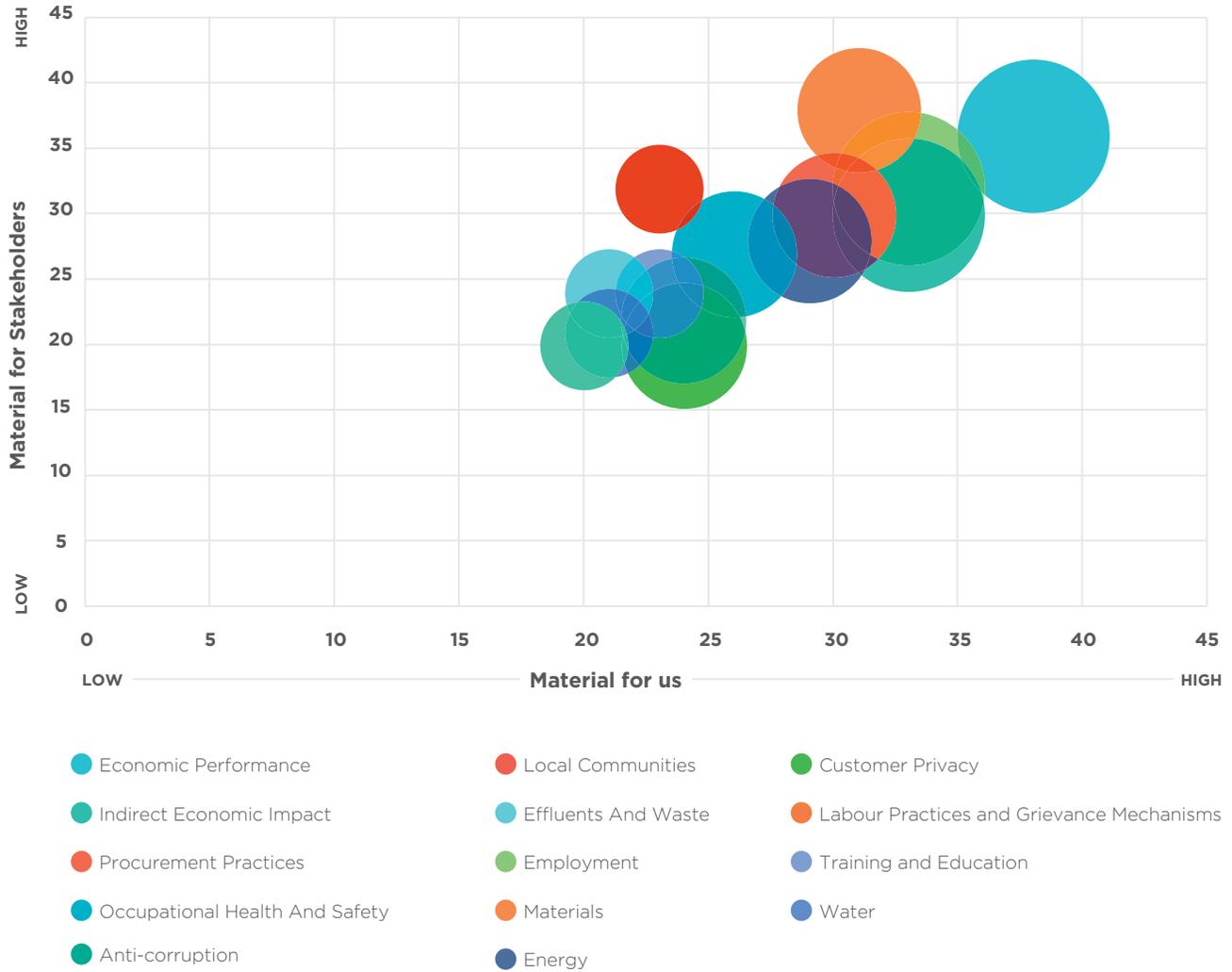
ECONOMIC
Economic Performance
Indirect Economic Impact
Procurement Practices
Market Presence

ENVIRONMENTAL
Energy
Materials
Effluents and Waste
Water

SOCIAL
Employment and Labor relations
Health and Safety
Customer Privacy
Anti-Corruption
Labor Practices and Grievance
Local Communities
Training and Education
Compliance

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	CSAPL	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	CSAPL	Community, government
	Company's strategic direction enhances business opportunities through local suppliers to contribution in economic development.	Procurement Practices	GRI 204-1	CSAPL	Our Suppliers, Community, Government
Environmental	Environmental impacts in view of use of non-renewable resources for energy production.	Energy	GRI 302-1	CSAPL	Community
	Depleting raw material resources affecting finite resources	Materials	GRI 301-1	CSAPL	
Social	Compliance with laws and regulations leads towards better productivity in line with diversified workforce	Employment and labor relations	GRI 401-1	CSAPL	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	CSAPL	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 YEAR 2020
 <p>End poverty in all its forms everywhere</p>	To promote social entrepreneurship and tertiary education to enhance the employability of our people and of Pakistanis at large.	<p>Collaborated with The Citizens Foundation to sponsor tertiary education of TCF Alumni.</p> <p>Provided counselling to TCF students via the Rahbar Program.</p>
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	Contribute towards food security and distribution programs/centers.	All excess food from the Head Office Mess is distributed to underprivileged near the Head Office.
 <p>Ensure healthy lives and promote well-being for all at all ages</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>With the help of the Health Foundation, a total of 8,445 people were sensitized regarding Hepatitis B and C protection and prevention through 239 targeted community awareness sessions. 1,781 Hepatitis C patients were treated.</p> <p>Donated 15,000 ml of blood through the Indus Hospital Blood Drive held during the year.</p> <p>In collaboration with Shaukat Khanum Memorial Cancer Hospital, an awareness session was organized for Crescent Steel employees to reduce the stigma around breast cancer.</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.</p> <p>We selectively support programs for tertiary education, especially when those resources may be absorbed into our businesses.</p>	Our contributions helped educate 11 students in 2020, of this 7 were TCF students and the rest are children of our employees.
 <p>Achieve gender equality and empower all women and girls</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.	19% of our employees across our corporate offices were females. 20% of the executive management team and 15% of management roles were filled by women. 3% of our workforce consists of minorities.
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	We aim to conserve, reuse and recycle water at every opportunity.	We reused 34.93% of water consumed in 2020 across all our campuses.
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	To manage our energy consumption, reduce our dependency on the national grid and mitigate the risk of recurring power outages.	We continue to conserve energy through various means and advocate to develop a culture of energy conservation in the organization.

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2020
 <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 778 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>The line pipes we supply are used in hydrocarbon transmission to businesses and households across the country. To date we have supplied 3,802 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 89% of new entrants represent rural communities and 85% 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. To date we have planted 1,700 mangroves which have reduced our carbon footprint by 31.32 tonnes.</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>During the year, we planted 325 trees. Over the years our plantation size has increased to over 25,548 trees. These trees will help reduce our carbon footprint by 150+ tonnes annually.</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



1,798
Million in wealth distribution



70,156
tonnes of bagasse and 6,144 tonnes of steam used to generate 16,341 MW renewable power



15,000
ml of blood donated



126.854
KM of quality line pipes delivered



Supported
7
TCF students



325
trees and mangrove saplings planted



19%
female representation across our corporate offices



79,998 GJ
of self-generated electricity, 7,965 tonnes of steel pipes and 10,894 tonnes of steel billets produced.



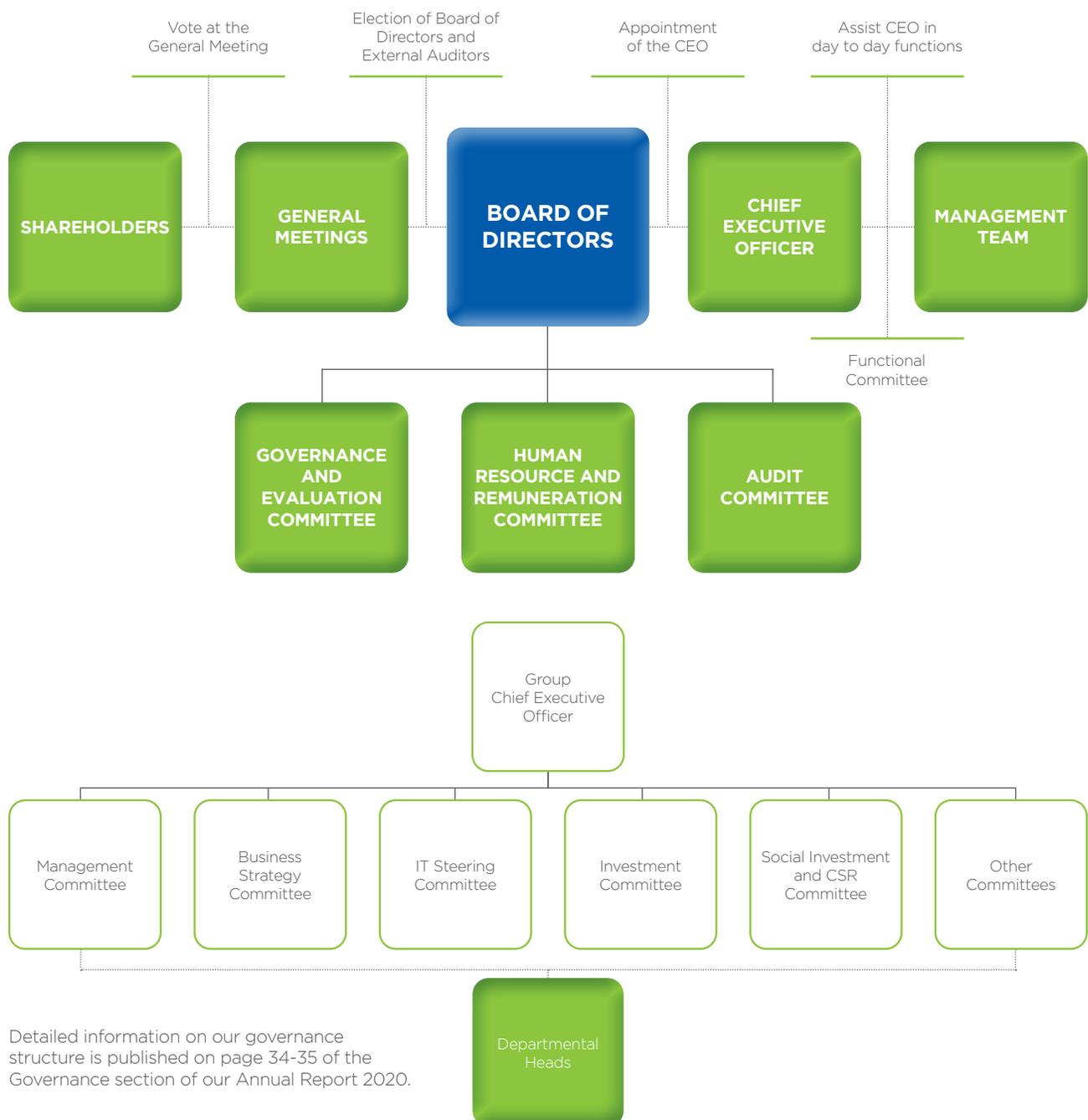
9.50M
litres of water reused



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 34-35 of the Governance section of our Annual Report 2020.

