

CORPORATE RESPONSIBILITY REPORT 2014

FROM
THOUGHT
TO
ACTION



Crescent Steel and
Allied Products Limited

COVER STORY

BEHIND EVERY ACTION LIES A MEANINGFUL STORY ABOUT HOW IT CAME TO BE. AT CRESCENT STEEL AND ALLIED PRODUCTS LIMITED, OUR ACTIONS REFLECT OUR LONGSTANDING COMMITMENT TOWARDS CREATING A SUSTAINABLE BUSINESS THAT ADAPTS AND GROWS WITH THE CHANGING WORLD.

ON OUR COVER THIS YEAR, WE EXPRESS OUR ENDURING BELIEF OF ADOPTING PEOPLE, PLANET AND PROFIT AS PART OF OUR CORPORATE STRATEGY. TO US, THE SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR OPERATIONS ARE KEY DRIVERS OF SUSTAINED FINANCIAL PERFORMANCE. THIS IS WHY, WE HAVE ALWAYS BELIEVED IN TURNING OUR THOUGHT INTO ACTION BY CONTINUOUSLY TAKING THE NEXT STEP TOWARDS CREATING LASTING VALUE FOR OUR STAKEHOLDERS.

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



WE RECOGNIZE THAT SUSTAINED FINANCIAL PERFORMANCE OF OUR BUSINESSES RELIES ON OUR PEOPLE, COMMUNITIES, AND THE ENVIRONMENT AND THESE CONSIDERATIONS UNDERPIN OUR STRATEGIC DIRECTION AS A RESPONSIBLE CORPORATE CITIZEN.

I am pleased to present our second Corporate Responsibility Report. This report not only highlights our corporate responsibility performance but it also gives insights on how various material aspects surrounding the different forms of capital, relate to our business.

During this year we faced multiple challenges on one hand, and explored different opportunities on the other. While our profitability was adversely affected by the pace of infrastructure development projects and a fall in the prices of cotton, we were able to integrate medium and long term sustainability objectives into our corporate strategy.

This report is organized around the three pillars that underpin our corporate citizenship priorities: **People**, **Planet** and **Profit**. This reflects our commitment towards the well-being of society and the environment. We engage and mobilize our staff, community and business partners to make meaningful impact in the communities where we operate. We are guided by our mission, principles and values, which include earning the trust of our stakeholders by exhibiting integrity and embracing transparency.

Our priority towards society and people is effectively integrated with our business offering and how we work on a daily basis. Our steel line pipes constitute approximately 70% of the national oil and gas transmission network developed since the 1980s. These pipes provide households and industries with access to energy and water. Our yarn business contributes to the agricultural economy by generating demand for cotton and empowering farmers across Pakistan. Our investments in alternate power enable us to be energy independent as well support the national grid. Our equity and real estate investment business reflects our conviction in the growth of Pakistan's corporate sector. Our recent expansion will provide sustainable sources of steel to Pakistan's engineering sector. Our businesses continue to provide equal opportunity employment to hundreds of people across Pakistan.

The industrial products we deliver and our investments in Pakistan are the engines that drive our contribution to a more sustainable nation. I believe that by staying true to our values and principles, we will bring a new era of organizational change.

ABOUT THE REPORT



STARTING AS A STEEL LINE PIPE MANUFACTURER IN 1983, CRESCENT STEEL TODAY HAS DIVERSIFIED BUSINESSES ACROSS VARIOUS SECTORS. THIS REPORT COVERS THE PERFORMANCE OF OUR BUSINESSES IN THE ENGINEERING, TEXTILE, ENERGY AND CAPITAL MARKETS SECTORS.



Crescent Steel commenced reporting, annually, on its triple-bottom line performance, in fiscal year 2013. Our 2013 Corporate Responsibility Report was "GRI checked A" application level and was based on the internationally accepted Global Reporting Initiative's (GRI) G3.1 Guidelines 2011. The 2013 Corporate Responsibility Report was awarded 4th position in the national Awards jointly held by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

This is the second annual Corporate Responsibility Report of the Company for the year ended June 30, 2014. The report provides our stakeholders with an overview of our approach and efforts in managing social, natural and environmental capitals. Our billet manufacturing unit, Crescent Hadeed has not yet started operations and so the unit's performance has not been consolidated in this report.

The report has been developed based on G4 guidelines of Global Reporting Initiatives (GRI) on the principles of stakeholder inclusiveness, sustainability context, materiality and completeness. Further inspiration has been taken from the ICAP's Sustainability Reporting Criteria.

MATERIALITY

Our approach to materiality evolved this year. We assessed the material aspects of corporate responsibility in two time frames: the previous 12 months and next three years. The results identified aspects material to our business and stakeholders based on an internal assessment across all our business units. In the development of our materiality matrix, all aspect areas were studied and rated backed by evidence as far as possible. Each aspect was then scored on the matrix and categorized for materiality; the material aspects were identified and these guide the focus of this report. Those aspects that are likely to be more material in the coming years are also depicted in the above infographic. The results of our materiality assessment will be informing our work on corporate responsibility in 2014 and beyond.

ABOUT THE REPORT



Several factors were considered while assessing the relevance and materiality of issues through a quantitative score based evaluation toolkit. These factors revolve around risk management, opportunities' exploration, impact assessments, stakeholders' concerns, efficiency improvements, financial exposure and future growth. As a result of this exercise, we have identified the most material aspects which are significant for our business and stakeholders, however, materiality assessment was primarily focussed on the inside boundary of the organization.

In conclusion, our materiality matrix has identified 23 key issues for our business. All deserve focus, but six priority issues have emerged as focus areas for fiscal years 2015-2016: occupational health and safety, greenhouse gas emissions, training and development, accountable and transparent governance and employee engagement. Over the next three years, our assessment suggests that some aspects are likely to become more prominent: ethics, community relations, water, unlocking growth/local infrastructure development progress, our ageing workforce, product responsibility and resource efficiency. We anticipate emissions, employee engagement and investment in training and development to become less significant as we continue to address these issues.

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

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

NOTE

For details on 'organizational profile' and 'governance' (required General Standard Disclosures of G4 guidelines), please refer our 2014 Annual Report.

POINT OF CONTACT

For queries and clarifications on this report, please contact Mr. Abdul Wahab, Group Manager Accounts at: abdul.wahab@crescent.com.pk

ABOUT THE COMPANY



VISION

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

MISSION

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

CORE VALUES

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



INTEGRITY

CONSISTENTLY DOING THE RIGHT THING.

Being ethically unyielding and honest in the way we carry on business even when nobody is looking.



OWNERSHIP

ACTING WITH STEWARDSHIP

to build a better, stronger and more dynamic organization.



CUSTOMER FOCUS

LEVERAGING RELATIONSHIPS FOR OUTPERFORMANCE.

Knowing our customers, anticipating their needs and being responsive to deliver the best value internally and externally.



CONTINUOUS IMPROVEMENT

CONTINUOUS IMPROVEMENT GIVES US COMPETITIVE ADVANTAGE.

We foster collaboration, innovation and creativity and have a passion for challenges – as individuals and as teams.



COMMUNITY CARE

SOCIAL RESPONSIBILITY IS AT THE HEART OF OUR BUSINESS.

We strive to make a positive difference in the lives of the people we work with and in the communities where we operate through strategic impact investment programs.



COLLABORATING FOR SUCCESS

OUR BUSINESS



CRESCENT STEEL IS A CONGLOMERATE CORPORATION, LISTED ON ALL STOCK EXCHANGES OF PAKISTAN. INCORPORATED IN 1983 AS A STEEL LINE PIPE MANUFACTURING BUSINESS, IT NOW HAS DIVERSIFIED BUSINESSES IN VARIOUS SECTORS WITH CAMPUSES SPREAD ACROSS PAKISTAN.

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

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

STEEL DIVISION

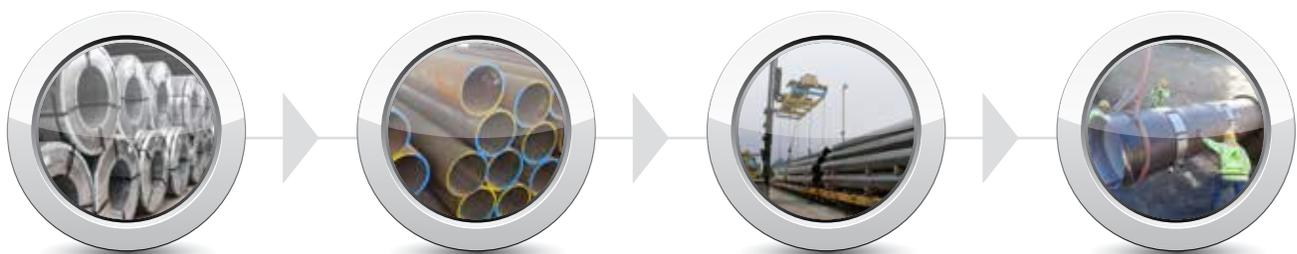
The Steel division operates a line pipe manufacturing and coating plant; and a machinery fabrication facility. The pipe plant, located at Nooriabad, specializes in manufacturing

large diameter spiral welded pipes and various line pipe coatings. The fabrication facility, located in Dalawal fabricates and erects machinery for the sugar, dairy, paper and cement industries.

LINE PIPE MANUFACTURING

The pipe plant's installed / rated capacity for production based on single shift is **30,000 tons** annually on the basis of notional pipe size of 30" diameter x 1/2" thickness. The actual production achieved during the year was 10,248

tons of line pipes of varied sizes and thickness (2013: 12,266 tons). This is equivalent to 21,676 tons if actual production is translated to the notional pipe size of 30" diameter (2013: 26,790 tons).



HR Coil is imported from steel manufactureres

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 & gas and water & sewerage sectors. The line pipes are also used as piles at Ports and Jetties

OUR BUSINESS



We procure hot rolled coils from suppliers abroad. Using our latest machinery these coils are converted into spiral arc welded carbon steel line pipes. The line pipes are then

subject to internal and external coating which are then supplied to public utility companies for use in the national oil and gas transmission and distribution network.

COATING PLANT

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

The coating plant has a capacity of externally shot blasting and coating line pipes with 3 layer high / medium

density polyethylene coating at a rate of 250 square meters per hour on pipe sizes ranging from 114 mm to 1,524 mm in diameter and a thickness range of 3 mm to 16 mm.

The annual capacity of the plant works out to **600,000 square meters** based on notional size of 14" diameter on single shift working. Coating of 82,125 meters (2013:

340,472 meters) of different diameter pipes (58,651 square meters surface area) was achieved during the year.



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

External and/or internal coating is applied on the bare pipes

Coated pipes passing quality parameters supplied to customers as per specifications

ENGINEERING UNIT

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



Our engineering workshop fabricates machinery and spare parts on design specifications it owns, for various local industries especially in the sugar and cement sectors. The raw material mainly metal sheets are procured and converted into industrial equipment. Our engineering product offering includes:

- Cane Shredders
- Juice Heaters, Vapor Juice Heaters
- Evaporators with Stainless Steel Multi-jet Condensers
- Batch and continuous vacuum pans
- Crystallizer "U" shape
- Centrifugal Machines
- Stainless Steel Spray Clusters for spray pond
- Deep Bed Filters
- Milk Silos
- Hydraulic Tilting Trolleys for cane harvesting
- Perforated Plates & Vibro Screens for Paper Plants
- High Voltage Transformer Tanks
- High Pressure Boilers

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

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

Limited, a fully owned subsidiary incorporated in 2011. The unit supports the Company's bottom line and in addition to capital gains maintains a stable flow of rental and dividend income.

OUR BUSINESS



CRESCENT COTTON PRODUCTS

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

The cotton division's production capacity converted to 20s, as per spinning plan is **6,452,874 kilograms**. Actual production converted into 20s count was 5,749,028 kilograms (2013: 4,953,253 kilograms).

The supply chain for cotton apparel is complex. Farmers grow and harvest cotton bolls. Raw cotton is sold by farmers to the ginning industry where cotton lint is separated from seeds and other materials. Ginned cotton is sold through agents in the local and international markets to spinning units. We obtain cotton lint in bulk from cotton agents. The yarn manufacturing process involves mixing, carding, drawing, roving and ring spinning. The yarn we produce at Crescent Cotton Products is sold to fabric manufacturers who weave or knit the yarn into fabric and sell it for further processing to fabric manufacturers to process, design and manufacture finished garments for end consumers.

SUPPLY CHAIN - RAW COTTON FROM FARMERS TO GARMENTS FOR CONSUMERS



SHAKARGANJ ENERGY

Shakarganj Energy, acquired in 2012, operates a bagasse fired thermal cogeneration power plant located at Bhone and capable of producing **15 Megawatts** of electricity. The principal activity of the unit is to generate, accumulate, distribute, sell and supply electricity to Faisalabad Electric Supply Company and other power distribution companies under the agreement with the Government of Pakistan or to any other consumer as permitted. The plant will cater to the energy needs of Crescent Hadeed (Private) Limited and supply reliable emission free power to the national grid.

The supply chain starts from the acquisition of sugarcane from the farmers/intermediary market.

During the process of extracting sugar, bagasse is obtained as a by-product which is a renewable clean resource of generating electricity. Shakarganj Energy purchases bagasse and uses it as a fuel to generate electricity.

During the year, a subsidiary of Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited was also incorporated. The principal activity of Solution de Energy is to build, own, operate and maintain 100 MW solar power project in Solar Power Park, being established by the Government of Punjab in the Cholistan desert.

SUPPLY CHAIN - FROM SUGARCANE IN FIELDS TO ELECTRICITY

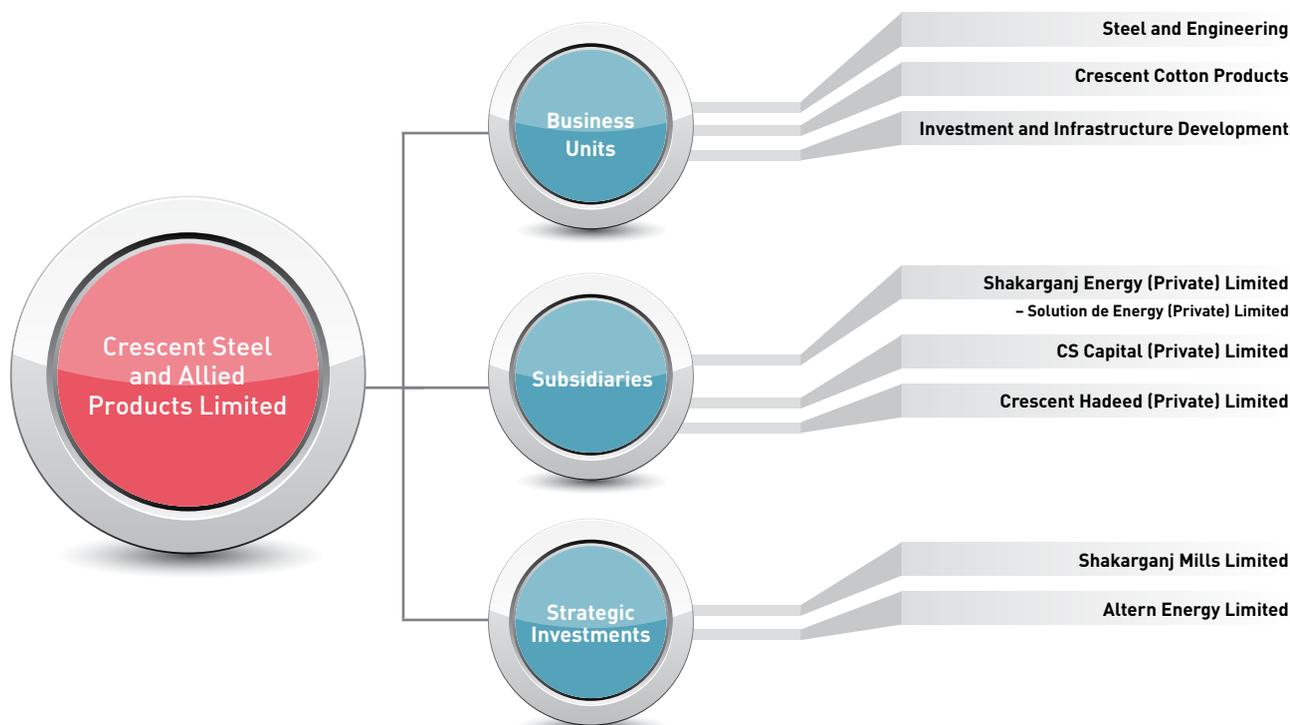


CRESCENT HADEED

Crescent Hadeed, incorporated in 2013 is expected to be operational next year. The Company will manufacture steel billets through an induction melting and ladle refining process. It has a planned production capacity of **85,000 metric tonnes** of steel billets per annum. These steel

billets will be used by re-rolling mills for manufacturing of reinforced steel bars, angles, channels, sections and other steel products for use in the construction and engineering sectors.

