

CREATING CONSCIOUSNESS

SUSTAINABILITY REPORT 2020



Our Relationship with the Society and Community

As a leading flat steel manufacturer of the country, ISL strives to contribute in the society's development. Steel serves as an indispensable raw material for numerous things in everyday life, and developing societies face increasing demand for steel. Through providing this ever essential material, we enable development of the country.

The ever evolving social landscape creates new, sometimes unpredictable challenges, the most recent one that has affected multiple societies across the globe is the COVID 19 Pandemic. Causing widespread suspension of socioeconomic activities, the pandemic has created a global health emergency, resulting in mass illnesses and fatalities in many countries. Nearly the entire world is struggling to contain the spread of this virus, and at the same time, many countries are easing lockdown to revive the economy to avert risk of increasing poverty and malnutrition. Amid this period of global slowdown and uncertainty, protectionism is also increasing in global markets, further exacerbating economic challenges for developing countries. Ensuring a better tomorrow requires foresight and tangible actions to address these issues today.

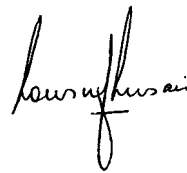
Cognizant of the importance of business continuity and profitability to our ability in remaining sustainable, we took various precautions to ensure safety of our people and compliance with government and WHO advisories, and were able to resume operations at the first available opportunity. Efficiency and competitiveness is essential in remaining operational in an environment of increasing competition, and growing protectionism and shutdown in the global market.

The company benchmarks itself against global quality standards and best practices to ensure that our products and services remain competitive and ecofriendly. The company remains committed to reduce its dependency on harmful materials, being driven by the clean, lean and green approach. The company embraces environment friendly practices, reducing waste and reusing resources as frequently as possible. The company undertakes various environment conservation initiatives to preserve essential natural resources such as water

and air, thereby ensuring sustainability of life, both above and below land.

ISL's over 700 people strong workforce is driven by the company's core values and principles, who work tirelessly to create a safe workplace for their peers and maximize value for the various stakeholders of the company. Over the years, we have consistently embraced management best practices and adopted policies that ensure a fair and competitive workplace, free from discrimination and biases of any nature. Our people remain committed towards playing an active role for society's benefit in causes we hold close to our hearts.

Moving forward, we are conscious of the need to accelerate and scale up the integration of sustainability in our operations. We will remain dedicated to our core values and vision. While continuing our socially responsible approach, we will always maintain our primary aim of promoting human welfare and protecting the environment.



Yousuf H. Mirza
Chief Executive Officer

25 August 2020

10 UN GC Principles

ISL has benchmarked its sustainability and corporate conduct with the United Nations Global Compact (UNGC). Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meets fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of transparency and integrity, we aspire to set the stage for long-term sustainability



Human Rights

Principle 1
Businesses should **support and respect the protection of internationally proclaimed human rights;**

Principle 2
make sure that they are not **complicit in human rights abuses.**



Labor

Principle 3
Businesses should **uphold the freedom of association and the effective recognition of the right to collective bargaining;**

Principle 4
the elimination of **all forms of forced and compulsory labor;**

Principle 5
the effective abolition of child labor; and

Principle 6
the elimination of **discrimination** in respect of **employment** and occupation.



Environment

Principle 7
Businesses should **support** a precautionary approach to **environmental challenges;**

Principle 8
undertake initiatives to promote **greater environmental responsibility; and**

Principle 9
encourage the development and diffusion of **environmentally friendly technologies.**



Anti-Corruption

Principle 10
Businesses should work against **corruption in all its forms**, including **extortion and bribery.**

Who We Serve? Our Stakeholders

Shareholders

Maximize Shareholder value and uphold highest standards of transparency and openness, while assuming the most stringent level of corporate governance



Employees

Provide employment opportunities to a wide spectrum of people with skills and competencies. Practice diversity and inclusion without exception and maintain practices that upholds employee welfare, wellbeing and zero tolerance for sexual harassment and misconduct.



Customers

Provide world class products at fair and transparent prices to customers, enable downstream industries to flourish with easy access to an essential raw material. Develop products to serve the various industrial segments of the country.



Government

Contribute to the government revenue collection, promote import substitution and solve country's major challenges through our value chain.