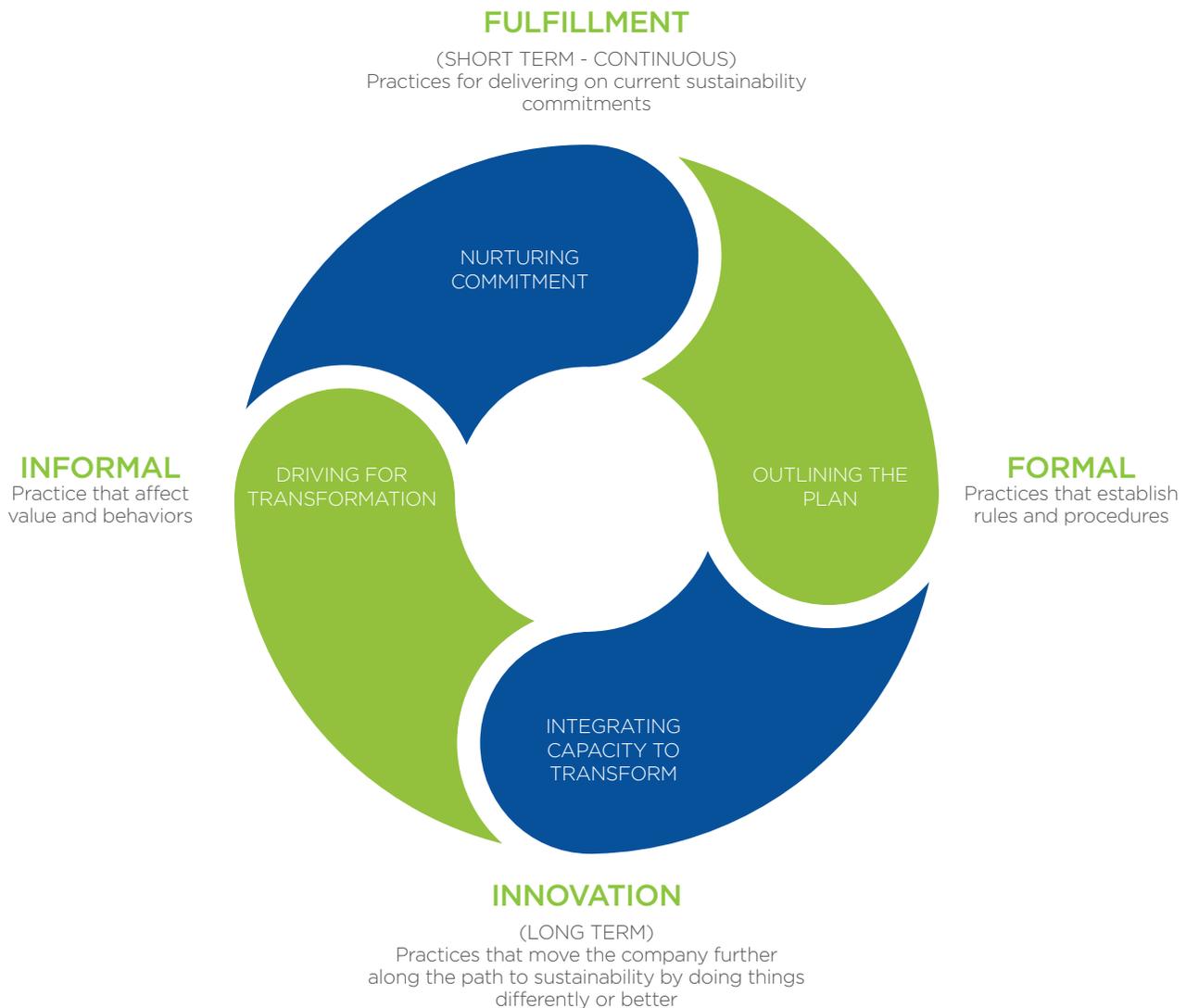
MONITORING AND EVALUATION

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 2021 and beyond include:



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 17,031 metric tonnes [FY19: 1,330 metric tonnes] of hot rolled coils and 109 metric tonnes [FY19: 464.25 metric tonnes] of coating material. 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 17,911 metric tonnes [FY19: 92,285] of ferrous scrap for our melting operations, Purchased Raw Cotton 61 metric tonnes bales locally and 135 metric tonnes imported bales of raw cotton Polyester Local 2,503.2 metric tonnes Bales, Polyester Imported 2,503.2 Bales import in FY20.

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.

In 2020 there were no such significant change in the supply chain structure. Mainly material for production import from Asia, Europe and Middle East countries. China, Turkey, UAE, Afghanistan, Germany.

Logistics play key role in company supply chain, the Company work closely with its inbound and outbound logistics from raw material and scrap metal shipment from Karachi Port to our plants to supports the movement and flow of procurement to end user sale. Company imbedded its values throughout the supply chain to pursue on economic, environmental and social priorities with its suppliers and customers.

TYPE AND NUMBER OF SUPPLIERS ENGAGED 2020			
Operational Area	Local	Import	Total
Steel Division	128	18	146
Cotton Division	29	1	30
Corporate Division	105	9	114
IID/CS Capital	9	-	9
Crescent Hadeed	40	21	61
CS Energy	2		2
Total	313	49	362

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

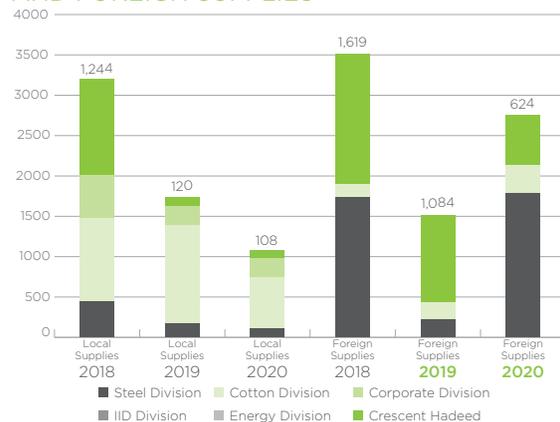
worked with our local partners to develop and enhance expertise and capabilities to fabricate spares locally, in order to reduce the volume of imports. The core objective of our Supply Chain function is to reduce throughput time by minimizing the use of intermediaries, and by enabling supply chain depth 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:

	RS. IN MILLION	RS. IN MILLION
Purchases in 2020		
Local Vendors	1,083	28.2%
Foreign Vendors	2,758	71.8%
	3,841	100%
Purchases in 2019		
Local Vendors	1,755	53.7%
Foreign Vendors	1,517	46.3%
Total	3,272	100%

LOCAL 28.2% AND FOREIGN 71.8%

COMPOSITION OF LOCAL AND FOREIGN SUPPLIES



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

Needs and Expectations



STAKEHOLDER GROUP

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

Stakeholder Group	Areas Identified	Our Response
1. 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. 726 hours of training in FY20 [FY19: 1,471 hours]. Subsidized benefits and facilities.
2. 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
3. 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
4. Shareholders and Investors <small>Self-assessed through informal consultations</small>	<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
5. Local Community <small>Self-assessed through informal consultations</small>	<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.

¹ Formal 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

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

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

Office rituals are encouraged at sites. These include brief birthday celebrations, farewells and get-togethers. Various engagement activities including community relations and internal sport tournament help foster a more participative work environment.

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

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

An internal newsletter highlights latest developments and activities quarterly and internal communications desk enables effective communication with staff.



EXTERNAL STAKEHOLDERS

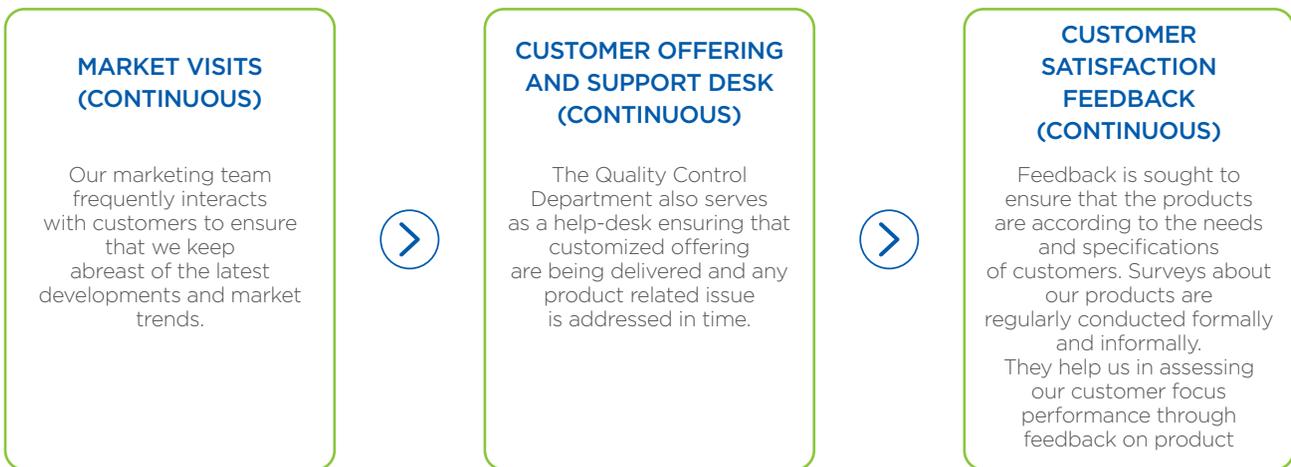
CUSTOMERS

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

2020 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 2020.

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)

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

ANNUAL GENERAL MEETING

This meeting provides a platform for stakeholder engagement

QUARTERLY, HALF-YEARLY AND ANNUAL REPORTS

Reports are uploaded on the website and are available in print on request

PRESS RELEASES (AS REQUIRED)

Updates of potential interests are published for our stakeholders via press releases

INVESTOR INTERACTIONS (AS REQUIRED)

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 our primary objective. 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 year 2020 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 year. 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
Monitoring and Evaluation visits to TCF Schools	August to September 2019
Breast Cancer Awareness Session	October 2019
TCF Illmathon	February 2020
Crescent Cares Week	February 2020
Indus Hospital Blood Drive	February 2020
Visit to Burns Centre	February 2020
TCF Students visit to Head Office, Bhone and Jaranwala Factories	February 2020
Visit by Make a Wish Foundation	February 2020
WWF Earth Hour	March 2020

HUMAN CAPITAL

Crescent Steel's success is fundamentally based on its human and intellectual capital. Since its establishment, Crescent Steel has sought to deliver new value for its customers. In these efforts, we recognize that our employees are our most valuable assets. Employees are important stakeholders in our business and their learning and development is of paramount importance to us.

Our employees are the face of the company, manning the front lines while interacting with consumers. We encourage our employees to achieve their goals, meet deadlines, uphold quality and satisfy customers. Hence, 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 aim to create a culture that is based on fairness and respect and are committed to creating a rewarding workplace for our people by encouraging personal development, recognizing good performance and providing equal opportunities for all.

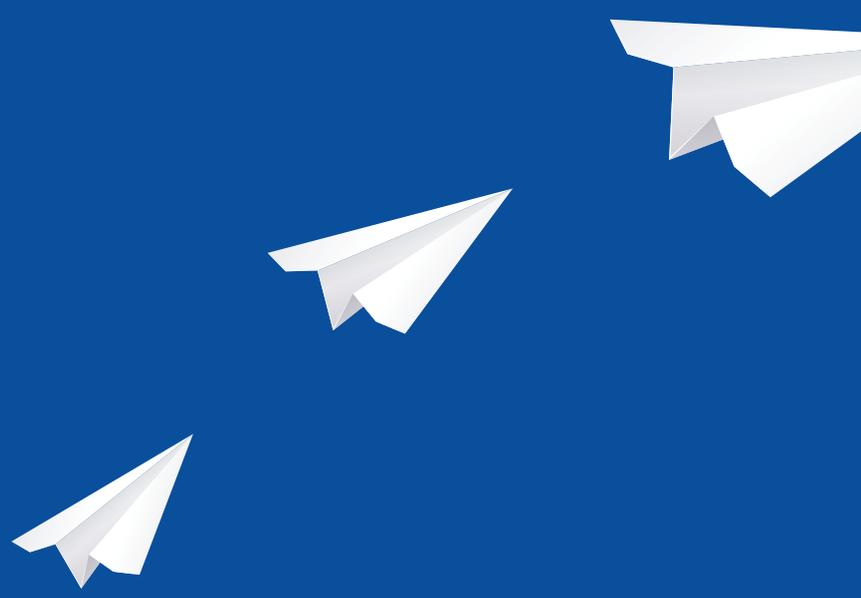
In all our operations, we recognize that our employees and contractors require:

- 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 strategies and policies are designed to strengthen the organization's human capital, develop our corporate culture, improve our working environment and uphold our values.

We foster a culture that supports transparency and open communication, where every employee enjoys the freedom to give feedback and raise complaints and grievances with ease. We evaluate the results of our employee engagement initiatives and opinion surveys to get better insights regarding employee needs. Our human resource function is subject to regular monitoring by an independent internal audit function that identifies implementation and policy gaps.





GOALS AND OBJECTIVES FOR 2020 - 2022

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

- Focus Groups to address key issues identified by the Employee Opinion Survey
- 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
- Improve our appointment of women by 25 percent by the financial year 2022 (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 by 2021
- 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

Employee involvement plays a big role in today's ultra-competitive business world. And rightfully so – an organization's failure or success mostly relies on its employees.

Our people are at the very heart of our business. Our operations, activities and our success all relies on our people. For us to grow and prosper, we ensure our employees are engaged to the extent where they feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work. We ensure our employees are provided with opportunities to develop, learn and grow.