OUR BUSINESS



The operations of our divisions and subsidiaries extend to a wide geographical region within Pakistan. We mainly serve public sector organizations and industrial outlets.

During the current fiscal year we sold 10,248 tonnes of steel pipes, 19,256 tonnes of yarn and 154.9 tonnes of cotton locally, exported about 968 tonnes of yarn and 492.8 tonnes of cotton. 442 machines and equipment units were sold. We made investments of Rs. 853.6 million (FY13: Rs. 498 million) and realised gains of Rs. 418.4 million (FY13: Rs. 162 million) through sale of investments.

Our revenues were 5.1 billion (FY 13: 6.3 billion) of which 3.6 billion (FY 13: 4.3 billion) constitute payments to

suppliers. We posted a profit after tax of Rs. 554 million of which Rs. 22.2 million (FY13: 35 million) was donated towards various social development programmes and Rs. 361 million (FY13: 731 million) were paid as taxes and levies. We have Defined Benefit and Contribution Plans for our employees (for details please refer to Note 5.12.2 – Post Retirement Benefits, in the Consolidated Financial Statements).

To achieve all of this we have employed a workforce of 742, with varying skill sets across diverse backgrounds, receiving compensation and benefits of Rs. 253 million (FY13: 252 million).

AWARDS AND ACCOLADES



CORPORATE REPORT AWARDS 2013 (ICAP & ICMAP)

The Annual Report of the Company for the year 2013 secured 2nd position in the Engineering Sector of 'Best Corporate and Sustainability Report Awards 2013'.

SUSTAINABILITY REPORT AWARDS 2013 (ICAP & ICMAP)

Our Sustainability Report for the year 2013 secured 4th position among all the participants in the 'Best Corporate and Sustainability Report Awards 2013'.

BEST PRACTICES AWARDS ON OSH&E (OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT)

Secured 1st Prize in the 9th Employers' Federation of Pakistan Best Practices Awards on OSH&E in the Processing and Allied Sector.

EMPLOYER OF THE YEAR AWARDS 2012

At the Employers' Federation of Pakistan's Employer of the Year Awards 2012 ceremony Crescent Steel was awarded for Best Enterprise for Work Place Safety in the large sector.

This award recognizes our contribution and commitment towards the provision of a safe and supportive work environment.

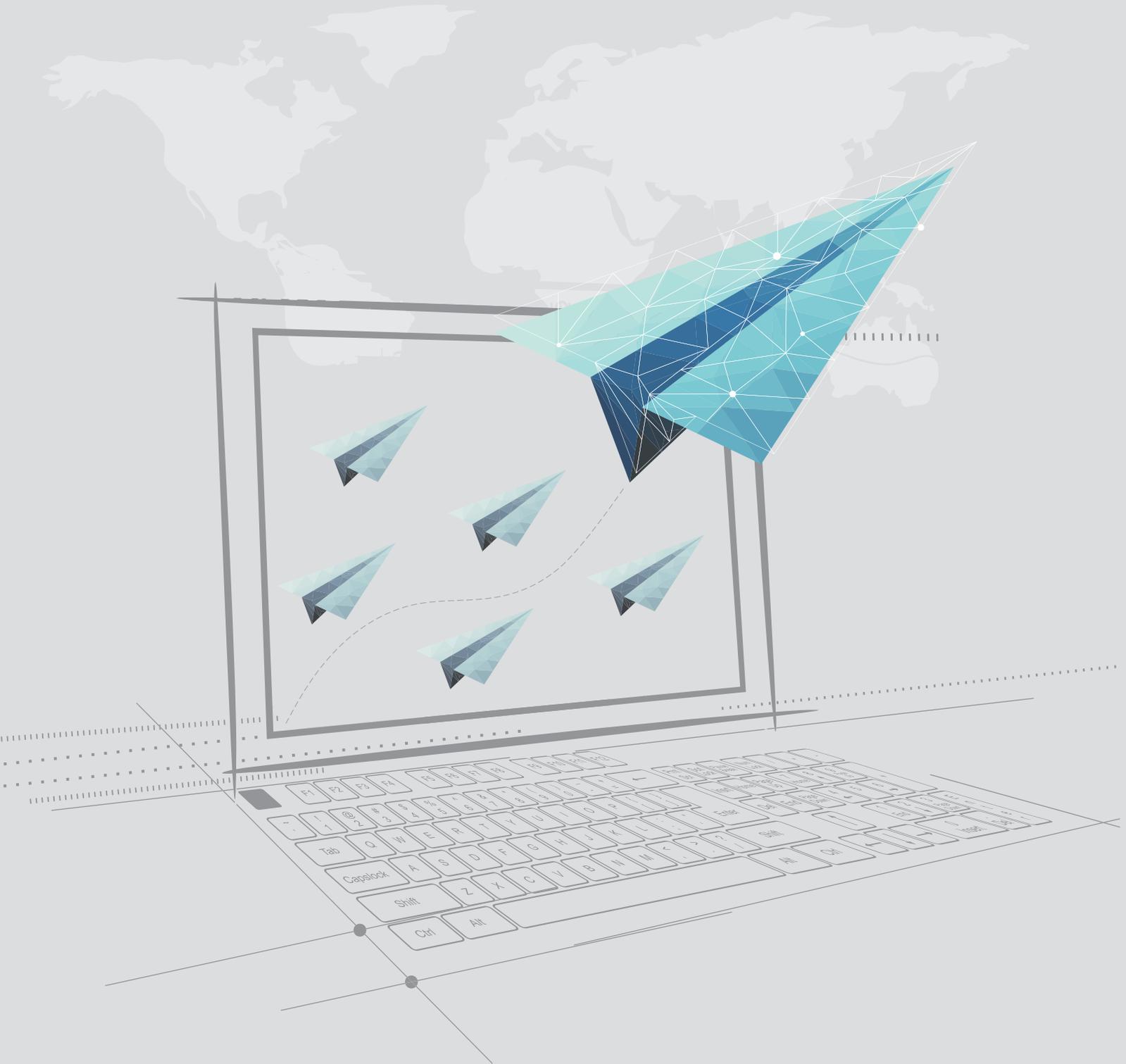
BEST CEO AWARD 2012

Our CEO, Mr. Ahsan M. Saleem was awarded the "Best CEO of the Year" award for significant contributions in the field of Industrial Metals and Mining by The Federation of Pakistan Chambers of Commerce and Industry.

CORPORATE PHILANTHROPY AWARDS 2012

Crescent Steel and Allied Products Limited was selected by Pakistan Centre for Philanthropy for the "Corporate Philanthropy Awards 2012". The award is based on two assessments: Donations in value and as a percentage of PBT. CSAPL donated approximately 2% of PBT due to which our Company was awarded with a Certificate of Recognition for our philanthropic contribution made during 2012.

HIGHLIGHTS OF OUR ECONOMIC CONTRIBUTIONS



STATEMENT OF VALUE ADDITION

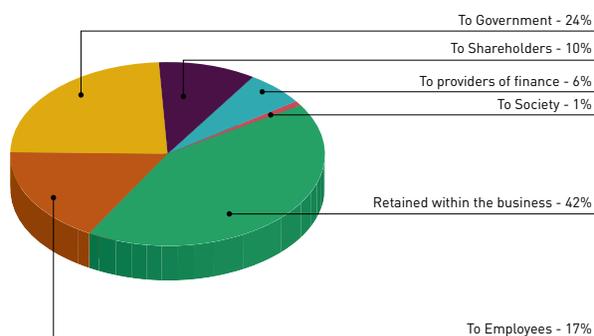
	2014		2013	
	Rs '000	%	Rs '000	%
Wealth Generated				
Total Revenue	5,122,064	100	6,317,756	100
Bought-in-material and services	(3,596,477)	70	(4,271,062)	68
	1,525,587	30	2,046,694	32
Wealth Distributed				
To Employees				
Salaries, wages and other benefits	255,105	17	252,397	12
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	361,399	24	731,392	36
To Shareholders				
Dividend *	155,265	10	197,610	10
To providers of finance				
Finance costs	94,911	6	62,907	3
To Society				
Donation towards education, health and environment	22,275	1	35,150	2
Retained within the business for future growth				
Depreciation, amortization and retained earnings	636,632	42	767,238	37
	1,525,587	100	2,046,694	100

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

WEALTH DISTRIBUTION PATTERN

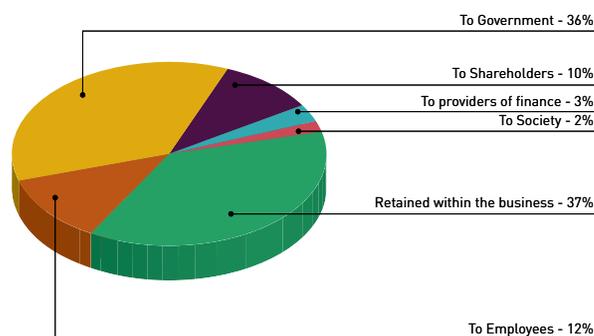
2014

Distribution of Wealth 2014



2013

Distribution of Wealth 2013

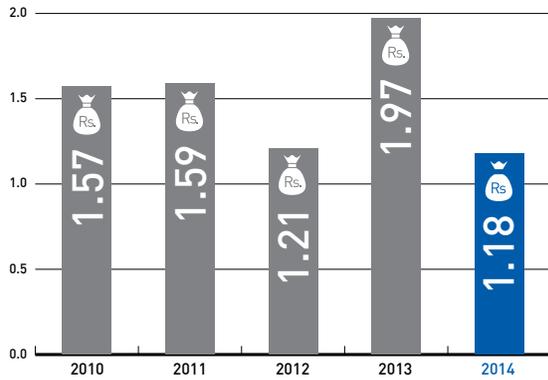


ENGAGING OUR PEOPLE



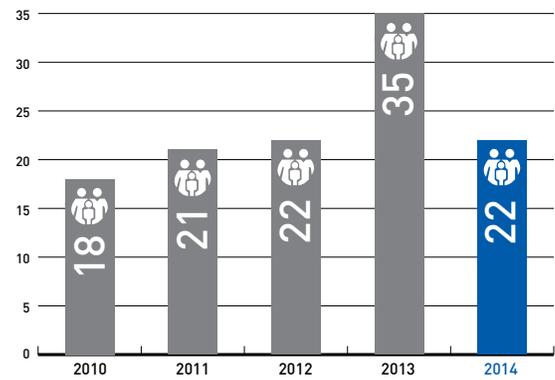
NET WEALTH GENERATED

Rupees in billion



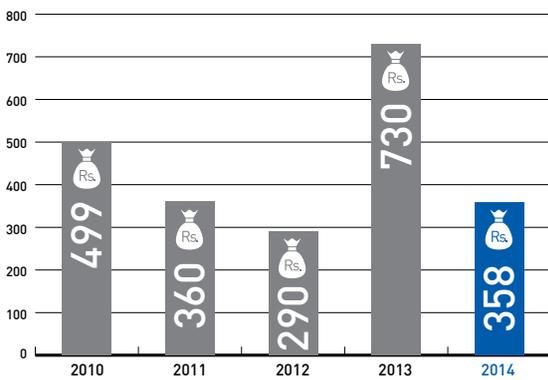
SOCIAL INVESTMENT

Rupees in million



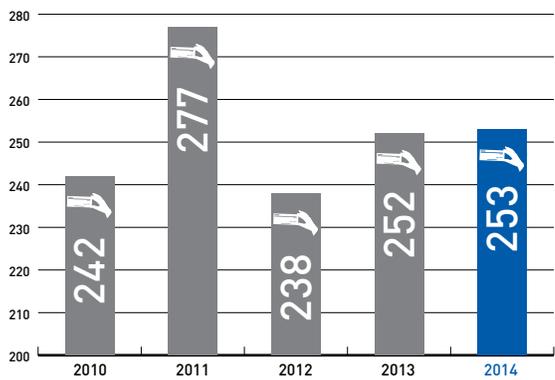
TEXES PAID

Rupees in million



CONTRIBUTION TO EMPLOYEES

Rupees in million

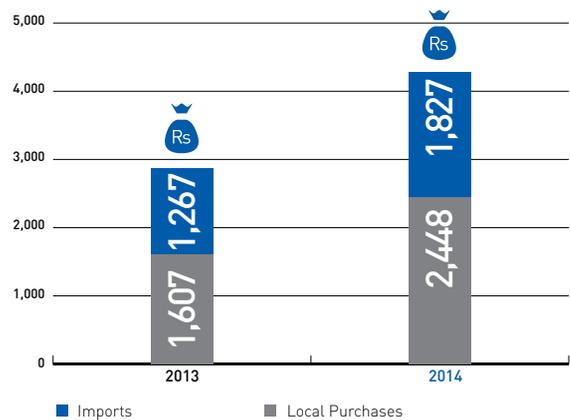


SUPPORTING LOCAL SUPPLIERS

	Rs in million	In percentage
Purchases from 2014		
Local Vendors	1,607	56%
Foreign Vendors	1,267	44%
	2,874	
Purchases from 2013		
Local Vendors	2,448	57%
Foreign Vendors	1,827	43%
	4,275	

COMPOSITION OF LOCAL AND FOREIGN SUPPLIES

Rupees in million



PERFORMANCE INDICATORS

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2014*	2013* Restated	2012* Restated	2011*	2010*	2009*	2008
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	902.5	1,316.6	703.6	1,151.0	1,022.2	279.2	954.7
Profit before taxation and depreciation (Rs. in millions)	802.3	1,251.3	582.7	995.2	889.8	74.1	801.4
Gross profit ratio (%)	5.7	13.0	12.9	18.4	22.1	21.6	21.3
Operating profit margin to sales (net) (%)	11.5	19.1	7.8	17.5	22.3	2.9	17.4
Net profit / (loss) margin to sales (net) (%)	13.7	17.8	11.9	14.5	14.4	(7.2)	9.9
EBITDA margin to sales (net) (%)	22.4	26.3	17.8	26.2	27.6	8.4	22.7
Operating leverage ratio	1.8	4.4	4.1	0.9	63.1	4.1	(0.2)
Return on equity (%)	10.5	18.0	11.7	17.8	17.4	(9.4)	13.9
Return on average equity (%)	10.8	19.9	12.4	19.2	19.0	(8.7)	13.4
Return on capital employed (RoCE) (%)	14.4	22.5	12.8	22.0	21.4	2.7	17.4
Return on average capital employed (%)	14.6	25.0	12.7	23.4	22.2	2.4	18.0
Return on average assets (%)	9.2	16.3	9.4	13.1	11.9	(5.4)	8.7
B - Liquidity Ratios							
Current ratio	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1	1.2 : 1	1.2 : 1	1.4 : 1
Quick / Acid-test ratio	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1	0.6 : 1	0.8 : 1	1.1 : 1
Cash to current liabilities (%)	(11.8)	(23.6)	(23.5)	(49.1)	(27.0)	(45.8)	(52.7)
Cash flows from operations to sales (%)	4.3	(1.7)	11.1	4.1	12.3	10.1	13.5
Working capital (Net current assets)	1,123.6	1,340.9	856.4	595.2	384.7	308.0	706.0
Working capital turnover (times)	3.3	4.6	5.4	9.0	10.7	6.5	4.8
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	28.1	17.7	15.3	20.9	20.5	32.7	28.0
No. of days in receivables / Average collection period (days)	13	21	24	18	18	11	13
Inventory turnover ratio (times)	7.1	7.0	4.8	3.8	3.5	4.2	5.3
No. of days in inventory (days)	51	52	76	95	104	86	68
Creditors turnover ratio (times)	29.3	19.9	15.9	22.3	14.0	24.6	19.7
No. of days in creditors / Average payment period (days)	12	18	23	16	26	15	19
Property, plant and equipment turnover (times)	2.9	3.9	3.6	3.1	2.9	2.7	3.4
Total assets turnover (times)	0.7	0.9	0.8	0.9	0.8	0.8	0.9
Operating cycle (days)	52	55	77	96	96	82	63
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.) **	8.91	14.35	7.58	10.29	8.61	(3.85)	6.69
Price earnings ratio (times) ***	4.9	3.1	3.1	2.5	2.9	-	9.2
Dividend yield (%) ***	5.7	7.8	8.6	13.4	12.0	-	4.9
Dividend payout ratio (%) ***	28.1	28.5	24.0	30.9	31.7	-	49.4
Dividend cover ratio (times) ***	3.6	4.1	3.8	2.9	2.9	-	2.2
Cash dividend (Rs. in millions) ***	155.3	197.6	112.9	197.6	169.4	-	154.0
Cash dividend per share (Rs.) ***	2.5	3.5	2.0	3.5	3.0	-	3.0
Stock dividend / Bonus shares (Rs. in millions) ***	-	56.4	-	-	-	-	51.3
Stock dividend / Bonus shares (%) ***	-	10.0	-	-	-	-	10
Market value per share [at the end of the year] (Rs.)	43.5	45.0	23.2	26.1	25.1	18.0	61.7
- Lowest during the year (Rs.)	43.5	21.6	18.0	23.8	18.0	13.0	58.0
- Highest during the year (Rs.)	74.8	54.5	28.5	31.7	34.0	61.0	108.0
Break-up value per share (Rs.)	84.5	79.8	64.7	58.0	49.6	41.0	48.2
E - Capital Structure Ratios							
Financial leverage ratio (%)	6.3	9.8	9.0	23.6	27.2	42.1	49.2
Long term debt to equity ratio (%)	1.2	0.7	0.5	3.6	-	2.2	5.6
Cost of debt	13.7	14.4	16.7	16.5	14.4	15.8	12.5
Long term debt : Equity ratio	1 : 99	1 : 99	0 : 100	3 : 97	0 : 100	2 : 98	5 : 95
Total liabilities to total assets (%)	14.9	15.6	21.1	26.6	37.1	38.1	38.2
Gearing ratio (%)	3.4	7.6	6.8	18.7	17.5	29.5	32.9
Interest coverage (times)	8.5	19.5	5.1	6.8	6.9	0.5	5.1

Notes:

* The figures presented in this analysis for the financial years ended 30 June 2014, 2013, 2012, 2011, 2010 and 2009 are those based on the Group's consolidated financial statements. The figures presented for the financial years prior to 2009 are based on the Holding Company's individual financial statements as published in the annual reports in those respective years.

