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Building Future Milestones

Sustainability Report 2016

Green Practices



Localization



Customer
Engagement



HR Development



Community
Initiatives



Building Future
Milestones

Atlas Honda sets key milestones to be achieved every year in order to meet sustainability standards. The biggest impact directly affects the environment where we strictly adhere to green practices. We promote localization in our processes, which has become crucial to our relationship with vendors. The humane side of our sustainable approach to business is evident from our diverse community initiatives, customer engagement and HR development for the well-being of society, customers and employees respectively. Being critical of our successes will help us achieve greater milestones in the coming year.

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Vision

Market leader in the motorcycle industry, emerging as a global competitive center of production and exports.

Mission

A dynamic growth oriented company through market leadership, excellent in quality and service and maximizing export, ensuring attractive returns to equity holders, rewarding associates according to their ability and performance, fostering a network of engineers and researchers ensuing unique contribution to the development of the industry, customer satisfaction and protection of the environment by producing emission friendly green products as a good corporate citizen fulfilling its social responsibilities in all respects.

Code of Conduct

Obeying the Law

Atlas Honda Limited is committed to comply with the laws and regulations of Pakistan.

Human Capital

Atlas Honda Limited is committed to:

- Create a working environment where there is mutual trust & respect;
- Be an equal opportunity employer;
- Provide safe and healthy working conditions for all employees. It neither uses nor supports the use of any form of forced, compulsory or child labor.

Consumers

Atlas Honda Limited is committed to:

- Provide products which consistently offer value in terms of price and quality.
- Promote safe practices throughout value chain from distributors to end users. It is committed to provide customers with products and services that are safe and reliable.

Shareholders

Atlas Honda Limited conducts its operations in accordance with principles of good corporate governance.

Business Partners

Atlas Honda Limited is committed to establish mutually beneficial relations with its suppliers, customers and business partners. In its business dealings, it expects its partners to adhere to business principles consistent with its own.

Community Involvement

Atlas Honda Limited strives to be a trusted corporate citizen and, as an integral part of society, fulfill its responsibilities to the societies and communities in which it operates.

Public Activities

Atlas Honda Limited:

- Co-operates with government and other organizations in the development of proposed legislation and other regulations, which may affect its legitimate business interests.
- Neither supports political activities nor contributes funds to promote such activities.
- Is committed to promoting activities for safe driving.

The Environment

Atlas Honda Limited is committed to:

- Make continuous improvements in the management of its environmental impact and to the long-term goal of developing a sustainable business.
- Work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Innovation

Atlas Honda Limited is committed to fair competition and supports development of appropriate competition laws.

Business Integrity & Anti - Corruption

Atlas Honda Limited does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain.

No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management.

Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflicts of Interests

All of Atlas Honda Limited employees are expected to avoid personal activities and financial interests, which could conflict with their responsibilities to the company.

Compliance – Monitoring – Reporting

Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by Audit Committee.

Any breach of the Code must be reported in accordance with the procedures specified by the management.

The Board expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.

Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

About this Report

| | |
|-----------------------------------|--|
| Reporting period | Financial year 2016 (April 01, 2015 to March 31, 2016) |
| Reporting cycle | Annual |
| Date of publication | June 02, 2016 |
| Available version | Online and printed versions are available in English. Online version can be accessed from www.atlashonda.com.pk |
| Report scope & boundary | The information, data and financial information related to Atlas Honda Limited (hereinafter referred to as 'AHL' or 'the Company') for the financial year 2016 is included. The report does not contain information on the sustainability impacts of associated companies. |
| Report content | The contents of this report are based on the results of stakeholders' engagement and the Global Reporting Initiative G4 guidelines requirements. All material aspects, which are important to AHL business strategy and are of interest to different stakeholders and AHL have been included in this report. |
| Global Reporting Initiative (GRI) | The report is GRI G4 "In accordance – core". The GRI content index is available on page 57. |
| Assurance | <p>The report was externally reviewed by Corporate Social Responsibility Centre Pakistan (CSRCP), an independent reviewer, in compliance with the GRI G4 Sustainability Reporting guidelines and ISAE 3000 (2003) standard.</p> <p>The statement of independent review describing the activities carried out and the expression of opinion is provided on page 55.</p> |
| Contact for feedback | <p>The Company values feedback and welcomes the comments on its reporting. For any questions or suggestions, please get in touch with sustainability team.</p> <p>Address: 1-McLeod Road, Lahore-54000 Phone: +92-42- 37225015-17, 37233515-17 Email: ahl.suggestions@atlashonda.com.pk</p> |

Corporate Social Responsibility Highlights 2016



CEO Message on Sustainability

“Businesses which focus on strengthening not only their operational sustainability but also that of the environment and communities tend to succeed from generation to generation”

Atlas Honda has been endeavoring towards the path of success since its very existence, and while trying to accomplish its growth targets, it is of paramount importance that we continue to recognize the significance attached to environmental and societal values.

Our fundamental growth strategy is the expansion of our operations in a manner that it meets the changing needs of the customers, and of the society, in the best possible way. We incorporate the element of sustainability in our strategy along with the pursuance of our business objectives with the aim of achieving innovation and growth. We acknowledge this responsibility to the global environment and demonstrate our commitment to all our stakeholders: employees, customers, shareholders, suppliers and society in which we exist. Our plans for expansion in the near future come with the responsibility to preserve and secure the environment in which we operate. Our main focus for securing the environment is aimed at reduction of waste and increasing efficiency. We are dedicated and focused on providing a safe workplace for our associates as well as ensuring our customers enhance their knowledge of safety by promoting various customer safety programs. These standards form the foundation of our business value, “THE ATLAS WAY”

We believe that success is attached with awarding equal opportunities to all segments of the society and to walk the talk. We contribute in highlighting women empowerment aimed at enabling them to play greater and more confident role in the society. As an example, we are actively promoting “women on Wheels” mobility program throughout the country.

This report's minutiae accentuate the strategy we follow. The ambitions that we have set will hopefully deliver a positive impact on the society as a whole.

I would like to specifically mention the contributions of our global partner, Honda Motor Company Limited, Japan. Their proactive participation and constant guidance have always been a source of inspiration. With continued encouragement of our stakeholders, we hope to build an industry of the future that can balance the need of a sustainable society with that of our planet's habitat.

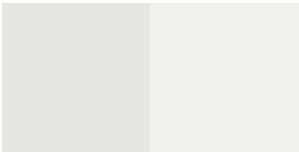


Saquib H. Shirazi
Chief Executive Officer

Karachi: April 29, 2016

About The Company

Atlas Honda Limited is a public limited company listed on Pakistan Stock Exchange. The Company is engaged in manufacturing of motorcycles in Pakistan. The Company operates within Pakistan and its registered office is located at Lahore. The details about Company's subsidiaries, product and services, awards received during the year and commitments and strategic memberships can be found from Annual Report 2016 of the Company. The specific sections for the relevant information have been mentioned in the GRI content index produced on page 57 of this report.



Corporate Social Responsibility Framework

The corporate social responsibility focuses on crafting long-term values, leading to provide a level playing field for future generations to meet their needs. This goal can only be attained through the efficient use of available resources, commitment to creating sustainable products and solutions, and treating the environment and people equitably and with respect. AHL commits itself to act as a responsible business focusing to play its part in sustainable development. The commitment of doing business in a sustainable way sets apart the Company from its competitors, leading to customer satisfaction, appreciation, brand recognition and increasing product demand.

The Company is guided by its sustainability framework while making efforts for creating sustainable value for all of its stakeholders. The framework is a reflection of the Company's philosophy of Corporate Social Responsibility and focuses on the following six key areas:

- | | | |
|---------------|----------------|--------------|
| a) Governance | b) Environment | c) Customers |
| d) Society | e) People | f) Vendors |

The Company's framework is a product of the Atlas Group's fundamental business doctrine, the "ATLAS WAY". It comprises of the principles of "ATLAS CULTURE" and "ATLAS SYSTEMS".

The principles of the **Atlas Way** cover all departments, operations, activities and aspects of business and provide ideal guidelines for their progressive development. The ultimate goal is to obtain excellence in operations and quality in products without compromising the protection of environment and interests of society at large. The Atlas Way teaches the Company to pursue operational and financial results while maintaining environmental quality and social responsibility.

Atlas Systems

- Management by Objectives (MBO) to align activities towards agreed company goals.
- Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared values) for the Company.
- Inducting and retaining competent and skilled staff - right man for the right job.
- Using BCG model for strategic direction.
- Creating values through implementations of internal controls (SOPs and policy manuals).
- Management development to produce performers, organization builders and strategists.
- Active participation in management meetings for continuous performance improvements.
- Ensuring accuracy and control of information / data through efficient MIS.
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention.

Atlas Culture

- Corporate governance.
- Respect, recognition and reward.
- Value of time.
- Recruitment and career advancement based on integrity, merit, experience and skills.
- Education and training of staff and descendants.
- Self reliance.
- Leading by example.
- Humility and excellence
- Living within one's means, saving for the future and donating for good cause.
- To be happy and healthy.

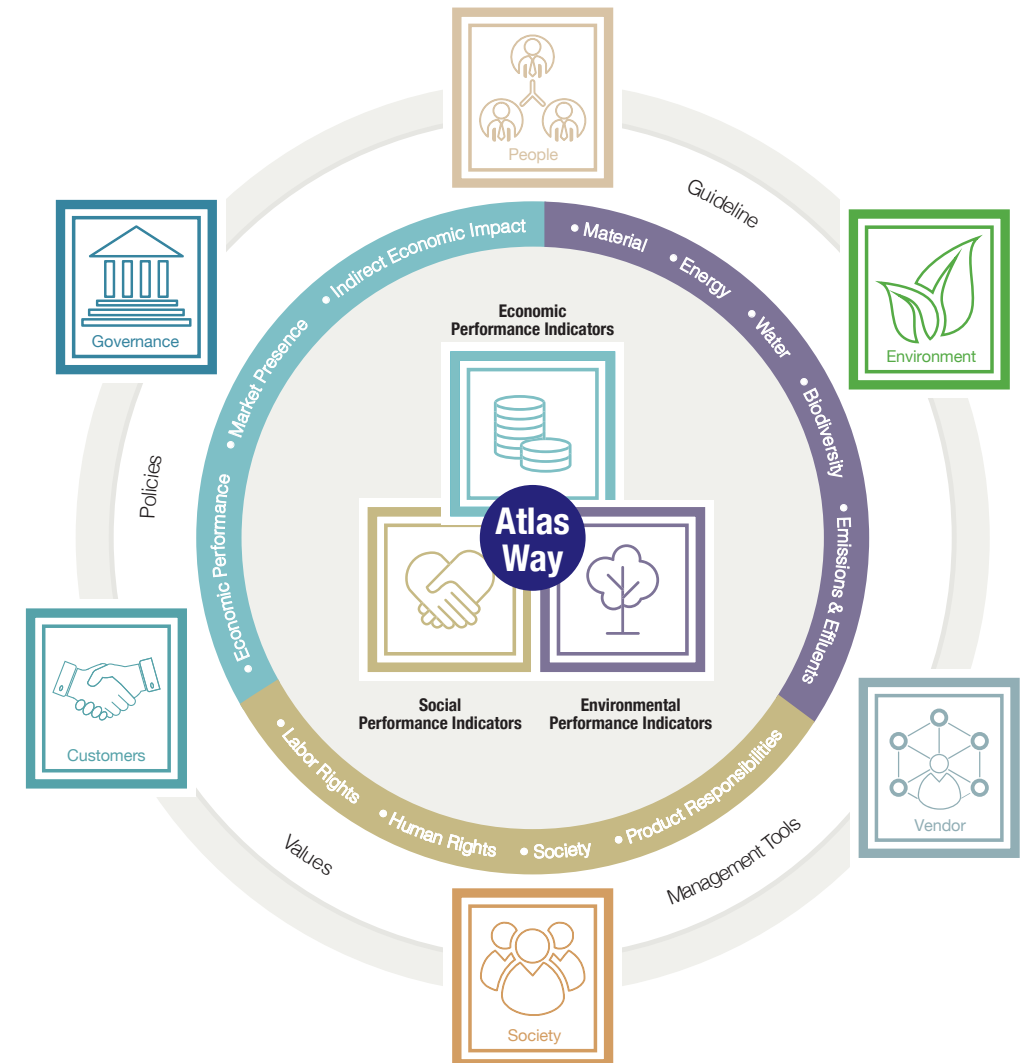
شاہین کا جہاں اور
(We Look Beyond Horizons)

The Company ensures the adherence to the best practices in the sustainability reporting through application of its framework. The most widely used guidelines the Global Reporting Initiative (GRI) G4 guidelines, are used by the Company for communicating its impacts to its stakeholders.

The procedures adopted in the **Atlas Culture** and the **Atlas Systems** completely align the Company's areas of sustainability framework with the three performance categories given in the GRI guidelines.