Engaged employees are critical drivers of business success in today's competitive marketplace. Our core values and guiding principles develop a culture of engagement. They influence the way we work within the company and all our decision-making and will help us achieve our long-term vision.

For Crescent Steel to sustainably create value, it is essential that employees are fully aware and resonate with our purpose. Our aim is to align the aspirations of our people with those of the Company, encouraging a performance-oriented culture and a place where people love to work. We believe that an involved and motivated workforce can take a step forward in the right direction.

We make efforts to engage employees at all levels. We have maintained a central Communications Desk since 2013, 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.

Other communication vehicles include:

- Quarterly newsletter: Crescent Quarterly
- Physical suggestion boxes at all locations
- Electronic suggestion box on the Company's intranet
- Employee Opinion Surveys
- Open House

The physical and electronic suggestion boxes provide employees with a direct line to the CEO. Additionally, the annual Open House gives employees a chance to meet one on one with the CEO to share any suggestions or raise complaints anonymously.

Through the annual Employee Opinion Survey, we gain an understanding of our core strengths and opportunities to improve. The survey provides us insights on what matters to our people and by addressing those issues we can create a happy workplace for our people.

In 2020, our overall employee satisfaction index increased to 3.81/5 as compared to 3.67/5 in 2019. Our work environment, culture, management, strategy and values were identified as the core areas of strength while areas of concern included growth and compensation.

We also have a robust grievance and complaint mechanism 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. We ensure that such grievances are dealt promptly, fairly and in accordance with other related policies of the organization.

We aim to reach out to diverse talent and embrace the different skills, cultures, ways of thinking and experiences that talent brings. 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 encourages interdepartmental engagement and reinforces our core values.

LABOR MANAGEMENT RELATIONS AND GRIEVANCE MECHANISM

With increasing competitiveness and mounting pressure of accomplishing the business's strategic goals, it has become essential to have a good communication system between the workforce and the management.

Crescent Steel is a labor intensive organization with 75% of the total workforce comprising of worker grade

employees at our factory locations. The management is devoted towards building healthy relationships with the workers and goes beyond normal circumstances to facilitate them.

Implementation of policies relating to labor management, developed 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. The joint committee through mutual consent helps in achieving resolution to labor problems and ensures that workers are facilitated as per their job requirements. 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.

The Company also provides transportation, food and housing facilities (wherever applicable) to its workers in order to bridge the gap between the workforce and management.

There are no collective bargaining agreements in our Company.

DIVERSITY AND INCLUSION

We are committed to promoting diversity in the workplace and equal opportunities for all, based on merit. We recognize the benefits of a diverse workforce and see it as an organizational strength. Increasing appointment of women by 25% by the financial year 2022 (at corporate office locations), is an ongoing priority.

As on June 30, 2020, 19% or 15 of our employees across our corporate offices were females. 20% or 2 members of the Executive Management Team, 15% or 2 management roles were filled by women. 3% or 23 employees from our workforce consisted of minorities and for the Head Office minorities constitute 8% or 6 employees. 1% or 9 employees from our workforce comprised of differently abled persons. Over the last year 89% of new entrants represent rural communities and 85% of our total workforce is from rural Pakistan.

MARKET PRESENCE

During FY20, 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 functional heads are residents of local areas/regions.

EMPLOYEE DEVELOPMENT

Employee development is a strategic tool for an organization's continuing growth, productivity and ability to retain valuable employees.

Crescent Steel fosters an environment that supports the growth and development needs of employees to generate a positive impact on the organization. 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. To build on and sustain the successful training and development of employees, a robust performance management and feedback system is in place.

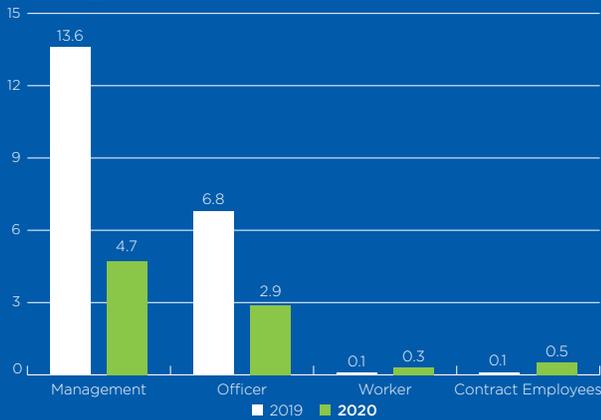
We have invested Rs. 0.46 million, 0.012% of sales turnover in FY20 [FY19: Rs. 2.4 million, 0.059% of sales turnover] in training our employees, enabling them to develop their careers, fulfil their potential and make the best possible contribution to the success of the company. On average, each employee in management category has received 4.16 hours [FY19: 12.3 hours] of formal training in FY20.

9.02	100%	64%
Average training hours planned for every employee in 2020	Percentage of eligible employees for whom performance reviews and career development plans have been prepared in 2020	Percentage of management grade employees for whom training need analysis has been conducted and training plans prepared in 2020

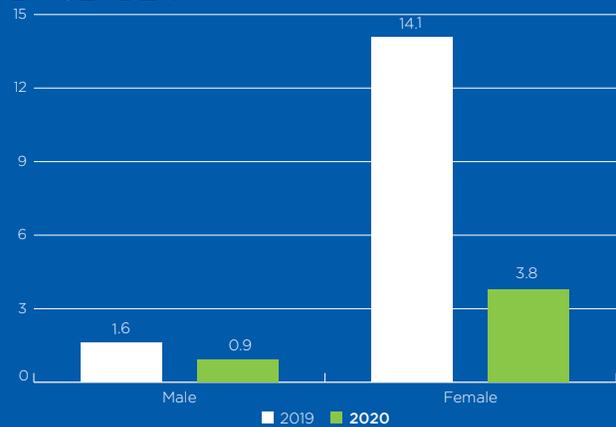
Our commitment towards employee equality and the creation of a gratifying workplace augments our core values and continuous drive for improvement of business and humanitarian ethics.

There have been no incidents of discrimination reported during FY20.

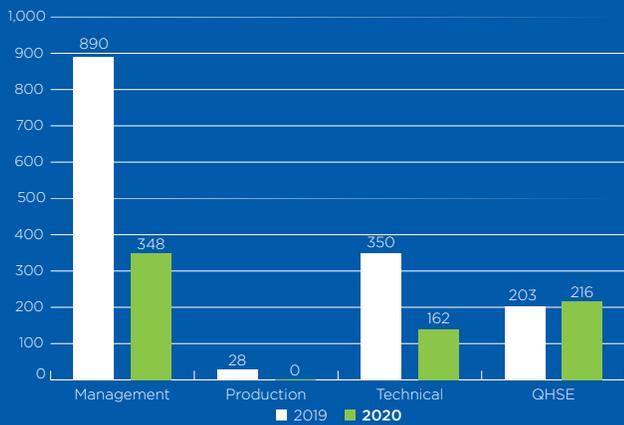
AVERAGE TRAINING HOURS / EMPLOYEE BY CATEGORY



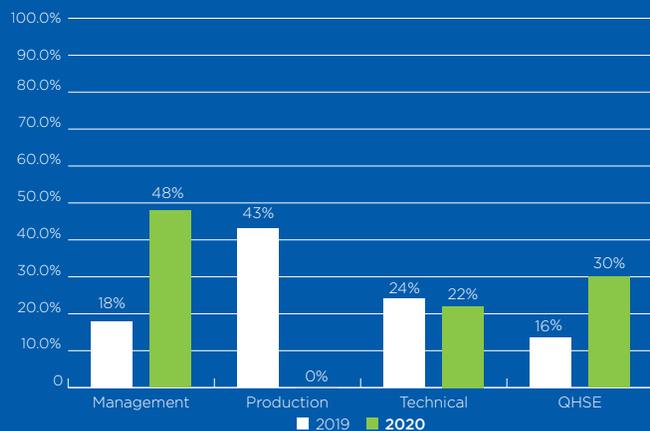
AVERAGE TRAINING HOURS / EMPLOYEE BY GENDER



TRAINING HOURS BY TYPE OF TRAINING



TRAINING HOURS BY TYPE OF TRAINING

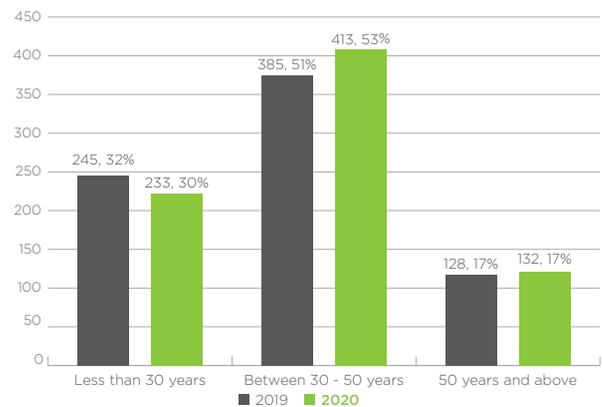


EMPLOYEE DEMOGRAPHICS

As an employer of over 700 people across Pakistan, Crescent Steel has a significant impact on livelihoods, opportunities and growth prospects for the people who work for the Company. We celebrate diversity and are committed to creating an inclusive environment for all employees. We provide equal opportunities to grow and encourage our employees 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		
	2020	2019
Bhone	30	3
Jaranwala	478	469
Karachi	74	73
Lahore	3	4
Nooriabad	157	175
Dalawal	34	32
Islamabad	2	2
Total	778	758

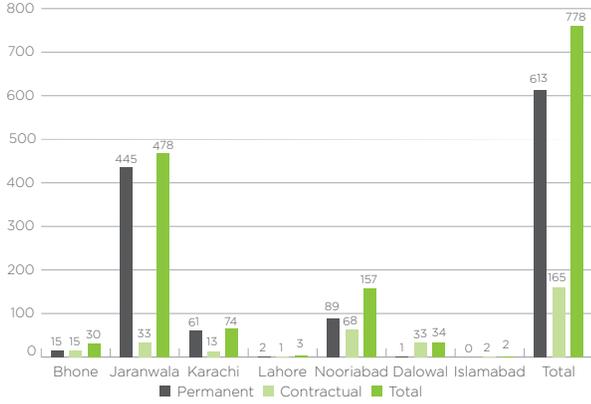
EMPLOYEES BY AGE



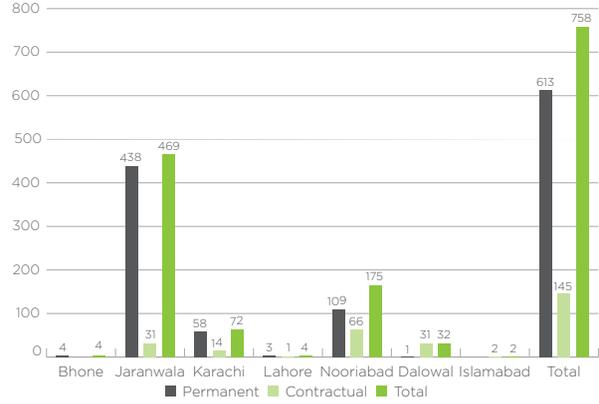
AVERAGE AGE OF EMPLOYEES - BY EMPLOYEE CATEGORY



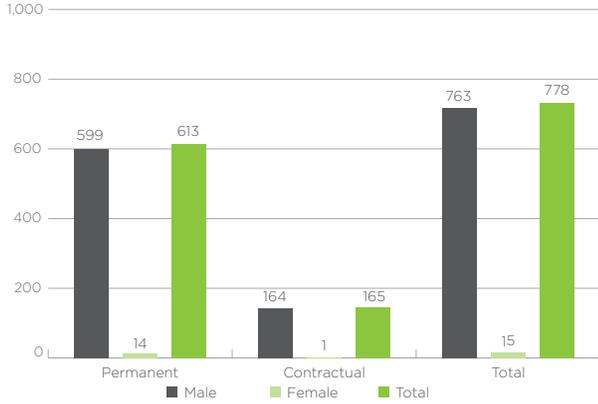
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION - 2020