** The basic and diluted earnings / (loss) per share for prior years have been restated to take into account the issue of bonus shares in the financial year ended 2013.

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

SUSTAINABILITY ROADMAP



STAKEHOLDER
ENGAGEMENT



CULTURAL
EMBEDDING



MATERIALITY
ASSESSMENT



INFORMATION
AND
REPORTING



SYSTEM
ALIGNMENT



STRATEGY
EVOLUTION



MONITORING
AND
EVALUATION

SUSTAINABILITY ROADMAP



SUSTAINABILITY AND BUSINESS SUCCESS ARE TWO SIDES OF THE SAME COIN FOR US, AND IN THIS REPORT WE HAVE SHOWCASED THIS IN NUMEROUS EXAMPLES. SUSTAINABILITY HAS ALWAYS BEEN A CORE PART OF OUR BUSINESS STRATEGY AND THE FOUNDATION OF LONG TERM BUSINESS SUCCESS.

We have consciously decided to carve out our Strategic Objectives for sustainable growth from our Corporate Strategy instead of formulating a separate Sustainability Strategy. This is because our Corporate Strategy is already geared towards making long-term progress in terms of profitability, the environment and society. We will use sustainability principles to drive process innovation, new product development, improving manufacturing efficiencies and reducing material and energy consumption. This commitment is backed by active initiatives in our day to day work.

We are rapidly discovering that the long term success of our business is dependent on the socio-economic well-being of the communities in which we operate. We believe that if we are to function in a healthy climate in the future we must take actions now that will ensure our long term viability.

We aspire to ensure that every single employee, customer, and supplier takes responsibility for social issues and that the design and execution of our engagement with

community, business and strategic partners is impact oriented and sustainable.

While sustainability is already integrated into every aspect of our operations, the framework we have developed will enable us to systematically design sustainable management into all our business processes and systems, set clear objectives and measure our performance in a structured manner. Formalising our corporate responsibility framework will enable us to bring greater focus to ensuring a better future for our business and creating lasting value for our stakeholders. While we have managed to achieve this at the corporate level, we are committed to continually integrating sustainability at an operational level, mitigating risks and raising performance levels.

STAKEHOLDER ENGAGEMENT

Understanding and addressing the needs and expectations of our stakeholders is a sustainability imperative. Stakeholder engagement is a strategic management driven initiative that is vital to the future performance of our businesses – we see lacking stakeholder engagement as a major sustainability risk and strive to mitigate it through formal and informal engagement mechanisms. We place priority towards creating and maintaining regular and honest communication with our key stakeholders and while our stakeholders' engagement programs with our employees, customers, shareholders and investors are stronger, we are in the process of formalising and strengthening the engagement plan with other stakeholders that include suppliers, local community and regulatory authorities. Stakeholders play an essential role in Crescent Steel's continued success, especially for determining opportunities to collaborate toward common goals. We believe that we must continue to operate responsibly and address the needs of these interconnected groups to ensure commercial success enabling us to deliver on our sustainability priorities.



MATERIALITY ASSESSMENT

Crescent Steel conducted detailed materiality assessments to understand the economic, environmental and social impacts and to surface stakeholder expectations regarding our performance, strengths and weaknesses.

We used the Global Reporting Initiative (GRI) reporting framework to inform our definition of corporate responsibility materiality and selection of material issues.

The corporate responsibility materiality analysis was carried out in the latter half of fiscal year 2014 and helped us develop our corporate responsibility framework and also to ensure that our corporate responsibility strategic direction was linked to our core business.

The assessment followed a tailored process that included desktop research, consultative interviews with stakeholders both inside and outside the business, to select and refine the list of corporate responsibility issues for further analysis into a self-developed materiality assessment toolkit that ranked issues in terms of significance (Significant, High, Medium and Low)

As part of the process, we engaged more than 20 Crescent Steel executives from key functional areas and business units including Human Resources, Manufacturing, Marketing & Sales, Philanthropy/CSR, Health, Safety and Environment, Quality Assurance and Control and others. Our goal was to understand which of the corporate responsibility issues we selected are most linked to Crescent Steel's business strategy. We used the following criteria to help business leaders select which issues are of highest importance in terms of impact on:

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

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



02

BLOOD GROUPING CAMP

21-11-2013

A Joint Project of

aranwala Rotary Club

y Club of Jhang



**SHARING
THE CAUSE**



Blood grouping activity

SUSTAINABILITY ROADMAP



STRATEGY EVOLUTION

We aspire to unlock growth for Crescent Steel. We hope to achieve this through the core strengths of our businesses and by being a responsible and trusted corporate citizen. The Company's Corporate Strategy overview is presented in our 2014 Annual Report and is structured on sustainability principles. It focuses on three main areas:

ECONOMIC

Our focus is geared towards growth in this area. We believe investment in Pakistan's engineering sector will be the key driver for future development and we intend to capture growth in this sector by leveraging our strengths.

ENVIRONMENTAL

Energy efficiency by contributing to the development of energy (oil and gas) pipeline infrastructure, ensuring cost savings and emission reduction.

SOCIAL

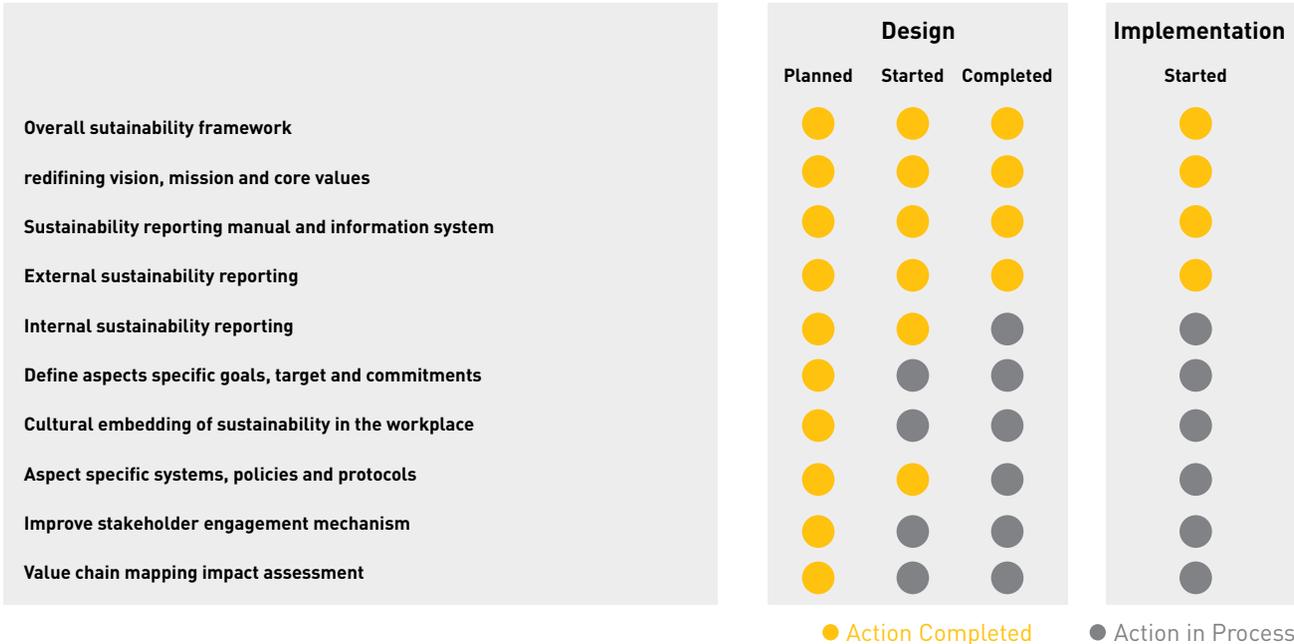
Education remains our key focus area for societal investments. We strive to contribute to Pakistan by investing in education. Taking into account the realities of the Pakistani diaspora with regards to literacy levels, our focus is on primary and secondary level education. Overtime as we continue to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

Energy and Infrastructure Developments are key drivers to growth in any economy. They support the growth and development of industries and cities. Through efforts to reduce barriers to infrastructural development (specifically in energy infrastructure), invest in education and improve energy efficiency we aim to enable growth in industries while addressing sustainability challenges that hamper the growth potential of our businesses. The key priority areas in our Corporate Strategy will help us address the barriers to our growth and at the same time help address substantial sustainability challenges.

We have consciously chosen not to develop a separate sustainability strategy as sustainable management lies at the core of our business level strategic plan. While we have been able to bring focus to sustainability principles at a corporate level we believe it is important that we take the next step to integrate sustainability in our systems and processes. In partnership with our sustainability advisors a robust framework has been developed to formalize our sustainability imperatives and progress on the operational dissemination of the framework is presented below.



SUSTAINABILITY ROADMAP



Our strategy, objectives, goals and commitments for sustainability principles have been mentioned in each relevant section of this report while a detailed overview on our Corporate Strategy is available in the 2014 Annual Report.

SYSTEM ALIGNMENT

By system alignment we mean formulating policies and procedures around each material aspect of the sustainability agenda. This also involves developing metrics and KPIs to measure performance, conducting audit and verification of our sustainability performance, adherence to international standards, performance monitoring and benchmarking.

In order to integrate sustainability into our business processes we have aligned our strategy development and execution tool with our sustainability objectives. Using the balanced scorecard approach also explained in our Corporate Strategy we have been able to cascade sustainability objectives to business units tying these to departmental and individual level goals through our performance management system. environmental management, occupational health & safety, product responsibility and community investments. Our steel division currently holds certifications for Environmental Management System (ISO 14001), Quality certifications (API QI) from the American Petroleum Institute (API), and Occupational Health and Safety (OHSAS 18001) for which external audits are also being conducted, ensuring full compliance with the systems.

Using this approach we have managed to make sustainability objectives a part of employees' annual performance goals.



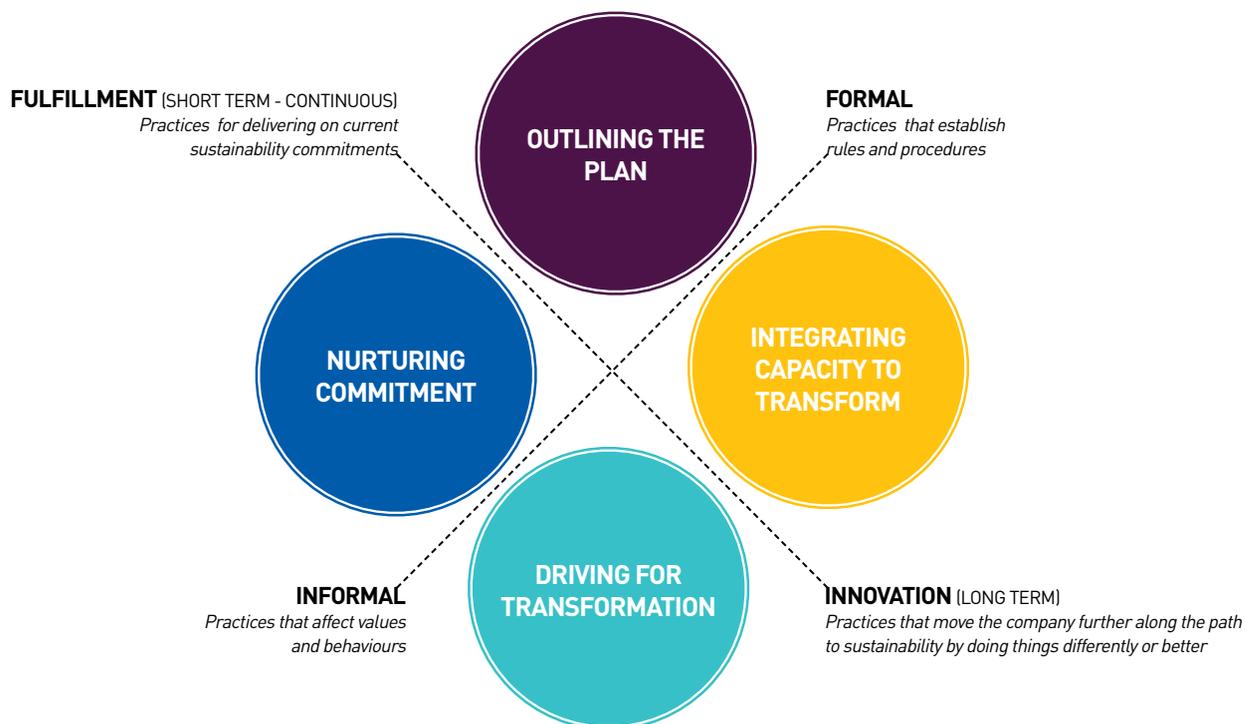
CULTURAL EMBEDDING

We have developed a 'Sustainability into Action' guide book which outlines numerous action plans for embedding sustainability into our culture, workplace, values and behaviors. These action plans range from 'formal' to 'informal' initiatives leading from 'fulfillment' to 'innovation'.



Some of the action plans around this theme include:

- Conduct Core Value workshops
- Engage employees by generating interest and excitement about corporate responsibility.
- Provide information about corporate responsibility to raise awareness and understanding.
- Encourage and recognise good ideas or efforts through internal competitions.
- Communicate the message of corporate responsibility as a priority issue.
- Enact the roles and behaviours the organisational leadership wishes employees to emulate.
- Conduct training around the concept
- Strengthen corporate communication regarding sustainability



SUSTAINABILITY ROADMAP



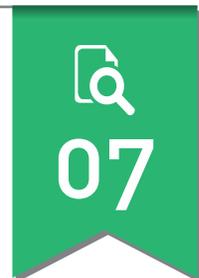
INFORMATION AND REPORTING

From 2013, we have started publishing separate sustainability report of the company. We have developed a sustainability reporting manual based on GRI's G4 guidelines to strengthen our internal and external reporting mechanism. We have a sustainability action team in place, which has representation from all of our different sites in Pakistan. The reporting manual clearly defines roles and responsibilities of the persons included in the sustainability action team. In addition to this we have developed online reporting templates to capture sustainability related data from all business units and relevant departments.