Society

Promote welfare for society through real value creation, address the major human development issues of the society. Support corporate and social entities, in promoting social development goals and areas that are traditionally overlooked.



Stakeholders Communication

Stakeholder	Frequency	Activities	Value Creation
Employee	Ongoing	<ul style="list-style-type: none"> Employee feedbacks Surveys In house trainings Town hall meetings Emails 	<ul style="list-style-type: none"> Career Growth Learning and development Health and Safety
Customers	Ongoing	<ul style="list-style-type: none"> Customer Visits Exhibitions Company organized events 	<ul style="list-style-type: none"> Quality product Fair pricing Timely Deliverability
Shareholders	Quarterly	Shareholders and providers of capital are engaged by corporate and secretarial practices department. The mode of engagement is Annual General Meeting (AGM) and Extra-Ordinary General Meeting (EOGM).	<ul style="list-style-type: none"> Sustained economic returns Business growth
Society	Ongoing		Social Welfare, Better access to opportunities
Government & industrial groups	Ongoing/As and when	Meeting with Key Stakeholders	Adequate representation Knowledge sharing

External Associations

ISL engages with various government and non-government associations to present our social and environmental impact and remain in coordination for further improvement.

Name of Agency	ISL
Pakistan Environmental Agency	√
Sindh & Punjab Environment Protection Agencies	√
Federal Board of Revenue	√
Civil Defense	√
Labor Directorate	√
Pakistan Federations Association	√



CREATING IMPACT

For ISL, winning is all about creating an impact that matters. This drives the company to actively support various social, educational and healthcare related initiatives in the country. The company partakes in various social activities to promote wellbeing and welfare to society. Every year, ISL allocates atleast 1.5% of after tax profit for social uplift and charitable causes.



Employees

ISL strives to contribute to society's development by creating employment opportunities, enabling skill development and on the job training and promoting employees' wellbeing by providing a safe and comfortable work environment.

In a constantly evolving and highly competitive business environment, the biggest competitive advantage of any company is its human capital. Our Human Resources Department (HRD) works on implementing HR Related policies to ensure that our business objectives are met on a continuous basis, and at the same time, the employees are provided career and self-development opportunities that enable them to evolve in high performance workers, who deliver the values and vision of the company.

ISL is driven by the Group's code of conduct that professes fair work place, Diversity in Gender, race and religion, Teamwork, respect for people, and safety and wellbeing of all employees.



Orientation and Induction

ISL recruits the best talent from industry and provide them a comprehensive orientation plan to help them learn about our business, customers and operations. The ISL recruitment process evaluates and selects the most suitable talent specific to the role, on standard criteria. Besides skill and aptitude, we also seek to evaluate the value system of a potential candidate before selection. We believe in nurturing human capital. Every employee that joins the company goes through a rigorous orientation at the company to familiarize them with the organization structure, its core values

and operations of the company. This enables them to perform their job roles with full fervor and enthusiasm, thereby, improving their capacity to deliver their targets.

Wellbeing

ISL positions physical and mental health management as the foundation of work-life management, and encourages employees to work efficiently to create sufficient time for their private lives. The aim is to promote a work style that allows employees to maintain and enhance their health while being highly productive. There are frequent activities in place to provide entertainment and means of recreations to employees at the company.



GYM

ISL promotes physical wellbeing of its employees and has established a fully furnished State of the art GYM at ISL facility where all team members can avail facilities.

Cycling Event

In order to promote healthy life choices among employees, the company conducted a Cycling event that was attended by employees with their families.

Coping with the New Normal

In view of lockdown and the impact it has on social lives, the company organized an event Titled Coping with lockdown. The session, conducted by Dr. Tahir Barlas, highlighted the importance of staying positive during the lockdown and suggested activities to enhance morale.

Diversity and Inclusion

ISL is an equal opportunity employer that believes in

providing everyone the right to a livelihood regardless of cast creed culture and religion. Over the years our strength of female workforce has increased substantially, and we continue to develop roles in the company that are gender neutral.

Training and Development

The company makes significant efforts to train their employees. This involves trainings at all levels, in house and ex house as well.



