



Atlas Honda Limited

1-McLeod Road, Lahore-54000  
Ph: (92-42) 37225015-17, 37233515-17  
Fax: (92-42) 37233518, 37351119  
E-mail: [ahl@atlas.com.pk](mailto:ahl@atlas.com.pk)  
Website: [www.atlashonda.com.pk](http://www.atlashonda.com.pk)

**Investing in a  
Sustainable Future**



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## About the Cover

Atlas Honda strongly believes that the promise of a sustainable today hinges upon investing in a sustainable tomorrow. Over the past years, Atlas Honda has remained committed to provide cutting edge products and mobility solutions to its customers while investing in a greener and better environment. Taking myriad measures in delivering the best to its customers while growing a stronger bond with its vendors, Atlas Honda is devoted to give back to the community by investing in a sustainable future and encourages its employees to serve the society.

# About this Report

Reporting period	Financial year 2018 (April 01, 2017 to March 31, 2018)
Reporting cycle	Annual
Date of publication of Previous Report	May 29, 2017
Available version	Online and printed versions are available in English. Online version can be accessed from <a href="http://www.atlashonda.com.pk">www.atlashonda.com.pk</a>
Report content	The contents of this report are based on the results of our engagement with stakeholders and requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standards. All material topics which are important to our business strategy, represent impacts on economy, environment and society and are of interest to various stakeholders & the company are included in this report.
Global Reporting Initiative	This report has been prepared in accordance with the GRI Standards: Core Option. The GRI content index is available on page 58.
Assurance	The report was externally reviewed by Corporate Social Responsibility Center Pakistan (CSRCP), an independent reviewer, in compliance with GRI Standards and ISAE 3000 (2003) standard. The statement of the independent external reviewer describing the activities carried out and the expression of opinion is provided on the page 56.
Contact for feedback	We value feedback and welcome comments on our reporting. For any questions or suggestions, please get in touch with our sustainability team. Address: 1-Mcleaod Road, Lahore-54000 Phone: +92-42-37225015-17, 37233515-17 Email: <a href="mailto:ahl.suggestions@atlashonda.com.pk">ahl.suggestions@atlashonda.com.pk</a>

# Corporate Social Responsibility Highlights 2018



# About the Company

## Vision

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

## Mission

A dynamic growth oriented company through market leadership, excellence 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.

## Ownership and Legal form

Atlas Honda Limited is a public limited company listed on the Pakistan Stock Exchange. It is a joint venture between Shirazi Investments (Private) Limited (SIL) and Honda Motor Company Limited, with SIL holding 52.43% of issued, subscribed and paid-up capital as at March 31, 2018.

## Headquarters and Operations

We operate in Pakistan and are engaged in progressive manufacturing and marketing of motorcycles and spare parts. Our registered office is located at Lahore whereas our manufacturing & assembly facilities are located at Karachi and Sheikhupura with branches, customer care centers, warranty & training center and other offices located at Karachi, Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Islamabad.

## Scale of the company

During the year ended March 31, 2018, our net sales amounted to Rs. 77.5 billion, with sales of more than one million motorcycles. Net profit for the year amounted to Rs. 4.7 billion while total capitalization was Rs. 31.8 million with equity of Rs. 16.0 billion. Our workforce comprised of 1,611 permanent employees as at March 31, 2018.

## Supply chain

Our supply chain spans from procurement of machinery, raw materials, semi-finished & finished parts, services and other inputs from local and foreign vendors to delivery of finished motorcycles and parts to customers through a nationwide network of dealers. Our supply chain is both labour and capital intensive. During the year, we paid Rs. 64.1 million to our supply chain partners on account of purchases of goods and services.

## Activities, Brands, Products & Services and Markets Served

Atlas Honda serves the needs of automotive sector in Pakistan. Our customers mainly include dealers and institutions. We manufacture and sell various types of motorcycles in the categories of 70cc, 100cc, 125cc and 150cc mainly through a nation-wide network of dealers. We also market motorcycle spare parts and offer after-sale services through the network. Atlas Honda does not sell any product that is banned in any market.

## Memberships and external initiatives

Atlas Honda is a member of the following major associations:

1. Pakistan Automotive Manufacturers Association (PAMA)
2. Pakistan Business Council
3. Federation of Pakistan's Chambers of Commerce and Industry
4. Chambers of Commerce and Industry of:
  - Karachi
  - Lahore
  - Sheikhupura
  - Overseas Investors
5. Management Association of Pakistan
6. Marketing Association of Pakistan

We do not provide any funding to these associations. However, we take part in events such as exhibitions, seminars and workshops organized by these associations through sponsorships or otherwise.

Further, in addition to our internally developed charters, code of conduct & guidelines, we commit to various externally developed initiative, charters & principles, including:

- ISO 14001: 2015 (Environmental Management Systems).
- ISO 9001: 2008 (Quality Management System).
- GRI Sustainability Reporting Standards.
- ISAE 3000 (2003) Standards.

## Significant changes

There were no major changes in our supply chain, locations, operations and organizational structure during the year. However, we continued to make significant investments for capacity expansion as per plan. Further, we launched two models, namely CB 150F and CB 250F during the year.