MONITORING AND EVALUATION

Although we have not yet started a formal monitoring process to evaluate performance on sustainability objectives, integration of our sustainability strategy into our Corporate Strategy and the subsequent cascading of this into business level strategy maps, departmental goals and individual goals will ensure that performance on sustainability objectives is monitored although the performance management system already in place. The system follows a Balanced Scorecard approach and is well integrated across all our operations.



HUMAN CAPITAL



HUMAN CAPITAL



OUR BUSINESS RELIES ON THE SPECIALIZED SKILLS AND EXPERTISE OF OUR PEOPLE. WE SEEK TO RECRUIT, DEVELOP AND RETAIN THE BEST TALENT, SO WE CAN CONTINUE TO DELIVER WHAT OUR CLIENTS EXPECT. TO ACHIEVE THIS, WE HAVE A COMPREHENSIVE HR STRATEGY AND EXTENSIVE POLICIES IN PLACE TO SUPPORT OUR STRATEGIC HR OBJECTIVES AND DRIVE OUR HR ACTIONS EFFECTIVELY.

Our Human Resource strategy is designed to contribute to our durability by providing our people with good jobs and working environments that maximize their skills and realize the potential of both individual employees and teams. The HR strategy focuses on developing programs to supplement Crescent Steel's policies on recruitment, training, performance evaluation and remuneration in a manner that strengthens the organization's human capital, develops corporate culture, improves working environments and delivers on upholding our values. The Human Resource strategy focuses on enhanced training of our people with measurable outcomes, promoting an interactive environment, improving succession readiness for future leadership, cross-functional engagements, and fostering a

culture of innovation and accountability where people are listened to and assessed with fairness.

Our organizational culture supports open communication where every employee enjoys freedom to give feedback and raise complaints and grievances with ease. We actively monitor the results of our employee engagement and satisfaction surveys and take timely actions with regular follow ups. Our HR policy strongly condemns all forms of unethical labor and human rights practices, including discrimination, child labor and forced labor. Our human resource function is subject to strict monitoring by an independent internal audit function that identifies implementation and policy gaps.



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	u
Company sponsored vehicles (Car / Motorcycle)	+

- ✓ To all employees
- u To our executive management
- + To eligible employees who apply and have been in service for at least three years



GOALS AND OBJECTIVES FOR 2014- 2016

- Implement an updated Human Resource Management System by December 2014
- Conduct survey to get the voice of employees by January 2015
- Implement key HR processes across new BUs/Subsidiaries by March 2015
- Start measuring cost per hire by October 2014
- Launch at least one formal employee recognition program by March 2015
- Review and develop JDs for key positions by February 2015
- Improve ESI to 4.0 in Fiscal year15
- 360 degree surveys of key management staff by May 2015

HUMAN CAPITAL



EMPLOYEE ENGAGEMENT

Our people are at the heart of the company. We want to ensure that our employees feel committed to the future of Crescent Steel, so that they will contribute to the best of their ability, and we can retain the incredible talent that we have.

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

Sharing information and getting feedback is a key part of employee engagement.

On an operational level, we want to ensure that the messages from our leadership are reaching every employee and that everyone has the opportunity to give feedback, ask questions, and offer ideas. In 2013, we introduced a central communications desk – a cascade process to communicate management messages throughout the organisation, and invite feedback. The communications desk is monitored for its effectiveness and any feedback is reported to our senior management. Other communications vehicles include our quarterly newsletter *Crescent Quarterly*, our intranet portal *My CSAPL* where a direct line to the CEO is available to all employees at all times.

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

Every year our employees have the opportunity to give anonymous and confidential feedback through the Employee Satisfaction Survey. The latest survey was carried out in March 2014, with participation at 85% and our employees were more satisfied than they had been in 2013, especially in areas such as our values, organisational direction, workplace environment and leadership. Employees also have a chance annually to meet face to face, one on one with the CEO and share any issues or raise suggestions anonymously. We also have a robust grievance and complaint mechanism in place under the whistle blowing policy where employees can anonymously report matters to the Head of Internal Audit, Human Resources or the CEO.

All the same, we found that responses relating to aspects of employee motivation suggested the need to improve in some areas, such as financial/non-financial rewards and recognition. We have studied survey results and are committed to addressing key issues.

CRESCENT CARES



It is our duty to meet all reasonable expectations of our employees, listen to and address their needs, concerns and grievances and provide them with the workplace where they feel happy and accomplished

EMPLOYEE DEVELOPMENT

Our business will only be successful and sustainable in the future if we can attract, develop and retain the best talent, and inspire the workforce of tomorrow. In 2014, we invested Rs. 1.4 million to train our employees, enabling them to develop their careers, fulfill their potential and make the best possible contribution to the success of the company. On average, each employee in management category received 26 hours of training during the year.

A right combination of knowledge, skills and experiences is vital for the specialised nature of our business. We have a formal training and development system in place which enables us to develop our human capital on the skills and competencies necessary to discharge their duties satisfactorily and prepare them to assume more challenging and senior positions in the future. Thus training and development of employees holds significance in our human resource policies.

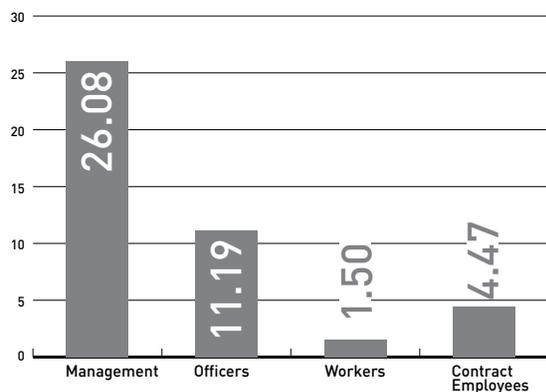
CRESCENT CARES



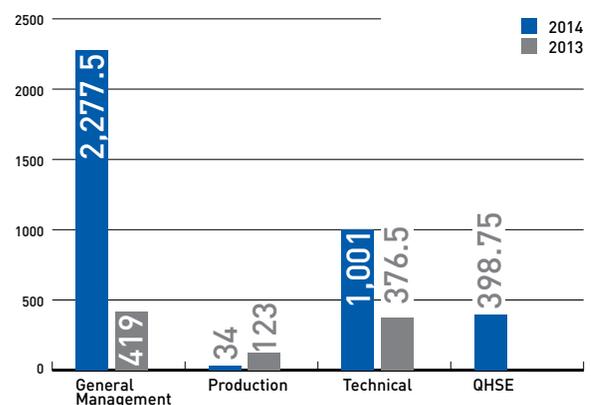
By contributing towards personal and professional development of our employees, Crescent's training and development framework enable them to achieve better career prospects and uplift their potentials. Human

resource development is a matter of our responsibility. We also provide learning and development opportunities to future talents through our management trainee and internship program

AVERAGE TRAINING HOURS/EMPLOYEE



HOURS-BY TYPES OF TRAINING



100

PERCENTAGE OF ELIGIBLE EMPLOYEES, FOR WHOM PERFORMANCE REVIEWS AND CAREER DEVELOPMENT PLANS HAVE BEEN PREPARED IN 2014.

16

AVERAGE TRAINING HOURS HAVE BEEN PLANNED FOR EVERY EMPLOYEE IN 2015.

80

NUMBER OF EMPLOYEES FOR WHOM TRAINING NEED ANALYSIS HAS BEEN CONDUCTED AND TRAINING PLANS PREPARED IN 2014.

HUMAN CAPITAL



EMPLOYEE DEMOGRAPHICS

Employees at Crescent are provided equal opportunities to grow and are encouraged to innovate, discuss and suggest new ideas. We aim to employ, develop and retain people from the communities in which we operate. We promote

diversified work culture and ensure safe and healthy work environment for our staff. Regular trainings of employees are conducted for their professional and personal development.

Total workforce – Region wise		
	2014	2013 (Restated)
Bhone	18	*7
Jaranwala	483	608
Karachi	59	60
Lahore	4	2
Nooriabad	151	156
Dalawal	27	26
Total	742	*859

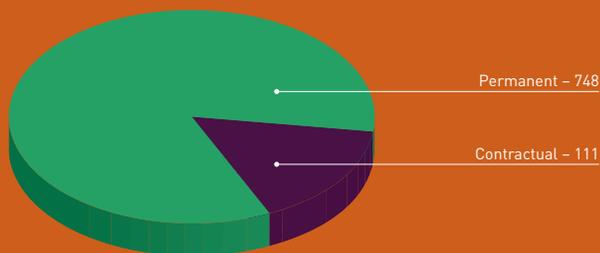
** In 2013-Corporate Responsibility report, we reported a total workforce of 852. This figure did not include 7 employees in our subsidiary Shakarganj Energy.*

NUMBER OF EMPLOYEES BY AGE

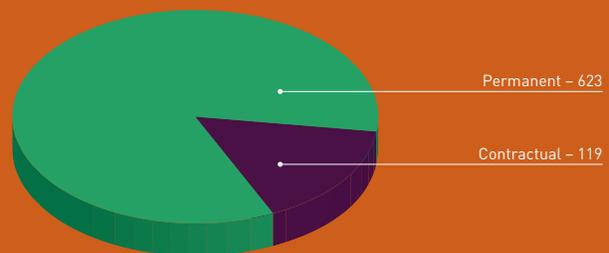


Average age of employees- by employee category	
Management	42 years
Officer	39 years
Worker	34 years

TOTAL NUMBER OF EMPLOYEES - 2013



TOTAL NUMBER OF EMPLOYEES - 2014



0% reported incidents of discrimination or violation of our employment policies and no grievance was reported

NEW HIRES

		Incoming Employees 2014		Incoming Employees 2013	
		Number	Rate	Number	Rate
By Age	Less than 30 years	285	35.5%	324	37.56%
	Between 30 - 50 years	130	16.3%	136	15.76%
	51 years and above	17	2.3%	8	0.83%
	Total	432	54%	468	54.15%
By Location	Karachi (Head office)	13	1.6%	12	1.42%
	Nooriabad	71	8.9%	87	10.31%
	Jaranwala	317	39.6%	358	42.24%
	Islamabad	3	0.4%	-	-
	Dalawal	7	0.9%	-	-
	Bhone	19	2.4%	11	1.3%
	Lahore	2	0.3%	-	-
	Total	432	54%	468	54.15%

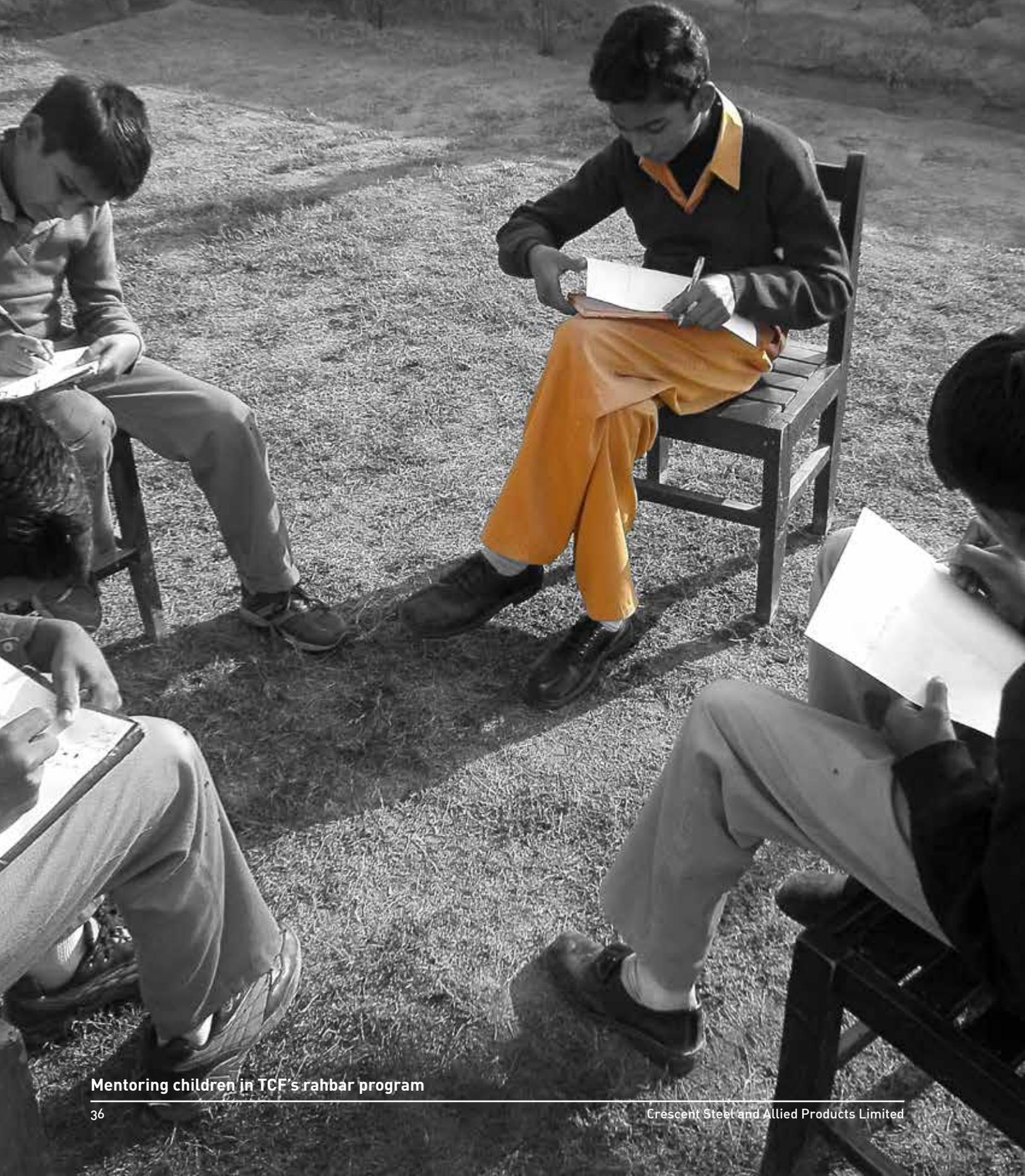
Major contributor to high turnover rate is our cotton division where yarn is manufactured. The reason for high turnover is due to higher number of lower cadre, largely unskilled staff who are

hired in peak periods for cotton sorting and tend to leave during the harvest season. The turnover is in line with trends in the textile spinning industry.