The Company's sustainability framework defines the way we do business and is supported by a suite of policies, guidance, values and management tools. It commits the Company to consider and take responsibility for the longer term economic, social and environmental implications of its decisions and to work in partnership with stakeholders across the automotive value chain to maximize positive impacts.

The following diagram summarizes the Company's framework and approach to sustainability:





Governance



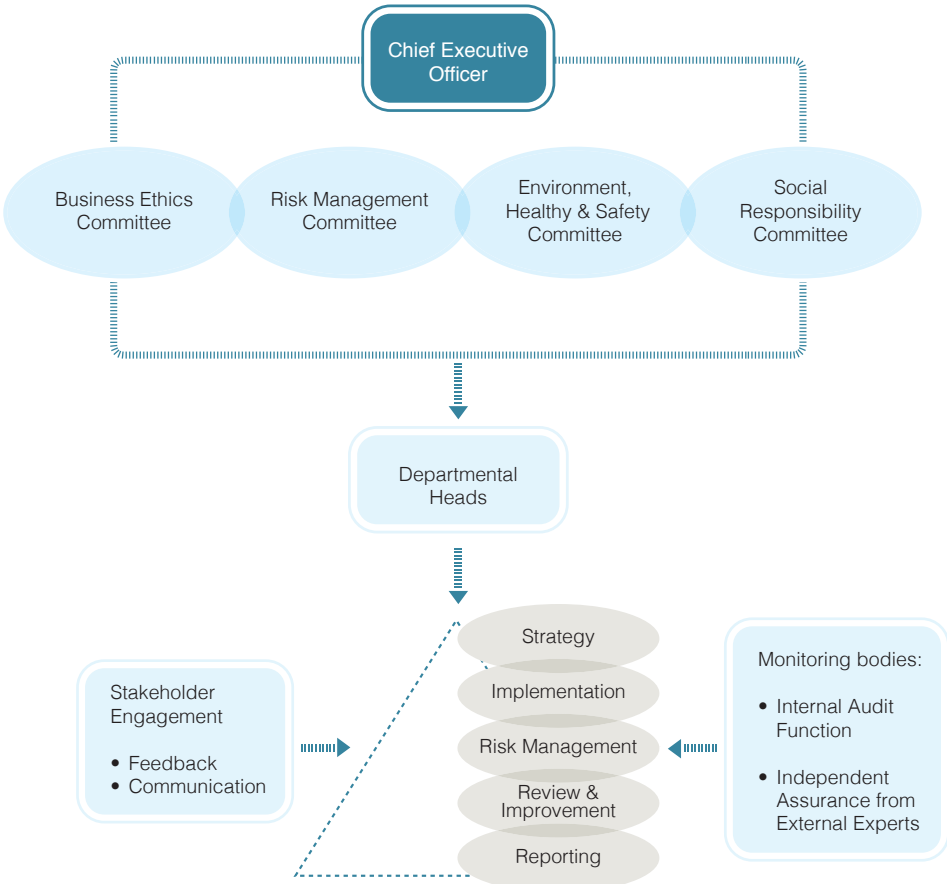
We are committed to upholding the highest standards of business integrity by instilling a value-driven culture and good governance principles in the Company. AHL has been built on strong guiding ethics that pave our way towards imminent success.

Sustainability Governance Model

Corporate governance at Atlas Honda goes beyond an interest in governance or need to fulfill regulatory requirements. The Company's corporate governance embraces the processes through which the corporate objectives are set and pursued in the context of the social, regulatory and market environment.

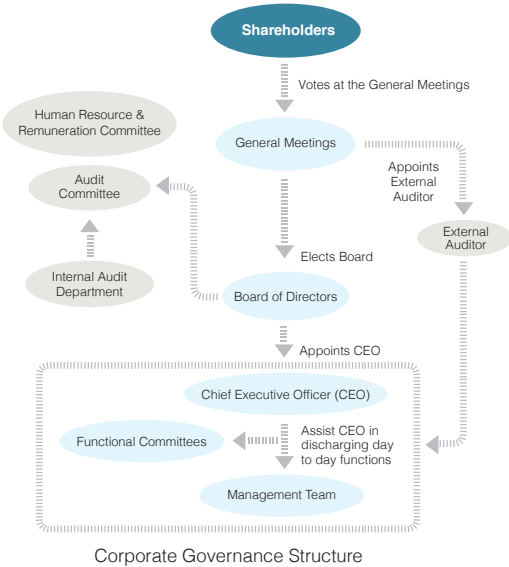
The governance of Atlas Honda is grounded on the basis of effective management policies and conforms to the accepted guidelines of Pakistan Stock Exchange as well as the Code of Corporate Governance issued by SECP.

The Chief Executive Officer (CEO) is responsible for reporting the Company's performance on sustainability to the Board of Directors. CEO is supported by four functional committees that facilitate him in the performance of his duties. These committees meet frequently and ensure implementation of sustainability framework in various aspects of the Company's operations. The implementation of the framework is ensured by various departmental heads who report the activities and progress to these committees. Input is also acquired from associated third parties through Company's processes of stakeholders' engagement. The implementation of sustainability framework is frequently monitored by Internal Audit function and annual assurance is also obtained from an independent expert before reporting of results to stakeholders.



Balanced Governance Structure

The corporate governance structure of AHL provides a comprehensive framework to enhance accountability to shareholders and other stakeholders, to ensure timely and accurate disclosures of all material matters, to deal fairly with shareholders and other stakeholder interests, and to maintain high standards of business ethics and integrity. With the General Shareholders' Meetings, as its highest decision-making body, AHL's corporate governance system centers on the oversight and supervision of management's execution of duties by the Board of Directors (the Board).



Board and its Committees

The Company has a strong and dynamic Board with the right mix of skills to deliver and further develop its strategies. As of March 31, 2016, the Board comprises of eight directors, including four non-executive directors, three executive directors and one independent director. Non-executive directors are elected to enhance the supervisory function of the board from an objective standpoint, for increasing transparency of the management, and gain good advice by utilizing their management experience from different industries.

The Chairman is responsible for the overall discharge of Board's duties. The office of Chairman and Chief Executive Officer (CEO) are separate and the Chairman is a non-executive director.

The Chairman of the Board of Directors is selected from within the board. The Board may from time to time establish committees, to assist it by focusing on specific responsibilities in greater detail than is possible for the Board as a whole, reporting to the Board and making any necessary recommendations. The statute requires the Board to formulate Audit Committee and Human Resource & Remuneration Committee.

Each Board Committee has a written Terms of References outlining its duties and responsibilities. The Committees report on their activities and results to the Board of Directors. The Committees also prepare the business of the Board of Directors in their assigned areas. The executive management has been delegated to the CEO for smooth operation of the Company's business who is also assisted by various Committees. The table below summarizes the terms of reference, number of members and frequency of meetings of the Committees of the Board and CEO.

Board Committees

| Committees | Terms of Reference | Number of Members | Frequency of Meeting |
|---|---|-------------------|----------------------|
| Reporting to Board of Directors | | | |
| Audit Committee | <ul style="list-style-type: none">• Oversight of financial reporting and accounting.• Oversight of external auditor.• Review of the Company's compliance procedures to ensure adherence to applicable legal and regulatory standards and to the Company's internal policies.• Monitoring the effectiveness of the internal control process and the internal audit function of the Company.• Oversight of risk management. | Three | Quarterly |
| Human Resource and Remuneration Committee | <ul style="list-style-type: none">• Recommending Human Resource management policies to the Board.• Recommending to the Board about selection, evaluation, compensation and succession planning of CEO, VP, CFO, Company Secretary and Head of Internal Audit.• Consideration and approval of recommendations for key management positions who report directly to CEO and VP. | Three | Once a year |

CEO Committees

| Committees | Terms of Reference | Number of Members | Frequency of Meeting |
|--|---|-------------------|----------------------|
| Reporting to CEO | | | |
| Management Committee | <ul style="list-style-type: none">• Reviewing and forwarding long term plans, capital and expense budget, development and stewardship of business plans.• Maintaining healthy environment.• Providing advice to CEO in normal course of business. | Thirteen | Monthly |
| Business Ethics Committee | <ul style="list-style-type: none">• Effective communication and reinforcement of ethical values, best practices in the business.• Ensuring compliance with our 3R principles (Respect, Reward and Recognition). | Nine | Twice a year |
| Treasury Committee | <ul style="list-style-type: none">• Oversight of day to day matters.• Approval of short term investment decisions.• Ensuring subsequent approval of all the decisions by Board. | Three | Monthly |
| Risk Management Committee | <ul style="list-style-type: none">• All risks are defined and mitigated on a timely basis in accordance with the well-structured risk management process. | Three | Monthly |
| Environment, Health, Safety and Security Committee | <ul style="list-style-type: none">• Ensures compliance with applicable Environmental, Health, Safety and Security laws and regulations. | Six | Monthly |
| Social Responsibility | <ul style="list-style-type: none">• Ensures compliance with Social Performance Governance Framework. | Five | Quarterly |

Governance

Environment

Customers

Society

People

Vendors

AHL has not defined any quota for women, ethnic majorities or age group for the Board of Directors. The members of the board hold significant position in other companies, the details of which can be found in Director's profile section of the Annual Report 2016.

The directors are elected for the period of three years by the shareholders in Annual General meeting. The Board may also appoint any individual as a director to fill a casual vacancy occurring among the directors. The process of election and appointment is governed in accordance with the statutory requirements laid down by SECP and regulations of the Pakistan Stock Exchange.

Prior to appointment, each director is required to disclose to the Board their other significant commitments so as to enable an assessment of their capacity to effectively discharge their duties and responsibilities. Each director has undertaken that they are able to meet the time commitment expected of them for the purpose.

Directors are required to seek consent from the Board prior to being appointed to, or acquiring any material financial interest in, any enterprise which competes, likely to compete or has a significant business relationship with the Company, unless that situational conflict can be managed as per provision of the Companies Ordinance, 1984 and rules and regulations of the SECP and Pakistan Stock Exchange. During the year, there were no such transactions of material nature with the Directors which are in conflict of interest with the Company.

Board Role in Shaping Sustainability Policy

The principal purpose of the Board is to provide leadership to the Company in a manner that promotes its long-term success, thereby maximizing value for its stakeholders. The Board sets the direction for the Company's values, ethics & business policies and practices leading to strategy development; growing shareholder value; oversight & control; and corporate governance. All the strategic plans, budgets, capital expenditures, investment proposals and matter of strategic importance are approved by the Board. However, some of the decisions are taken in Annual General Meeting of the Company as per the requirement of the Companies Ordinance 1984. The Board also oversees operating & financial performance; risk management & internal controls and compliance with legal requirements.

The Chairman, in collaboration with the Company Secretary and senior management, is responsible to ensure that the Board members are provided at all times with the information necessary for them to effectively discharge their duties and responsibilities.

On appointment, directors take part in an induction program to broaden their knowledge and understanding of the business. Directors are also encouraged to attend courses providing information and training relating to their duties, responsibilities, powers and potential liabilities. The Company Secretary arranges an appropriate director's training program in line with the mandatory requirements of the code of corporate governance.

Management Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the code of corporate governance, it is ensured that no Director take part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2015-16, please refer note 34 of the Financial Statements.

Corporate Performance Evaluation

The evaluation of Board's role of oversight and its effectiveness is continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

CEO's Performance Review

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

Role and Responsibilities of the Chairman & CEO

The Chairman's role is primary to guide long-term strategic planning for the Company including:

- Presiding over the Board and ensuring that all relevant information has been made available to the Board;
- Defining the Company's philosophy and objectives;
- Safeguarding shareholders' interest in the Company;
- Responsible for building the Company's image nationally and globally;
- Ensuring the appropriate recording and circulation of the minutes of the meeting to directors and officers entitled to attend Board meetings;
- Major spokesman of the Company, responsible for liaison with the senior most levels of Federal and Provincial Government;
- Overseeing the Company's macro approaches and public relations in the broadest sense, including its relations with public organization and other companies; and
- Commitments and de-commitment of strategic investments.