## Code of Conduct

### Obeying the Law

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

### Human Capital

The Company is committed to:

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

### Consumers

The Company 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

The Company conducts its operations in accordance with the principles of good corporate governance.

### Business Partners

The Company 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

The Company strives to be a trusted corporate citizen and, as an integral part of society, fulfil its responsibilities to the societies and communities in which it operates.

### Public Activities

The Company:

- 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 promote activities for safe driving.

### The Environment

The Company 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

The Company is committed to fair competition and supports development of appropriate competition laws.

### Business Integrity & Anti - Corruption

The Company 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 the 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 the Company's 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 the 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 the 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.

## CEO Message on Sustainability

**“Being a frontrunner, we recognize the need to lead by example and are committed to making sustainability a way of life within the organization. This approach is crucial for securing a sustainable future of our business and creating shared value for our stakeholders.”**

I am pleased to present our 6th Sustainability Report. This report is structured around the key themes which most interest our stakeholders and also allow our commitment to sustainability and core values to shine through.

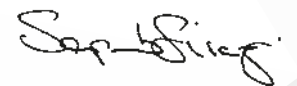
We don't only focus on what we achieve, but how we achieve it. Therefore, sustainability is an integral part of our way of doing business and it drives us to constantly seek out new solutions to reduce environmental impacts of our activities, to grow together with communities of which we are part and to build long-lasting relationships with our associates, suppliers and customers. Atlas Group's fundamental business doctrine – the Atlas Way which comprises of the Atlas Culture and Atlas Systems- act as guiding principles for all our endeavours.

In our history of fifty five years, we have made significant progress – our strong market performance is delivering value for our shareholders, while we have also embedded more effective sustainability practices into our day to-day business. These include focus on reducing carbon emissions, improving energy consumption, enhancing waste management techniques, creating safety awareness, improving fuel efficiency of our products and strengthening our approach to human rights. Further, we continue to make investments which are aimed at meeting the demand for reliable and affordable mobility solutions in Pakistan. These investments are also a contribution towards socio-economic development especially for creation of employment opportunities. Our localization efforts also demonstrate our commitment to the Country. We strive to ensure that our associates remain highly engaged as it is a key driver to high performance and organizational success.

We truly believe that sustainable business is the only way forward in today's world of finite resources and increasing demand. We recognize that success of our business is only possible if we can engage in a regular and reliable dialogue with our stakeholders. We are constantly learning and are committed to making inroads in new areas while building on our key strengths.

I would like to specifically mention the contributions of our partner, Honda Motor Company, whose proactive participation and constant guidance have always been a source of learning and inspiration. With persistent encouragement of our stakeholders, we hope to continue working and investing in a sustainable future for our business and society.

Karachi: April 30, 2018



Saquib H. Shirazi  
Chief Executive Officer

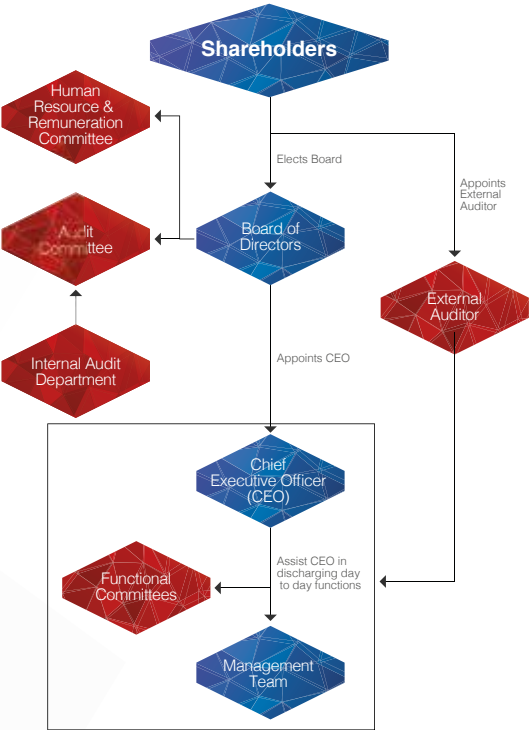
# Sustainability Strategy

Atlas Honda manages its business in accordance with the responsible corporate governance principles geared to sustainable value creation in all areas. To ensure compliance with these principles, clear lines of accountability have been drawn in our management systems and are further reinforced through guidelines as well as control systems.



## Governance Structure

Atlas Honda’s strong governance framework provides a solid structure for effective and responsible decision-making within the organization. The highest decision making is carried out at the shareholders’ meetings, supported by the Board of Directors. The Board has oversight of the risks and opportunities arising from the company’s activities and is responsible for setting the direction, strategies & objectives and for monitoring the implementation of the same by management.



## Board of Directors

We have an experienced and dynamic Board with the right blend of skills to deliver and further develop strategies. Presently, 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 objectivity. We do not have a defined quota for Board of Directors based on gender, ethnicity or age group. The Chairman is responsible for the overall discharge of the Board’s duties. The office of the Chairman and the 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.

All the matters including election, appointment and disclosure of interest are governed by the statutory requirements and regulations laid down by SECP and PSX. No non-compliances were identified during the year. Further details about the directors and matters carried out during the year can be found in the Director’s profile section and Statement of Compliance with the Code of Corporate Governance in the Annual Report 2018.