EMPLOYEE TURNOVER

		Outgoing Employees 2014		Outgoing Employees 2013	
		Number	Rate	Number	Rate
By Age	Less than 30 years	319	39.9%	288	33.17%
	Between 30 - 50 years	210	26.3%	145	17.06%
	51 years and above	20	2.5%	12	1.42%
	Total	549	68.6%	445	52.25%
By Location	Karachi (Head office)	13	1.6%	11	1.30%
	Nooriabad	74	9.3%	82	9.72%
	Jaranwala	444	55.5%	344	40.76%
	Islamabad	3	0.4%	-	-
	Dalawal	7	0.9%	4	0.47%
	Bhone	8	1.0%	4	0.47%
	Lahore	-	-	-	-
	Total	549	68.6%	445	52.25%

PUTTING EDUCATION FIRST



Mentoring children in TCF's rahbar program

HUMAN CAPITAL



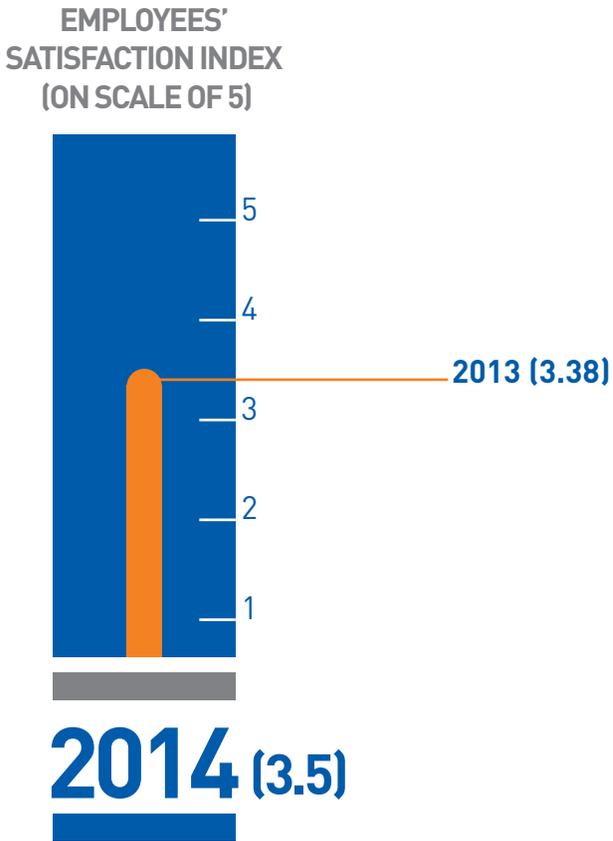
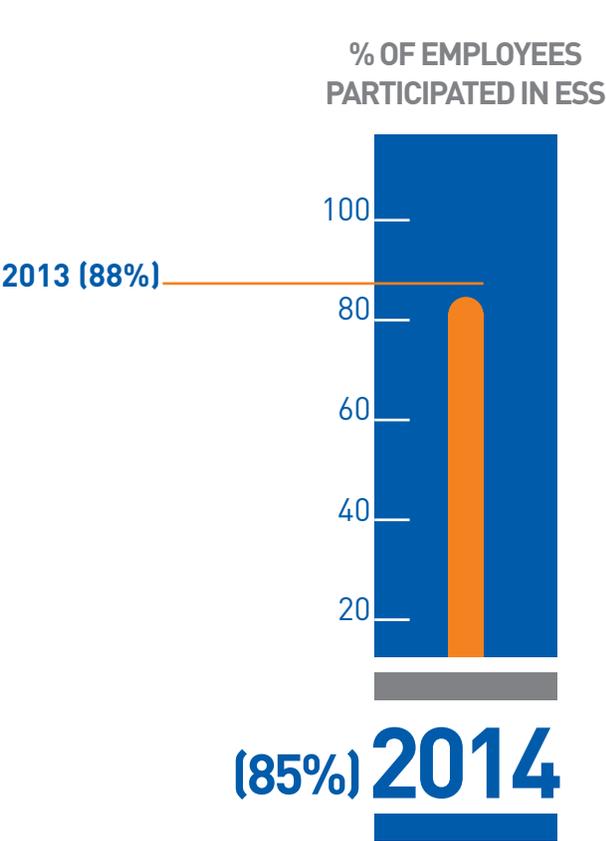
HIGHLIGHTS OF EMPLOYEE'S SATISFACTION SURVEY (ESS)

71 %
 OF EMPLOYEES ARE SATISFIED WORKING FOR CRESCENT
 (2013: 60%)

86 %
 OF EMPLOYEES ARE COMMITTED TO THEIR JOBS
 (2013: 76%)

67%
 OF EMPLOYEES ARE SATISFIED ABOUT GUIDANCE AND COACHING PROVIDED TO EXECUTE THE JOB
 (2013: 55%)

79 %
 OF EMPLOYEES ARE SATISFIED THAT CRESCENT IS SENSITIVE TO SAFETY NEED OF EMPLOYEES AND PROVIDE APPROPRIATE WORK TOOLS
 (2013: 76%)



HUMAN CAPITAL



OUR INITIATIVES

CORE VALUES WORKSHOPS

Last year, after a rigorous exercise we redefined a set of five core values. To instil values in our culture and ensure that every employee understands and lives by our values in the way they work every day, we developed a values guide book and held workshops titled "Living the Values" across the entire workforce

of permanent employees. The goal was to associate the values with behaviours and enable them as guides to action.

The response to the new values and the workshops was overwhelmingly positive.



INTERNATIONAL TRAINEE PROGRAMME

Under the AIESEC Global Internship Program, this year two students, Lisa Zueger from Switzerland and Michael Heitmann from Germany joined Crescent under the international trainee program. Lisa was posted at our Head Office in the Corporate Affairs department while Michael was placed at the Steel Division Plant at Nooriabad. We plan to engage more foreign trainees in the coming years. Inviting foreign students placement opportunities enhance diversity and provide our employees with a chance at global networking. The program promotes a culture of learning and innovation.

JUGNOO SABAQ PROGRAMME

The Jugnoo Sabaq Programme aims to provide free education to our employees so as to increase the literacy rate among the workers of the Company. The cost of the tuition fee and text books are borne by the company for all those enrolled. This year 3 employees at our Nooriabad Factory, who were enrolled in the programme, passed their Matriculation Examinations. Currently 13 employees are enrolled in the Jugnoo Sabaq classes. We intend to start Jugnoo Sabaq for all uneducated workers at the Cotton Division this year.



APPRENTICE PROGRAMME

An apprentice programme is conducted at our Nooriabad campus. The programme has been crafted to develop an understanding of the business and the degree of skill required in potential employees. It is a three year programme that allows selected candidates to undertake skill and proficiency training as an Electrician, Welder or Mechanic/Fitter.



COMPANY SPONSORED VEHICLE SCHEME (CAR/ MOTORCYCLE)

The Company strives to enable employees to commute easily for both official and personal purposes. We believe that all our people must be mobile. The Company continues to sponsor an annual vehicle scheme for all employees with a minimum service of three years. Under the scheme the Company contributes 80% of the total vehicle cost (only 15% of which is recovered in easy instalments, over a period of five years) and in addition covers registration charges, insurance cover, applicable taxes and registration charges for a period of five years. After five years, the vehicle is transferred in the name of employee. This scheme is available to employees who are not eligible for a company maintained vehicle.

During 2014, we sponsored 4 cars and 24 motor cycles (2013: 9 cars, 27 motor cycles) for eligible employees across all campuses.



BICYCLE SCHEME

With the aim to reduce absenteeism and turnover among employees and to ensure a healthier workforce, Crescent launched its first ever loan based Bicycle Scheme. The scheme was launched at the Cotton division and was welcomed by all workers, particularly the ones who were not eligible for the traditional vehicle scheme that gives out Cars and Motorcycles. This year, 25 eligible employees were given bicycles for commuting to the workplace. The scheme was targeted towards the unskilled and so inherently unsafe workforce at the Cotton Division and provision was conditional on their promise to adhere to all health and safety regulations and standards in place at the Unit.

HUMAN CAPITAL



MANAGEMENT TRAINEE PROGRAMMES

While the Company already maintains robust training programs for engineers at the manufacturing units, a structured management trainee program for shared services functions of the Company was not in place. During the year, the first batch of graduates from the Commecs Institute of Business and Emerging Sciences (CIBES) – a higher education partner were offered merit based

employment in shared services functions of the Company as Management Trainees. The Management trainee program supports our investment in CIBES and redoubles our commitment towards providing opportunities for development to the fresh young graduates. The management trainees were inducted on July 1st, 2014.

OTHER INITIATIVES

- Skill Development Programme – It is designed and implemented to ensure that our employees have adequate technical and professional skills.
- Rotation of Employees - Employees are rotated to different departments so that they have understanding of different functions and hence increased employability.
- Project Based Assignments - Once Project is completed new similar/ diversified project is assigned to utilize learning and gain more expertise.
- Internal and External Trainings - To further enhance employee skills internal and external trainings are conducted. Regular talent reviews are developed to value performance and analyse performance to find gaps and fill them by trainings.
- Scholarship Plan for Sons and Daughters of Crescent Steel Employees - In February 2014, we introduced a scholarship award program for sons and daughters of employees. The award was available on merit and need basis. Two need and one merit scholarships were awarded through the CSAP Benevolent Fund.

OCCUPATIONAL HEALTH AND SAFETY

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

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

We have achieved positive progress in our safety agenda during the year and a particular success has been a marked performance improvement in our Cotton Division. Employee engagement and reward systems were introduced to encourage safety and health practices. One such reward system awarded bicycles to employees that remained true to health and safety standards at the unit.

We have established a designated quality, health and safety department at each unit. Our line pipe operations are compliant with OHSAS 18001, internationally recognised standard on 'occupational, health and safety' practices. Health, Safety and Environment (HSE) management system has been developed to ensure satisfactory HSE compliance based on the requirements of ISO 14001 and OHSAS 18001.



CRESCENT CARES



Adherence to Occupational Health and Safety standards is a sustainability imperative.

HUMAN CAPITAL



HEALTH, SAFETY AND ENVIRONMENT POLICY

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

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

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

Our initiatives related to occupational health and safety includes:

- Yearly internal audits of HSE.
- Analysis of all incidents, accidents and unsafe conditions.
- Hazard Identification and Risk Assessment (HIRA).
- HSE operational instructions have been formulated in the native languages.
- Safety talks are carried out on a monthly basis.
- Training and practical demonstrations are conducted regularly to increase awareness and understanding about fire and safety procedures.
- Emergency drills are conducted twice a year.
- Employees are urged to report unsafe work conditions and non-compliance of our HSE procedures.
- Water filtration systems have been installed.
- Drinking water at our campuses is tested periodically.
- Pathology tests are conducted annually, e.g. Blood tests, Vision test, Sputum tests for Tuberculosis, Respiratory test, Audiometry tests, Typhoid vaccination, Chest X-ray, HIV & Hepatitis A and B tests.
- Dosimeters have been provided to employees working in the fluoroscopy department to monitor radiation levels.

- Testing of environmental parameters, noise level and particulate emission is monitored annually
- Provision of Personnel Protective Equipment (PPE).
- HSE awareness programmes are also conducted through Crescent Quarterly.



HEPATITIS SCREENING AND TREATMENT IN NOORIABAD

During the year, in collaboration with The Health Foundation, we organized an awareness screening and vaccination session against Hepatitis for all the factory employees at Nooriabad. Representatives from The Health Foundation gave workers a presentation that aimed at creating awareness on Hepatitis issues highlighting preventive measures and available treatment methods.

100

EMPLOYEES VACCINATED FOR HEPATITIS B

75

EMPLOYEES SCREENED FOR HEPATITIS B/C

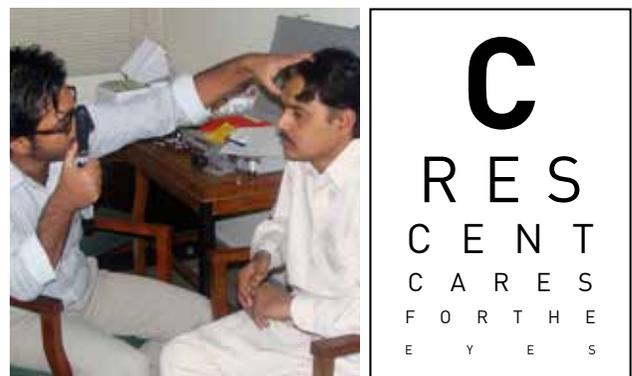
Employees diagnosed as Hepatitis B/C positive were granted further treatment.

BLOOD GROUP TESTING AT JARANWALA

A blood grouping activity was carried out at Crescent Cotton Products with the help of Rotary Club Jhang Saddar and Shakarganj Foundation. Blood groups of 554 workers were tested, identified and laminated cards were provided to them.

EYE CHECKUP AT NOORIABAD

During the year we ran a free, comprehensive eye check-up for all Nooriabad employees. The purpose of the eye-check-up camp was to ensure eye health of all staff at the production facility and to ensure that staff, especially those working on the floor were not suffering from vision impairments. An eye specialist from Zubaida Machiyara Trust was invited to perform the onsite eye exam of our staff. 130 employees were examined throughout the campus, which included basic vision and colour vision testing. Employees found to have weak eyesight were provided with glasses and eye-drops and any other prescribed medicine, free of cost.



HUMAN CAPITAL



OCCUPATIONAL HEALTH AND SAFETY: BUSINESS UNIT – STEEL		
	2014	2013
Number of Injuries		
-Medical treatment cases	2	6
-Restricted work case	-	-
-Lost workday cases	1	5
Number of occupation diseases cases	-	-
Number of work related fatalities	-	-
Injury Rate(IR)	0.004	0.017
Occupational disease rate	-	-

OCCUPATIONAL HEALTH AND SAFETY TARGETS - 2015		
For Business Unit - Steel		For our Corporate offices, Cotton division, Shakarganj Energy and Engineering Unit; we shall strive to achieve the target of having zero cases of work-related injuries.
Lost Workday Case	02 (at maximum)	
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)	



SOCIAL & RELATIONSHIP CAPITAL



COMMUNITY DEVELOPMENT

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

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

OUR APPROACH TO COMMUNITY DEVELOPMENT AND CSR

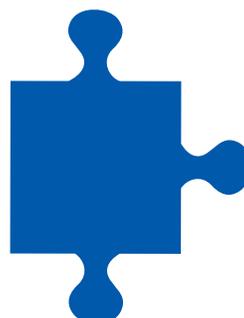
To us, CSR has four categories - our economic, legal, ethical and philanthropic/discretionary responsibilities to our stakeholders. It enables us to enhance our competitive advantage and create win-win relationships with our stakeholders, in addition to realizing gains from cost and risk reduction, legitimacy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

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

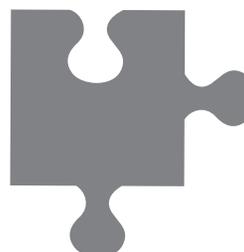
- Education – 60 % at minimum
- Health and Environment – 20% at maximum
- Sponsorship – 10% at maximum
- Advocacy – 10% at maximum



- **Operating** with respect for people, communities and the environment.



- **Acting** transparently with all stakeholders, in compliance with the rule of law and human rights.



- **Integrating** the principles of sustainable development and corporate responsibility into our business strategy, decision making and management systems.

OUR GOALS & STRATEGY

MOVING FROM CORPORATE PHILANTHROPY TO A BUSINESS INCLUSIVE MODEL

The philanthropic/discretionary CSR at present is focused on the community at large. Moving ahead, however, we are working to develop a framework that will enable us to channel our community and social investments towards value chain stakeholders in an organized and strategic manner.

This model will enable us to make impact investments allowing our community partners and stakeholders to invest the funds for a direct financial or social return on a rolling basis. To bring greater focus and transparency to our philanthropic contributions and, to be able to monitor and evaluate our impact we plan to pool our philanthropic activities and donations into the CSAP Foundation over the next three to five years.

SOCIAL & RELATIONSHIP CAPITAL



OUR GOALS

Our CSR goals over the next three years focus on responding to capturing the circumstance that employees are already dealing with people, planet and profit in their day to day work for the Company by recognising initiatives that may already be in progress but may not be recognised as CSR:

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

Contributions (Rs.)	2014	2013
In Cash	22,275,551	35,149,981
In Kind	745,228	1,245,632
* In time	101,262	72,480**
Total	23,122,041	36,468,093

*In time contributions for the year 2013-14 have been valued using an average salary rate for all employees.

**The figure has been restated using average salary per hour. Last year in-time contribution was calculated based on actual salary per hour of employees.

OUR CASH DONATIONS INCLUDE:

Contributions to

- **The Citizen Foundation** as support for 10 of the 11 school campuses sponsored by us (15 of 21 schooling units) and contribution to an Endowment Fund we maintain with TCF. The endowment fund has contributed Rs. 0.8 million or 9.73% in financial returns to TCF.
- **Provide scholarships** to 10 higher secondary school students from TCF
- **Provide scholarship** to a TCF graduate from Crescent Steel Campus X in Jaranwala to pursue further education at Ghulam Ishaq Khan Institute of Engineering Sciences and Technology
- **The Health Foundation** to support health awareness, hepatitis vaccinations and free treatment of Hepatitis B & C patients. Through this support 140 employees at our Nooriabad campus were also vaccinated against Hepatitis
- **Indus Hospital** to support easy access to free healthcare
- **Civil Hospital** for the procurement of medicines for less privileged patients of the gynecology ward.
- **Sindh Institute of Urology and Transplantation** through the Crescent Matches program.
- **Burns Centre** to support access to free healthcare for burn victims
- **The Shakarganj Foundation** to support easy access to free healthcare to rural communities in Jhang and Bhone.
- **World Wide Fund for Nature-Pakistan** (WWF-Pakistan) for plantation and environmental advocacy activities.
- **Behbud Association** to support women empowerment through vocational training programs.

Sponsorship of

- **TCF golf tournament.** The contribution provided one year financial support for 36 TCF students.
- **WWF Earth Hour** awareness program.
- **Agha's Marine Gala** to support awareness of the Pakistan marine environment and advocate marine conservation.