The CEO is responsible for all matters pertaining to the operation of the Company under the overall direction of the Board of Directors. His responsibilities include:

- To plan, formulate and implement strategic policies;
- To build and maintain amicable relations with government departments, trade associations and regulatory bodies;
- To ensure the achievement of productivity and profitability targets and that the Company operates efficiently;
- To ensure that the chain of command in the Company is clear to facilitate the maintenance of discipline, the remits of all managers clearly define their functions to ensure accountability;
- To prepare for the approval of the Board of Directors annual forecasts of plans for production, sales, profit, revenue & capital expenditure, manpower, which fit into the long-term business objectives and the overall strategic direction of the Company;
- To ensure that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- Maintain a regular review of duties and functions of the staff to ensure that there is no duplications of efforts in office methods and procedures and that all operations are carried out efficiently and economically;

- Ensure that technical information made available to the Company under Technical Service or Royalty Agreements are used solely in the manufacture of approved products and the staff of the Company maintains strict confidentiality of such information;
- To ensure that the Company's interests and assets are properly protected and maintained and all the required Government obligations are complied;
- To maintain the close liaison with the Government, customers, suppliers and sales offices;
- To chalk out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- To pay all Government dues on or before date and obtain all refunds due from the Government.
- To ensure that proper succession planning for all levels of hierarchy exist in the Company and is constantly updated;
- To ensure proper functioning of the Management Committees of the Company of which he is the chairman;
- To prepare and present personally to the Board of Directors following reports/details:
 - o Annual business plan, cash flow projections and long term plans.
 - o Budgets including capital, manpower and overhead budgets along with variance analysis.
 - o Quarterly operating results of the Company in terms of its operating divisions & segments.
 - o Promulgations or amendment of the law, rule or regulation, accounting standards and such other matters as may affect the Company.
 - o Reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company.
- To ensure welfare and training of the staff in accordance with the Company's policy and government regulations that are applicable from time to time;
- To always keep the line of communication open with the competitors for taking joint actions for mutual benefits;
- To be responsible for publicity of Company products consistent with the Company image and with a view to maximizing sales;
- To ensure that open, progressive and game free atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best;
- To ensure that every employee is treated equally as an individual regardless of his designation; career development is on merit basis and each employee is helped to develop pride of performance through continuous study and training so as to form a team in which all levels of employees work together with common goals strengthen the position of the Company;
- To ensure that the Company operates with minimum staffing and paperwork.

Grievance/Feedback System

The Company believes in protecting interest of its investors and shareholders. The shareholders can give their feedback in the General Meetings of the Company. In addition, the Company also encourages their feedbacks and suggestions to have a good understanding of the shareholder's view on different operations and decisions of the Company. Accordingly, it has constituted a "Grievance/Feedback System" that aims to resolve all of their complaints/queries on timely basis.

A designated e-mail address has been created namely investor.relations@atlashonda.com.pk to facilitate investors in submitting their queries/grievances and feedbacks. In addition to the aforementioned email address, complaints and suggestions can also be received in writing, duly addressed to the Company Secretary. All grievances/queries are resolved and communicated to the investors on timely basis after due verification procedures.

Compliance and Integrity Management

Atlas Honda policy requires all their directors and employees to comply with all applicable laws. Legal compliance systems and processes have been intensified during the year to mitigate the risk of non-compliance with the laws.

The Company's Code of Conduct (the Code) provides guidelines on 14 ethical standards. It covers issues such as bribery and corruption, fraud, insider trading, legal compliance, conflicts of interests, human rights and discrimination. The code includes a commitment to conducting our business with due regard to the interests of all our stakeholders and the environment. The Code requires compliance with all applicable laws and regulations as a minimum standard. In essence, the guidelines to the code of ethics outline Atlas Honda's approach to ethics management, which includes all elements recognized as best practice in ethics management. The Code guides interactions with all stakeholders, including employees, suppliers and customers.

The Code is reviewed annually and any changes therein are approved by the Board. The Code is communicated to all employees, suppliers, service providers and customers and is available on the Company's website.

Whistle Blowing Policy

Atlas Honda Limited values an open dialog on integrity and responsibility in its actions with its employees. The Company investigates all alleged breaches of its code and apply appropriate measures when complaints turn out to be substantiated. The Company encourages employees to report their views on processes and practices to their manager or the Business Ethics Committee. These reporting mechanisms are part of the complaints procedure and are described in Company's Code of Conduct.

Violations reported through the whistle blower procedure are investigated by internal audit function. Information regarding any incident is reported to the Audit Committee. Reports include measures taken, details of the responsible Company function and the status of any investigation. During the year 2015-16, no alleged breaches of the Code of Conduct were reported.

Privacy and Data Protection




Stakeholders are understandably concerned about how their personal information is used and shared, and they want to feel confident that data communicated or stored online is secure. Atlas Honda works regularly to enhance robust processes and systems that protect customer and employee data and to raise awareness about the importance of data protection and privacy through its IT Governance Policy which is summarized below.




- Members of Management Committee are responsible for required compliance in their respective functional areas, at all locations.
- The General Manager-IT is responsible for its implementation, maintaining compliance and for suggesting new areas as per technology enhancement.

Stakeholders Engagement

Embedding sustainability has consciously evolved through a systemic engagement with stakeholders. Atlas Honda Limited defines stakeholders as those who are potentially affected by its operations or who have an interest in or influence the Company's business. The Company's range of stakeholders includes Employees, Customers, Suppliers, Investors, Non-governmental Organizations, Governmental Institutions, Analysts, Media, Education & Research Institutes and Society at large. It is crucial for AHL to engage with these groups to understand their expectations and concerns.

Atlas Honda Limited deepened its relationship with stakeholders through considering their interest and engaging them by following methods:

| | WHO WE ENGAGE | HOW WE ENGAGE | OUR FOCUS | HOW WE RESPOND |
|---|--|---|---|---|
| <div> <div>Environment</div>  </div> | Local communities, environmental protection agencies and environmental NGOs. | Ongoing <ul style="list-style-type: none"> External environmental audits and impact assessments. Meetings, consultations and collaborations with interest groups. | Establish a truly sustainable business framework and eco-friendly policies & procedures. | Taking initiatives for reducing energy consumption, disclosing and managing carbon emissions and other environmental protection measures. |
| <div> <div>Customers</div>  </div> | Customers Final consumers of the Company's products. | Ongoing <ul style="list-style-type: none"> Regular communications through sales service and warranty centers, conferences and exhibitions, customer events and seminars. Dedicated customer care section on Company's website and call center. | Product excellence through performance and product quality, cost and delivery, prompt after sales service and product information. | <ul style="list-style-type: none"> Produce high quality products. Ensure reliable product supply. |
| | Media Representatives from print, online broadcast and social media. | Ongoing <ul style="list-style-type: none"> Media releases, briefings, presentations, facebook page and interviews. | A broad range of issues reflecting all stakeholder interests. | <ul style="list-style-type: none"> Develop robust relationship with the media. Share information to deepen understanding of the Company's business. |
| | Dealers Distributors of the Company's product. | Ongoing <ul style="list-style-type: none"> B2B links connecting dealers to the Company. Dealers training and continuing education programs. Annual <ul style="list-style-type: none"> Dealers' Convention. | Open and transparent business opportunities, and return on investment. | Nurture and protect these partnerships so that we learn from and support each other to achieve mutually beneficial results and outcomes. |
| <div> <div>Vendors</div>  </div> | Businesses that provide key manufacturing support system. | Ongoing <ul style="list-style-type: none"> Multiple audits and sites visits to ensure their development and enhance their quality. B2B Portal for vendors. Annual <ul style="list-style-type: none"> Vendor Conventions and Vendor Excellence Awards (ALAMAYAR). | <ul style="list-style-type: none"> Shared development, supply chain sustainability. Fair and reasonable contract terms and on time payment. | <ul style="list-style-type: none"> An opportunity to compete for business on the basis of clear and transparent procedures and evaluation criteria. Mutually beneficial relationships in which all parties integrate their talents, resources and efforts to exceed expectations. |

| | WHO WE ENGAGE | HOW WE ENGAGE | OUR FOCUS | HOW WE RESPOND |
|--|---|--|---|--|
| <div> <div>People</div>  </div> | Core asset who implement every strategic and operational decision of the management. | Ongoing <ul style="list-style-type: none"> Open and continuous communication through immediate supervisors, management and intranet. Employee newsletters and general communications. Channel of Whistle blowing. Training and development programs. Bi-annual <ul style="list-style-type: none"> Appraisal discussions regarding performance and evaluation. | <ul style="list-style-type: none"> Fair remuneration and benefits, personal development, training and health and safety. Clarity about roles and responsibilities, goals, performance management and development. | <ul style="list-style-type: none"> Provide benchmarked competitive remuneration and benefits packages. Enforce stringent safety measures. Provide ongoing training and education options. Encourage open communication between employees and managers. |
| <div> <div>Society</div>  </div> | Local Community and Neighborhood | Ongoing <ul style="list-style-type: none"> Seminars and awareness campaign for social issues including road safety, healthy livelihood, educations and welfare. Internships, management trainee programs and factory visits of members from local communities. | Employment and business creation, support for social infrastructure and programs, environmental performance. | <ul style="list-style-type: none"> Undertake community development programs in key areas of need. Support various sports, arts cultural and skills development initiatives. |
| <div> <div>Governance</div>  </div> | Investors Individuals, corporate and other organizations that have invested capital in the Company. | Ongoing <ul style="list-style-type: none"> Dedicated webpage for investors. Notices, circulars, announcements and interim reports. Annual <ul style="list-style-type: none"> Annual General Meeting. Annual reports. | Sustained returns on investment through strategic and organic growth, sound risk management and exemplary governance practices. | <ul style="list-style-type: none"> Strong leadership who provide strategic direction and who lead by example. Focus on good corporate governance and ethics. |
| | Governments and regulators Governments and regulatory authorities at Federal and Provincial levels and Stock Exchange | Ongoing <ul style="list-style-type: none"> Filing of statutory forms, documents, prescribed returns, assessments and other information's as per applicable regulations. Participation in government initiatives, regulation and policy working groups. | Compliance with laws and regulatory requirements and adhere to policies and guidelines. | <ul style="list-style-type: none"> Comply with and report transparently on existing regulations. Contribute to the economy by paying taxes and royalties as well as creating jobs. |
| | Industry association and representative bodies Auto sector specific association and various business councils | Ongoing <ul style="list-style-type: none"> Representation in activities of local trade and industry associations, meetings, visits and training programs etc. Providing periodical operational data. | Compliance to all regulations and playing constructive role in protecting the interest of members of associations and representative bodies. | <ul style="list-style-type: none"> Constructive participation in key business and industry initiatives within the constraints of legal frameworks and requirements. |
| | Analyst Debt and equity analysts, socially responsible investment analysts and corporate governance analysts. | Ongoing <ul style="list-style-type: none"> Notices circulars, announcements and news releases. Interim, Annual, Financial and Sustainability Report. | Financial, non-financial performance including corporate governance and sustainability. | <ul style="list-style-type: none"> Respond promptly to queries. Share information to deepen understanding of the Company's business. |

Sustainability Impacts, Risks and Opportunities

The Company has enterprise-wide risk management processes for identifying, evaluating and managing the principal risks faced by the Company. The Board is responsible for the Company's systems of internal control and risk management and for reviewing each year the effectiveness of those systems. The key features of the enterprise-wide risk management and internal control process includes:

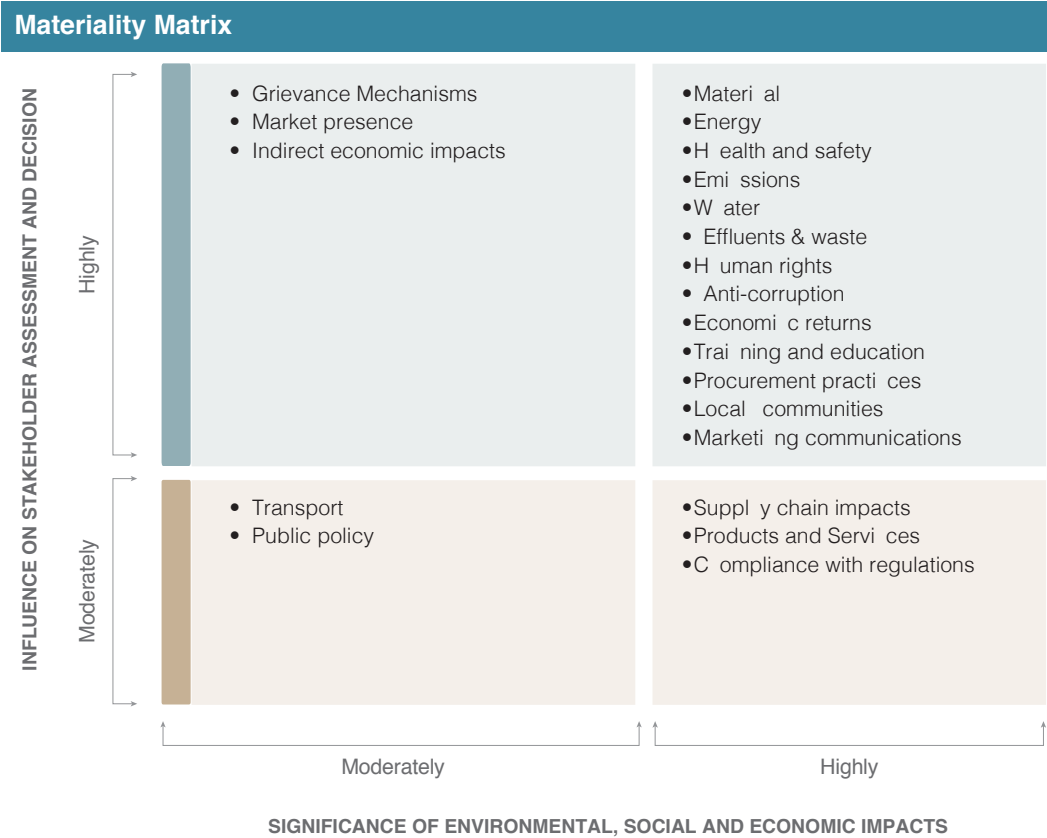
- The Audit Committee, on behalf of the Board, considers the effectiveness of the internal control procedures during the financial year. It reviews reports from the internal and external auditors and reports its conclusions to the Board.
- A Risk Management Committee is responsible for reviewing the key risks and the strategies to mitigate/counter these risks.
- The Company's Internal Audit function carries out the continuing assessments of the quality of risk management and control, reports to the Management and the Audit Committee on the status of specific areas identified for improvement and promotes effective risk management in the lines of business processes.