## Committees of the Board

Each Committee of the Board has a written ‘Terms of Reference’ outlining their duties and responsibilities. The Committees report on their activities and results to the Board. The table below summarizes the terms of reference, number of members and frequency of meetings of the Committees.

Committee	Roles and responsibilities of committee	Number of members	Frequency of meeting
Audit Committee	<ul style="list-style-type: none"><li>Monitors the integrity of the financial statements and reporting and makes recommendation to the Board for its approval.</li><li>Oversight of external auditor: to consider findings and recommendations arising from the external audit process.</li><li>Review of compliance procedures to ensure adherence to applicable legal and regulatory standards and our internal policies.</li><li>Monitoring the effectiveness of the internal control processes and the internal audit function.</li><li>Oversight of risk management.</li></ul>	Three	Quarterly
Human Resource & Remuneration Committee	<ul style="list-style-type: none"><li>Recommending Human Resource management policies to the Board.</li><li>Recommending to the Board about selection, evaluation, compensation and succession planning of CEO, VP, CFO, Company Secretary and Head of Internal Audit.</li><li>Consideration and approval of recommendations for key management positions who report directly to CEO and VP</li><li>Recommending to the Board a policy framework for determining remuneration of directors.</li><li>Undertaking annual evaluation of the Board of directors’ performance.</li></ul>	Three	Once a year

## Board’s Role in Shaping Sustainability Policy

The Board provides leadership to the Company in a manner that promotes its long-term success, thereby maximizing value for the stakeholders. It also sets the direction for the Company’s values, ethics & business policies and practices. All the strategic plans, budgets, capital expenditures, investment proposals and matters of strategic importance are approved by the Board. However, some of the decisions are taken in the General Meetings of the Company as per the requirements of Companies Act, 2017. The Board also provides direction on sustainability policy, and sustainability initiatives to enhance the positive impacts and reduce the negative impacts on the economy, environment and society. The execution of the Board’s directives and policies is carried out by the respective management teams whose performance is reviewed by the Board. 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. The Directors are also encouraged to attend courses which provide 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 takes part in deciding his own remuneration. We do not pay remuneration to non-executive directors except fee for attending meetings of the Board. In order



to retain the best talent, our remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of the Directors and CEO in 2017-18, please refer note 35 of Financial Statements.

Board’s Performance Evaluation

The evaluation of Board’s role of oversight and its effectiveness is a continuous process, which is appraised by the Board through Human Resource & Remuneration Committee. 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 the Board’s Committees’ performance in relation to discharging their responsibilities set out in respective terms of reference.

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.

Roles & Responsibilities of Chairman & CEO

The Chairman’s primary role is to guide long-term strategic planning for Atlas Honda 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 the Directors and officers entitled to attend the Board meetings;
- Major spokesman of the Company, responsible for liaison with the senior most levels of the Federal and Provincial Governments;
- Overseeing the Company’s macro approaches

and public relations in the broad sense, including its relations with public organizations and other companies; and

- Commitments and de-commitment of strategic investments.

The CEO is responsible for reporting the Company’s performance to the Board of Directors. He is also responsible for all matters pertaining to operations of the Company under 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 roles and duties of all managers clearly define their functions to ensure accountability;
- To ensure that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- To maintain a regular review of duties and functions of the staff to ensure that there are no duplications of efforts in office methods and procedures and that all operations are carried out efficiently and economically;
- To ensure that technical information made available to the Company under technical service or royalty agreements is used solely in the manufacturing 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 in a timely manner;
- To maintain 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 due 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 the following reports/details:
  - Annual business plan, cash flow projections and long term plans.
  - Budgets including capital, manpower and overhead budgets along with variance analysis.
  - Quarterly operating results of the Company in terms of its operating divisions & segments.
  - Promulgations or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
  - 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 the Company’s products consistent with the Company’s 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 to strengthen the position of the Company;
- To ensure that the Company operates with minimum staffing and paperwork.

Committees Reporting to the CEO

The CEO is supported by Committees that facilitate him in the performance of his duties. These Committees meet frequently and ensure implementation of sustainability framework in various aspects of Atlas Honda’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 our process of stakeholders’ engagement. The implementation of sustainability framework is frequently monitored by Internal Audit function along with the annual assurance from an independent expert before reporting the results to the stakeholders.



Committee	Roles and responsibilities of committee	Number of members	Frequency of meeting
Management Committee	<ul style="list-style-type: none"> <li>Reviewing and forwarding long term plans, capital and expense budget, development and stewardship of business plans.</li> <li>Maintaining healthy environment.</li> <li>Providing advice to CEO in the normal course of business.</li> </ul>	Twelve	Monthly
Business Ethics Committee	<ul style="list-style-type: none"> <li>Effective communication and reinforcement of ethical values, best practices in the business.</li> <li>Ensuring compliance with our 3R principles (Respect, Reward and Recognition).</li> </ul>	Nine	Twice a year
Treasury Committee	<ul style="list-style-type: none"> <li>Oversight of day to day treasury &amp; investment matters.</li> <li>Approval of short term investment decisions.</li> <li>Ensuring subsequent approval of all the decisions by the Board.</li> </ul>	Three	Monthly
Risk Management Committee	<ul style="list-style-type: none"> <li>Identifies and propose strategies to mitigate risks, on a timely basis, in accordance with a well-structured risk management process.</li> </ul>	Three	Monthly
Health, Safety and Environment Committee	<ul style="list-style-type: none"> <li>Ensures compliance with applicable Environmental, Health, Safety, laws and regulations.</li> </ul>	Six	Monthly
Social Responsibility Committee	<ul style="list-style-type: none"> <li>Ensures compliance with Social Performance Governance Framework.</li> </ul>	Five	Quarterly

Risk Management

We have entity-wide risk management processes for identifying, evaluating and managing the principal risks. The Board is responsible for the systems of internal control and risk management and for reviewing each year the effectiveness of those systems. The key features of our enterprise risk management and internal control process include:

- 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.