OUR IN TIME CONTRIBUTIONS INCLUDE:

- Our CEO's time for serving on the Boards of
 - o The Citizens Foundation
 - o Pakistan Centre for Philanthropy
 - o COMMECS Institute of Business and Emerging Sciences

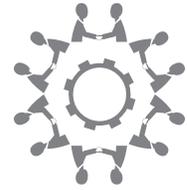
Our Employees' time for

- Volunteering for mangrove plantation and beach cleaning activity in partnership with WWF
- Creating awareness of water borne diseases, testing, identifying and marking safe water sources in Jaranwala under the umbrella of Saaf Pani in partnership with the First Jaranwala Rotary Club
- Providing career counseling to over 50 students enrolled for Matric Examinations at TCF schools
- Crescent Cares Week
 - o To engage employees to volunteer their time and contribute their belongings for an internal auction
 - o To brief TCF students about the administrative areas of their departments during a school visit to the Head Office.
 - o For running the auction and raising funds as donations for selected community partners
 - o A community visit to the burns centre for a day with burn victims
- Educating students of Dawood UET during a visit to our Nooriabad campus
- Participating as golfers in The Citizens Foundation Golf Tournament aimed at raising funds for scholarships of TCF's less privileged students
- Mentoring students through The Citizens Foundation's Rahbar Program
- Monitoring and Evaluation visits to 9 out of 11 Campuses built by us
- Volunteering administrative support to the Pakistan Centre for Philanthropy
- Blood Grouping drive at the Jaranwala campus where blood groups of 554 workers were identified

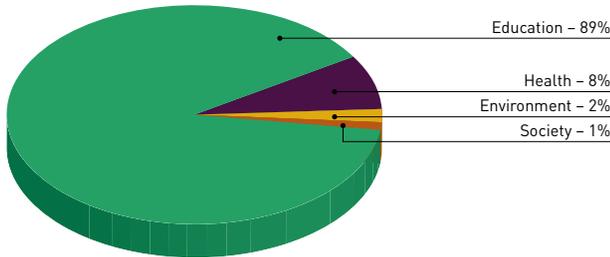
OUR IN KIND CONTRIBUTIONS INCLUDE:

- Distribution of seasonal fruits at The Citizens Foundation and its neighboring facilities
- Distribution of milk and juice/refreshments during the visit to Burns Center
- Materials to mark safe and unsafe water sources in Jaranwala
- 250 Bizrumia plants to Civil Hospital, Jaranwala
- 211 kg of paper and plastic waste to Gul Bahao's recycling program
- Flowers and other materials bought and sold to raise funds for donations to selected partners during Crescent Cares week

SOCIAL & RELATIONSHIP CAPITAL



CONTRIBUTIONS IN CASH AND IN KIND - 2014



EMPLOYEE VOLUNTEERING HOURS



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

CRESCENT CARES WEEK

As part of instilling our values, the Crescent Cares week was designed to reiterate our value of Community Care. The week was packed with activities in our three core philanthropic focus areas: education, environment and health. Through an auction of materials donated by employees and Crescent Steel the week raised over Rs. 50,000 from employees at the Head Office, Jaranwala and Nooriabad campuses. It featured community visits to the Burns Centre and a day with TCF students at the Head Office. The Scholarship Plan for Children of Employees and the Crescent Matches Program – a matching contribution scheme were also launched during the Crescent Cares Week. All funds raised were donated to our community partners: The Citizens Foundation, Indus Hospital and WWF Pakistan.

The highlights of the week undoubtedly were the companywide auction through which employees bought items donated by other employees and the 'show you care' activity where employees bought orchids for colleagues of choice.



SAAF PANI (CLEAN WATER) INITIATIVE AT JARANWALA

Providing sustainable access to safe drinking water and basic sanitation is one of the United Nations' Millennium Development Goals (Goal 7.c.). According to UN, in 2011 768 million people remained without access to a safe source of drinking water. Given the gravity of the issue, our Cotton Division launched a Saaf Pani Initiative at Jaranwala.

The process was mapped out in 3 phases;

In the first phase, 130 sources were identified and tested by the Shakarganj Research team, who were engaged to provide free of cost detailed analysis of the quality of water from each source.

In the second phase, the First Jaranwala Rotary Club and our employee team visited the hand pumps, marking them with high-visibility reflective tape and painting them either green or red to signify the respective pumps as sources of either potable or unfit-for-drinking water.

In the last phase, the message was spread through local schools and health departments to educate people and create awareness on the extensive marking system so that they use only the Saaf Pani pumps for drinking water and others for washing or bathing. 70 water pumps were marked, out of which 45 were green (indicating clean water) and 25 were red (indicating unclean water)

70
water pumps were
marked, out of which
45
were green (indicating
clean water)



THE 10TH CITIZENS FOUNDATION GOLF TOURNAMENT 2013

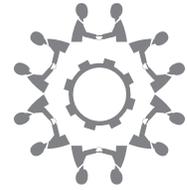
Like every year, our company contributed as a co-sponsor to the TCF Golf Tournament "TCF + Golfers = Changing Lives". Through the sponsorship we supported 36 TCF students will be provided with quality education for the whole year.

CRESCENT MATCHES PROGRAM

As an initiative of "Living the Values" our CSR team designed a matching contribution scheme that was launched in January 2014. The program encourages employees to donate to eligible organizations through their payroll and multiply impact by registering with the Crescent Matches Program. This year we collected a sum of Rs. 402,500 of which Rs. 135,000 were donated by our employees and Rs. 267,500 were matched by the Company. The overall collection was donated primarily to three not for profit partners: The Citizens Foundation, Indus Hospital and SIUT - Sindh Institute of Urology and Transplantation.



SOCIAL & RELATIONSHIP CAPITAL



JARANWALA BLOOD GROUP TESTING DRIVE

In collaboration with the First Jaranwala Rotary Club, we launched the Know-Your- Blood-Group drive in which residents of the Jaranwala community were invited to have their blood tested. This initiative was important because in Pakistan in cases where blood is required, the patient's family usually has to arrange for blood on an own source basis. In most cases, people are apprehensive about donating blood and usually aren't even aware of their blood types. Through this drive everyone that was tested was provided basic awareness of their blood type and some facts about blood donation. They were all provided certified cards specifying their bio data, contact information and blood group. The Jaranwala community now has a priceless database of willing donors and is requested on countless occasions to arrange blood. Supporting a sustainable blood donation centre is one of our main philanthropic CSR goals for fiscal year 2015.

OUR FLAGSHIP PROGRAMME TO PROMOTE EDUCATION IN COLLABORATION WITH 'THE CITIZENS FOUNDATION'

The Citizens Foundation is working for the provision of quality education to underprivileged children through its network of 1,000 school units spread across over 100 towns and cities with a student strength of 145,000 children of which almost 50% are girls. TCF employs more than 11,500 Pakistanis of which 7,700 constitute an all-female teaching faculty.

As already explained in our strategy overview Education is one of our core focus areas. Crescent Steel has a robust community development program focusing on Education through the non-profit partner, The Citizens Foundation. In order to ensure a sustainable future for our business we see Education as one of the most important social investments.

Our Nineteen-year journey with TCF has been a tremendous experience. Starting with Crescent Steel Campus I in 1997, today the Company has built 21 schooling units (16 primary and 5 secondary) and continues to support 15 schooling units (12 primary and 3 secondary). To date an estimated 2,032 children have graduated from primary schools supported by us, 228 secondary school graduates from schools supported by us have been awarded tertiary level scholarships arranged by TCF and in 2014 alone 75 students graduated from secondary schools supported by us. Combined enrolment in these schools today is 3,272 students, the majority of whom reside in some of the most impoverished communities of the country; 45% of these students are female.

The vision of TCF is to remove barriers of class and privilege and to make the citizens of Pakistan "Agents of Positive Change". There are also TCF operated Teacher Training Centers in Karachi and Mansehra for the capacity building of its faculty and to provide logistical support to all its teachers.

1000

Residents of Jaranwala participated in our free Blood Group Testing Campaign



3200+

Students enrolled on 21 TCF School units - Built by Crescent



SUCCESS STORIES

A TCF STUDENT FROM CRESCENT STEEL CAMPUS - I, IBRAHIM GOTH, KARACHI, HAS RECENTLY BEEN AWARDED THE LUMS NATIONAL OUTREACH PROGRAMME SCHOLARSHIP FOR BSC (HONOURS). SHE SAYS:

“TCF HAS PLAYED A CRUCIAL ROLE IN MY LIFE. I OWE MUCH OF MY LIFE ACHIEVEMENTS TO THE OPPORTUNITIES PROVIDED BY TCF IN THE FORM OF ITS SCHOOL AND OTHER PROGRAMS IT OPERATES FOR ITS SCHOOLS.”



A TCF STUDENT FROM CRESCENT STEEL CAMPUS XI, JARANWALA, IS ENROLLED IN THE CHEMICAL ENGINEERING PROGRAMME AT GHULAM ISHAQ KHAN INSTITUTE OF ENGINEERING SCIENCES AND TECHNOLOGY, IN 2013. THE COMPANY HAS PLEDGED TO SUPPORT HIS EDUCATION THROUGH TCF'S SCHOLARSHIP DESK.



A TCF STUDENT FROM CRESCENT STEEL CAMPUS III, UMAR MAINGAL GOTH, IS ENROLLED IN THE BACHELORS OF ENGINEERING PROGRAMME (COMPUTER TECHNOLOGY) AT MEHRAN UNIVERSITY OF ENGINEERING AND TECHNOLOGY, JAMSHORO. HE IS BEING SUPPORTED THROUGH SCHOLARSHIPS ARRANGED BY TCF.



A TCF STUDENT FROM CRESCENT STEEL CAMPUS III IS ENROLLED IN THE BIOMEDICAL DEGREE PROGRAMME AT HAMDARD UNIVERSITY, KARACHI.



SOCIAL & RELATIONSHIP CAPITAL



CSAPL CAMPUSES – ON THE PAKISTAN MAP

Campuses built by us	Location	Current beneficiary students
Crescent Steel Campus I	Ibrahim Goth	343
Crescent Steel Campus II	Korangi Town	321
Crescent Steel Campus III	Umar Maingal Goth	311
Crescent Steel Campus IV	Jaranwala	527
Crescent Steel Campus V	Jaranwala	511
Crescent Steel Campus VI	Bin Qasim Town	344
Crescent Steel Campus VII	Jaranwala	152
Crescent Steel Campus VIII	Chinniot	179
Crescent Steel Campus IX	Jaranwala	174
Crescent Steel Campus X	Bhone, Jhang	99
Crescent Steel Campus XI	Jaranwala	311
	Total	3,272

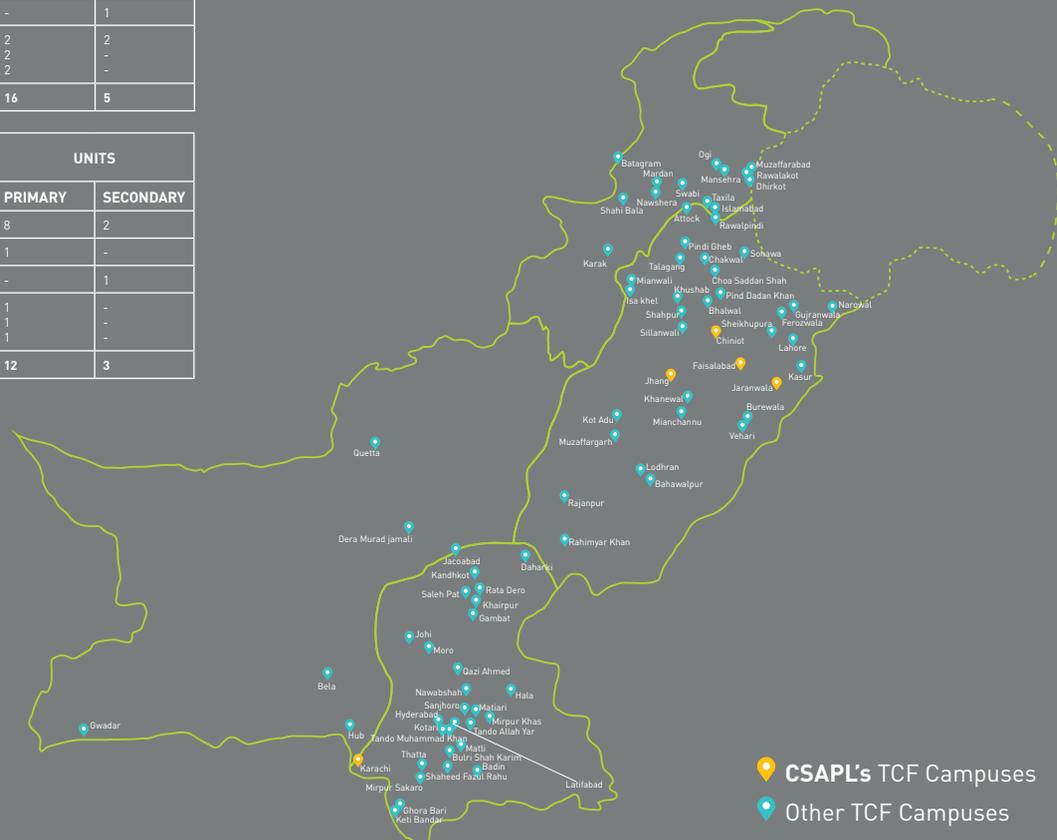
Campuses We Helped Build

DISTRICT	LOCATION	UNITS	
		PRIMARY	SECONDARY
Faisalabad	Jaranwala	9	2
Chinniot	Chinniot	1	-
Jhang	Bhone	-	1
Karachi	New Karachi Town	2	2
	Korangi Town	2	-
	Bin Qasim Town	2	-
		16	5

Campuses Currently Supported by Us

DISTRICT	LOCATION	UNITS	
		PRIMARY	SECONDARY
Faisalabad	Jaranwala	8	2
Chinniot	Chinniot	1	-
Jhang	Bhone	-	1
Karachi	New Karachi Town	1	-
	Korangi Town	1	-
	Bin Qasim Town	1	-
		12	3

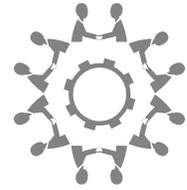
The Map illustrates our contribution to the TCF footprint



We have contributed to build 11 campuses (21 schooling units) with a student strength of 3200+ children - 45% of whom are girls – these schools employ a staff of 268 of which 193 constitute an all-female faculty.

Mode of engagement	2014 Inputs	Outcomes
Continuing financial support to TCF	In 2014, the company contributed Rs. 17.9 million towards school support.	The investment was utilized in managing the operational expenditures of the school and student's fee subsidies. This has supported 2,309 students (FY 2013: 2,172) enrolled in 15 TCF school units supported by us. During the year a vocational centre with a sewing and drafting lab under the Technical School Certificate Program was built at Crescent Steel Campus XI.
Governance support	Our CEO, a founding director of TCF, serves on the Board and provides key oversight on strategy and governance related matters.	Time volunteered by our CEO to ensure good governance and strategic alignment.
Career Counselling	Eight employees participated in career counselling sessions.	Over 50 TCF students received career related advice and guidance from our employees.
Mentoring TCF students (Rahbar program)	10 employees participated as mentors in the 8 week structured Rahbar Program.	Our employees participated in the program and mentored approximately 80 TCF students.
Monitoring and evaluation support	10 employees visited 9 out of 11 campuses supported by us to evaluate the quality of facilities, attendance and drop out ratio. Volunteers also engaged students and teachers during these visits identifying opportunities for improvement.	The findings were reported to the management of TCF and follow up procedures were made to monitor the activities, progress and the impact. We ensure that our objective of providing quality education to the community is always met.
Tertiary Level Scholarship Support	A contribution of Rs. 493,000 was made on account of scholarship.	Donations for 10 intermediate scholarships and one undergraduate scholarship will ensure 10 intermediate graduates and one Chemical Engineering graduate.
Investing with TCF	The endowment fund maintained with TCF was topped up by Rs 1,103,577 totalling the endowment size to Rs. 10 million	The endowment fund will enable TCF to invest funds for a financial return and will eventually be used to provide operational support to campuses built by us and to build new school units under a deferred build scheme agreed with TCF. The fund at present is earning a per annum return of 9.73%.
Supporting TCF's fund raising activities	Rs. 400,000 was contributed to sponsor TCF's golf tournament. Four employees participated as golfers.	The contribution supported education costs for 36 students for the entire year on full scholarship.
Multiplying our Impact	Rs. 47,000 were donated by employees to TCF through the Crescent Matches program.	Employee donations were matched at a ratio of 1:2 totalling donations to Rs. 141,000. These donations were routed to the TCF scholarship desk enabling intermediate education support for 8 students on full scholarship.
Other engagements	Our employees participated in annual function for TCF students. Also, during the Crescent cares week, 8 students from TCF schools visited our Head Office and were provided briefing on the professional working environment, specifically in administrative functions including Buying, Administration, HR and Finance and Control.	These engagement activities provided encouragement and learning to TCF students.