Gender Equality

Being a large scale industrial manufacturer, located in suburbs of the city, it is difficult to attract and retain women, which is further exacerbated by the limited access of public transportation for women and the governmental timing restriction of female-based factory workers. Notwithstanding the challenges, ISL has steadily promoted diversity, with a drastic increase in female headcount, from none in the early days to the present head count of 13, including senior management. These team members serve in diverse functions ranging from Finance, Marketing, supply chain and production.

ISL strives to become an employer of choice for the massive talent pool of Pakistan's labor force and actively works to attract and retain employees of all ages within the organizations.

Compensation and Benefits

Our compensation includes provident and gratuity funds in addition to our comprehensive health plan, life insurance, mobile phone, transport and fuel allowances.

We also ensure that our employment terms include generous leave allowances, flexible timings and other benefits including both retirement benefits of provident fund and gratuity.

ISL benchmarks its compensation plans with comparative companies and periodically carry out salary surveys.

ISL believes in the fair compensation of our contract workers. The company presently employs approximately contract workers who receive minimum wages, medical registration and insurance. Furthermore, they are eligible for the Workers Profit Participation Fund. This highlights the fact that our responsibility lies equally for all our stakeholders.

Employee Survey



ISL regularly conducts anonymous employee surveys. Once completed, the HR team does thorough subjective and objective assessment to create a presentation with the survey results. The HR team holds department wise meetings in which positive and negative feedback of the employees is discussed and corrective action taken accordingly.

The 7th EFP Awards for Best HR Practices

ISL participated and won first place in the Annual Employers Federation of Pakistan competition for best HR practices for the year 2018. This event highlights best practices in the areas of Corporate & General Management, HR Management, OSH&E, Skill Enhancement, Compliances and Sustainable Development.

Safety Record

ISL invests in considerable efforts in providing a safe and injury free workplace for its employees and visitors to the company. The company has engaged various consultants to assess the safety of the company facility, and inculcate the culture of safety in the company's teams.

The health and safety of our employees is of high significance to us. We are responsible for providing a healthy and injury free environment for our employees and contractors. ISL strives to achieve this through our OHSE Management System (Occupational Health Safety and Environment System) that is implemented by the HSE Department.

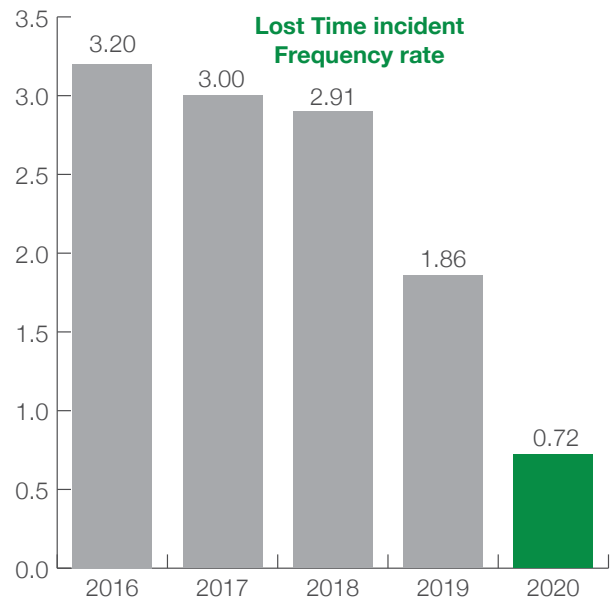
Through this program, we have set reporting parameters that minimize the impact of behaviors that could lead to unfavorable events. Our HSE program also enhances the sense of responsibility for keeping the workplace safe and with minimal or no hazards. For example, the team has created signage that includes large clear illustrations that are placed throughout the factory floor Safe Workplace

During the year, the Covid 19 Pandemic impacted the country. In a proactive approach, the company followed all government SOPs and regulations and took precautionary measures proactively. Whilst the initial lockdown phase saw suspension of activities, upon gradual resumption, care was taken to provide for a safe and hygienic workplace. All Company facilities were disinfected frequently as per the norms and standards set by the WHO and government. Entry points of every company facility were equipped with disinfection booth, where every visitor must pass through before entering the premises. Temperature of every visitor was recorded and hand sanitizers' availability was ensured across the company.