During the year, the Committee discharged its responsibilities and reported the following:

- o The Company's internal audit function which reports to the Audit Committee, performed independent audits of selected controls through desktop reviews and on-site re-performance of tests to ensure compliance with pre-defined policies and procedures.
- o The composition of the Audit Committee meets all applicable independence requirements.
- o Each member is equipped with professional qualifications and skillful experiences and one member has expert knowledge of finance and accounting.
- o The Audit Committee has approved the annual audit plan for the internal audit function and reviewed its reports. Audit Committee also assisted in overseeing relevant manuals, policies and important accounting principles applied by the Company.
- o The Audit Committee reviewed all interim and annual financial reports before they are published.
- o The Audit committee also ensured that all new and relevant International Accounting Standards were duly adopted and all applicable International Accounting Standards were duly followed in the preparation of Financial Statements of the Company.
- o The Audit Committee monitored the effectiveness of the internal controls, including risk management, concerning the financial reporting and proactively proposed improvements to the control environment.
- o The Audit Committee has implemented a procedure to review and approve all transactions with the related parties.

AHL risk management system helps in timely identification, prioritization and management of sustainability impacts, risks and opportunities. The Company's sustainability efforts are focused in areas which are important according to business objectives and identified during stakeholders consultation. These areas include health and safety, emissions, energy usage, community investments and economic impacts. The CSR committee regularly reviews the topics identified by risk management system and takes necessary actions, if required.

Influence on Stakeholder Assessment and Decisions



The materiality matrix lists the sustainability topics identified by the company risk management system and stakeholder consultation. The matrix is divided into areas to demonstrate the topics which can highly influence the stakeholder assessment and decisions and highly significant to AHL and moderately influence the stakeholder assessment and decisions and moderately significant to AHL.

The prioritization of the topics is based on materiality analysis for non-financial risks as per GRI G4 guidelines. The severity, likelihood, and relevance to business objectives and stakeholder interests were the guiding principles in materiality analysis. The CSR committee analyzes the risks associated with each material topics and recommends actions for prevention, mitigation or maximization of the positive impacts.



Environment



Atlas Honda believes in sustaining business while taking responsibility of the environment and its limited resources. The Company is aware of the impact it has directly and indirectly on environmental factors and is working relentlessly to reduce and protect our natural resources and the risks involved. This has become a key competitive advantage.

Environmental Management Approach

The Company's sustainability framework guides the management of environmental impacts of Company operations. A comprehensive Environment Management System (EMS) is in place that results in continuous collection of information and updating the Company's understanding of environmental issues and the risks and opportunities they present. This system also helps to organize and analyze in a timely manner the impacts of these issues, particularly climate change and energy; and to develop and execute specific measures for addressing them in line with precautionary approach. The Company is focused to follow the principles of reduce, reuse, recycle and responsible disposal and strictly complies with environmental standards for reducing its carbon footprint and exhaust emissions from operations. In order to further its environmental management, the Company is implementing green policies at all its location, including business partners and improving awareness for protecting the environment through continuous training and development programs.

In order to ensure compliance with requirement of EMS framework, scheduled and surprise internal audits are conducted during the year. Moreover, annual environmental audits are also conducted by independent third parties to ensure non-compliance at zero level.

Environmental Policy

| | |
|--------------------------------------|---|
| Compliance | Comply with requirements of environmental legislation and local regulations as a responsible corporate citizen. |
| Energy Conservation | Establish management program to promote energy conservation and waste reduction. |
| Knowledge and Education | Promote relevant environmental protection knowledge and activities through education and training. |
| Reduction and Prevention | Reduce and prevent the generation of waste and pollution in our production system. |
| Kaizen Continuous Improvement | Initiate and extend environmental improvement activities from the Company itself to its business partners including parts manufacturers, general suppliers and dealers. |

Business Activities and Environmental Impacts

AHL procures various parts and materials through the manufacturing process, utilizes natural resources, including various raw materials, water, energy and chemical substances, among others, to provide products to its customers. Such business activities result in environmental impacts at each stage in the process. The Company continues to provide more highly value-added products and services while at the same time seeking to understand the environmental impacts resulting from its business activities and implementing measures to reduce such impacts.

| Life Cycle Stages in AHL Business Activities | Factors considered to impact environment | Major initiatives in each domain |
|--|---|---|
| Product Development | <ul style="list-style-type: none"> Greenhouse gases Exhaust emission Raw materials Noise / Vibration Substances of concern | <ul style="list-style-type: none"> Energy and resource conservation. Zero waste and emission initiatives. |
| Purchasing | <ul style="list-style-type: none"> Greenhouse gases Raw materials Waste Water use Wastewater Exhaust emission Noise / Vibration Substances of concern | <ul style="list-style-type: none"> Promote "Green Purchasing". Environmental management. Energy conservation at suppliers. Resource conservation. |
| Production | <ul style="list-style-type: none"> Greenhouse gases Raw materials Waste Water use Wastewater Exhaust emission Noise / Vibration Substances of concern | <ul style="list-style-type: none"> Environmental management. Energy and resource conservation . Zero waste and emission initiatives. |
| Transportation | <ul style="list-style-type: none"> Greenhouse gases Waste | <ul style="list-style-type: none"> Environmental management. Increased transportation efficiency. Use less packaging. Use returnable container. |
| Sales and Service | <ul style="list-style-type: none"> Greenhouse gases Removed parts CFCs Waste | <ul style="list-style-type: none"> Promote "green dealers". Environmental management. Increase energy efficiency. Do more for environmental conservation. |
| Product Recycling (3Rs) | <ul style="list-style-type: none"> Greenhouse gases End-of-line products | <ul style="list-style-type: none"> Increase parts collection, reuse and recycling. Properly process end-of-life products. Provide technical support for recycling. |
| Administration | <ul style="list-style-type: none"> Greenhouse gases Waste | <ul style="list-style-type: none"> Environmental management. Energy conservation. Use resources effectively. Social contribution activities. |

Governance

Environment

Customers

Society

People

Vendors

Material

The major raw materials used in vehicle manufacturing are steel, coils, ferrous and non-ferrous castings, paints and thinners. The Company sources a large number of finished components used in assembly operations from various suppliers. The Company strives for material optimization, efforts for which starts at product development stage. The material usage is periodically reviewed at the manufacturing stage and various initiatives are undertaken to further reduce material use through reuse and re-engineering.

Participation in 21st ASIA-OCEANIA Technology Exchange Forum

The Company participated in 21st ASIA-OCEANIA Technology Exchange forum organized by Honda Thailand in Thailand. The forum theme was discussion on ideas and technology for material efficiency. The participants coming from different countries also shared their views on technology up-gradation, skill enhancement and future plans.



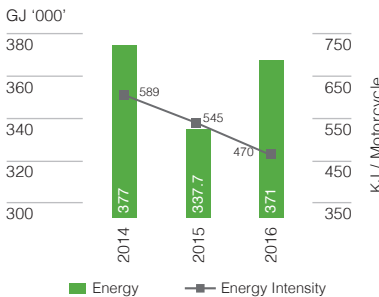
Energy

The energy consumption during the year was 371,045 GJ. Energy consumption has increased due to increase in production. However, the energy consumption per motorcycle cycle has decreased.

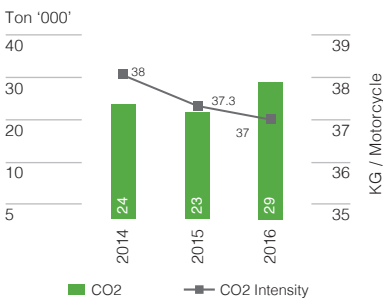
Energy Conservation Initiatives

The Company is taking various energy conservation measures in production processes, introducing highly efficient equipment and adopting energy saving lighting. Due to effective energy conservation measures, the energy consumption per motorcycle has been reduced by 14% from 545 KJ to 470 KJ per bike. During the year, total energy conservation was 1,672 GJ.

Energy Consumption



CO₂ Emission



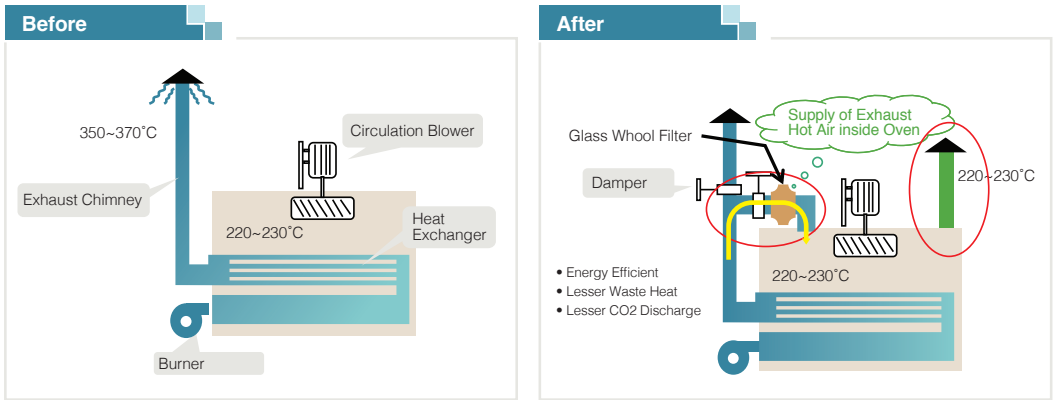
Emissions

Atlas Honda is actively committed to minimizing the impact of its manufacturing operations on the global environment, including waste generation, air and water pollutant releases, energy and natural resource consumption, and emissions of greenhouse gasses, primarily CO₂. All products of Atlas Honda comply with EURO II standards of carbon emission, in addition to being in compliance with Pakistan Standards for Quality Control in respect of CO₂ emission, noise levels and smoke. The emissions during the year were 29,030 ton of CO₂, which was 422 tons less as compared to last year in terms of production.

Emission reduction initiatives

In order to improve the energy efficiency of drying oven in Paint Shop, some modifications were made to the exhaust system. In order to increase heat transfer efficiency, exhaust gases of drying oven were re-circulated back into the oven which lowered its temperature from 350 - 370 °C to 230 - 250 °C. This modification yielded fuel efficiency of 10 to 15% approximately and reduced CO₂ emission by 23.86 tons.

Furthermore, exhaust gases from diesel generators were re-circulated and utilized in the Paint Shop for heating. This reduced consumption of LPG gas resulting in annual saving of approximately 100 tons of CO₂. Moreover, new burners are being installed in Paint Shop ovens to further improve gas consumption.



CO₂ gas is used during the welding process. Previously, gas was provided to each work station through a separate cylinder, due to which a little quantity was left in cylinders at the end due to low pressure. To overcome this, supply of CO₂ gas was centralized which reduced CO₂ consumption by 4.45 metric ton. Pipe Fuel Cock welding process has been automated to reduce consumption of DA & Oxygen gases. An estimated 1,434 m³ of DA and 795m³ of O₂ will be saved through this automation per annum.

Biodiversity

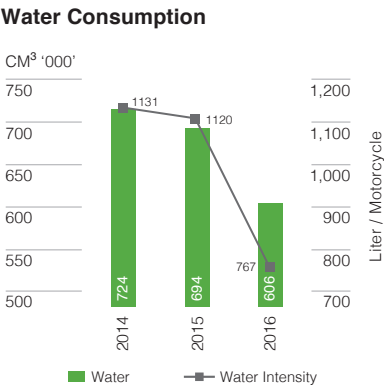
AHL recognizes the importance of conserving biodiversity in its operations. The Company believes that preserving biodiversity and ensuring the sustainable and fair use of biological resources is an important and shared responsibility. As a manufacturer of personal mobility products, its business activities results in emissions of greenhouse gases (GHGs) and various other pollutants. Therefore, in all its operations, the Company strives to conserve biodiversity by avoiding and reducing potential harm to habitats and ecosystems and develop more environmentally responsible technologies and operations. Both of the Company's manufacturing plants are located in industrial areas, away from the protected areas, with low biodiversity. To improve biodiversity and offset the effects of CO₂ emissions, tree-plantation and water-recycling initiatives have been undertaken.