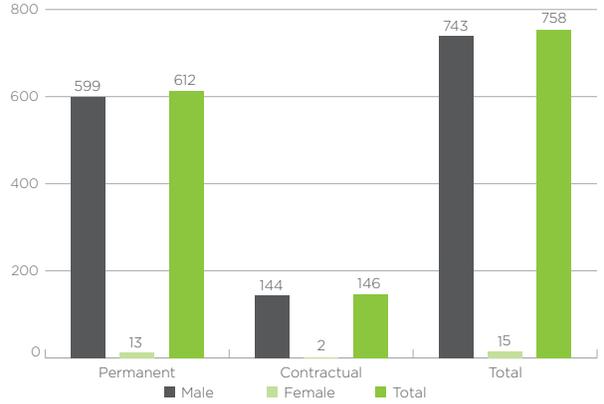
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION - 2019



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER - 2020



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER - 2019



New Hires	Incoming Employees 2020		Incoming Employees 2019	
	Number	Rate %	Number	Rate %
Less than 30 years	370	47.87	377	44.80
Between 30 - 50 years	316	41.63	266	31.59
51 years and above	26	3.45	27	3.13
Total	712	92.65	670	82.46
Karachi (Head Office)	17	2.24	22	2.55
Nooriabad	48	6.40	98	11.29
Jaranwala	608	79.63	529	61.09
Islamabad	-	-	-	-
Dalawal	7	0.92	11	1.27
Bhone	32	4.15	10	1.22
Lahore	-	-	-	-
Total	712	92.65	670	82.46

Employee Turnover	Outgoing Employees 2020		Outgoing Employees 2019	
	Number	Rate %	Number	Rate %
Less than 30 years	342	44.24	428	50.86
Between 30 - 50 years	316	41.63	316	37.53
51 years and above	35	4.64	35	4.06
Total	693	90.18	779	95.88
Karachi (Head Office)	15	1.97	29	3.36
Nooriabad	66	8.80	96	11.06
Jaranwala	599	78.45	531	61.32
Islamabad	-	-	-	-
Dalawal	5	0.66	18	2.08
Bhone	7	0.91	105	12.81
Lahore	1	0.13	-	-
Total	693	90.18	779	95.88

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

EMPLOYEE SATISFACTION

76%

of employee are satisfied working for Crescent (FY19: 45%)

78%

of employee are satisfied about guidance and coaching provided to execute the job (FY19: 75%)

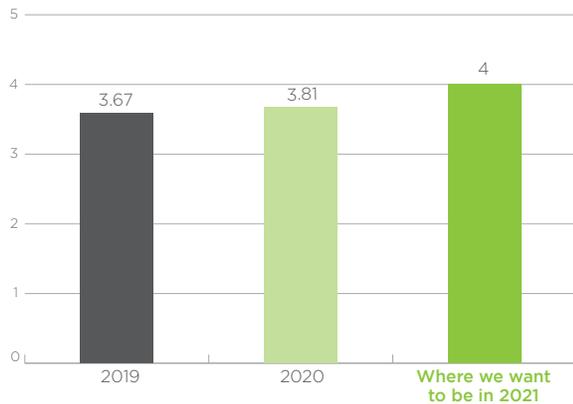
84%

of employee are satisfied that Crescent is sensitive to the safety need of employees and provides appropriate work tools (FY19: 82%)

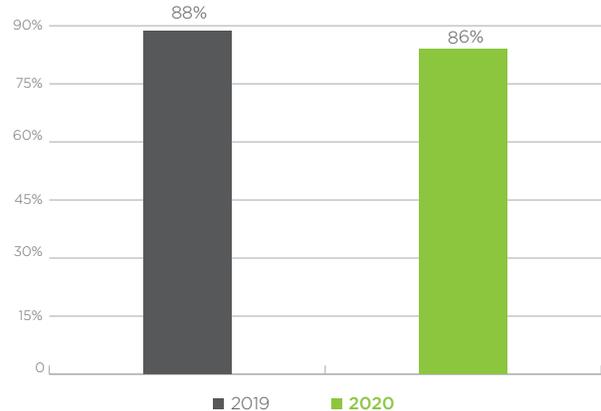
86%

of employee are committed to their job (FY19: 85%)

EMPLOYEE SATISFACTION INDEX



SURVEY PARTICIPATION LEVEL



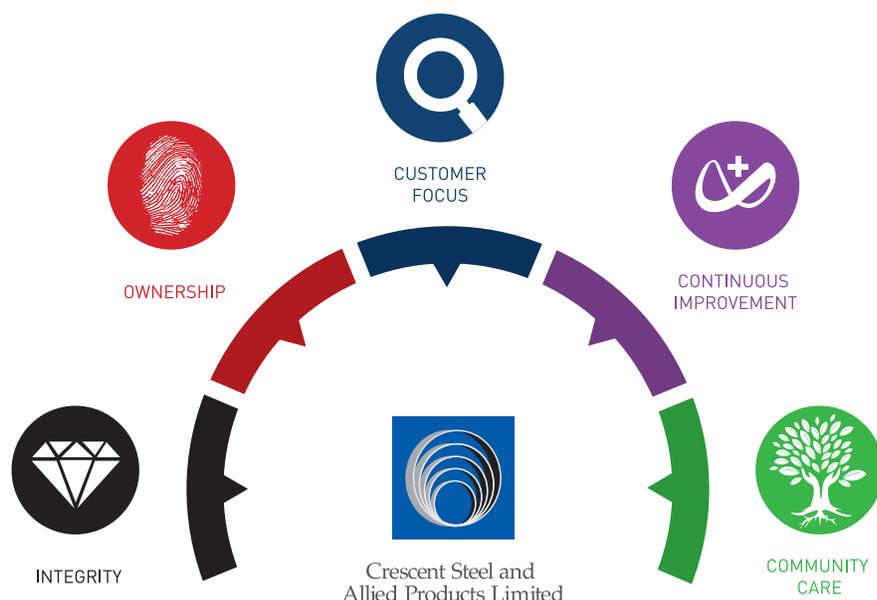
ENGAGEMENT AND DEVELOPMENT

This section highlights our key employee engagement and development programs.

RECOGNISING VALUE BEHAVIOURS

Value is not only created through people, it is co-created through people inspired by a common goal, working to share values, inspire, engage and giving more of themselves to a common and shared purpose. Our employees care passionately about helping others, they value their customers, take ownership, work with integrity in all their dealings and are always willing to improve.

Our values 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.



STRUCTURED TRAINING PROGRAMS

Training is a vital part of our long-term investment and growth strategy. Training does much more than just teach new skills, it sends a message to our employees that they are valued by us. To us, training is not a cost, but an investment and presents a prime opportunity to expand the knowledge base of our employees.

Every year, the HR department carries out an annual budgeting exercise where training needs for each employee are defined and are consolidated into a training plan. 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. Crescent Steel believes in internal cohesion and therefore prefers “on-the-job” trainings for its employees. Each training is evaluated through a feedback form to gauge its effectiveness.

We also offer one-year training appointments to candidates for technical qualifications including ACCA and ICMA candidates. In addition to this in the year 2020, there were 9 interns [FY19: 15 interns] inducted across various departments at our Head Office and Nooriabad campus for a minimum period of six weeks. Interns are provided with experiences that can lead to personal and professional growth and help in enhancing their career opportunities. Our interns act as our ambassadors, enhancing our visibility as an employer.

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

The HR function works with employees to improve, enhance and refine their skills, and also to develop new skills in support of the organization's mission and goals.

Organization talent reviews are conducted every year in May which assist in identifying and developing employee talent at all levels. During these sessions succession planning is also carried out for employees identified as future leaders.

To develop employees, the HR division also functions as training organizers and coordinates with managers to identify training needs of their subordinates. HR ensures that each employee is 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 high performing employees opportunities for lateral rotations across functions. Lateral rotation enables employees to see the business from the outside in, enhances skill set and helps with future leadership roles

PERFORMANCE MANAGEMENT

At Crescent Steel, performance management is an ongoing process. Our performance management process is designed to improve individual performance

by setting individual and team goals which are aligned to the strategic goals of the organization, planning performance to achieve the goals and reviewing and assessing progress.

We keep our people informed on how performance is measured, reviewed and managed across the organization. Office hours for discussions, refreshers on how to self-assess and set goals are also available for staff.

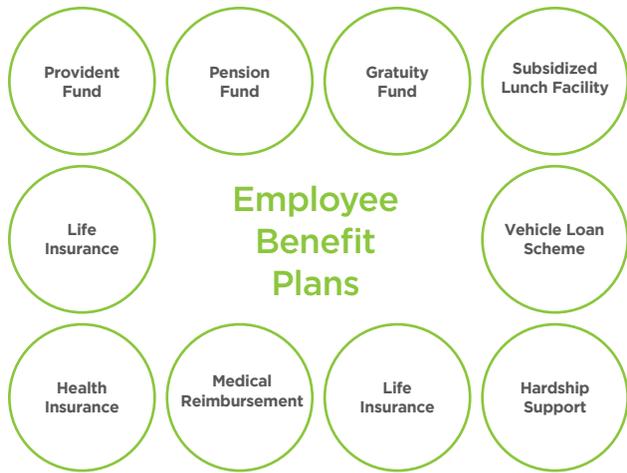
Performance reviews are used to support decisions related to training and career development, compensation, transfers and promotions and are therefore, treated with utmost fairness.

COMPENSATION AND BENEFIT SCHEMES

To attract and keep our best employees, we offer a comprehensive compensation and benefits plan. Benefits are a part of the compensation package, and they are often worth a great deal to employees. In addition to guaranteed and variable pay schemes and benefits such as company maintained vehicles, the company offers a suite of employee benefit plans that include:

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



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. We have categorized entitlement of benefits to employees by job levels.

COMMUNITY ENGAGEMENT

Our employees value the initiatives we put together that can lead to the social development of 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.

As a responsible and ethical Company driven by the value of community care, we place high value on employee participation in our initiatives. Our people, embody our value, both inside and outside the office space.

AIESEC GLOBAL INTERNSHIP PROGRAM

Together with AIESEC, we organize the international exchange of interns. Through this program, we have provided five international students internship opportunities to develop their intellectual, communicative and professional knowledge.

We plan to engage more young people to explore and develop their leadership potential, in the coming years. Inviting foreign students enhances the global outlook of our business operations and promotes a culture of diversity, learning and innovation.

CRESCENT SCHOLARS

A key ingredient of our culture is our commitment to providing standard education to all.

We introduced a scholarship program in 2013 to support tertiary education for children of our employees, which was later revised to include 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 thirteen scholars, out of which eleven are children of our employees and the remaining two are other scholars.

Children of Employees	Program and Institute Name
Syed Muhammad Mufeez (2014)	BE - Chemical Engineering candidate at NED University; is working as an HSE Executive at Aisha Steel Mills Limited
Abdul Rehman (2015)	BS - Electrical Engineering candidate at Habib University; has graduated and is working as an Electronics Engineer at Centre for Water Informatics & Technology in Lahore University of Management Sciences
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 and is working at VinnCorp as a Software Engineer
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 a System Support Analyst at National Institute of Cardiovascular Diseases
Munazza Zafar (2017)	Intermediate - Pre-Medical candidate at Islamabad Model College; has completed her intermediate and currently is an International Relations student at Quaid-e-Azam University, enrolled in the first semester
Sidra Muhammad Ali (2018)	Intermediate - Pre-Medical candidate at Trinity Methodist Girls' Higher Secondary School; has completed her intermediate and currently is a PharmaD student at Hamdard University, enrolled in the second semester
Syed Muhammad Bilal (2018)	BS - Computer Sciences candidate at DHA Suffa University; currently is his seventh semester
Sidra Sikandar Ali (2018)	MS - Hydro science and Engineering candidate at Dresden University of Technology; currently in her fourth semester
Suleman Saad Thaniana (2019)	BS - Chemical Engineering candidate at Massachusetts Institute of Technology; currently in his sixth semester
Other Scholars	
Mariam Asaad (2016)	MS - Education at Harvard Graduate School of Education; has graduated and is working as an implementation consultant with the World Bank on a nutrition related project in Sindh
Muhammad Waqar Mustaqeem (2016)	BSc - Actuarial Sciences candidate at London School of Economics and Political Sciences; has graduated and is working as Manager Shareholder Assets, Investment Strategy and Execution at Scottish Widows, Lloyds Banking Group

TESTIMONIALS FROM OUR SCHOLARS

"I graduated with a BSc in Electrical Engineering in 2018 from Habib University, Karachi. Reflecting on my recent past, I don't think I would have ever acquired world-class liberal arts education much easily without assistance from my family, Habib University (HU) and considerable financial support from CSAP. HU is an institution wherein students are encouraged to engage critically and liberally with an interdisciplinary approach to learning in its academic programs. It motivated me to pursue such kinds of opportunities after graduation where I could directly link myself to make a positive impact in this world and the society that we live in. Presently, I am working as an electronics engineer at the Centre for Water Informatics & Technology (WIT) in Lahore University of Management Sciences (LUMS), where I design and develop electronics related to instruments for modeling of various hydrological, atmospheric & agricultural phenomenon. The burgeoning challenges of water management in Pakistan, particularly in Karachi at the moment, motivated me to join the WIT and contribute to finding a solution to this global water insecurity. At WIT, I am directly working with a highly qualified research team on a project funded by the National Centre of Robotics & Automation (NCRA) under the HEC Pakistan. Through some of my on-going assignments, I am directly contributing to multiple areas covering Agriculture Technology, Hydrometry (Water Quality and Quantity) and Climatology. I have been fortunate that this project has been providing me invaluable first-hand experience working with real technological and socio-economic experts and organizations, experience that I will continuously draw upon in my future career.