SOCIAL & RELATIONSHIP CAPITAL



We regularly review activities, progress and the impact of our investment in The Citizens Foundation. Our employees regularly visit TCF schools and interact with the staff, community and students. During the year, we met with children studying at TCF schools and people from surrounding



communities to obtain direct feedback from them. We also conducted focus group discussions with the teachers at the schools to identify any issues and opportunities for improvement. The issues identified during these activities were communicated to the senior management at TCF.



CSAP FOUNDATION

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

- consolidate our philanthropic agenda and social contributions under one umbrella
- bring more focus to philanthropic CSR and societal objectives
- bring greater accountability and transparency to our societal investments
- enable access to funds and strategic partnerships.
- Design Impact investments

The foundation has become partially operational this year making a total contribution of Rs. 285,000, mainly in the sectors of health care and education. CSAP Foundation will continue to focus on:

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

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

OUR COMMUNITY PARTNERS



World Wide Fund for Nature (WWF)

We work with the WWF to ensure a safer and healthier planet.



The Citizens Foundation

For the promotion of literacy in Pakistan, we work in with TCF to provide quality education in impoverished regions.



Indus Hospital

We collaborate with the Indus Hospital to ensure provision of quality health care for underprivileged community members.



The Citizens Foundation

For the promotion of literacy in Pakistan, we work in with TCF to provide quality education in impoverished regions.

Pakistan Centre for Philanthropy

We also work with the PCP allowing us to focus our resources on issues that are critical for our society



The Health Foundation

For a Hepatitis Free Pakistan, we have joined with The Health Foundation which is working towards the eradication of the disease in the country.

Shakarganj Foundation

Shakarganj foundation works to improve the living standards in indigenous communities.



PLANTING A BETTER TOMORROW



Supporting marine conservation

STAKEHOLDER ENGAGEMENT



SHAREHOLDERS AND INVESTORS PROVIDE FINANCIAL CAPITAL TO RUN THE BUSINESS, OUR EMPLOYEES DRIVE AND MANAGE THE BUSINESS, OUR SUPPLIERS PROVIDE NECESSARY PRODUCTS AND SERVICES AND OUR CUSTOMERS SERVE AS THE REVENUE PIPELINE FOR THE BUSINESS.

Similarly, financial institutions, regulators, auditors and other business partners are essential partners and managing their expectations is vital to our future performance as a business.

While our stakeholder engagement programs with shareholders and investors, employees, customers, auditors and lenders are well developed we need to work on improving our engagement with others including suppliers, government bodies and regulators. We strive to develop meaningful win-win relationships with all our stakeholders through open dialogue and interactions.

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

CRESCENT CARES



Taking the next step towards stakeholder engagement, addressing the needs, expectations and concerns of our stakeholders is a sustainability imperative.

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

STAKEHOLDER ENGAGEMENT



EMPLOYEES

Our people are at the heart of the company. We want to ensure that our employees feel committed to the future of Crescent Steel, so that they will contribute to the best of their ability, and we can retain the incredible talent that we have.

When employees know what to do and are motivated to do it, they are engaged in their job.

OPEN HOUSE WITH CEO

An annual formal one-on-one session where all employees have an opportunity to offer their suggestions and voice their concerns anonymously and directly to the CEO.

ANNUAL EMPLOYEE SATISFACTION SURVEY (ESS)

ESS allows us to narrow in on and address employee grievance and concerns.

IT SERVICES SURVEY

This year we conducted the first ever IT (Information Technology) Services Survey throughout the Company, the aim of which was to find out how employees rate the services provided by the IT department and to ascertain factors that contribute to their satisfaction and dissatisfaction with the department.

TRAINING NEEDS ANALYSIS (ANNUAL)

The activity enables us to determine the interpersonal and professional training needs.

CRESCENT QUARTERLY

An internal newsletter allowing employees to share their views, learn from other experiences and achievements, and stay updated with latest developments.

DEFINING CORE VALUES

This year we launched two workshops to introduce employees to a set of five corporate core values. The goal was to enlighten employees about aligning their decisions and work behaviours with the values and incorporate these into their day-to-day work.

OFFICE RITUALS

Occasional office rituals are encouraged at our office spaces including Birthday celebrations, Farewells, Saturday brunches, Iftar/Dinner Get-together, and Eid Meet and Greetings.

OTHER ACTIVITIES

During the year, we organized two roundtable sessions with employees from different departments across two campuses in the South region. The sessions enabled cross-functional cohesion helped in building stronger relationships.

During the year, a cricket tournament was also organised between staff at the Head Office and the Nooriabad campus. It was an open event and employees attended with members of their family.

CUSTOMERS

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

MARKET VISITS (CONTINUOUS)

Our acquisition and marketing officers frequently interact with customers ensuring we keep abreast of the latest developments and market trends.

CUSTOMER SERVICES AND SUPPORT DESK (CONTINUOUS)

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

CUSTOMER SATISFACTION FEEDBACK (CONTINUOUS)

Feedback is sought to ensure that the products and services are according to the needs and specifications of customers.

SUPPLIERS

We expect our supply chain partners to act in accordance with our principles and values and seek to support their development through the flow of information. Our preference has always been local suppliers but on the other hand, we also remain tuned to fulfil customer needs based on which we engage with foreign suppliers for either better quality or price, in the best interest of our customers and business.

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

SHAREHOLDERS & INVESTORS

The dialogue mechanism that we have developed ensures that the continuous communication among the CSAPL management and shareholders is based upon “transparency and accountability”.

ANNUAL GENERAL MEETING

This meeting provides a platform for shareholder engagement.

QUARTERLY, HALF-YEARLY AND ANNUAL REPORTS

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

PRESS RELEASES (AS REQUIRED)

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

INVESTOR INTERACTIONS (AS REQUIRED)

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

LOCAL COMMUNITY

We are rapidly realising that the communities in which we work are one of the key stakeholder groups and strive to channel our CSR activities in a manner that ensures that our negative impacts on these communities are minimised while we seek to maximise the positive impacts of our operations on our communities. One of our five core values underpins our longstanding commitment to the community.

We actively engage our employees in various community activities as part of our CSR initiatives. Community development initiatives include Cash, Kind and Time contributions across Education, Health and Environment segments.

Our initiatives and contributions for the fiscal year 2014 are detailed in the *Social and Relationship Capital* section of this report.

REGULATORS AND GOVERNMENT BODIES

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

Industry and trade regulations remain a core challenge as regional players, strengthened by government subsidies, sell steel products across international markets to capitalize on attractive dumping margins. We have been consistently pursuing this issue with Engineering Development Board (EDB), Board of Investment (BoI) and FBR in an attempt to seek trade remedies/protection for local manufacturers.



ENERGY

Energy shortages continue to loom in Pakistan as the country awaits the development of required imported gas infrastructure while domestic consumption continues to rise rapidly. Increasing energy shortages call for new explorations and remain the key drivers for demand of large diameter line pipes in the short to medium term.

Over the last ten years, as we positioned ourselves to respond to this challenge we explored various opportunities for diversification. Fortunately, business diversification has been a key factor in securing our top and bottom line performance as we evolved from a line pipe manufacturing concern to a conglomerate corporation with businesses in textile spinning, investment portfolios of stocks and real estate, machinery fabrication, power and, most recently steel billet manufacturing.

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

ENERGY EFFICIENCY

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

- ✔ a natural gas power plant to provide reliable self-generated power to the spinning unit
- ✔ a diesel power generator at our line pipe manufacturing sit
- ✔ installed solar panels at the fabrication facility in Dalawal

Our cotton yarn manufacturing unit is supported by a natural gas power plant to mitigate recurring power outages on the grid.

Our power sector business, Shakarganj Energy (Private) Limited operates a bagasse fired thermal cogeneration power plant with a production capacity of 15MW. The power generated by Shakarganj Energy will be utilised in Crescent Hadeed (Private) Limited, the billet manufacturing unit being set up within the boundary of the power plant. Excess energy will be sold to Shakarganj Mills Limited and Faisalabad Electricity Supply Corporation.

ENERGY CONSERVATION

- ✔ At our Nooriabad site, we reduced our energy consumption in lighting by 66% by replacing sodium discharge lights with LED lights marking a reduction of 34,942kWh/year.
- ✔ By replacing old motors with energy efficient ones we reduced process energy consumption by 5% or 19,968kWh/year.
- ✔ At our fabrication facility solar panel installations have helped reduce energy consumption from the national grid by 936kWh per year.
- ✔ By replacing flood lights with energy savers we reduced energy consumption by another 1,230kWh/year.
- ✔ Apart from these initiatives we continue to take traditional measures to conserve energy by switching off all Air conditioners for two hours every. The traditional conservation measures helped us reduce consumption by approximately 2,400 kWh/ month.



Crescent realises the significance of the energy issue which is being faced not only by our business but also by the country at large. Our business of steel line pipes is well positioned to provide the infrastructure required for easy access to energy across Pakistan. We believe that the future growth and development of Pakistan is directly linked with the growth in the local engineering sector. However, barriers to investment continue to hamper development of projects. As a business, therefore we feel it is important to

diversify and capture growth in other segments to ensure future sustainability of our financial performance.

As a responsible corporate citizen we ensure that our energy consumption remains optimum at both our manufacturing centres and head office. In addition to traditional measures to reduce our CO₂ emissions and conserve energy we have also invested in alternate energy projects to enable greater energy efficiency.

ENERGY SCORECARD



2014

2013

ENERGY CONSUMPTION (GJ)

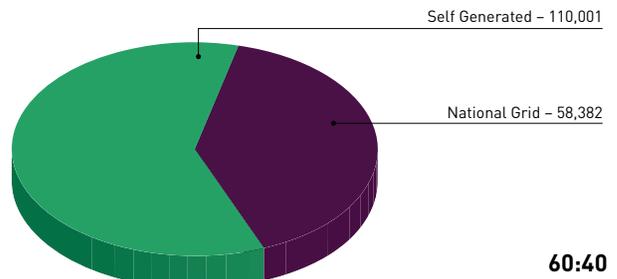
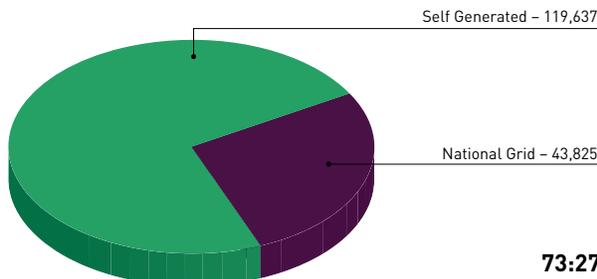
163,462 ▼

178,382

PROPORTION OF ENERGY SELF-GENERATED AND FROM NATIONAL GRID

ENERGY CONSUMPTION - 2014

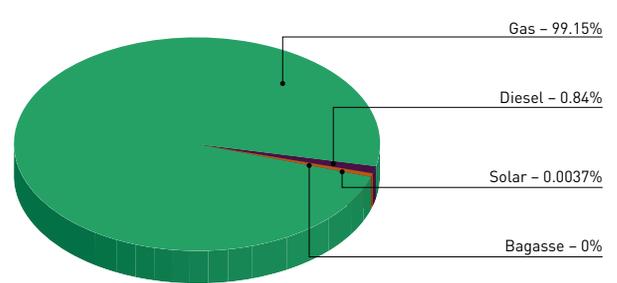
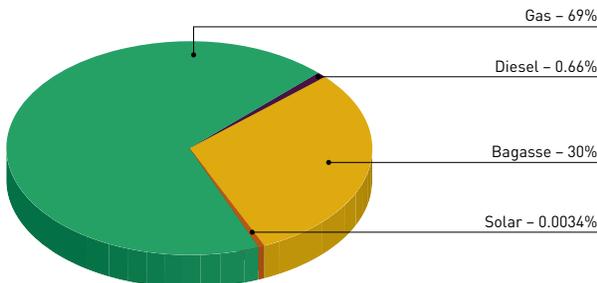
ENERGY CONSUMPTION - 2013



BREAK-UP OF SELF-GENERATED ENERGY (GJ)

BREAK-UP OF SELF GENERATED ENERGY - 2014

BREAK-UP OF SELF GENERATED ENERGY - 2013



ENERGY INTENSITY RATIO (TOTAL ENERGY CONSUMPTION/SALES)

0.0035% ▲

0.0033%



RECYCLING FOR OUR FUTURE

ENVIRONMENTAL CARE



WE DO NOT OPERATE IN AN INDUSTRY WITH HIGH GREENHOUSE GASES' INTENSITY. THE NATURE OF OUR DIRECT BUSINESS OPERATIONS ALSO DOES NOT POSE OTHER SIGNIFICANT ENVIRONMENTAL RISKS.

EMISSIONS

Pakistan has an insignificant carbon footprint, yet Pakistan ranks among the 10 countries most vulnerable to climate change. All our emissions and discharges are compliant and within the prescribed limits set by the National Environmental Quality Standards (NEQS). This includes our emissions of Sulphides (SO_x Gases), Nitrides (NO_x 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 are working continuously to curtail the environmental impact of our operations.

Our sources of direct CO₂ emissions are mainly the fossil fuel based power plants which generate energy for the operating plants. Our indirect CO₂ emissions are due to the energy we purchase at our various campuses from the national grid.



Emissions Intensity Ratio (Total Emissions / Sales) reduced by **2.7%**

CRESCENT CARES

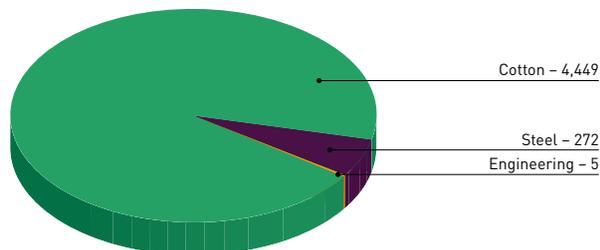


We are conscious of environmental issues faced by the communities where we operate and strive to ensure that the impact of our businesses is sustainable.

2014: **Direct GHG** Emissions in tonnes of CO₂ equivalent - **4,727 tonnes**

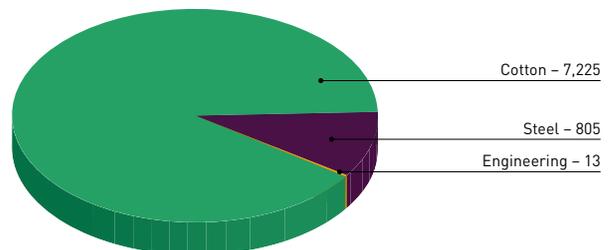
2014: **Indirect GHG** Emissions in tonnes of CO₂ equivalent - **8,043 tonnes**

DIRECT GHG EMISSIONS - 2014



2013: **5,639 tonnes** of CO₂ equivalent

INDIRECT GHG EMISSIONS - 2014



2013: **9,121 tonnes** of CO₂ equivalent

*Direct GHG emissions result from the sources owned and controlled by the Company whereas Indirect GHG emissions result due to the Company's activities/operations from the sources not owned or controlled by the Company.

ENVIRONMENTAL CARE



AIR POLLUTION CONTROL SYSTEM

At Crescent Hadeed (Private) Limited, our subsidiary company we have taken appropriate measures to go beyond complying with the national standards enforced by the Pakistan Environmental Protection Agency by adhering to globally recognised standards of air pollution control. In the steel melting process, the main constituent of pollution is smoke for which air pollution control systems have been installed. National standards require air pollution control system with filtration capacity below 100 mg/Nm³ whereas we have decided to follow a more stringent standard by installing Japanese designed air pollution control systems with air filtration capacity of 50 mg/Nm³. This will require an additional investment of around Rs. 30 million. Crescent Hadeed will be the second company in Pakistan (out of 100+ steel melting units) deploying this latest environment friendly technology.

WASTES

We work to minimize the wastes resulting from our operations. If it is impossible to reduce, reuse or recycle wastes, we ensure proper disposal of waste matter.

We continue to include environmental sustainability issues in the training we offer to our employees to minimise the adverse environmental impact of our operations.

Our waste disposal methods are as per international best practices and include: Land filling, recycling and incineration, where possible.