Personal Safety

In view of the situation created by the COVID 19 Pandemic, employees were given a rotation plan and not more than 50% attendance was ensured. This was done in view of social distancing norms that would prevent any person to person infection all meetings were conducted online to adhere to the SOP of social distancing.

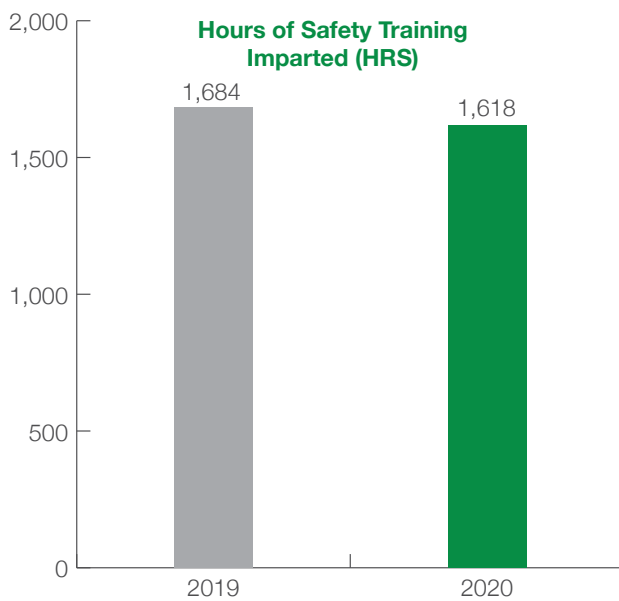
As a part of daily routine work, ISL employees are required to embrace safety as a mindset. Personal protective equipment relevant to the job nature are required to be worn before starwork. These range from safety gloves, safety goggles and ear protectors. Furthermore, people are required to walk along



designated safety pathways in the factory premises. For specialized activities that pose a potential risk such as working at height, a safety clearance or “permit to work” is required in order to ensure that adequate safety measures have been employed.

Safety Awareness

Our HSE department has encourages awareness and consciousness of implementing safe work practices. In order to inculcate a safety culture, the company has conducted several safety awareness trainings to ISL employees that create a safety mindset at the grass root levels.



Fire Drills

During the period, several Fire Drills were carried out at various locations of the company across Pakistan, and the use and countermeasures in the event of a fire were demonstrated to employees.

Logistic Safety Measures

Our sales and marketing collaterals provide detailed accounts of safe handling of products, thereby reducing the chances of transit injury as a result of coil transportations.

Customers

Our ISL considers customers one of the most essential part of our value system. The company attributes its success to its ability to serve its diverse customers base across the globe. Upholding Customer requirements as the most important part of our existence, ISL's sales and marketing teams work tirelessly to exceed customer expectations through value added services and rigorous after sales support.

Customer Knowledge

Our marketing teams impart full product and customer knowledge through various marketing collaterals and through interactions. ISL's sales teams interact with customers on a personal basis through visits and at expos and exhibitions. The company has created customer friendly marketing collateral that is readily available across Pakistan regarding all the product information. We highlight all product specifications, including the variety of the product, and the quality certifications that each product has received.

Value Added Services

Besides providing full width coils to customers, ISL offers various services such as Cut to length, Slitting and various profiles depending upon customer's need. Such services render the product in a more usable form, thereby improving value proposition for the customers.

In view of increasing demand, the company has established a fully equipped service center, in close proximity to various industries that will enable superior service deliverability. Besides providing value added services, the service center will enhance ISL's customer experience, providing customers with reduced turnaround time from source to production.

Transparency in Pricing

Our organizations support price transparency by providing a single yet comprehensive country price list that is shared with all our customers. The company prices its products competitively, in view of prevailing global steel prices. Furthermore, all our customers have access to our regional offices throughout the country to ensure timely feedback for any purchase follow up or concerns.

After Sales Support

ISL provides customer support throughout its sales network. The support ranging from complains regarding quality, to service and availability. ISL encourages open communication with customers.



Shareholders

ISL aspires to be a model corporate citizens, by upholding and creating value for our shareholders. In order to ensure fair returns to our shareholders, our teams work hard to ensure maximum value is generated for our shareholders.