Water

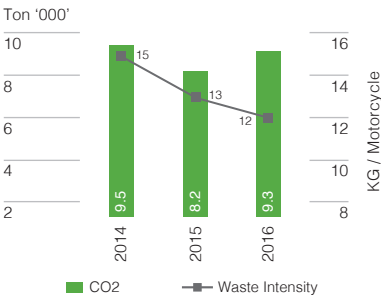
AHL is making progress in assessing and understanding its overall water footprint, which helps to identify impacts across the value chain. Being a leader in industry, the Company recognizes that efficiency is not the only relevant measure. Water quality, water security and access to water and sanitation also impact our supply chain and our business, affecting everything from the availability of raw materials to the health and well-being of workers and their communities.

During the year, 605,917 cubic meter water was consumed with a reduced intensity of 32% per motorcycle as compared to the last year. In addition, new RO plants, with improved efficiency and water flow, have been installed which will result in annual reduction of water wastage by 15,500 cubic meter per annum.

The Company returns water that it uses for manufacturing processes to the environment at a level that supports aquatic life and agriculture. During the year, 605,917 cubic meters of water withdrawn. The Company recycles waste water for garden and landscape irrigation. During the year, 7.5% of the water was recycled. A total of 37,800 cubic meters of treated wastewater is prevented from being discharged outside of Sheikhpura Plant.



Effluents and Waste



Effluents and Waste

The Company waste includes waste water, scraps Iron, high BOD, COD, Chloride, oil & grease etc. The Company uses waste water treatment plants to control the water contamination as per “National Environmental Quality Standards” before releasing it into sewerage drains. The remaining waste and effluents are discharged through incineration, recycling, landfill and sale to legitimate contractors at certified waste disposal facilities. During the year, 9,305 tons of waste was released with the reduced intensity of 11% per motorcycle.

Green Initiatives

The Company carried out different activities under its green initiative program during the year. The details of activities are mentioned hereunder.

Emissions Reduction Caravan

From the year 2014, the Company undertook a supplier initiative in the area CO2 emissions reduction control, 'Emissions Reduction Caravan' at Atlas Honda Limited. The Company believes in The Three Realities Principle – of which the first step is “going to the actual place.” In this spirit, the Supply Chain engineers are working in close coordination with major vendors and suppliers to control their environmental footprint. The Company’s engineers provide technical guidance to suppliers for process improvements focusing on production efficiency, energy conservation, material recycling and reuse and reduction in CO2 emission.

In total 39 vendors from both plants, covering 77% of total purchasing amount participated in Emission Reduction Caravan. The target was to reduce 1% CO2 Emission by each vendor. Resultantly, the reduction has successfully been achieved in direct emission of burning of fossil fuels, indirect emission of purchased electricity, purchased goods and transportation respectively.

Environmental Impact Assessment Survey

The Company participated in environmental impact assessment survey developed by Honda Motors Japan. 39 vendors were surveyed for environmental assessment on following grounds and resultantly none of the selected vendors were identified as having significant actual and potential negative environmental impacts. The vendors were evaluated on the basis of following criteria:

- 01

• Direct & Indirect GHG Emission
- 02

• Green Purchasing Guideline
- 03

• Chemical Substance Management
- 04

• Environmental Management System
- 05

• Energy Conservation Guidelines
- 06

• Water Resources Guidelines
- 07

• Pollution Prevention Guidelines
- 08

• Biodiversity Guidelines



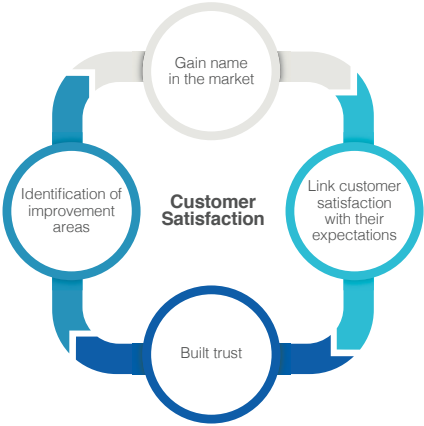
Customers



Customer is the most important link in any business. Ensuring that all customer matters are handled with trust and fair dealing is essential to earn their trust. For every part of the business spectrum, from manufacturing and assembly to post-sales, our aim is to continuously exceed the customers' expectations.

Management Approach

The Company is committed to make quality products focusing on customer health and safety aspects and having minimal impacts on the environment. AHL emphases on ensuring safety training of customers to provide them with an ownership experience that exceeds their expectations and makes them feel the brand, maintaining the special bond with them. Atlas Honda Limited delivers value to customers based on its brand philosophy, through every touch point with customers, in terms of quality of service and products, sales and after-sales service and communication with customers.



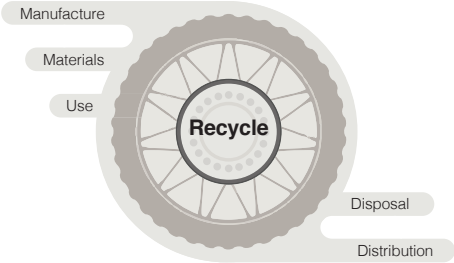
Quality

Atlas Honda aims to provide customer satisfaction by offering quality vehicles. The Company validates that manufacturing processes deliver vehicles that meet customer expectations. To enhance the philosophy of cooperation and focus on solving problems, the Company continues to evaluate vehicle performance after its sales and use this information to develop and implement effective solutions. For this, following initiatives were taken during the year to evaluate quality and customer contentment:

| Quality Improvement Initiatives | |
|---------------------------------------|--|
| Program | Objective |
| Vendor Improvement Program (VIP) | To establish Quality Management System (QMS) at vendor end to control process rejections and improve quality management skills of suppliers. |
| Training of service and dealers Staff | A one day training program to improve their skills of judging problem pertaining to a claim to ensure timely and efficient rectification. |
| Service Quality Management (SQM) | A one day program to understand the concept, process problem solving, and apply them to daily operations, so as to obtain practical quality improvement abilities. |

Life Cycle Analysis

Evaluating the environmental compatibility of a vehicle requires an analysis of the emissions and use of resources throughout the entire life cycle. The standardized tool for this is the life cycle assessment, which examines all environmental effects, from the extraction of raw materials and vehicle production to product use and recycling. At Atlas Honda, life cycle assessments are used to evaluate and compare different vehicles, components, and technologies.



Atlas Honda Limited is aware of the fact that customer expectations and inputs are critical for bringing improvements in vehicle quality and make it more user friendly. The Company collects the data on customer complaints and expectations through evaluations by external survey institutions, market surveys and visits to dealerships.

Marketing Communication

Aiming to become a “BRAND” together with maintaining special tie with its customers, the Company promotes advertising activities. For product information and display, the Company not only complies strictly with local laws and regulations, but also places strong emphasis on safety, human rights, environmental issues, and ethical standards. The Company makes sure that its advertisement content does not depict anti-competitive behavior and intentions, and abstains from any kind of malicious, offensive or anti-social content in all its marketing communications at the mass and local levels.

An Owner’s Manual is provided to each customer with the purchase of a product; it contains all information relating to safety, operation and maintenance of the vehicle. At the time of vehicle delivery, technical features of the vehicle are explained to the customer.

Moreover, the Company promotes the use of genuine spare parts and accessories, and ran various campaigns to spread awareness among customers to avoid the use of counterfeit parts. The Company reached more than 5,000 customers through distribution of leaflets, brochures, floats and other activities.

Believing that listening closely to customers’ voice is the foundation for developing better products. The company maintains a track of turnaround time in which complaints were resolved. In order to ensure the effective operations of call center, the Company also conducted customer contact center training for 82 service and contact center staff of Lahore, Gujranwala, Rawalpindi & Multan regions. During the year 2015-16 the customer contact center satisfactorily responded a total of 5,399 calls received from customers regarding complaints, comments and information about the product.

Due to the increase in social media communications, the Company facilitates its customers by providing information and purchasing support services by staying connected through website, Facebook, twitter and Instagram. Company’s online presence enables the Company;

- To stay connected with customers round the clock;
- To help customers in locating the nearest dealers;
- To provide customers with detailed information pertaining to product features and cost.

The Company has implemented B2B system to administer, control and store data centrally for smooth functioning of business. Stringent privacy guidelines are in place to ensure security of critical data pertaining to customers. The Company has also developed business continuity and disaster recovery plan to ensure business continuity.

Due to these precautionary measures, there has not been reported any instance of non-compliance pertaining to breach of customer privacy and loss of customer data in the year 2015-16. Furthermore, no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship have been reported.

Support to Dealers

Atlas Honda Limited works to provide all its dealerships with information on mid and long-term strategies, products, and services in a timely manner. To cultivate relationships of trust, the Company strives to deepen communication among dealerships and between dealerships and Atlas Honda, via various Sales, Service and Parts Dealers' Convention. During the year, the Company also organized 9 conventions having participation of 7,500 dealers.



Dealers Convention 2016

At Atlas Honda, dealers are fore-front sales force and each dealership is vitally important to the continued success of the Company in the market. Therefore, the Company recognizes a group who consistently represents the brand well and deliver customers, a high level experience when selling vehicles. To further enrich their skills, the Company has organized various training sessions. These trainings were attended by 8,600 service staff, 300 warranty dealer and 1,350 general mechanics.

Customer Facilitation Measures

Effective and ongoing customer engagement is a core component of business and sustainability reporting initiatives. Atlas Honda recognizes the value of maintaining an active dialogue with a diverse group of customers. For the purpose, the company engaged its customers with following activities:



Facebook Contest

Online Facebook Contests

During the year, the Company organized following online contests in order to remain active among its customers:

- Honda Craze.
- Craze for More.
- Own your Craze.
- Aoo Machein Shor.



Honda Motorcycle Free Checkup

Free Checkup, Oil Change and Test Rides

Customer relationship building activities like free checkup camps, test rides and oil change activities are organized at different locations throughout the year to strengthen the Company's bond with customers and address their concerns. In 2015-16, 21,839 customers were served at free checkup camps and 144 oil change camps were held.

In another initiative, mega free checkup camps were arranged on 23rd March, 2016, approaching more than 80,000 customers through 680 free checkup camps across 300 towns to further strengthen the bond with customers.

Product Financing

With the main objective of the Company to make the product easily available to customers, the Company entered into strategic alliances with four reputable banks namely Habib Bank Limited, Meezan Bank Limited, United Bank limited, MCB Limited and Khushali Bank Limited. Various Ijarah/ lease products, credit card and easy installments products have been designed in order to meet financial restraints.



Meezan Bank Ijarah Brochure

Pakistan auto-show 2016

The Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM) organized Pakistan Auto Show 2016 at the International Expo Centre, Lahore from 4th-6th March 2016. The event was aimed at showcasing the achievements of Pakistan's automotive industry and auto parts manufacturing sectors. The Company presented its comprehensive product portfolio and communicated sustainability messages about its products to the customers during the event.



Pakistan Auto Show 2016



Society



The difference between good and great companies is being a responsible corporate citizen and taking care of the community and surroundings. Socially beneficial business initiatives positively impact the society and build a better future for those involved.

Management Approach

Atlas Honda Limited is committed to fulfill its responsibilities as a good corporate citizen through ongoing involvement in socially beneficial activities tailored to meet the needs of local communities. In order to ensure that its business activities contribute to the building of a sustainable society, the Company is focused to create a positive difference in communities through working with local partners and supporting the active involvement of its employees. The Company has policies and procedures in place to combat corruption and fraudulent activities and focusing on education and development of local communities.

Analysis of risks related to corruption is a continual process at the Company and the management tolerates no corrupt practices. The Company's Code of Conduct contains explicit requirement about Business Integrity and Anti-corruption, which every employee is obliged to adhere. Accordingly, all business units were analyzed on this aspect and no incidence of corruption reported during the year.

Voluntary Commitments and Initiatives

The Company's social contribution activities are underpinned by the pillars of health, education, and community contributions.

Health

The Company aims to play its role for the improvement of health of people associated with the Company and of the overall community. During the year following initiative was taken:

Blood Donation Campaign

The Company acknowledges the fact that blood donation is service to humankind. For this very cause, the Company in collaboration with Fatmid Foundation organized a three day blood donation camp at its Karachi plant, wherein, 53 associates from different departments donated their blood for general cause.