For eight years now, the CSAP program has permitted and encouraged talented students to achieve their goals. I feel very privileged to be part of this community of scholars and truly grateful for their support. I am committed to giving back in the future, to give young students the same chances I had." Abdul Rehman (2015 scholar)

"I had always thought about studying abroad after my bachelors. The idea of going to another country, learning in the classrooms of one of the best universities of the world especially learning about how these countries rise up on the issues on which we Pakistani's are still struggling with, was my motivation. As I gradually proceed for it, I realized that maybe this was not meant for me, after getting admission I was not able to achieve my dream that was so near to me,

I pretty much lost all hope. One morning, suddenly I had a thought of applying for CSAPL scholarship, which was there to support bright students financially to study in top universities of Pakistan. I thought of giving a try and with the grace of God, I was a lucky student to receive partial scholarship. That was the happiest moment for me.

It's been a year now of my Master's program of Hydro Science & Engineering from Germany. Being an only Pakistani female in the course, I feel proud to be a representative of my country. I feel so glad and honored when I hear from my professors and fellow mates that "Thank you for letting us experience the hospitality and culture of Pakistan, your food is really amazing, it's the first time we came to know about the beauty of Pakistan from you." I am highly grateful for this new experience of sharing my culture, making new friends, experiencing other cultures, food, languages and ideas. I thank God for helping me push my comfort zone, as it's my first time away from home and even from my city and I thank CSAPL scholarship committee for giving me an opportunity to get a life-time experience." Sidra Sikandar Ali (2018 scholar)

"It was 2017 when I had secured an offer from one of my dream universities and had also met the offer but my family could not financially support my education. It was at that time when I found out that Crescent is supporting the education of their employee's children. I am honored to receive the Crescent Steel Scholarship which has allowed me to continue my studies at DHA Suffa University.

Thank you to the Crescent Steel family for making my journey here at DHA Suffa University possible and making my future even brighter. I hope to become an active and generous alumni of Crescent someday

With the relief of knowing that my family is not in stress over my educational costs, I have acquired this freedom of completely dedicating my mind to my studies which has allowed me to explore my field. I had a chance to work on machine learning problem and am now preparing for my final year project. I am also working on a new Google framework 'Flutter' for native mobile app UI.

I am thankful for every opportunity to grow, not only as a computer scientist but as an individual. Thank you for investing in my future and for seeing my potential." Syed Muhammad Bilal (2018)

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. For our line pipe operations, we have an independent quality management system, based on international standards, API Specification Q1 and ISO 9001. Being a responsible corporate citizen, CSAPL has also developed an integrated Health, Safety, and Environment (HSE) management system to ensure HSE compliance based on the requirements of international standards ISO 14001 and ISO 45001

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. This fiscal year as the covid pandemic spread across the globe we were quick to implement safety protocols for adequate screening (temp, cough and social gatherings etc.), distancing and regular hand sanitisation, reduced staff strength, ensured all visitors and employees who attended office were always masked and issued regular awareness communiques to keep staff engaged and participative. Additionally, as far as reasonably possible we moved seamlessly to a digital working environment which was supported by our existing IT infrastructure - this reduced human to human contact massively and

as a result we closed the year with a positivity rate of 0.5% (4 positive COVID cases). We also maintained detailed logs of positive occurrences within the staff as well as information on any positive cases within their immediate contacts at home - this helped us track and isolate potential positive cases.

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 2020, 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 are 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 - 2020

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	2020	2019	2018	2017	2016
Number of injuries					
-Medical treatment cases	2	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)	0.00058	0.0019	0.0	0.0015	0.0015
Occupational disease rate	-	-	-	-	-

Occupational Health and Safety: Business Unit - Energy Division

Number of injuries					
	2020	2019	2018	2017	2016
Number of injuries					
-Medical treatment cases	-	-	-	1	1
-Restricted work cases	-	-	-	-	-
-Lost workday cases	-	-	-	-	-
Number of occupation diseases cases	-	-	-	-	-
Number of work related fatalities	-	-	-	-	-
Injury rate (IR)	0.0	0.0	0.0	0.0010	0.0010
Occupational disease rate	-	-	-	-	-

Occupational Health and Safety: Business Unit - Engineering Division

Number of injuries					
	2020	2019	2018	2017	2016
Number of injuries					
-Medical treatment cases	-	-	-	2	-
-Restricted work cases	-	-	-	-	-
-Lost workday cases	-	-	-	-	-
Number of occupation diseases cases	-	-	-	-	-
Number of work related fatalities	-	-	-	-	-
Injury rate (IR)	0.0	0.0	0.0	0.0010	0.0
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.

To foster a culture that stresses on corporate social responsibility, a Social Investment Committee is appointed by the Board of Directors (the "Board") to consider the influence of the Corporation's businesses, operations and programs from a social responsibility perspective. The Committee also takes into consideration the interests of shareholders, clients, employees, communities and regulators.

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 centered 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.

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:

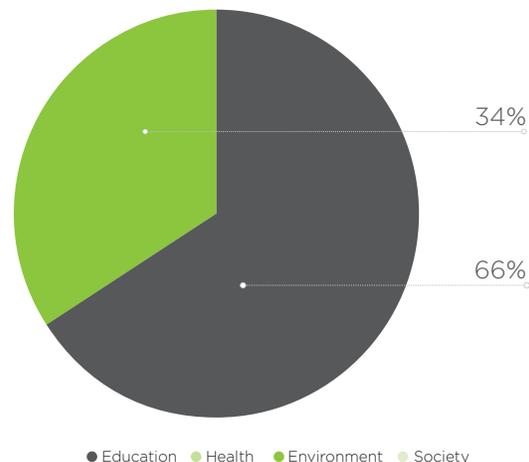
In time contributions have been valued using the organization average salary per hour for the year

CONTRIBUTIONS (RS)	2020	2019	2018	2017	2016
IN CASH	1,627,500	2,500,500	45,937,502	100,813,125	80,978,119
IN KIND	58,608	111,111	153,213	73,319	227,004
IN TIME	101,584	210,657	537,012	212,436	229,572
TOTAL	1,787,692	2,822,268	46,627,727	101,098,880	81,434,695

CONTRIBUTIONS TO:

- The Citizens Foundation as tertiary scholarship support for five alumni
- Sponsor The Citizens Foundation's Ilmathon - walk for a cause
- The Health Foundation as support for the Rashidabad Hepatitis Free Community Project

CONTRIBUTIONS IN CASH AND IN KIND



OUR IN TIME CONTRIBUTIONS INCLUDE:

Our CEO's time for serving on the Board of

- The Citizens Foundation

Our employees' time for

- Volunteering to counsel TCF students through the Rahbar program
- Volunteering to walk for a cause at the TCF Ilmathon
- Volunteering for community visits and sharing their ideas to make Crescent Cares week a success

OUR IN-KIND CONTRIBUTIONS INCLUDE:



- Space provided to TCF for their meetings
- Items donated for Crescent Cares Week
- Commute for community visits organized during Crescent Cares Week

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.



SHAUKAT KHANUM MEMORIAL CANCER HOSPITAL AND RESEARCH CENTRE

The Shaukat Khanum Memorial Trust has established a number of centers all over Pakistan that help in the awareness, diagnosis, and treatment of cancer in Pakistan. In an effort to raise awareness and reduce the stigma of breast cancer, Crescent Steel collaborated with SKMCHRC to hold a Pink Tea Party and a breast cancer awareness session for its employees.

THE HEALTH FOUNDATION

The Health Foundation aims to promote healthy practices for management of diseases and focuses on the eradication of Hepatitis B and C.

In 2016, The Health Foundation (THF) had initiated a project; "The Rashidabad Hepatitis Free Community Model." The aim of the project is to establish a state of the art community based Hepatitis Free Community Model, linked to a Hepatitis center in Rashidabad, where people have access to advice and treatment regarding Hepatitis B and C, along with awareness sessions and facility for immunization against Hepatitis B.

We had pledged our support for this project which is due to complete in 2021. To date, a total of 8,445 people have been sensitized regarding Hepatitis B and C protection and prevention through 239 targeted community awareness sessions; 1,781 Hepatitis C patients have completed treatment.



MAKE-A-WISH FOUNDATION

Make-a-Wish has been granting life-changing wishes for critically ill children, thereby enriching their lives with hope, strength and joy. With the help of donors and volunteers around the world, Make-a-Wish Foundation has collectively granted more than 500,000 wishes worldwide.

As part of Crescent Cares Week 2020, our employees granted wishes of twenty one terminally ill children from Make-a-Wish Foundation. A wish granting ceremony was held at our Head Office to celebrate the occasion.



INDUS HOSPITAL BLOOD CENTRE

Indus Hospital established the first centralized blood bank of Pakistan in 2013 with a vision to provide the safest possible blood, meeting international standards to all segments of the society without any discrimination. The Blood Centre operates through voluntary donations. 30 employees from our Head Office and Nooriabad factory donated 15,000 ml of blood through the Indus Hospital Blood Drive held during the year.





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 2020, activities planned throughout the week included community visit to Burns Centre, adoption of plants, donation of used items to Alamgir Welfare Trust, wish granting ceremony in collaboration with Make-a-Wish Foundation, Indus Hospital's blood drive at the Head Office, 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%), Indus Hospital (20%), WWF (10%), ACF (10%).

Impact of Crescent Cares is illustrated as follows:

AMAN FOUNDATION

Aman Ambulance changed the landscape of emergency care in Pakistan by establishing a network of state-of-the-art ambulances providing round-the-clock emergency care in the province of Sindh. These ambulances are the first and only ambulances in Karachi that provide cardiac care, basic and advanced life support. In 2016 we donated an ambulance to the Aman Foundation to help save lives in case of emergencies. During the period July 2019 - June 2020, the ambulance has dealt with more than 1,000 emergencies.

FY20



Generated PKR 131,180 in cash donations

FY19



Generated PKR 138,635 in cash donations

FY20



Generated PKR 95,645 in Kind donations

FY19



Generated PKR 34,910 in Kind donations

FY20



Volunteered 864 hours for community service

FY19



Volunteered 926 hours for community service

FY20



Donated 15,000 ml of blood

FY19



Donated 21,500 ml of blood

FY20



Donated 51 kg of used accessories and medicines

FY19



Donated 68 kg of used accessories and medicines

FY20



Planted 175 trees and plants

FY19



Planted 225 trees and plants



FY20

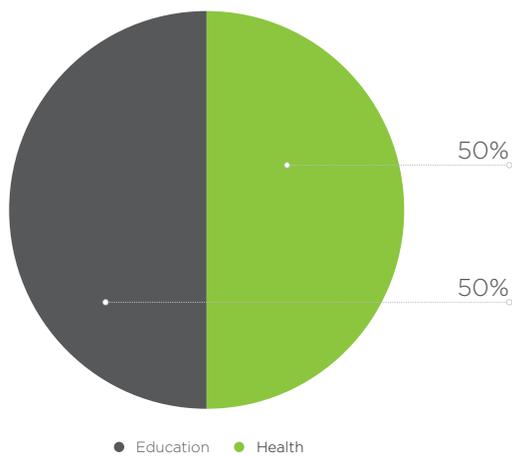
Adopted wishes of 21 children

CRESCENT MATCHES

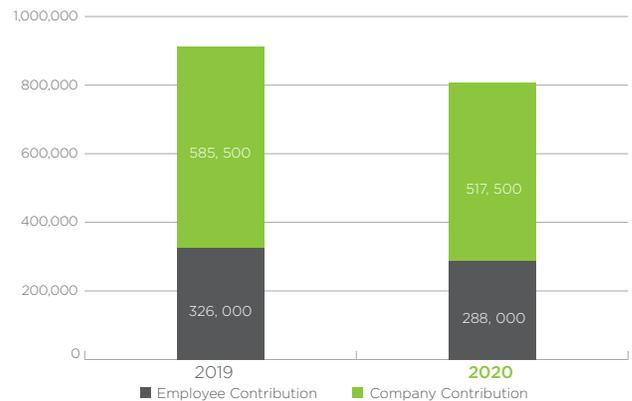
Distribution of funds raised through Crescent Matches: 50% to TCF for EDUCATION and 50% to Indus Hospital, Shaukat Khanum, SIUT and LRBT for various HEALTH causes.