- Our 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 matters in Report of the Audit committee included in the Annual Report.

Compliance and Integrity Management

Our Code of Conduct (the Code) provide guidelines on ethical standards. It cover issues such as bribery and corruption, fraud, insider trading, legal compliance, conflicts of interests, human rights and discrimination. The Code includes a commitment to conduct 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 outline our approach to ethics management, which includes all elements recognized as best practices in ethics management. The Code guides interactions with all the stakeholders, including employees, vendors and customers.

The code is reviewed annually and any changes therein are approved by the Board. The same is communicated to all the employees, vendors, service providers and customers and is available on our website.

Whistle blower Policy

Our purpose and values set the standards for how we do business and actively encourage openness, integrity and accountability. Our Whistle blower Policy has been developed to ensure that concerns are raised regarding actual or suspected contraventions of our ethical and legal standards freely and without fear of repercussions. The policy provides a number of avenues for disclosure including internally through managers and Business Ethics Committee. Matters reported are investigated by the Internal Audit function and it is determined whether there is evidence to support the matter raised or to refute it. Information regarding any incident is reported to the Audit Committee. The reports include details of the matter, measures taken and the status of any investigation. During the year, no such incidences were reported.

Privacy and Data Protection

The 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. We work regularly to enhance robust processes and systems that protect customers' and employees' data and to raise awareness about the importance of data protection and privacy through our

IT Governance Policy which is summarized below:

- The 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, maintenance, compliance and for suggesting new areas as per technology enhancement.

Conflict of Interest Policy

We have a policy in place ensuring that any conflict of interest is properly disclosed, recorded and addressed, upholding the interests of the Company. In line with the provisions of Companies Act, 2017, every Director is required to disclose his interest in writing to the Company Secretary, in respect of any contract/appointment, etc. Such disclosures are circulated to the Board. Interested Directors do not participate in voting on the said resolution and it is properly recorded in the minutes of the Board meeting and also entered in the statutory register maintained for this purpose.

Insider Trading

We have a clearly defined policy relating to insider trading which requires all the relevant employees to maintain confidentiality of inside information at all times. The purpose of this policy is to set forth guidelines on purchase or sale of securities while in possession of inside information. We have complied with the requirements issued by SECP, relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

Anti-corruption and human rights

Analysis of risks related to corruption is a continual process at Atlas Honda and no corrupt practices are tolerated. Our Code of Conduct contains explicit requirement about Business Integrity and Anti-corruption, which every employee is obliged to adhere. We have a dedicated Internal Audit department to implement the risk management systems. The department directly reports the findings to Audit Committee for taking appropriate action. No incidence of corruption was reported during the year.

Grievance/Feedback System

We believe in protecting interest of our investors and shareholders. The shareholders give their feedback in General Meetings and we encourage them to do so to have a good understanding of their views on our operations and decisions. Accordingly, a ‘Grievance/Feedback System’ has been established that provides an avenue for reporting and resolution of all complaints/queries on timely basis.

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

Sustainability Strategy Framework

Our sustainability strategy focuses on crafting long-term value and providing 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. The commitment of doing business in a sustainable way sets us apart from our competitors, leading to customer satisfaction, appreciation, brand recognition and increasing product demand. Our Sustainability Strategy Framework supports our business strategy and is aligned with the company’s purpose. The framework has five key areas of focus:

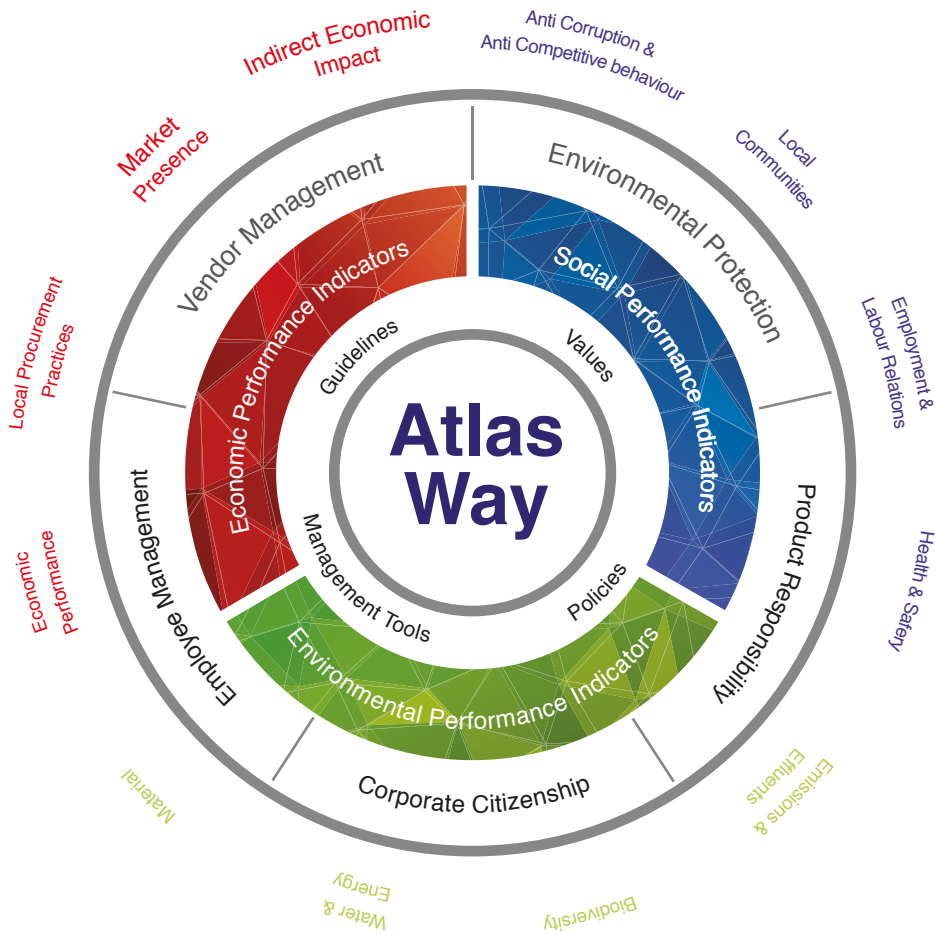
- a) Environmental Protection
- b) Product Responsibility
- c) Corporate Social Responsibility
- d) Employee Management
- e) Vendor Management

We are guided by our sustainability framework while making efforts for creating sustainable value for all our stakeholders. This framework is a product of Atlas Group’s fundamental business doctrine - the ‘ATLAS WAY’. It comprises of the principles of the ‘ATLAS CULTURE’ and the ‘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 on protection of environment and interest of society at large.

We ensure adherence to the best practices for reporting sustainability issues through application of our framework and GRI Standards. Our sustainability framework defines the way we do business which is supported by policies, guidelines, values and management tools.

It commits us to consider and take responsibility for the long term economic, social and environmental implications of our decisions and to work in partnership with all stakeholders across our value chain to maximize positive impacts.

The following diagram summarizes our framework and approach to sustainability:



Atlas Way	
Atlas Culture	Atlas Systems
<ul style="list-style-type: none"> <li>Management by Objectives (MBO) to align activities towards agreed company goals.</li> <li>Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared values) for the Company.</li> <li>Inducting and retaining competent and skilled staff - right man for the right job.</li> <li>Using BCG model for strategic direction.</li> <li>Creating value through implementation of internal controls (SOPs and policy manuals).</li> <li>Management development to produce performers, organization builders and strategists.</li> <li>Active participation in management meetings for continuous performance improvement.</li> <li>Ensuring accuracy and control of information / data through efficient MIS.</li> <li>Judicious sharing of profitability between employee bonuses, dividend payout and profit retention.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance.</li> <li>Respect, Recognition and Reward.</li> <li>Value of time.</li> <li>Recruitment and career advancement based on integrity, merit, experience and skills.</li> <li>Education and training of staff and descendants.</li> <li>Self reliance.</li> <li>Leading by example.</li> <li>Humility and Excellence.</li> <li>Living within one’s means, saving for the future and donating for good cause.</li> <li>To be happy and healthy.</li> </ul>
شاہین کا جہاں اور (We Look Beyond Horizons)	

# Stakeholder Engagement

Being the largest manufacturer of motorcycles in the country, both our manufacturing activities and our products have significant effect on the environment as well as on diverse groups of stakeholders. Simultaneously, the views, decisions and actions of these groups have an impact on the success of our business. We, therefore, engage in an ongoing dialogue regarding sustainability topics with our stakeholders in relevant markets and at all locations. This allows us to understand the issues, formulate strategies and deliver according to their expectations.

The engagement process starts with the identification of stakeholders. We define stakeholders as those who

are potentially affected by our operations or who have an interest in or influence on the Company's business. Stakeholders are identified and then prioritized on the basis of nature of relationship, influence, responsibility, dependency, proximity ,willingness and ability to engage. Consultation is then carried out with the identified stakeholders to gain input on topics which are of interest to the stakeholders or which can significantly affect us. The Company's range of stakeholders includes shareholders/investors, employees, customers, dealers, vendors, local community, Government & regulators, industry associations & representative bodies and analysts. Process and frequency of consultations with stakeholders, topics identified and our responses to the same are as follows:

Who do we engage		When and how do we engage	What topics were identified	How do we respond
Shareholders /Investors	Individuals, corporate and other organizations that have invested capital	<b>Ongoing</b> <ul style="list-style-type: none"><li>Dedicated webpage for investors</li><li>Notices, circulars, announcements and interim reports</li></ul> <b>Annual</b> <ul style="list-style-type: none"><li>Annual General Meeting</li><li>Annual reports</li></ul>	<ul style="list-style-type: none"><li>Sustained good return on investment through strategic and organic growth</li><li>Exemplary governance practices</li><li>Sound risk management</li></ul>	<ul style="list-style-type: none"><li>Strong leadership who provide strategic direction and who lead by example.</li><li>Focus on good corporate governance and ethics</li></ul>
Employees	Core assets who implement all of management's decisions, strategic and operational	<b>Ongoing</b> <ul style="list-style-type: none"><li>Communication through immediate supervisors, management, intranet</li><li>Newsletters and other communications</li><li>Whistle blowing mechanism</li><li>Training and development programs</li></ul> <b>Bi-Annual</b> <ul style="list-style-type: none"><li>Performance</li></ul>	<ul style="list-style-type: none"><li>Remuneration and benefits, personal development, training and health &amp; safety</li><li>Clearly defined roles, responsibilities &amp; goals, performance management and development</li></ul>	<ul style="list-style-type: none"><li>Provision of competitive remuneration and benefit packages as per industry benchmarks</li><li>Enforcement of stringent safety measures, on-going training and education programs, open communication</li></ul>
Customers	End-consumer of our products	<b>Ongoing</b> <ul style="list-style-type: none"><li>Communication through sales service &amp; warranty centers, conferences, exhibitions, events and seminars</li><li>Dedicated customer care section on our website and call center</li></ul>	<ul style="list-style-type: none"><li>Product/service quality and availability</li><li>Safe product use</li><li>Correct product information</li><li>Transparent communication</li></ul>	<ul style="list-style-type: none"><li>Production of high quality products</li><li>Efficient supply chain</li><li>Capacity expansion to meet demand</li><li>Focus on after-sale service</li></ul>

Who do we engage		When and how do we engage	What topics were identified	How do we respond
Dealers	Distributors of our products	<b>Ongoing</b> <ul style="list-style-type: none"><li>B2B links connecting us with dealers</li><li>Dealer training and education programs</li></ul> <b>Annual</b> <ul style="list-style-type: none"><li>Dealer's convention</li></ul>	Return on investment, equal business opportunities, transparent communication	Nurture and protect partnerships that result in mutually beneficial outcomes
Vendors	Businesses that provide raw materials and services which are key to our manufacturing process	<b>Ongoing</b> <ul style="list-style-type: none"><li>Audits and visits for vendor development and compliance with quality standards</li><li>B2B link</li></ul> <b>Bi-Annual</b> <ul style="list-style-type: none"><li>Vendor convention and Vendor Excellence Awards (ALAMAYAR)</li></ul>	<ul style="list-style-type: none"><li>Shared development</li><li>Supply chain sustainability</li><li>Contract terms that are reasonable and as per market norms</li><li>Timely payment</li><li>Opportunity for discussion and negotiation</li></ul>	<ul style="list-style-type: none"><li>Opportunity to compete for business on the basis of clear and transparent procedures &amp; evaluation criteria</li><li>Mutually beneficial relationships where all parties integrate talent, resources and efforts to exceed expectations</li></ul>
Local community	Local society and neighborhood	<b>Ongoing</b> <ul style="list-style-type: none"><li>Seminars, rallies and other awareness campaigns on various issues including road safety, healthy livelihood, education and welfare and women empowerment</li><li>Internships, management trainee programs and factory visits of members including students from local community</li></ul>	Creation of employment and business opportunities, investment in infrastructure, environmental protection initiatives	<ul style="list-style-type: none"><li>Undertake community development programs</li><li>Support sports, cultural, art and other events and create opportunities for employment and business</li><li>Undertake environment protection initiatives</li></ul>
Government & regulators	Federal & provincial governments, and their respective departments, Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange	<b>Ongoing</b> <ul style="list-style-type: none"><li>Filing of statutory forms, documents prescribed, returns, assessments and other information as per applicable laws and regulations</li><li>Participation in government initiatives, regulation and policy working groups</li></ul>	Compliance with legal and regulatory requirements and adherence to policies and guidelines	<ul style="list-style-type: none"><li>Ensure compliance with legal and regulatory requirements</li><li>Contribute to the economy through taxes and other payments</li></ul>
Industry associations & representative bodies	Auto sector specific association and various business councils	<b>Ongoing</b> <ul style="list-style-type: none"><li>Representations in activities of local trade and industry associations, meetings, visits and training programs etc.</li><li>Providing periodical operational data</li></ul>	Compliance with regulations and protection of interest of members of associations and representative bodies	Ensure compliance and actively participate in key business and industry initiatives within the constraints of legal frameworks and requirements
Media	Representatives from print, online broadcast and social media	<b>Ongoing</b> <ul style="list-style-type: none"><li>Media releases, briefings, presentations, interviews and information on social media page</li></ul>	Information on the operations, growth prospects and sustainability practices, economic contribution	Timely communication of information on relevant subjects