Business unit	Type	Specification and units	2014	2013	Treatment
Steel	Hazardous	Plastic bags, drums etc. (in numbers)	2,504	19,810	Sold for recycling/reuse
	Non-hazardous	Steel scrap (in tons)	461	680	Sold for recycling/reuse
		Polyethylene / Polypropylene (in tons)	5	35.4	Sold for recycling/reuse
		Debris, kitchen waste and others (in tons)	20	136.6	Landfilled
Cotton	Hazardous	Cotton dust in tons	98	117	Sold for reuse
	Non-hazardous	Cotton waste in tons	934	763	Sold for reuse
Energy	Non-hazardous	Water blown down in tons	404	-	Landfilled
Engineering	Hazardous	Bulbs and lights in Nos.	54	60	Landfilled

WATER DISCHARGE

Total Water Discharge (in Litres)			
Business unit	2014	2013 (Restated)	Quality and destination
Energy	404,000	-	treated, drained to Shakarganj Mills drainage system
Steel	270,136	337,156	treated, drained to Municipal sewer
Engineering	186,581	204,000	untreated, drained to Municipal sewer
Total	860,717	541,156	

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



FORESTATION

As a sign of our strong commitment towards environmental care, over the past years we planted more than 5,700 trees across our campuses. This year, we also donated 250 Bizruria plants to civil hospital in Jaranwala.

Beach Cleaning and Mangrove Plantation Activity

We have adopted a coastal belt of 120 square yards and have pledged to conserve the flora and fauna in that area. During the year 43 employees from the Head Office Nooriabad campus made their way towards the WWF Wetland Centre at Sands pit, with a common goal of protecting the environment. In collaboration with WWF, we organised a plantation campaign of 75 mangrove saplings (2013: 50 mangrove saplings) that will reduce 225 lbs of carbon dioxide every year once the saplings have grown into mangrove trees. The plantation in the area was followed by beach cleaning activity.



5700+

TREES PLANTED RESULTING IN 34 TONNES OF CO₂ REDUCTION PER ANNUM

BEACH CLEANING AND MANGROVE PLANTATION ACTIVITY

We have adopted a coastal belt of 120 square yards and have pledged to conserve the flora and fauna in that area. During the year 43 employees from the Head Office Nooriabad campus made their way towards the WWF Wetland Centre at Sands pit, with a common goal of protecting the environment. In collaboration with WWF, we organised a plantation campaign of 75 mangrove saplings (2013: 50 mangrove saplings) that will reduce 225 lbs of carbon dioxide every year once the saplings have grown into mangrove trees. The plantation in the area was followed by beach cleaning activity.

CELEBRATING EARTH HOUR

During the year, we celebrated earth hour with 1.8-billion people in over 7,000 cities in 162 countries all over the world. Unnecessary lights at all five campuses were switched off as a united display of commitment towards energy conservation.

Through this action we called on all our staff members to participate by switching off lights for Earth Hour not just at the workplace but also at their homes as well.



ENVIRONMENTAL CARE



RESOURCE CONSERVATION

OUR BUSINESS DEPENDS ON THE AVAILABILITY OF QUALITY MATERIALS WHICH MAJORLY INCLUDE RAW COTTON, HOT ROLLED COIL AND BAGASSE. OUR COST OF DOING BUSINESS AND OUR PROFITABILITY IS DEPENDENT UPON THE OPTIMUM USAGE OF THESE RESOURCES. THEREFORE, WE ENSURE THAT OUR WASTAGE IS KEPT AT MINIMUM.

Though currently, we do not see much opportunity in using recycled input materials, however, this remains in our consideration for the future.

The Company has various initiatives in place and barring items necessary for consumption given business operations

and production; everyone is encouraged to reduce the use of all materials as far as possible. There is a management driven initiative to reduce, recycle and reuse paper at every level. This is promoted by the IT functions consistent efforts to go paperless

WATER

We understand that water is a scarce resource and wherever we find opportunities to conserve, reuse or recycle water; we do so. Water in our steel division is reused for pressure

testing of steel pipes and cooling of pipes during coating process, whereas water in Shakarganj energy is reused to generate steam for moving turbines.

Business units	Sources	2014	2013
		Million litres	
Energy	Condensate from sugar process	8.80	-
Steel	Municipal water supply	10.60	30.17
	Lake Water	19.70	-
Engineering	Ground Water	0.28	0.25
Total Water consumption		39.38	30.42

Note: At our Cotton division, we do not currently have the mechanism in place to measure water withdrawal so the total figure for water withdrawal does not include water withdrawal at our Cotton division. There was no water withdrawal by Shakarganj Energy in 2012-13 as the plant was not operational last year.

WATER REUSE

9.62

MILLION LITRES IN STEEL DIVISION

8.8

MILLION LITRES IN SHAKARGANJ ENERGY

CRESCENT CARES



We consider ourselves as a responsible business while understanding that many of the resources we use are limited on the planet and this belief keeps our employees on toes to do more with less. In order to develop the sense of conserving natural resource in the work place we take small initiatives having the potential of producing greater impact.

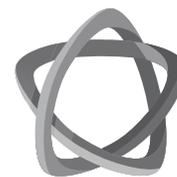
MATERIAL CONSUMPTION

Material Consumed	Unit of quantity	Quantity (weight / volume)	
		2014	2013
Non-Renewable Materials			
Steel – Pipe manufacturing			
HR coils (comprises 99% of input materials)	Kg	10,736,602	12,783,100
Steel – Coating			
High Density Polyethylene	Kg	123,005	291,605
Polypropylene	Kg	12,185	178,895
Co Polymer Adhesive	Kg	18,110	73,805
Fusion Bonded Epoxy	Kg	25,750	102,195
Liquid Epoxy Paint	Ltr	711	1,855
Cotton			
Bailing Buckle	Kg	122	560
Binding rope (Dori)	Kg	550	500
Yarn wrapping Cone	No's	4,014,692	4,624,278
Hoop	Kg	2,390	5,170
Polypropylene Bags	No's	143,000	149,860
Polythene bags	Kg	16,844	17,853
Sheets	No's	11,074	36,472
Tape	No's	775	3,603
Engineering			
Gas LPG	Kg	1,039	3,788
Gas Oxygen	Cubic M	1,465	10,989
Diesel Oil	Ltr	2,370	5,480
Disc (Grinding & Cutting)	No's	672	1,468
Welding Electrode	Tons	2.963	4.5
Round Bar, Pipes, Nut Bolt etc.	Tons	8.887	23.2
Sheets Mild Steel	Tons	118.055	100.5
Sheets Stainless Steel	Tons	4.226	12.2
Renewable Materials			
Energy			
Bagasse	Tons	4,894.8	-
Cotton			
Raw Cotton	Tons	7,478.6	12,345

WORKING TOGETHER

A black and white photograph with a color accent. Three men are gathered around a tall, cylindrical structure made of blue paper or fabric. The man on the left is standing and wearing a high-visibility safety vest over a light-colored shirt. The man in the middle is crouching and wearing a white lab coat. The man on the right is also crouching and wearing a light-colored button-down shirt. They are all looking down at the structure. A bright yellow ball is perched on top of the structure. The background is a plain, light-colored wall.

PRODUCT STEWARDSHIP



PRODUCT QUALITY AND SAFETY

MAINTAINING HIGH PRODUCT QUALITY IS OUR COMPETITIVE ADVANTAGE.

The trust our customers place on our products is the result of our strong product stewardship strategy. Given the specialised nature and use of our products, our customers expect us to adhere to internationally recognised and strict product quality and safety standards. We do not just focus on maintaining the required product quality and safety standards but also ensure continuous improvement in this area. Any compromise on the product quality and safety is simply unbearable for our business and unacceptable to our management. The steel pipe manufacturing is subject to strict testing requirements and protocols of American Petroleum Institute (API).

On the side of yarn manufacturing business we have tapped a recently developed market segment of "Better Cotton" by attaining the membership of Better Cotton Initiative (BCI). This will open up new business and growth opportunities for the company. Through BCI we have become part of a sustainable supply chain which does not produce yarn from the cotton affected by pesticides and other artificial chemical interventions neither at the expense of violating social rights.

STEEL DIVISION

Great emphasis is placed on raw material quality specifications and requirements. Raw material specifications are prepared in accordance with API standards and client requirements. Our raw material is purchased from pre-qualified suppliers, for which a rigorous criterion has been set through a vendor evaluation system.

CSAPL is committed to providing products and services conforming to, international standards and customer requirements, based on application of modern technology, ensuring customer satisfaction, maintaining cost and quality leadership, and doing it right the first time; formulating objectives for continual improvement and monitoring them to ensure effectiveness of Quality Management System through

CRESCENT CARES



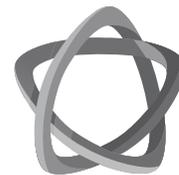
For the benefit of society at large we have to take extra care during product manufacturing. A small negligence in the design and manufacturing of steel pipes can cause serious accidents at the distribution sites of natural gas. Similarly, cotton yarn not meeting the required quality and safety standards may lead to the manufacturing of clothing and garments having negative health effects on consumers. Therefore, product safety and quality is not only a demand from our customer rather we consider it as our responsibility to ensure that in no way our products or services be harmful for the community.

an independent quality function which also encompasses compliance with the company's HSE objectives. We produce spiral weld pipes at our pipe plant, equipped with state of the art technology. Bare pipes are inspected and then tested through the use of sophisticated measuring and testing equipment.

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

- On-line Automatic Ultrasonic Testing: To ensure that the entire plate as well as the seam is flawless.
- Fluoroscopic Inspection: To analyse the defects identified by Ultrasonic testing.
- Visual Inspection: To determine surface defects.

PRODUCT STEWARDSHIP



- Hydrostatic Pressure testing of pipes: To check pipe strength, durability and leakages.
- Residual Magnetism Measurement: To ensure that Residual Magnetism is within the limits of the applicable standard or client's requirements.
- Final Inspection: To rigorously inspect the different dimensional parameters
- Tensile Testing and Guided Bend Tests: To ensure that the coil received and the pipes manufactured have the required mechanical properties.
- CVN Test: To ensure the fracture toughness of the Pipe Body, Weld and HAZ is in compliance with API standards and client requirements.
- DWT Test: To assess the ductility and toughness of the product.
- Chemical Tests: To ensure the product has met client specified chemical requirements.

- Hardness Testing: To check hardness of the Pipe Body, Weld and HAZ for the sour service pipe.
- Burst Test: To ensure that the pipe exceeds the minimum design pressure requirement.

Steel pipes which we receive for coating also undergo rigorous pre inspection and testing procedures, prior to start of coating. After coating, tests such as cathodic disbondment test, hot water soak resistance test, flexibility bend test and indentation hardness test are performed.

COTTON DIVISION

Our cotton division also continues to maintain high standards in quality, performance and innovation. Quality Management is an integral aspect of all our units. Our Quality Control laboratory and trained workforce ensure that all processing methods and products meet the required industry standards. Our dedicated, committed and involved cotton procurement team conducts specific and detailed checks on raw cotton. Investments in sophisticated mechanical infrastructure, from world-

renowned manufacturers, are an integral part of the business focus to implement quality Assurance and adhere to quality standards.

The cotton division has acquired and maintains the ISO 9001 certification in order to ensure highest quality standards.

Our laboratory in the spinning unit is equipped with latest equipment for testing purposes, such as:

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

GRI CONTENT INDEX FOR 'IN ACCORDANCE' WITH CORE CRITERIA

General Standard Disclosures	
General Standard Disclosures	Page Number or Direct Answer
Strategy and Analysis	
G4 - 1	4
Organizational Profile	
G4 - 3	Cover page
G4 - 4	9-14
G4 - 5	
G4 - 6	The company has operations in Pakistan only
G4 - 7	9 & Pattern of shareholding in the Annual Report
G4 - 8	9-14
G4 - 9	9-14
G4 - 10	34
G4 - 11	No collective bargaining agreements
G4 - 12	9-14
G4 - 13	There has been no such significant change
G4 - 14	The company has adopted sustainable practices voluntarily on the basis of precautionary approach
G4 - 15	Pakistan Centre for Philanthropy, ISO 14001, OHSAS 18001, GRI's framework
G4 - 16	The Citizen's Foundation Pakistan Centre for Philanthropy

GRI CONTENT INDEX FOR 'IN ACCORDANCE' WITH CORE CRITERIA

General Standard Disclosures	
General Standard Disclosures	Page Number or Direct Answer
Identified Material Aspects and Boundaries	
G4 - 17	All such entities have been covered. Please refer page 9 for the list of entities.
G4 - 18	5 & 23
G4 - 19	5
G4 - 20	The material for all aspects has been assessed and reported at group level and having the boundary within the company.
G4 - 21	The material for all aspects has been assessed and reported at group level and having the boundary within the company.
G4 - 22	No such restatement
G4 - 23	No such significant change
Stakeholder	
G4 - 24	57
G4 - 25	Engagement plans are in place for all stakeholders
G4 - 26	58, 59 & 32
G4 - 27	57-59
Report Profile	
G4 - 28	5
G4 - 29	5
G4 - 30	5
G4 - 31	6
G4 - 32	GRI Content Index
G4 - 33	Not seeking assurance this year
Governance	
G4 - 34	Annual Report: Governance section
Ethics and Integrity	
G4 - 56	7 and Governance section in the Annual Report

Specific Standard Disclosures	
Identified Material Aspects	Disclosure reference (with Page Number) or Direct Answer
Economic	
Economic performance	EC1 (17), EC3 (Annual report), EC4 (No financial assistance received from the Government)
Market Presence	EC5 (1:1 ratio), EC6 (100%)
Indirect economic impacts	EC7 (14, 17 & 46)
Procurement practices	EC9 (19)
Environmental	
Materials	EN1 (67), EN2 (No recycled input material used)
Energy	EN3 (61), EN5 (61), EN6 (61)
Water	EN8 (66), EN9 (No water sources significantly affected), EN10 (66)
Biodiversity	Not Material
Emissions	EN15 (63), EN16 (63), EN 18 (63)
Effluents and waste	EN22 (64), EN23 (64), EN24 (No significant spills)
Products and Services	Environmental impact – not material
Compliance	EN 29 (No monetary fines or sanctions for non-compliance with environmental laws and regulations has been imposed)
Transport	Not considered Material
Supplier Environmental Assessment	Not considered material at this stage
Environmental grievance mechanisms	EN34 (No grievance has been filed about environmental impacts during the year)
SOCIAL: Labour practices and decent work	
Employment	LA1 (35), LA2 (31)
Labour / Management Relations	LA4 (One month notice period)
Occupational health and safety	LA6 (44)
Training and education	LA9 (33), LA10 (39-40)
Diversity and equal opportunity	Not considered material
Equal Remuneration for Women and Men	Not considered material
Supplier Assessment for Labour Practices	Not considered material
Labour Practices Grievance Mechanisms	LA16 (No grievances filed about labour practices during the year)
SOCIAL: Human rights	
Investment	Not considered material
Non-discrimination	HR3 (No incidents of discrimination reported during the year)
Freedom of association and collective bargaining	Not considered material
Child labour	Not considered material
Forced or compulsory labour	Not considered material
Security Practices	Not considered material
Indigenous rights	Not considered material
Supplier Human Rights Assessment	Not considered material
Human rights grievance mechanisms	HR12 (No grievances filed about human rights impact filed during the year)

GRI CONTENT INDEX FOR 'IN ACCORDANCE' WITH CORE CRITERIA

Specific Standard Disclosures	
Identified Material Aspects	Disclosure reference (with Page Number) or Direct Answer
SOCIAL: Society	
Local communities	S02 (None of our operations have significant actual and potential negative impact on local communities)
Anti-corruption	S03 (All of our operations have been assessed for risks related to corruption), S05 (No incidents of corruption occurred during the year)
Public policy	Not considered material
Anti-competitive behaviour	Not considered material
Compliance	Not considered material
Supplier Assessment for Impacts on Society	Not considered material
Grievance mechanisms for impacts on society	Not considered material
SOCIAL: Product responsibility	
Customer Health and Safety	PR2 (No incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, occurred during the year)
Product and Service Labelling	PR3 (68), PR4 (No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, occurred during the year)
Marketing communications	Not considered material, PR 6 (No sale of banned or disputed products)
Customer privacy	Not considered material
Compliance	Not considered material, PR 9 (No fines were imposed for non-compliance with laws and regulations concerning the provision and use of products and services, during the year)



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