Crescent Matches is geared toward capturing and multiplying the impact of employee giving. In 2020, the participation stood at 9 employees [FY19: 10 employees] and collections stood at Rs. 805,500 [FY19: Rs. 911,500]. Of this 36% constitutes employee contribution for the year.

CRESCENT MATCHES BY SEGMENT



IMPACT OF CRESCENT MATCHES



ENVIRONMENTAL CONTRIBUTIONS

During the year, the Company contributed to local communities and the environment by planting trees and the mangrove saplings planted in previous years continue to benefit the environment by reducing our carbon footprint. This is covered in more detail in the Natural Capital section of this report.

SCHOLARSHIP SUPPORT

We also provide scholarship support to TCF graduates and have pledged to support five TCF graduates from other campuses. These students were enrolled in programs at NED and FAST, all of them have graduated, except one. We had pledged sponsorships for the entire duration of their programs.

TCF ILMATHON

The Citizens Foundation organized an Ilmathon, a walk for a cause that aimed to bring together people of all ages and backgrounds to band together to support TCF and its mission.

Our contribution helped educate one child for the entire eleven years and one child for one academic year at a TCF School.

SUPPORTING THE CITIZENS FOUNDATION EDUCATE PAKISTAN

Crescent Steel's main focus area of community investment is education. We believe that education enables in building a strong future, not just for the student, but the community at large.

Over the years, our collaboration with TCF has proved to be an outstanding success in all aspects. Our twenty five 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 3,814 children have graduated from primary 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	399
Crescent Steel Campus II	1 P (M), 1 P (A)	Korangi Town	360
Crescent Steel Campus III	2 S (M)	Umar Maingal Goth	362
Crescent Steel Campus IV	2 P (M), 1 P (A)	Jaranwala	405
Crescent Steel Campus V	2 P (M), 1 P (A)	Jaranwala	500
Crescent Steel Campus VI	1 P (M), 1 P (A)	Bin Qasim Town	444
Crescent Steel Campus VII	1 P (M)	Jaranwala	159
Crescent Steel Campus VIII	1 P (M)	Chiniot	160
Crescent Steel Campus IX	2 P (M)	Jaranwala	232
Crescent Steel Campus X	1 S (M)	Bhone, Jhang	173
Crescent Steel Campus XI	2 S (M)	Jaranwala	305
Total	21 units		3,499

Campuses We Helped Build

Campus	District	Location	Primary Units	Secondary Units
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	9	2
Crescent Steel Campus VIII	Chiniot	Chinniot	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 Units	Secondary Units
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	8	2
Crescent Steel Campus VIII	Chiniot	Chinniot	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 3,499 children - 46% of whom are girls - these schools employ a staff of 244 of which 177 constitute an all-female faculty. Over the course of our partnership with TCF, we have donated Rs. 331.8 million since 1995 at an average rate of Rs. 13.2 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. Both of them have graduated.

Two TCF students were enrolled in the BSc Physics and BSc Software Engineering programs at NED University. The Company pledged to support their education. Both of them have graduated.

Two TCF students were enrolled in BE Electrical Engineering program at FAST University. The Company pledged to support their education. Both of them have graduated.

One TCF student is enrolled in the Biomedical Engineering program at NED University. His CGPA of 3.71 is the highest amongst his batch mates and he is hopeful to graduate with a distinction. He plans to continue his higher studies in computational neuroscience. The Company sponsored his education for three years after which he decided to fund the rest of his education by himself.



MODE OF ENGAGEMENT	INPUTS	OUTCOMES
Investing with TCF	The Endowment Fund maintained with TCF earned a profit of 9.83% in FY20 [FY19: 16.30%], totaling the endowment size to Rs. 59,994,256 [FY19: 54,624,653]	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 9.83% in FY20 [FY19: 8.15%], totaling the endowment size to Rs. 2,768,016 [FY19: Rs. 2,292,355]	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.	Supported 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. 0.2 million was contributed to sponsor TCF Ilmathon – walk for a cause.	The contribution helped educate one child for the entire eleven years and one child for one academic year at a TCF School.
Multiplying our Impact	Rs. 134,500 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. 403,500.
Monitoring and evaluation support	12 employees visited 11 of the Company sponsored TCF schools for the purpose of evaluating their administrative and academic performance. Volunteers also engaged students, teachers and administrative staff members during these visits, identifying opportunities for improvement.	The findings were provided to the management of TCF and follow up procedures are in place to monitor progress on agreed actions. Key issues identified through these visits were the lack of clean drinking water and availability of electricity. At the same time, performance on the quality of education, infrastructure, cleanliness/hygiene and student attendance remained strong. It was pleasing to note that staff and children were cooperative, 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 visits proved to be a learning experience for TCF students and our employees alike.

We believe that TCF is the only impact organization providing quality primary and secondary education in less privileged areas across Pakistan and we are proud of our association with them. We regularly review activities, progress and the impact of our investment on TCF. Our employees regularly visit TCF schools and interact with the staff, community, and students.

We believe that an educated Pakistan is a sustainability imperative. Currently TCF runs a network of 1,652 school units spread across 64 districts with a student strength of 266,000 children of which almost 50% are girls. TCF employs approximately 18,173 Pakistanis of which 12,512 constitute an all-female teaching faculty.

OUR COMMUNITY PARTNERS IN 2020



THE CITIZENS FOUNDATION

The Citizens Foundation

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



World Wide Fund

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



Indus Hospital

Provides free of cost premium healthcare in Pakistan



The Health Foundation

Works towards a hepatitis free Pakistan



Make a Wish Foundation

Works with critically ill children to grant their most cherished wishes



Sindh Institute of Urology and Transplantation (SIUT)

Provides free of cost treatment of Urological and Nephrological ailments, oncological treatments, treatments of hepatic and gastrointestinal diseases and organ transplantation facilities to the general public.



Layton Rahmatullah Benevolent Trust

Works with patients to provide comprehensive eye-care, ranging from simple refraction to the most advanced retinal surgery and corneal transplants.



Shaukat Khanum Memorial Cancer Hospital and Research Centre

Provides quality healthcare and treatment to cancer patients

CSAP FOUNDATION

CSAP Foundation has been established with the aim of bringing greater focus to our philanthropic CSR. The Foundation was granted tax exemption from FBR in 2018 and is operative as a non-profit organization. The main objectives of the Foundation are:

- To consolidate our philanthropic agenda and social contributions under one umbrella
- To bring more focus to philanthropic CSR and community development objectives
- To bring greater focus, accountability, and transparency to our societal investments
- To enable access to funds and strategic partnerships

The Foundation focuses on improving the social infrastructure by supporting community welfare causes and in giving back to the society. Focus areas of the Foundation are:

- Providing shelter for the underprivileged
- Supporting educational institutions
- Establishment of libraries, research centers, museums, galleries, academies, and handicraft centers
- Awarding scholarships to outstanding students and scholars
- Establishing hospitals, clinics, dispensaries, centers and places of medical aid and relief
- Establishment of convalescent homes, maternity homes, and homes for the needy
- Promoting and creating awareness of health issues
- Providing medical assistance to deserving individuals
- Providing financial and other aid to the destitute to make them financially independent
- Taking measures to promote the development of science and technology which will contribute to the prevention of environmental pollution
- Promoting, financing, establishing, running and managing autonomous educational and medical institutions

- Promoting awareness of environmental issues
- 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

Over the years CSAP Foundation has made contributions to various community partners in the education, health, environment and societal sectors. 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 and towards the United Nations Sustainable Development Goals (SDGs) in their ambition to achieve a better world for all.

In 2020, the foundation made a total contribution of Rs. 2,319,750 to the education and health sector.

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



2020

70,156 tons of bagasse and 6,144 ton of steam used to generate 16,341 MWh renewable power

Shakarganj Limited, and Faisalabad Electricity Supply Corporation. Our Energy Scorecard on page 77 of this report reflects the energy produced at this plant.

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 Ton window air conditioning units by two 1.5 Ton and three 01 Ton 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 2020 was decreased by 73% 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

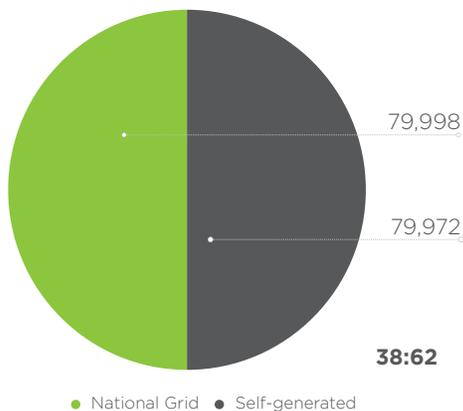
ENERGY CONSUMPTION (GJ)	2020	2019	2018	2017	2016
Energy Consumption Within The Business (Gj)	128,499	247,169	339,126	393,296	92,066
Energy Consumption Outside The Business (Gj)	31,788	29,553	34,417	55,135	10,720
Total Energy Consumption (Gj)	159,970	276,722	373,543	448,431	102,786

	2020	2019	2018	2017	2016	Change (2020 Vs. 2019)	Change (2019 Vs. 2018)
Total energy consumption (GJ)	159,970	276,722	373,543	448,431	102,786	(63%)	20%
Sales (Rs. in million)	4,473	7,285	11,463	14,145	8,858	(39%)	(36%)
Sales per unit of consumption (Rs./GJ)	27,961	26,327	30,687	31,544	86,176	65%	(47%)
Energy intensity ratio	3.6%	3.8%	3.3%	3.2%	1.2%		

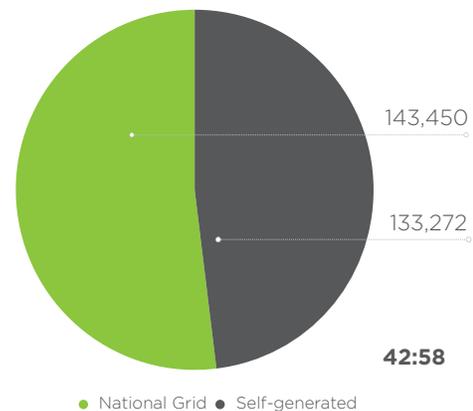
Fuel Type	Self-Generated Energy (Gj) 2020	Self-Generated Energy (Gj) 2019	Consumption Pattern
Diesel	1,474	2,172	Consumed Within The Business
Gas	20,117	27,972	Consumed Within The Business
Bagasse	58,282	103,600	Supplied To The Industry
Solar	125	122	Consumed Within The Business
Fuel Type	Purchased Energy (Gj) 2020	Purchased Energy (Gj) 2019	Consumption Pattern
Wapda/ K-Electric	79,972	143,450	Consumed Within The Business