Education

Atlas Honda believes that supporting young people is an investment in the future and generations to come. For the realization of a society where anyone can open the door to a better future, the Company is working to utilize its knowledge and technology base through various occupational trainings, scholarships to deserving candidates and internships programs. Following activities were carried out during the year:

Support to Vocational Training

The Company provides job-specific technical training sessions to various institutes that impart hands-on instruction of Company's operations and management functions. During the year, more than 950 students of various Vocational Training Institutes and Government Technical Training Institute attained the industrial and technical skill. For the purpose, the Company has a predefined methodology of the training program with budgeted resources and time to attain optimal results from such sessions.



Scholarship Supports

Education is the cornerstone of open societies. It lays the groundwork for the future direction of people's lives and the societies they live in. Considering the current situation of educational opportunities to underprivileged children, the Company in collaboration with Atlas Foundation and Namal College established "Atlas Namal Scholarship Endowment Fund". During the year, the endowment fund was doubled to Rs. 5 million to provide scholarships to eligible students enrolled at Namal College.

Paid Internships

To aid university students with experience and refined processes, the Company offered internships programs to renowned universities including NUST, GIK, UET and Fast University. These programs are enriched with curriculum learning and corporate exposure. During the year, 155 students successfully completed the program and gained industry knowledge that will help in their future studies.



Community Initiatives

Atlas Honda Limited works with a variety of stakeholders to address complex social issues, leveraging mutual strengths to implement effective initiatives. With a common vision, the Company conducts activities to respond to needs everywhere the Company operates.

Donations

The social interventions are performed through Atlas Foundation, a welfare and charitable organization to conduct activities to promote education, health and the sound development of youth, to share prosperity with the people, and to build a society where people can lead satisfying lives. To support in the fulfillment of its objectives, every year, Atlas Honda donates at least one percent of its profits to the Atlas Foundation. In 2015-16, the Company contributed an amount of Rs. 47.4 million. Moreover, the Company's efforts towards earth quake victims continued for massive quake of October 2015. The Company continued its humanitarian support by distribution of food packages to the affected people.

WOW Rally

Working towards women empowerment, the Company in association with local bodies participated in Lahore WOW Rally, (Women on Wheels), a project of Punjab Government. The Company's qualified instructors provide trainings to 150 female motorcyclists' in a designed way to ensure novices can achieve mastery of the vehicle in short span of time.



Grow Your Own Food

Under this slogan, the Company created awareness of hygienic food and nutrition. The Company conducted the Green Pakistan Program with schools and colleges to create consciousness in young generation for home farming. Students were taught through lectures and practical training about gardening and home farming. More than 3,500 students of renowned institutes like, City School, Begum Rana Liaquat Ali Khan and others were equipped with techniques for plantation.

Keeping in view the importance of clean and healthy environment, the Company ensures upkeep of horticulture at its facilities. Attractive seasonal flora and lush green lawns maintained at its plants were recognized as the best plantation by the Horticulture Society of Pakistan in March 2016.



Green Pakistan Program



Horticulture Activity

Road Safety

The Company's activities in education and awareness form an important contribution to its efforts to foster road safety knowledge. Education and awareness measures, such as road safety campaigns, road safety lectures and community outreach programs continue to influence the attitudes and behaviors of all road users. For increasing safety consciousness, the Company performed following activities:



Safety Ride Training

Safety Riding School

Safety riding school established in collaboration with City Traffic Police, Lahore continued to educate and train young riders for improving riding skills, road signs knowledge & information regarding electrical and mechanical maintenance. In 2016, 15,000 license applicants received valuable training of safety riding out of which 1,500 candidates were certified with best performance. 377 female riders successfully completed training program. This includes training of 15 wardens as "Master Trainer" who will act as trainer for other females.

Safety Lectures

Safety lectures have always been important feature of road safety program. Every year the Company engages different institutes, universities and colleges to hold these lectures that impart useful information and helps to reduce accidents in future. This year safety riding sessions were organized for staff of Nestle and USAID.

Lectures and practical demonstration of safe motorcycle riding from qualified instructors contributed to deeper understanding of traffic safety of more than 1,200 participants. This year more than 9000 students from 15 colleges benefited from these lectures. Strong emphasis was placed on following traffic regulations, using helmets and other safety measures to ensure safe riding.

World Stop Accidents Day

The Company celebrated World Stop Accidents Day on Nov 20, 2015 in Lahore, wherein 200 students participated. The carnival promoted the importance of abiding by traffic rules to curtail the risk of accidents. The Company distributed pamphlets containing precautionary measures and helmets.



World Stop Accidents Day



Safe Riding Awareness Campaign

Safe Riding Awareness Campaign

Atlas Honda Limited with combined efforts of traffic police department created awareness of indicators, back view mirrors and importance of helmet. These are most important safety measures by a motorcyclist which can reduce the risk of accidents and it also protects rider from any serious injury.

This campaign was conducted in Lahore and Islamabad in which 215,000 pamphlets were distributed. Moreover, 500 helmets were distributed in Lahore and Gujranwala, and 1500 side view mirror and 3,800 lights were checked and replaced in Lahore, Chakwal, Rawalpindi and Islamabad.

Fun Learning

Children of elementary classes were also educated about safe driving. Puzzles, pictures for coloring and other features with easy to understand information were used to make learning fun. Information material on safety riding with illustrations is also available on the Company's website.



Fun Learning Activity



Speech Competition

Speech Competition

To increase the awareness of bike riding, the Company in affiliation with Islamabad Traffic Police organized Speech Competition in National Library, Islamabad among students of colleges and universities. 400 students attended the activity which was aimed to increase interest and awareness of safety issues among young students. The topic was "توں لگ جاساؤی خیراے". In this competition students laid special emphasis on the role of tolerance required in promoting safe driving habits.



People



Taking care of our employees and making them feel a part of the organization's growth is a key strength. Atlas Honda encourages employee development, both personally and professionally. We take pride in our workforce and deeply value their contribution to the Company.

Management Approach

Atlas Honda Limited considers its employees as the custodian of its reputation. The Company focuses on human resource development by providing a conducive work environment, harnessing employee capabilities and team building, the elements that keep the Company at the forefront of its expanding operations. The Company's approach for managing its human capital is based on nurturing leadership among employees by encouraging employee engagement at all levels, nurturing talent for succession, and investing in employee development.

The Company's Human Resource Strategy seeks to align HR needs with business objectives through an effective reward system, periodic performance management, strategic employee resourcing, complying with human rights laws and the provision of a safe and productive work environment.

The Company aims to create an all-inclusive future organization, where employee value is delivered through rigorous engagement of hearts and minds of all employees, making them work with a sense of purpose and end the day with a sense of achievement. This uniqueness makes Atlas Honda, an employer for the future.

Employer of Future

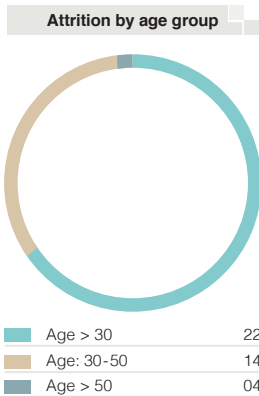
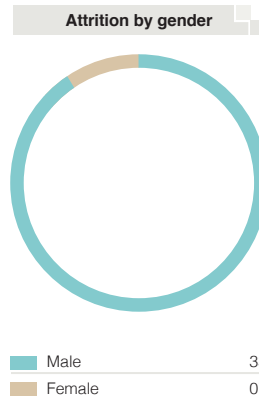
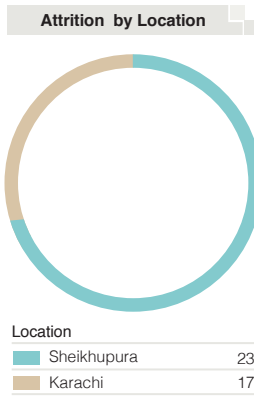
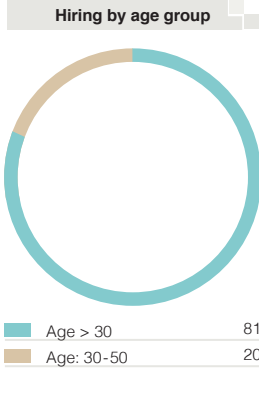
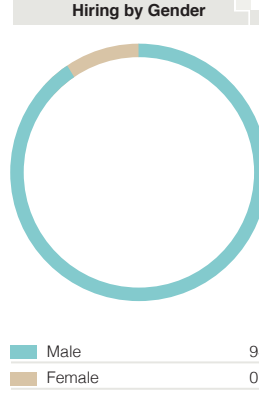
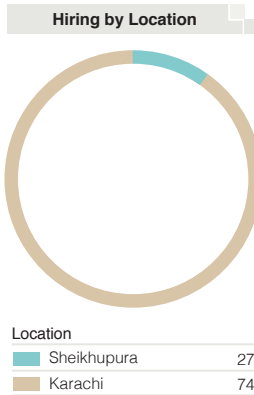
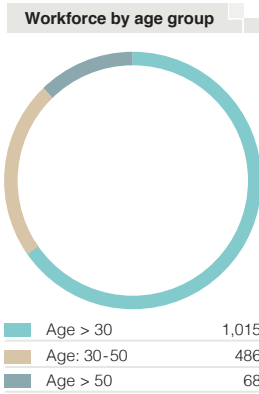
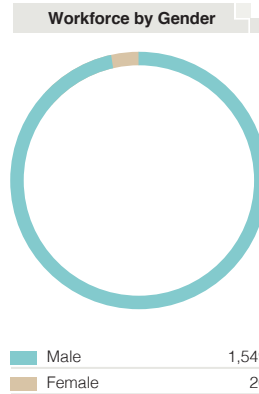
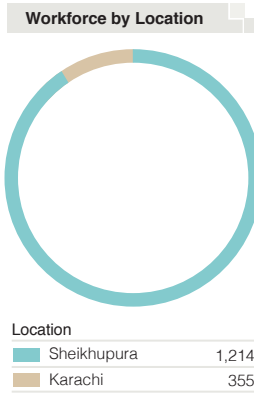
The Company carries a vision of long-term strategic partnership with its human resource. At a time when the Company has announced expansion plans of its operations, the responsibility of the Company towards recruiting diversified talent and towards retaining the existing human resource remains crucial. To this, the Company stays affirm to its vision of long term development of its human resource, making it an employer for the future.

For remuneration and other fringe benefits, the Company not only wants to provide industry standard packages but at the same time intends to act in a cost effective way. In this regard, the Company carried out an employee remuneration survey where packages offered to its employees were benchmarked against packages offered in similar positions across the automotive industry. The survey also took into account individual performance and experience as well as the relative performance of the Company.

The Company recognizes the value of retaining long serving employees by awarding long service award gold medals to employees reaching 15 years of service and beyond. A gold medal of a weightage equal to years of employee's service is provided to the employee as a gesture of appreciation of his long term association with the Company.

The Company supports the creation of a high performing work environment by ensuring a balance between personal and professional lives of its employees. For this, the company organizes various activities such as family day, picnic, sports and other recreational activities which provide employees an opportunity for leisure.

The Company provides opportunities for formal communication for all employees through one on one career meetings between supervisors and their staff, which held two times a year. The evaluation results are used as a reference for effective company-wide positioning of personnel.



AHL provides full-time employment and does not offer part-time employment. Similar terms and conditions are offered to regular and contract staff except provident fund membership, leave fair assistance, which is offered only to regular staff.

Respecting Human Rights

The “Atlas Way” defines the Company’s commitment to abide by internationally recognized fundamental principle of human rights and working standards of the International Labor Organization (ILO). The most important of these are freedom of employment, the prohibition of discrimination, the freedom of association and the right to collective bargaining, the prohibition of child labor, the right to appropriate remuneration, regulated working times and compliance with work and safety regulations.

Alignment with such principles provide a framework for critical reflection and continuous improvement in our endeavors to ensure that all employees are offered equal opportunities in every area, creating career and advancement opportunities in a culture that is free from discrimination and values diversity. A zero tolerance policy is followed towards discrimination of any kind at any level. Every line manager is responsible for making sure that these absolute standards are adhered to.

The Company does not endorse any form of child labor and strictly complies with local regulations concerning legal minimum age requirements for work permits. The Company has a mechanism of periodical evaluation of its vendors for any possible violation of human rights. The Company has no child labor in the Company nor is aware of any cases with its suppliers. Moreover, no complaints concerning violation of human rights reported during the year.

CBA Relations

The Company recognized and respects the freedom of its employees to associate with labor unions under local law. Atlas Honda establishes a constructive dialogue and engages in negotiations or consultation as required with labor unions at both Karachi and Sheikhpura plants.

Occupational, Health & Safety

Atlas Honda is committed to safeguard the health, safety and welfare of the people who work for the Company. The risks of injury, death or ill-health to employees and those who work with the business is a fundamental concern of the Company, and have a significant consideration in its operations.

The health and safety committees are operational at each plant as per applicable laws and best available practices. The meetings of these committees held on regular basis to monitor health and safety issues and recommend improvements.