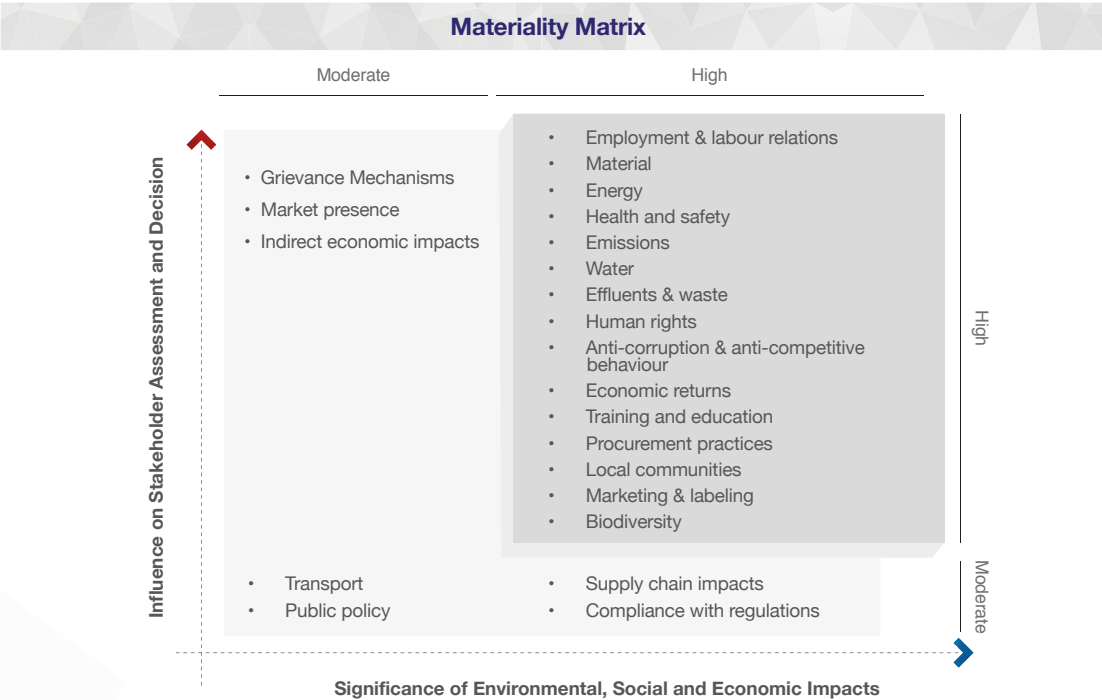


# Materiality Analysis

Taking into account the key topics identified by our stakeholders, we clearly understand our current status and necessary improvements we should make. We used GRI Standard GRI 101 Foundation 2016 reporting principles of sustainability context, materiality, completeness and stakeholder inclusiveness, for defining our report contents. These principles have been consistently applied at varying degrees during identification, prioritization and validation steps, while

defining material topics for this report. Based on the results of the stakeholder engagement, review of industry specific issues, and internal analysis, a materiality analysis was carried out to produce a materiality matrix containing the material sustainability issues for our operations.

The materiality matrix below provides the necessary framework for organizing these issues. By creating and employing this matrix, we confirm the coverage of each issue and clarify where it is positioned.



The matrix divides up the topics to show those which have high impacts and those which have moderate impacts of Atlas Honda’s activities and which are highly relevant and those which are moderately relevant to its stakeholders. The prioritization of topics is based on materiality analysis for non-financial risks as per GRI standards. The severity, likelihood and relevance to business objectives and stakeholder’s interests were the guiding principles during this analysis. The Social Responsibility Committee analyzes the risks associated with each material topic and recommends

actions for prevention or mitigation of negative impacts and maximization of positive impacts. The content and scope of this report is also derived from this matrix.

The boundaries for material topics have been identified on the basis of their impacts whether lying within the organization or outside the organization. The reporting principles for defining report content from GRI Standard GRI 101 Foundation 2016 have been used while identifying the boundaries for material topics.

Material topic	Why is the topic material?	Boundary
Economic Performance	Critical for economic contribution and ability to deliver value to stakeholders	Atlas Honda
Energy	Impact on depleting finite resources and environmental impact of use of non-renewable sources	Atlas Honda
Emissions	Environmental impact due to emissions	Atlas Honda, our customers, our vendors
Materials	Depleting raw material resources affecting finite resources	Atlas Honda
Effluents & Waste	Environmental impact through incrtion, dumping and discharge of waste	Atlas Honda
Water	Environmental impact due to depleting water reserves leading to water scarcity	Atlas Honda
Biodiversity	Impact on ecosystem including plant and animal life	Atlas Honda
Anti-corruption and anti-competitive behavior	Impact on competition, negation of competition and equal opportunity rights as per applicable laws and regulations	Atlas Honda, our vendors, our dealers
Human rights	Impact on the basic rights of people defined in charters and conventions	Atlas Honda, our vendors, our dealers
Local communities	Impact of operational activities and developments around plant site for economic development	Atlas Honda
Indirect economic impacts	Impacts on the surrounding communities and socio-economic development	Atlas Honda
Health & Safety	Impacts on health of workforce affecting productivity and consumers concerns	Atlas Honda
Employment and labor relations	Diversified workforce for better productivity and compliance with applicable laws and regulations	Atlas Honda
Training & Education	Impact on workforce ability to effectively contribute to operational success affecting organization’s ability to create value	Atlas Honda
Marketing & Labeling	Provision of customer centric product information and compliance with applicable laws and regulations	Atlas Honda
Compliance	Compliance with applicable laws and regulations	Atlas Honda
Supply chain impacts	Impact due to activities of supply chain partners	Atlas Honda, our customers, our vendors
Market presence	Economic contribution and job opportunities for local community	Atlas Honda
Procurement practices	Economic contribution and creation of business opportunities through local sourcing	Atlas Honda, our customers, our vendors
Grievance mechanism	Identification of negative practices and provision of advice on ethical concerns	Atlas Honda



# Environmental Protection

Environmental protection and the efficient use of resources are fundamental drivers for Atlas Honda's actions. With respect to our business activities, we aim to use all the natural resources as efficiently as possible while reducing emissions into the environment to a bare minimum.