PROPORTION OF ENERGY SELF-GENERATED AND FROM THE NATIONAL GRID

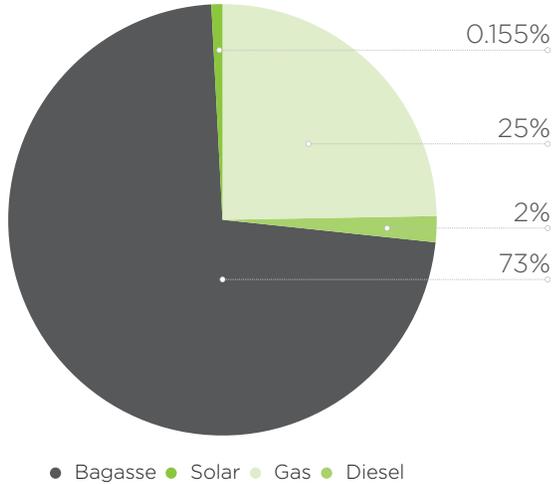
ENERGY CONSUMPTION - 2020



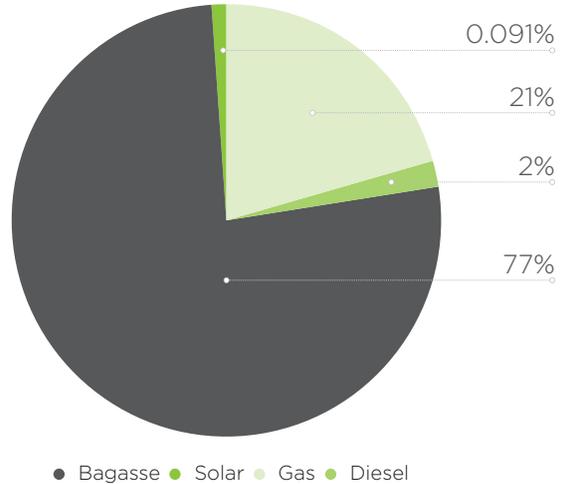
ENERGY CONSUMPTION - 2019



BREAK-UP OF SELF-GENERATED ENERGY - 2020



BREAK-UP OF SELF-GENERATED ENERGY - 2019



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 is 23,256 GJ decreased with 77% corresponding period last year [FY19: 38,960 GJ] which 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

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

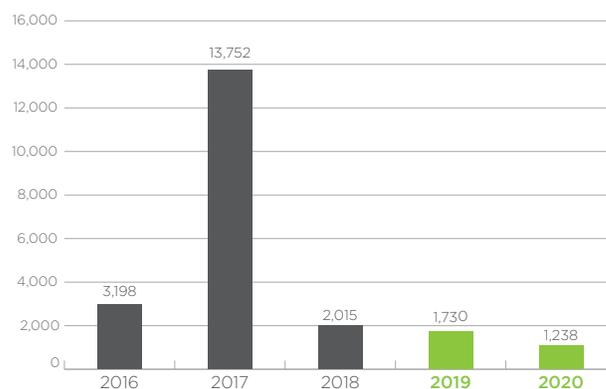
No significant financial implications were incurred due to climate change.

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.

DIRECT 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.

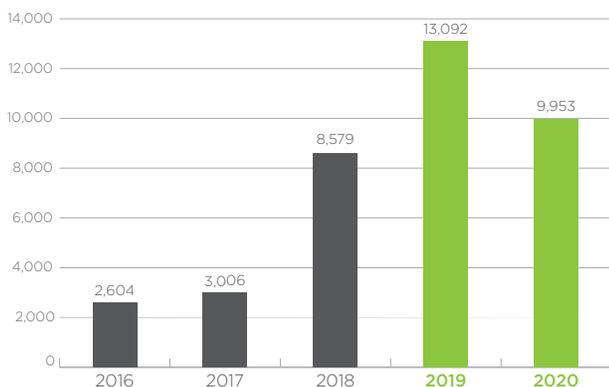
The sources of CO₂ emissions include fuels used for the pipe and billet manufacturing, steam from our subsidiary's power plant and from the process of power generation. The GHG figures present all direct emissions of our associate companies and subsidiaries. CO₂ serves as the major contributor to our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

INDIRECT GHG EMISSIONS(SCOPE II)

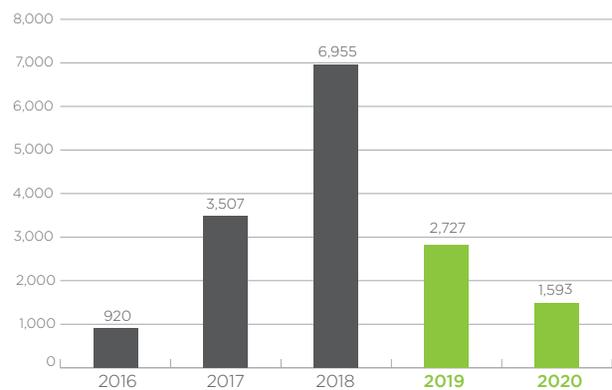


and its role in building a sustainable culture. Crescent Steel produces indirect emissions (SCOPE-II) in the form of external energy purchased by WAPDA.

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, SO_x, 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 TONNES



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 have decreased by 493 metric tonnes (FY19: 1,730 metric tonnes) over the year while Scope-II emissions have also decreased by 3,139 metric tonnes (FY19: 13,092 metric tonnes) and Scope-III is decreased by 1,134 metric tonnes (FY19: 2,727 metric tonnes) respectively over the last year.

GHG EMISSIONS INTENSITY

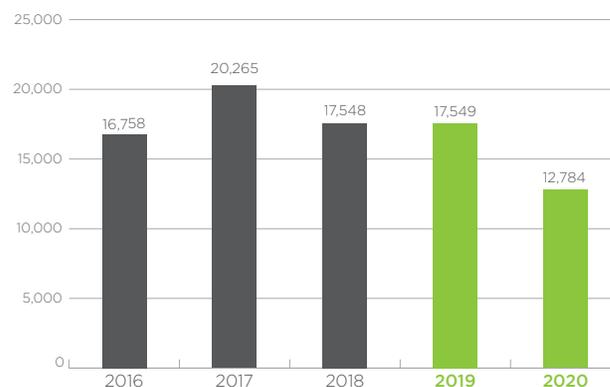
Emission intensities are used to compare the environmental impact of different activities. Crescent Steel uses sales as an organization specific metric to calculate its emissions intensity ratio. SCOPE-I, SCOPE-II, and SCOPE-III are the types of GHG emissions included in the calculation which contain all of the gases mentioned in their respective scopes. Total GHG emission decreased by 4,766MT CO₂/MT as compared to last year [FY 19: 1.28MT CO₂/MT] 27.2% against a decrease of 39% in sales over the prior year. The emissions intensity ratio for FY20 is 0.0029Mt CO₂/MT last year [FY19: 0.0024MT CO₂/MT] which is a 19% increase from the last year.

Crescent Steel did not emit any ozone-depleting substance in FY20. 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 to globally recognized standards of air pollution control at our steel billet manufacturing

TOTAL EMISSIONS PER YEAR



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 2020, no monetary fines or sanctions for non-compliance with environmental laws and regulations have been imposed.

Waste Treatment						
Business Unit	Type	Specification and Units	2020	2019	2018	Treatment
Steel	Hazardous	Plastic bags, drums etc. (in numbers)	10,000	43,008	39,008	Sold for recycling/ reuse
		Tube lights and Sodium Discharge bulbs(in numbers)	30	-	90	Incinerated
	Non-hazardous	Steel scrap (in tonnes)	609	2,246	5,800	Sold for recycling/ reuse
		Miscellaneous Scrap Empty Carton (No)	500	4,700	6,660	Saleable
		Polyethylene/ Polypropylene (in tonnes)	21	52	79	Sold for recycling/ reuse
		Debris, kitchen waste and others (in tonnes)	10	15	16	Landfilled
	Cotton	Hazardous	Cotton dust (in Kg)	67	61	48
Non-hazardous		Cotton waste (in tonnes)	327	264	301	Sold for reuse
Engineering	Hazardous	Bulbs and lights (in numbers)	89	129	166	Landfilled
Crescent Hadeed	Non-hazardous	Acid Lining SiO2(in Mtn)	320	336	679	Land Filled
		Slag(in Mtn)	342	881	2,059	Land Filled
		APC Dust (in Mtn)	25	96	142	Sold to Client
Total			12,364	51,788	55,049	

Includes cotton dust, cotton waste and APC dust from 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 MANAGEMENT

A methodology is important to distributing optimal policies of water management.

Water issues and how they are overseen at locations change essentially due to locality conditions such as water accessibility, water quality and legislation.

Water Withdrawal from Various Sources (in liters)					
Business Unit	SOURCE(LITERS)	2020	2019	2018	2017
Energy	Condensate from sugar process	130,357	128,385	168,331	210,807
	Condensate water used by the turbine generator	4,051	61,304	126,879	45,349
	Groundwater	1,775	30,803	55,155	50,846
Steel	Groundwater	10,879,043	14,094,797	15,024,354	20,627,384
	Lake water	16,318,565	21,142,196	22,536,532	30,941,076
Engineering	Groundwater	191,600	965,371	1,192,478	1,350,757
Total water consumption		27,525,391	36,422,856	39,103,729	53,226,219

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

The Company uses the-state-of-the-art machinery at its locations where technically possible, to circulate water uninterruptedly after utilize in order to re-cool it for reusing. This cooling method is environmentally friendly and has reduced the withdrawal of fresh water. Water is not stored and does not have major effect.

Water Discharge (Litres)					
Business Unit	2020	2019	2018	2017	Quality And Destination
Steel	390,658	1,149,900	1,220,900	1,185,750	Treated, drained to municipal sewer
Engineering	165,080	210,018	189,642	194,900	Untreated, drained to the Municipal Sewer
Energy	130,357	128,385	168,331	210,807	Treated, drained to SML drainage system
Total	686,095	1,488,303	1,578,873	1,591,457	

No water source was significantly affected by the withdrawal of water

WATER REUSE AND RECYCLING

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

- Water is redirected and reused for pressure testing of pipes and to cool pipes in the coating process
- At our bagasse based energy plant in Bhone, we reused water for production of steam to generated electricity

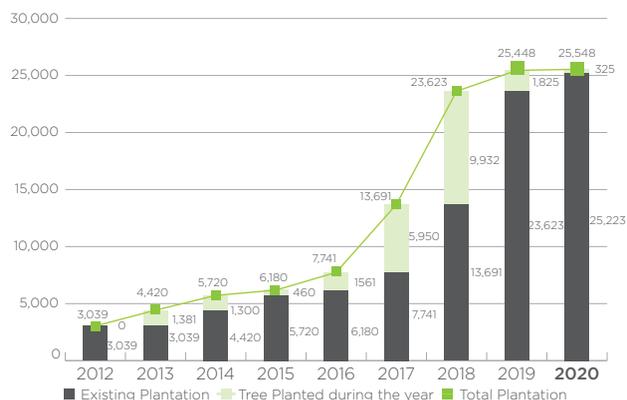
Percentage And Total Volume Of Water Recycled And Reused					
Water recycled /reused	Business Unit	2020	2019	2018	2017
Total water recycled/reused m3/year	All Units	9,498,881	39,318,885	42,118,538	41,922,181
% of water recycled/reused		34.93%	111.58%	111.97%	81.21%



PLANTATION

We are aware of the significance of our ecological system and make every effort to conserve our natural resources like water and trees. As a sign of our strong commitment to environmental conservation, during the year, we planted 325 trees. Over the years our plantation size has increased to over 25,548 trees. These trees will help reduce our carbon footprint by 150+ tonnes annually.

TREE PLANTATIONS



BEACH CLEANING AND MANGROVE PLANTATION ACTIVITY

Crescent Steel has been an active supporter of WWF in their effort to conserve the marine life by planting mangroves. To date, we have planted 1,700 mangroves, which we continue to maintain through monetary contributions that ensure that for every mangrove that doesn't survive, WWF will plant another sapling. These 1,700 mangroves have reduced our carbon footprint by 31.32 tonnes.

We plan to plant more mangroves in the upcoming years to preserve our ecosystem.

Year	Number Of Trees Planted	Yearly Carbon Reduction (In Tonnes)
2012 (FY13)	50	2.36
2013 (FY14)	75	3.10
2015 (FY15)	100	2.96
2015 (FY16)	150	4.43
2016 (FY17)	150	3.55
2017 (FY18)	175	3.10
2018 (FY19)	1,000	11.82
Total	1,700	31.32

This is equivalent to emissions from burning approximately 4,129 gallons of gasoline

CELEBRATING EARTH HOUR

For several years, Crescent Steel has supported Earth Hour by switching off all unnecessary lights across all our campuses. Earth Hour is a worldwide grassroots movement organized by the World Wide Fund each year that aims to protect the planet. In view of the ongoing health crisis as a result of the COVID-19 outbreak, Earth Hour went digital in 2020.

In a global effort to secure nature and our home, we encouraged our employees and through them, their families and friends to participate by switching off all unnecessary lights.

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 a 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 95% 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.