The below table illustrates our ten-year record of our dividend payouts and our profits after tax.

Quarterly and Annual reports

The company prepares and disseminates periodic performance reports in compliance with the law. These reports provide an accurate and detailed insight into company's performance, the challenges and the outlook for the future.

Board of Directors

During the period, the company elected new Directors to the company board, upon completion of the term of the current Directors. The company thanks the

outgoing directors for their contribution to the company and welcomes the new directors to the Board. Like their predecessors, the new board members are distinguished professionals and come from a diverse background, which will enable them to set a strategic direction for the company that will maximize value for the shareholders.

PSX Top 25 Companies Awards

The company was nominated and received the PSX top 25 Share award. The award, conferred by the Honorable Prime Minister of Pakistan, His Excellence Mr. Imran Khan, depicts our commitment to maximize shareholder return and to create value at the grassroots.





CREATING EFFICIENCY

ISL aspires to be a carbon negative organization. Driven by the Clean, Lean and Green approach towards responsible and sustainable manufacturing, we are always working towards making our operations as environment friendly as possible, from investing in green technologies to reducing and treating our waste.



Community

At ISL, we seek to address some of the challenges that our society faces. Being a large scale industrial manufacturer provides us a position to become an enabler and facilitator of human development through our operations.

Our corporate culture is driven by the inclinations of our founder, Mr. Amir S. Chinoy, towards being a strong supporter of the local community. ISL has integrated responsibility in our donation policy, in which charitable donations are made either directly through the organization or through the Amir Sultan Chinoy Foundation (ASCF).

Policy	Donation
Donation Policy	ISL donates atleast 1.5 % of its profits (after tax and dividend income), towards social uplift and community welfare activities every year.
Total Amount of Donations in FY 2019-20	Rs. 19.2 Million

The company considers the community as one of the most important stakeholders in the path to sustainability. Driven by purpose, the company seeks to create sustainability.

The Amir Sultan Chinoy Foundation

The Amir Sultan Chinoy Foundation is one of Pakistan's oldest foundations. It was established in 1968 as The Friendship Foundation by Amir Sultan Chinoy in accordance with the wishes of his father Sir Sultan Mehrally Chinoy. In 1980 the foundation was renamed as the Amir Sultan Chinoy Foundation.

Till this day the foundation continues to operate in accordance with the wishes of Amir Sultan Chinoy who established the foundation to help further the advancement of education, learning and industry in all its branches.

Presently, ISL continues to contribute to the Amir Sultan Chinoy Foundation (ASCF) – which is mandated to focus on education, health and social advancement.

Education

Our Group believes that if health care is the basic foundation of life, then education is the essential building blocks for a more successful life. Within our donation policy, we ensure to support the education of the underprivileged, higher education and arts programs. Through our various programs in the last decade over 11,000 children have gained a higher quality of education.

• The Citizen Foundation (TCF) Rahbar Mentorship Program

ISL's ongoing commitment to education for the underprivileged continues with the employees participating in the "Rahbar Program". The program allows employees to act as mentors for students and to guide them towards becoming good citizens and to motivate them to always strive for the best.

ISL employees voluntarily participates in The Citizens Foundation's flagship volunteer-based youth mentoring program RAHBAR. Rahbar is a youth mentoring program. The vision of the Rahbar program is «to sow the seed of positive thought process; leave the students with some food for thought.»

• Vocational Training

ISL continues to support vocational training institutions as we believe that the future of the country lies in skill development of the vast population, which will then potentially contribute to the country's growth. ISL's support to Hunar Foundation, a leading vocation training institution of the country, seeks to develop skills in the population, which enables people to earn a livelihood. Besides skill development, ISL facilitates learning through study tours and visits to impart firsthand knowledge of a high tech industrial complex.

• Amphitheatre at the IBA main campus

The Group sponsored the Amir S. Chinoy Amphitheatre at the IBA main campus student's center.

Environmental Responsibility

ISL is conscious of the ways our business activities can potentially impact the environment. Recognizing access to water and basic resources as a fundamental human right, the company takes various measures to reduce its impact on the environment. As Pakistan faces energy and clean water scarcity issues, we believe that our most direct and visible impacts come from our environmental efficiencies.