During the year, the Company has taken special initiatives towards the promotion of occupational health, safety and wellbeing of its employees and communities where it operates, some of them are as follows:

- Regular HSE Flyers mails are disseminated which address various issues for the promotion of occupational health and environmental concerns. To date, topics covered include What is Thalassemia, No-Smoking, Ashobha Cyclone, Heat Stress, Dengue Fever, Naegleria Fowleri, etc.
- During the year, 24 fire training, safety riding and basic first aid training sessions have been conducted to familiarize associates with an emergency action plan, 687 associates from various departments actively participated in these activities. Hands on training on handling Fire extinguisher, Fire blanket and Fire hydrant were also given.
- TBT (Tool Box Talk) in which various HSE issues were discussed via 23 informal sessions in Tea breaks in which awareness about general electric safety, were discussed slip trip, use of PPE's, firefighting, first aid, safe work practices, Ebola virus etc were discussed.
- Trainings on safe driving practices were given in which 200 associates were familiarized with various safety measures including traffic rules and speed limit.
- During the year, evacuation drill and awareness sessions in relation to Earth Day and Industrial Eye Injuries were conducted in which 86 participants actively participated.

Diversity and Equal Opportunity

Atlas Honda understands that it takes people of different ideas, strengths and interests and cultural backgrounds to achieve its goals. The Company has created an inclusive environment where employees are empowered to achieve their highest potential which has contributed to the Company’s ability to deliver quality products. All appointments across all levels are made on the basis of the Company’s need, vacancies and merit of individuals, irrespective of gender, race, caste etc. For hiring workers, equal weightage is given to candidates from across the country. During the year, all employees received performance appraisal, irrespective of gender.

Furthermore, Atlas Honda has committed itself to increase the proportion of women in management and executive positions to a suitably prominent extent by near future. However, it is a challenge for the entire auto industry to attract women in sufficient numbers.

The Company is also conscious of the difficulties often experienced by people with disabilities in society and in the workplace, and makes every effort to ensure access to the Company’s facilities and services through the provision of additional facilities, job criteria and appropriate training. The Company also encourages job opportunities for persons with disabilities. At present, the Company has 24 persons with disabilities in employment. During the year, no incident of discrimination were reported.

Training and Succession Planning

The Company paves the path to a distinguished career of its employees by focusing on their development and training as a crucial part of the Atlas philosophy. The Company’s succession planning of its employees is an inevitable part of its strategic resourcing which is based on the organizational development of the employee concerned.

In response to nurturing potential talent for succession, the Company supported its employees to participate in various in-house, national and international training programs including training under HIDA, SIQP, SQM and CATIA programs. Moreover, the Company provides support for higher education and management courses at renowned business schools such as Harvard Business School.

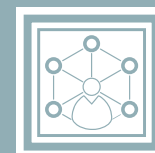


The highlights of AHL’s training and development initiatives are as follows:

| | |
|--|--------------|
| ■ External Training Programs | 67 |
| ■ Internal Training Programs | 35 |
| ■ No. of persons trained in external trainings | 166 |
| ■ No. of persons trained in internal trainings | 315 |
| ■ No. of days spent for trainings | 1,621 |
| Average hours of training per year per employee | |
| ■ No. of hours spent for trainings | 12,968 hours |
| ■ Average training days per employee | 3 days |



Vendors



Atlas Honda prides itself on incubating the vendor industry and enabling businesses to grow exponentially in a previously unexploited territory, and becoming a great contributor to economic improvement.

Management Approach

AHL is aware that long term success can not be achieved without reliable business partners. The business process integration involves collaborative work between buyer and suppliers, joint product development and shared continuous information flow which in turn assist to achieve the best product flows. The Company approach to supply chain management is supported by its strategic, tactical and operational framework and decisions. The demand generation is Pull in nature and products are generated in response to customer orders and expectations, thus AHL-Supply Chain strategy defines, relative to its competitors, the set of customer needs that it seeks to satisfy through its products and services.

AHL's ambition is to build transparent and reliable relationships with its suppliers and manage procurement in an open manner, while sharing objectives from a long-term and global perspective. The Company carries out transactions under the principle of free competition with rational evaluation criteria, and seeks mutual benefit with suppliers. Having a global outlook, the Company carries out procurement in the regions that best suit its operational needs. The Company complies with all relevant laws and regulations, corporate ethics, and internal policies & regulations, while contributing to the international society and local communities by striving to take the lead in environmental protection, and reducing the impact of its operations on ecosystems.

Atlas Honda pursues customer satisfaction by creating innovative products and services that contribute to the development of society, according to management philosophy, "The Atlas Way." In procurement activities, the Company establish firm partnerships with its suppliers, based on fairness and transparency and aim to build a sustainable society by fulfilling social responsibilities with its suppliers.

Supply Chain

The Company's supply chain is based on the philosophy of 3A's



Vendor Focused Initiatives

Vendor Improvement Program (VIP)

Atlas Honda vendor improvement program focuses on six core areas for bringing notable improvements in its supply chain and achieve global competitiveness. The vendors selected under this program go through series of checks and reviews. The certificates are awarded at the end of vendor improvement program and vendors are reviewed and audited each year for recertification. During the year, 18 vendors were analyzed and assessed under vendor improvement program.

Supplier Quality Management (SQM)

The SQM is an extension of VIP program, designed to further improve the Company's vendor operational capabilities. During the year, 30 vendors were trained under this program.

Capacity Expansion by Vendors

Focusing on increasing demand and business expansion, the Company encourages its vendors to invest in its manufacturing capacities, facilities and modern technology. For the purpose, a three year expansion plan with the investment of \$100 million has been announced. The Company's vendors will be investing \$20 million to expand their facilities. To date, \$10.53 million was invested by vendors in the purchasing and up gradation of their plants, machines and accessories.



Localization

The Company believes in developing and strengthening supplier's competencies along with manufacturing capacities. For the purpose, the Company played a major role in providing technological and financial assistance, resulting in enhancement of engineering skills and creation of thousands of job. The Company continues to support the vendors in all ways possible and conducted various programs for improving quality and capacity of vendors.

AALA MAYAR Quality Event

AALA MAYAR quality event is a participatory management technique that enlists the involvement of employees and vendors in solving problems, value addition and introducing innovation. The 25th AALA MAYAR event was held on 8th April 2015 at Company premises where vendors and employees participated. Around 108 themes were presented by vendors in the context of improvement in the areas of quality and manufacturing innovations. Three best themes were awarded on the basis of pre-defined criteria.

National Vendor Conference 2016

The Company appraised its vendors for their efforts regarding CO₂ Emission Reduction. The company awarded two of its vendors in the 4th National Vendor Conference 2016.



CSR Survey of Suppliers

During the year, the Company kicked off a CSR survey for its vendors based on Honda's "Supplier CSR Guidelines" to maintain its supply chain and continue to grow as a company that society wants. Therefore, a self-assessment checklist was circulated to all vendors to assess their CSR initiatives.

The results of above survey were very encouraging. Based on the feedback received, following improvements were noticed:

- Strengthening of COSO Internal Frame Work to fortify systems, prevention of corruption and protection of confidential information.
- Development a Code of Ethics and Conduct for CSR.
- Initiation of in-house trainings.

Definition, Methodology and Scope

The Sustainability Report is issued by the Company to disseminate information about its economic, environment and social impacts to its stakeholders, enabling them to make informed decisions.

This section provides a methodology guide and information on the scope of the report. The information and data contained in this Sustainability Report relates to financial year 2016 (1st April 2015 to 31st March 2016). The data presented in the report includes all plants and offices of AHL and does not include data on the subsidiaries or associated companies.

The quality of the information presented in the report is supported by compliance with applicable reporting principles for defining report content and quality of the report as per GRI G4 guidelines.

The compilation of data has been done on the basic scientific measurement and on actual basis. However, estimations are used where actual data is not available. The usage of estimation is mentioned at respective places in the report.

The data measurement techniques are same as used for previous year. There has been no change in the reporting period, scope, boundary or measurement methods applied in the Report. There are no changes that can significantly affect the comparability of data from period to period. Previous years' figures have been regrouped/ rearranged wherever found necessary to conform to this year's classification.

The Sustainability Report preparation is part of an annual reporting process subject to independent review and approval of approving authorities. The Company makes every effort to ensure the accuracy of the data. However, figures may be updated on time to time basis. The online version of the Sustainability Report will be considered the most current version and takes precedence over any previously printed version.

The Sustainability Report is:

- prepared by the sustainability reporting team that coordinates and engages relevant functions;
- approved by the Board of Directors;
- subject to an independent review by Corporate Social Responsibility Centre Pakistan (CSRCP) an independent reviewer, in compliance with the GRI-G4 Sustainability Reporting guidelines, and the ISAE 3000 (2003) standard.
- published and freely available for download from the company website through following link; (<http://atlashonda.com.pk/investor-relations/financial-reports/>)

The last Sustainability Report published in printed form was made available on May 25, 2015.



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Independent Assurance Statement for the Atlas Honda Limited Sustainability Report 2016

Corporate Social Responsibility Centre (CSRCP) was engaged by Atlas Honda Limited (AHL) to conduct an independent review of the Sustainability Report for the reporting period April 01, 2015 to March 31, 2016 in its printed form, which was prepared in accordance to GRI G4 Sustainability Reporting Guidelines.

Responsibility of CSRCP and of Atlas Honda Limited

The Management of Atlas Honda Limited have sole responsibility for the preparation of the Sustainability Report 2016. In performing our review work, our responsibility is to the management of Atlas Honda Limited; however our statement represents our independent opinion and is intended to inform all of Atlas Honda Limited stakeholders including its senior management.

Scope of Assurance

CSRCP was asked to express an opinion in relation to the review scope, which includes the following aspects:

- Review of the policies, initiatives, practices & performance described in the non-financial - qualitative and quantitative information (sustainability performance) reported and referenced in the Report.
- Evaluation of the disclosed information in the Report covering the systems and the processes, which Atlas Honda Limited has in place for adherence to the reporting principles set out in GRI G4.
 - Adherence to ISAE 3000 (2003) to provide limited assurance on performance data within the sustainability report.
 - Adherence to the principles of inclusivity, materiality and responsiveness.

The intended users of this statement are the management of Atlas Honda Limited and the readers of the Report.

Assurance Methodology

Our activities included a review of the report content against the principles of Materiality, Inclusiveness & Responsiveness. We communicated with Atlas Honda Limited to determine the accuracy and authenticity of report content, data points, methodologies and policies around the organization's social, environmental & economic data and activities.

Our procedures on this engagement included:

- Review of the company's approach to stakeholder engagement;
- Verify the robustness of the data management system, information flow and controls;

The work was planned and carried out to provide limited, rather than absolute assurance and we believe that the desktop review of the Atlas Honda Limited Sustainability Report completed by CSRCP provides an appropriate basis for our conclusions.

Opinion

Inclusivity

Atlas Honda Limited was found to have a suitable approach in place to assist with the identification of and engagement with key stakeholder groups including government agencies, local communities, distributors, customers, and suppliers on key sustainability issues. The material issues emerging from the stakeholder engagement were collected, prioritized and the results are fairly reflected in the Report.

Completeness

The Report has fairly reported the Disclosures including the management approach, monitoring systems and sustainability performance indicators.

Materiality and Responsiveness

CSRCP reviewed Atlas Honda Limited's risk assessment processes and found that the risk assessments, review of external feedback and engagement with the stakeholders was undertaken to define issues for reporting.

Evaluation of Alignment to the GRI G4 Guidelines

In our opinion, based on the scope of this assurance engagement, the non-financial - qualitative and quantitative information (sustainability performance) reported, including the referenced information provides a fair representation of the sustainability related strategies, management systems and performance. The Report meets the in accordance core criteria of GRI G4 Guidelines.

Statement of conclusion

The information contained in the 2016 Sustainability Report is reliable and complete; nothing has come to our attention that causes us to believe that the information reported is not fairly stated.

It is our opinion that Atlas Honda Limited has established appropriate systems for the collection, aggregation and analysis of data presented in the report.

We confirm that the Report is aligned with the requirements of the GRI-G4 guidelines and meets the requirements of declared in accordance level.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

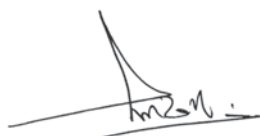
- Physical verification of data, content of Atlas Honda Limited's report;
- Positional statements (expression of opinion, belief, aim or future intention of Atlas Honda Limited's) and statements of future commitment.

Statement of independence, impartiality and competence

CSRCP operates strict conflict of interest checks and has confirmed our independence to work on this engagement with Atlas Honda Limited. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the Report. The review team has the required combination of education, experience, training and skills for this engagement.



Dr. Amjad Ali,
Director,
Corporate Social Responsibility Centre Pakistan.