	2020	2019	2018	2017	2016
Customer Satisfaction Level Over The Years	95%	94%	91%	88%	84%

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 2020, 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 below, 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 below 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)			
		2020	2019	2018	2017
Non-Renewable Materials					
Steel - Pipe Manufacturing					
HR Coils (comprises 99% of input materials)	m	8,315	12,387	52,005	89,938
Steel - Coating					
High Density Polyethylene	Kg	214,625	698,175	1,538,165	1,302,125
Co Polymer Adhesive	Kg	24,600	62,375	165,395	129,82
Fusion Bonded Epoxy	Kg	31,840	79,770	190,334	181,800
Welding Wire	Kg	32,330	47,590	152,380	249,970
Welding Flux	Kg	44,755	61,010	123,615	272,630
Steel Grit	Kg	13,625	18,125	51,700	69,000
Cotton					
Binding Rope (Dori)	Kg	-	-	310	538
Yarn Wrapping Cone	No's	2,344,166	2,987,592	1,720,524	3,144,750
Hoop	Kg	-	-	450	80
Polypropylene Bags	No's	99,821	116,741	71,262	115,747
Polythene Bags	Kg	7,569	10,391	6,610	11,559
Washer Discs	GRS	-	-	750	4,850
Diesel	Ltr	1,275	3,115	1,465	3,255
Engineering					
Gas LPG	Kg	862	921	1,688	2,384
Gas Oxygen	Cubic M	3,020	2,208	6,150	8,316
Diesel Oil	Ltr	2,627	2,280	3,974	11,200
Disc (Grinding and Cutting)	No's	2,144	932	1,997	2,378
Welding Electrode	Tonnes	6.06	1.90	6.7	8.5
Round Bar, Pipes, Nut Bolt etc.	Tonnes	21.33	58.91	133.6	88
Sheets Mild Steel	Tonnes	287.13	187.51	545	999.7
Sheets Stainless Steel	Tonnes	10.0	7.69	6.3	3.3

Material Consumed	Unit Of Quantity	Quantity (Weight / Volume)			
		2020	2019	2018	2017
Crescent Hadeed					
Melting Scrap(HMS, Shredded, Bundled Scrap)	Mt	11,449	27,305	53,481	33,882
Silico Manganese	Kgs	141,075	290,656	482,797	311,790
Ferro Manganese	Kgs	42,610	209,963	361,246	192,129
T.C Tips	No's	3,200	9,850	18,180	11,416
Mill Scale	Kgs	257,960	1,297,950	1,695,630	1,387,750
Oxygen Gas	M3	13,434	27,358	56,975	38,920
Diesel Oil	Ltr	5,820	18,660	25,910	14,215
MS Lancing Pipe	Mtr	31,700	-	128,500	73,716
Quartz Powder	Kgs	352,650	1,060,490	2,313,020	5,578
Boric Acid	Kgs	80	280	11,853	31,899
Sodium Silicate	Kgs	7,715	28,205	54,549	2,567
Nozzle - Ex	Kgs	1,330	3,780	9,730	4,854
Silica Sand	Kgs	92,589	172,151	278,420	334
Renewable Materials					
Energy					
Bagasse	Tonnes	70,156	108,163	189,364	159,917
Renewable Materials					
Raw Cotton	Tonnes	2,366	2,860	2,475	2,790
Polyester	Tonnes	2,584	3,244	1,531	3,010

General Standard Disclosures

STAKEHOLDER ENGAGEMENT

Gri Standard	Disclosure	Page Number	Omission and Reason
GRI 102-40	List of stakeholder groups	SR 40	
GRI 102-41	Collective bargaining agreements	SR 49	
GRI 102-42	Identifying and selecting stakeholders	SR 39-40	
GRI 102-43	Approach to stakeholder engagement	SR 40	
GRI 102-44	Key topics and concerns raised	SR 40	
REPORT PROFILE			
GRI 102-45	Entities included in the consolidated financial statements	SR 7, SR 10-15	
GRI 102-46	Defining report content and topic Boundaries	SR 5 and SR 29-30	
GRI 102-47	List of material topics	SR 31	
GRI 102-48	Restatements of information	SR 5	
GRI 102-49	Changes in reporting	SR 5	
GRI 102-50	Reporting period	SR 5	
GRI 102-51	Date of most recent report	SR 5	
GRI 102-52	Reporting cycle	SR 5	
GRI 102-53	Contact point for questions regarding the report	SR 5	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	SR 5	
GRI 102-55	GRI content index	SR 91-96	
GRI 102-56	External assurance	Not seeking assurance this year	

MATERIAL TOPICS

ECONOMIC

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 27	
GRI 103-3	Evaluation of the management approach	SR 24 ,27 AR 46-55	
GRI 201: ECONOMIC PERFORMANCE 2016			
GRI 201-1	Direct economic value generated and distributed	SR 24	
GRI 201-3	Defined benefit plan obligations and other retirement plans obligations and other retirement plans	SR 27, SR 56	
GRI 201-4	Financial assistance received from government	SR 24	

MARKET PRESENCE

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 45	
GRI 103-3	Evaluation of the management approach	SR 27	
GRI 202: MARKET PRESENCE 2016			

General Standard Disclosures

Gri Standard	Disclosure	Page Number	Omission and Reason
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SR 49	
GRI 202-2	Proportion of senior management hired from the local community	SR 26	

INDIRECT ECONOMIC IMPACTS

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 27 ,SR 43	
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 65-66	
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 31, SR 38	
GRI 103-2	The management approach and its components	SR 38, SR 42	
GRI 103-3	Evaluation of the management approach	SR 38	
GRI 204: PROCUREMENT PRACTICES 2016			
GRI 204-1	Proportion of spending on local suppliers	SR 38	

MATERIALS

ENVIRONMENTAL

GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 31,SR 60-61	
GRI 103-2	The management approach and its components	SR 60-61	
GRI 103-3	Evaluation of the management approach	SR 60-61	
GRI 301 : MATERIALS 2016			
GRI 301-1	Materials used by weight or volume	SR 89-90	
GRI 301-2	Recycled input materials used	SR 88	
GRI 301-3	Reclaimed products and their packaging materials	SR 88	

ENERGY

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 60-61	
GRI 103-3	Evaluation of the management approach	SR 60-61	

General Standard Disclosures

Gri Standard	Disclosure	Page Number	Omission and Reason
GRI 302: ENERGY 2016			
GRI 302-1	Energy consumption within the organization	SR 77	
GRI 302-2	Energy consumption outside of the organization	SR 78	
GRI 302-3	Energy intensity	SR 77	
GRI 302-4	Reduction of energy consumption	SR 76	

WATER

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 60-61, SR 82	
GRI 103-3	Evaluation of the management approach	SR 60-61, SR 82	
GRI 303: WATER 2016			
GRI 303-1	Water withdrawal by source	SR 83	
GRI 303-2	Water sources significantly affected by withdrawal of water	SR 83	
GRI 303-3	Water recycled and reused	SR 83	

EMISSIONS

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 60-61, SR 82	
GRI 103-3	Evaluation of the management approach	SR 60-61, SR 82	

GRI 305: EMISSIONS 2016

GRI 305-1	Direct (Scope 1) GHG emissions	SR 79	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	SR 80	
GRI 305-3	Other indirect (Scope 3) GHG emissions	SR 80	
GRI 305-4	GHG emissions intensity	SR 81	
GRI 305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	SR 81	

EFFLUENT AND WASTE

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 81	
GRI 103-3	Evaluation of the management approach	SR 81	

GRI 306: EFFLUENT WASTE 2016

GRI 306-1	Water discharge by quality and destination	SR 83	
GRI 306-2	Waste by type and disposal method	SR 83	

GRI 307: ENVIRONMENTAL COMPLIANCE 2016

GRI 307-1	Non-compliance with environmental laws and regulations	SR 81	
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SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 103-1	Explanation of the material topic and its boundaries	SR 31	
GRI 103-2	The management approach and its components	SR 40, SR 43	

General Standard Disclosures

Gri Standard	Disclosure	Page Number	Omission and Reason
GRI 103-3	Evaluation of the management approach	SR 40, SR 43	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
GRI 308-1	New suppliers that were screened using environmental criteria	SR 38	
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	SR 38	

LABOUR PRACTICES AND DECENT WORK

GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 29, SR 48-49	
GRI 103-2	The management approach and its components	SR 48-49	
GRI 103-3	Evaluation of the management approach	SR 48-49	
GRI 401 : EMPLOYMENT 2016			
GRI 401-1	New employee hires and employee turnover	SR 52	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR 56	

LABOUR MANAGEMENT RELATIONS AND EQUAL OPPORTUNITY

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 43	
GRI 103-3	Evaluation of the management approach	SR 43	
GRI 402: LABOUR MANAGEMENT RELATIONS 2016			
GRI 402-1	Minimum notice periods regarding operational changes	SR 48	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
GRI 405-1	Diversity of governance bodies and employees	SR 49	

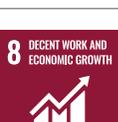
HEALTH AND SAFETY

GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 29	
GRI 103-2	The management approach and its components	SR 60-61	
GRI 103-3	Evaluation of the management approach	SR 60-61	
GRI 403: OCCUPATION HEALTH AND SAFETY 2016			
GRI 403-1	Workers representation in formal joint management - worker health and Safety committees	SR 61-62	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR 61-62	
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	SR 61-62	
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 87	

General Standard Disclosures

Gri Standard	Disclosure	Page Number	Omission and Reason
TRAINING			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 29 ,SR 45	
GRI 103-2	The management approach and its components	SR 45, SR 55-56	
GRI 103-3	Evaluation of the management approach	SR 45	
GRI 404: TRAINING AND EDUCATION			
GRI 404-1	Average hours of training per year per employee	SR 50	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	SR 50, SR 55-56	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	SR 49	
LOCAL COMMUNITIES			
GRI 103 : MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundaries	SR 29	
GRI 103-2	The management approach and its components	SR 40, SR 43	
GRI 103-3	Evaluation of the management approach	SR 40, SR 43	
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 29	
GRI 103-2	The management approach and its components	SR 86 -88	
GRI 103-3	Evaluation of the management approach	SR 86 -88	
GRI 417: MARKETING AND LABELING 2016			
GRI 417-1	Requirements for product and service information and labelling	SR 86-88	
GRI 417-2	Incidents of non-compliance concerning product and service information and labelling	SR 87	
GRI 417-3	Incidents of non-compliance concerning marketing communications	SR 87	

OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
 1 NO POVERTY	End poverty in all its forms everywhere	SR 49,SR 69	202-1, 203-1 ,203-1, 203-2, 413-2
 2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	SR 24,SR 61-62,SR 65-66, SR 69	201-1, 203-1 ,203-1, 203-2, 413-2
 3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	SR 61-62,SR 65-66,SR 69,SR 79-81, SR 83	203-1, 203-2, 305-1, 305-2, 305-3, 305-4, 305-7, 306-1, 306-2, 307-1, 403-2, 403-3
 4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	SR 50	404-1
 5 GENDER EQUALITY	Achieve gender equality and empower all women and girls.	SR 49-50,SR 55-56, SR 65-66	202-1,203-1, 401-1, 401-2, 404-1, 404-3, 405-1, 406-1
 6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all.	SR 83	303-1, 303-2, 303-3, 306-1, 306-2
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all.	SR 76-78	302-1, 302-2 , 302-3, 302-4, 302-5
 8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	SR 24,SR 38,SR 49 50, SR 55-56, SR 61-62, SR 69, SR 76-77, SR 83, SR 88,SR 89-90	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
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	SR 24, SR 65-66	201-1, 203-1

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
	Reduce inequality within and among countries	SR 50 -53	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 77-78, SR 83,SR 88, SR 89-90	301-1,301-2,301-3, 302-1, 302-2,302-3, 303-3,305-1, 305-2,305-3,305-6, 305-7,306-1,306-2,306-4, 417-1
	Take urgent action to combat climate change and its impacts	SR 76-78, SR 79-81	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 79-81, SR 83	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 79-81	305-1, 305-2, 305-3, 305-4, 305-5, 305-7,
	Promote just, peaceful and inclusive societies	SR 6,SR 81 ,SR 87	102-16,307-1, 416-2,417-2, 417-3
	Strengthen the means of implementation and revitalize the global partnership for sustainable development	Not applicable	

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 2019.
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 Dalawal.
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 organization 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 (2019).

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	1700	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	1700	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, SO ₂ , 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 ton
Mg/ Nm ₃	Milligrams per cubic meter
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

CORPORATE RESPONSIBILITY REPORT

2020

Details of information provided on issues covered in the report.

- Comprehensive Adequate Not 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.

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.....

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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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