Although our raw materials, steel and zinc does not have a direct impact on environment, we believe in minimizing impact to the environment as a result of our operations. Most of the technologies and equipment in our operations are environmentally efficient and compliant with international and national norms. Environmental aspects are taken into consideration by us and included in all our project costing and purchase process. Furthermore, all future investments are preceded by an environmental impact assessment.

Driven by the Clean, Lean and Green Approach, ISL strives to continuously adopt environment-friendly practices during its manufacturing processes.

While embracing sustainable technologies, ISL strives to

minimize its environmental impact through effective resource utilization, waste reduction and recycling of resources, as frequently as possible.

• **Effluent and Sewage Water Treatment**

ISL's Effluent Treatment Plant collects, neutralizes and filters the entire solvent-based waste generated during the manufacturing process, making it reusable. The reverse osmosis system generates 54m³/hour of water to meet its industrial needs without relying on the city's main water supply system. The Sewage treatment plant recycles the water used at the factory premises and is then utilized to water plants and vegetation present in the factory premises.

• **Emission Control**

Although the company's operations do not have a major impact on the environment, the company proactively seeks to minimize any environmental impact that may arise as a result of manufacturing operations, such as the installation of an incinerator at the color coating line, that neutralizes the fumes released in the atmosphere.

• **Waste Heat Utilization:**

ISL recovers significant amount of waste heat generated from operations and utilizes it in various production operations and also powers a 1.2 Mega Watt Steam Turbine to generate additional electricity. The heat absorption chiller generates chilled water for air-conditioning, whereas, steam boiler uses waste heat from exhaust gases to generate steam.

• **In-house Co-Generation Power Plant:**

ISL has installed a natural gas burning power plant with 6 generators that creates 19 Mega Watt of power by co-generation, meeting the needs of ISL's steel complex and supplying surplus electricity to the Grid.

• **Acid Regeneration Plant (ARP)**

The pickling line utilizes a large amount of Hydrochloric acid to remove surface impurities from hot rolled coils. Direct disposal of the contaminated acid poses threat to the environment, therefore ISL's Acid Regeneration Plant (ARP) recycles and reconditions Hydrochloric acid from the pickling line, making 98% of the acid reusable.

Environment Conservation and Awareness WWF Plantation & Beach Cleaning Activity

With the impact that global warming has on the world at the moment, ISL partnered with WWF (World Wide Fund) Pakistan to plant eleven hundred mangrove trees along the coastal areas of Karachi to reduce the impact of flooding in the local area. Furthermore, employee's participated in cleaning up the beach that surrounded the mangrove forest to prevent the local wildlife from eating chemical waste.

"Take a Pledge for Environment" Activity at CAP Family Carnival

ISL supports social engagement initiatives, such as Citizen's Archive Pakistan (CAP), whose core projects include cultural and educational programming for low-income communities in. ISL supported the Citizen Family Carnival 2020 at Beach

Luxury Hotel. The activity had two goals, the educating the public on adopting environmental-friendly practices and taking initiatives to preserve ecosystems by taking simple and effective steps.

Healthcare

Health is the basic foundation of all life. As a responsible corporate citizen, we recognize that there are limitations for underprivileged members of society and their reach to quality healthcare. Our donation policy supports the provision of health care in areas of need and the funding healthcare institutions.

Permanent Endowment Fund

In 2010, the Group made a substantial contribution towards the "Amir Sultan Chinoy Chair" at the Aga Khan University Hospital in Karachi - a permanent endowment fund.

Health Clinic in Landhi, Karachi

In 2016, ISL partnered with SINA Clinic to create a health clinic. This is a significant achievement in this area, as it benefits several members of the society there at nominal costs. Located at a close proximity to ISL factory, workers are also able to reap the benefit of this clinic. In its first year of operation the clinic served 25,890 adults and children.

Sponsoring ASB – Architects and Builders Sourcebook 20

ISL continued to support the Architect community by sponsoring the 2020 edition of the Architects and Builders Sourcebook. A leading directory for construction materials and solutions in Pakistan, the publication is widely used by Architects and industry professionals across the country. Besides promoting ISL's products the guidebook also creates awareness regarding environmentally sustainable building materials.