Muhammad Imran
Muhammad Imran & Co.,
Cost & Management Accountants Pakistan.
ICMAP Membership # 1382

G4 Content Index

The following table has been provided to help the reader in locating content within the document that relates to specific GRI-G4 indicators. Each indicator is followed by reference to the appropriate pages in 2016 Sustainability Report or other publicly available sources.

Key

SR = Paper Sustainability Report 2016

AR = Annual Report at March 31st, 2016

General Standard Disclosure

| DMA and Indicators | | Publications | Page |
|--------------------|---|--------------|--------|
| | Strategy & Analysis | | |
| G4-1 | Statement from the Chairman and the CEO | SR | 6 |
| | Organizational profile | | |
| G4-3 | Name of the organization | SR | 7 |
| G4-4 | Primary brands, products, and/or services | SR, AR | 7, 20 |
| G4-5 | Location of the organization's headquarters | SR | 7 |
| G4-6 | Countries where the organization operates | SR | 7 |
| G4-7 | Nature of ownership and legal form | SR, AR | 7, 101 |
| G4-8 | Markets served | SR, AR | 7, 20 |
| G4-9 | Scale of the reporting organization | SR, AR | 7, 20 |
| G4-10 | Workforce characteristic | SR | 47 |
| G4-11 | Employees covered by collective bargaining agreements | SR | 48 |
| G4-12 | Organization's supply chain | SR | 52 |
| G4-13 | Changes in organization's size, structure, ownership or its supply chain | SR | 52 |
| G4-14 | Precautionary approach to risk management | SR | 22 |
| G4-15 | Externally developed charters, principles or initiatives to which the organization subscribes | SR | 7 |
| G4-16 | Membership in associations or organizations | SR | 7 |
| G4-17 | Entities included in the organization reports | SR | 4 |
| G4-18 | Process for defining the report content and Aspect boundaries | SR | 22, 23 |
| G4-19 | Material aspects identified in defining report content | SR | 23 |
| G4-20 | Material aspects within the organization | SR | 23 |
| G4-21 | Material aspects outside the organization | SR | 23 |
| G4-22 | Restatements of information provided in earlier reports | SR | 54 |
| G4-23 | Significant changes from previous reporting periods in scope and aspect boundaries | SR | 54 |
| G4-24 | Stakeholder groups engaged by the organization | SR | 20-21 |

| DMA and Indicators | | Publications | Page |
|--------------------|--|--------------|-----------|
| | Strategy & Analysis | | |
| G4-25 | Identification and selection of stakeholders to engage | SR | 20 |
| G4-26 | Organization's approach to stakeholder engagement | SR | 20-21 |
| G4-27 | Key topics collected through stakeholder engagement | SR | 20-21, 23 |
| | Report profile | | |
| G4-28 | Reporting period | SR | 4 |
| G4-29 | Date of the last report | SR | 4 |
| G4-30 | Reporting cycle | SR | 4 |
| G4-31 | Contact point for questions regarding the report | SR | 4 |
| G4-32 | GRI Content Index | SR | 57 |
| G4-33 | External assurance | SR | 55 |
| | Governance | | |
| G4-34 | Governance structure | SR | 12-13 |
| G4-56 | Organization's values, principles, standards and norms of behavior | SR | 2-3 |

Specific Standard Disclosures

| Economic | | Publications | Page | Omission & Reason |
|----------|---|--------------|-------|-------------------|
| | DMA and Indicators | | | |
| | Material aspect: economic performance | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR, AR | 9, 24 | |
| G4-EC1 | Direct economic value generated and distributed | AR | 52 | |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | AR | 86 | |
| | Material aspect: procurement practices | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 52 | |
| G4-EC9 | Proportion of spending on local suppliers | SR | 53 | |

| Environment | | Publications | Page | Omission & Reason | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------------|--------|---|----------|------|------|------|------|-----------------------------------|-----|--------|--------|--------|-------------------------|-----|-------|-------|-------|----------------------------|-----|----------------|-----|-----|---|----|-----|-----|-----|--------|-----|-------|-------|-------|---------|-----|-------|-------|-------|
| | DMA and Indicators | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Material aspect: materials | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN1 | Materials used | | | <table> <tr> <th>Material</th><th>Unit</th><th>2016</th><th>2015</th><th>2014</th></tr> <tr> <td>Ferrous casting</td><td>Met</td><td>55,377</td><td>44,200</td><td>44,970</td></tr> <tr> <td>Non-ferrous casting</td><td>Met</td><td>8,262</td><td>6,645</td><td>6,711</td></tr> <tr> <td>Oil, paints and lubricants</td><td>Met</td><td>161</td><td>161</td><td>198</td></tr> <tr> <td>Rubber</td><td>Kl</td><td>845</td><td>845</td><td>899</td></tr> <tr> <td>Rubber</td><td>Met</td><td>4,886</td><td>4,001</td><td>4,013</td></tr> <tr> <td>Plastic</td><td>Met</td><td>3,484</td><td>2,791</td><td>2,845</td></tr> </table> | Material | Unit | 2016 | 2015 | 2014 | Ferrous casting | Met | 55,377 | 44,200 | 44,970 | Non-ferrous casting | Met | 8,262 | 6,645 | 6,711 | Oil, paints and lubricants | Met | 161 | 161 | 198 | Rubber | Kl | 845 | 845 | 899 | Rubber | Met | 4,886 | 4,001 | 4,013 | Plastic | Met | 3,484 | 2,791 | 2,845 |
| Material | Unit | 2016 | 2015 | 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ferrous casting | Met | 55,377 | 44,200 | 44,970 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-ferrous casting | Met | 8,262 | 6,645 | 6,711 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Oil, paints and lubricants | Met | 161 | 161 | 198 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rubber | Kl | 845 | 845 | 899 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rubber | Met | 4,886 | 4,001 | 4,013 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plastic | Met | 3,484 | 2,791 | 2,845 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Material aspect: energy | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN3 | Energy consumption within the organization | SR | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN5 | Energy intensity | SR | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN6 | Reduction of energy consumption | SR | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Material aspect: water | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN8 | Water withdrawal | SR | 30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN10 | Water recycled and reused | SR | 30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Material aspect: biodiversity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN11 | Operational sites in, or adjacent to, protected areas and areas of high biodiversity value | SR | 29 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Material aspect: emissions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | SR | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | SR | 29 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | SR | 29 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Material aspect: effluents and waste | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN22 | Water discharge | SR | 30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-EN23 | Waste disposal | SR | 30 | <table> <tr> <th>Material</th><th>Unit</th><th>2016</th><th>2015</th><th>2014</th></tr> <tr> <td>Recycling (Metal Scrap + Packing)</td><td>Met</td><td>8747</td><td>7571</td><td>8843</td></tr> <tr> <td>Landfill (Waste Sludge)</td><td>Met</td><td>558</td><td>611</td><td>713</td></tr> <tr> <td>Incineration (mass burn)</td><td>Met</td><td colspan="3">Not Applicable</td></tr> <tr> <td>On Site Storage (Capacity of In-house Scrap Yard)</td><td>m³</td><td>250</td><td>450</td><td>250</td></tr> <tr> <td>Others</td><td>Met</td><td>nil</td><td>nil</td><td>nil</td></tr> </table> | Material | Unit | 2016 | 2015 | 2014 | Recycling (Metal Scrap + Packing) | Met | 8747 | 7571 | 8843 | Landfill (Waste Sludge) | Met | 558 | 611 | 713 | Incineration (mass burn) | Met | Not Applicable | | | On Site Storage (Capacity of In-house Scrap Yard) | m³ | 250 | 450 | 250 | Others | Met | nil | nil | nil | | | | | |
| Material | Unit | 2016 | 2015 | 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recycling (Metal Scrap + Packing) | Met | 8747 | 7571 | 8843 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Landfill (Waste Sludge) | Met | 558 | 611 | 713 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Incineration (mass burn) | Met | Not Applicable | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| On Site Storage (Capacity of In-house Scrap Yard) | m³ | 250 | 450 | 250 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | Met | nil | nil | nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Social | | Publications | Page | Omission & Reason |
|---------------------------------|--|--------------|------|-------------------|
| Labor practices and decent work | | | | |
| | DMA and Indicators | | | |
| | Material aspect: employment | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 46 | |
| G4-LA1 | Number and rates of new employee hires and employee turnover | SR | 47 | |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | SR | 47 | |
| | Material aspect: occupational health and safety | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 46 | |
| G4-LA5 | Workforce represented in health and safety committees | SR | 48 | |
| | Material aspect: training and education | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 46 | |
| G4-LA9 | Training per employee | SR | 49 | |

| Human Rights | | Publications | Page | Omission & Reason |
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| | DMA and Indicators | | | |
| | Material aspect: non-discrimination | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 48 | |
| G4-HR3 | Incidents of discrimination and corrective actions taken | SR | 49 | |
| | Material aspect: freedom of association and collective bargaining | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 48 | |
| G4-HR4 | Risks to the right to exercise freedom of association and collective bargaining | SR | 48 | |
| | Material aspect: child labor | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 48 | |
| G4-HR5 | Operations identified as having significant risk for incidents of child labor | SR | 48 | |
| | Material aspect: forced or compulsory labor | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 48 | |
| G4-HR6 | Operations identified as having significant risk for incidents of forced or compulsory labor | SR | 48 | |

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| | DMA and Indicators | | | |
| | Material aspect: local communities | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 40 | |
| G4-SO1 | Operations with implemented local community engagement, impact assessments, and development programs | SR | 41-43 | |
| | Material aspect: anti-corruption | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 40 | |
| G4-SO3 | Operations assessed for risks related to corruption | SR | 40 | |
| G4-SO5 | Confirmed incidents of corruption and actions taken | SR | 40 | |

| Product responsibility | | Publications | Page | Omission & Reason |
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| | DMA and Indicators | | | |
| | Material aspect: customer health and safety | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 34-35 | |
| G4-PR1 | Product and service categories for which health and safety impacts are assessed for improvement | SR | 34 | |
| | Material aspect: product and service labeling | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 35 | |
| G4-PR3 | Product and service information | SR | 35 | |
| G4-PR4 | Incidents of non-compliance with regulations concerning product and service information & labeling | SR | 35 | |
| | Material aspect: marketing communications | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 35 | |
| G4-PR7 | Incidents of non-compliance with regulations concerning marketing communications | SR | 35 | |
| | Material aspect: customer privacy | | | |
| G4-DMA | Generic Disclosures on Management Approach | SR | 35 | |
| G4-PR8 | Substantiated complaints regarding breaches of customer privacy and losses of customer data | SR | 36 | |

Glossary and Acronyms

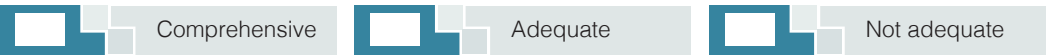
| Acronym | Description |
|-----------------|--|
| 3TG | Tungsten, Tin, Tantalum, Gold (minerals) |
| AGM | Annual General Meeting |
| AMP | Advance Management Program |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CO ₂ | Carbon di Oxide |
| CoCG | Code of Corporate Governance |
| CSR | Corporate social Responsibility |
| DO | Dissolved Oxygen |
| EHS & S | Environment, Health, Safety and Security Executive |
| EMBA | MBA |
| EMS | Environment Management System |
| EOGM | Extra Ordinary General Meeting |
| GHG GJ | Green House Gases Giga joule |
| gm/km | Gram per Kilo meter |
| gm/m | Gram per Meter |
| GRI | Global Reporting Initiative |
| HBS | Harvard Business School |
| HR | Human Resource |
| IBA | Institute of Business Administration |
| ISAE | International Standard on Assurance Engagement |
| IT | Information Technology |
| LCA | Life Cycle Assessment |
| LPG | Liquefied Petroleum Gas |
| LUMS | Lahore University of Management Science Meter |
| M3 | Cube |
| MIS | Management Information System |
| MTO | Management Trainee Officer |
| MW | Mega Watt |

| Acronym | Description |
|---------|--|
| NED | NED University of Engineering & Technology |
| NGO | Non-government Organization |
| NOx | Nitrogen Oxides |
| NUST | National University of Science & Technology |
| PAAPAM | Pakistan Association of Automotive Parts and Accessories Manufacturers |
| PNCA | Pakistan National Council of Arts |
| PTCL | Pakistan Telecommunication Limited |
| QA | Quality Assurance |
| QC | Quality Control |
| RO | Reverse Osmosis |
| SECP | Securities and Exchange Commission of Pakistan Ltd. |
| SNG | Synthetic Natural Gas |
| SZABIST | Syed Zulfiqar Ali Bhutto Institute of Science & Technology |
| UET | University of Engineering and Technology |
| USAID | United States Aid |
| VIP VOC | Vendor Improvement Program Volatile Organic Compound |
| VP | Vice President |

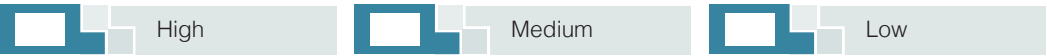
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