# Our Management Approach

Environmental protection is fundamental to our sustainability strategy. In light of challenges such as climate change, pollution and scarcity of resources, Atlas Honda aims to be the most resource-efficient mobility solution provider in Pakistan. Our focus lies on increasing the energy and resource efficiency of our production processes and on reducing emissions and waste. These measures allow us to minimize our impact on the environment, make a contribution towards achievement of Honda’s Environmental Vision and reduce our costs. Environment related issues arising from energy & resource consumption, emissions, effluents & waste and water are managed by our Health, Safety & Environment department along with the management team, which defines and implements the necessary procedures to achieve targets. We have a continuously evolving Environmental Management System (EMS) in place which is supported by our Environmental Policy to ensure effectiveness of processes, monitoring and continual improvement in our environmental performance.

Green practices are being implemented at all our locations and those of our business partners. We are also raising awareness through continuous training and development programs for our suppliers as well as employees. In recognition of our efforts for protection

of environment, we have been presented with an Award by National Forum for Environment & Health (NFEH), for the year 2017, in the category of Environment & Waste Management.

## Environment Management System

EMS is intended to formalize procedures for managing and reducing environmental footprint. It helps us to organize and analyze, in a timely manner, the environmental impacts that result from our business operations. It also helps us in developing solutions to address those impacts.

Our EMS is based on relevant legislation such as the Pakistan Environmental Protection Law, International Standards and Honda’s guidelines, as well as best practices. The management system is certified in accordance with ISO 14001:2015, an International Certification for EMS.

We conduct internal and external audits of our EMS and strive to improve it further. During the year, we identified tasks as a result of the in-house reviews and made improvements accordingly. Periodic visits by representatives from Environmental Protection Agency (EPA) are also facilitated to ensure compliance with regulatory requirements. No non-compliances have been reported during the year. Further, no environment-related complaints were received through our formal grievance mechanism during the reporting period.

## Environmental Policy

The policy outlined below forms the basis for our environmental work across the business:

COMPLIANCE	Comply with requirements of environmental legislation and local regulations as a responsible corporate citizen.
ENERGY AND RESOURCE CONSERVATION	Establish and implement management programs to encourage energy conservation and reduce consumption of resources.
PREVENTION AND REDUCTION	Prevent, where possible, and reduce generation of emissions and waste throughout the production processes & ensure safe disposal.
KNOWLEDGE AND EDUCATION	Promote relevant environmental protection knowledge and activities through education and training.
KAIZEN - CONTINUOUS IMPROVEMENT	Initiate and extend environmental protection activities from our own operations and to those of our business partners including parts manufacturers, general suppliers and dealers.

## Life Cycle Assessment

We apply a product life cycle approach for management of environmental impacts, which considers the entire life cycle - from product development to purchasing, manufacturing, sales & service, use, recycling and administration. This approach makes it easier to identify opportunities, minimize or enhance impacts and

understand boundaries in every aspect of our business. It also helps us to understand how our actions and impacts are interrelated. We also apply the precautionary principle, whereby we act responsibly despite not having the full scientific knowledge of negative impacts, to ensure we stay ahead of potential risks.

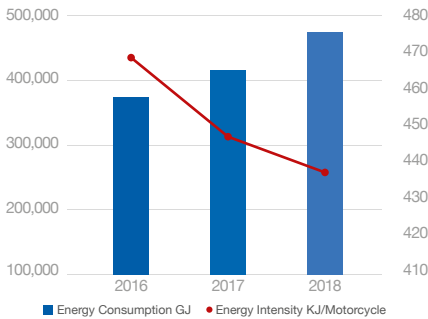
Life Cycle Stages	Major initiatives in each domain based on impacts identified
Development	<ul style="list-style-type: none"><li>• Environment friendly product design</li><li>• Efficient use of raw material, energy and other resources</li><li>• Focus on reduced waste and emissions</li><li>• Integrate future requirements into development plans</li></ul>
Purchasing	<ul style="list-style-type: none"><li>• Purchase of raw material from environment friendly sources</li><li>• Increased use of renewable raw materials and materials with sustainable characteristics</li><li>• Implementation of environmental standards within the supply chain</li><li>• Promotion of transparency and resource efficiency</li><li>• Training and improvement programs</li></ul>
Manufacturing	<ul style="list-style-type: none"><li>• Environmental management system</li><li>• Improved resource efficiency</li><li>• Reduced waste water and emissions initiatives</li><li>• Reuse of water</li></ul>
Sales and Service	<ul style="list-style-type: none"><li>• Promotion of “Green Dealers”</li><li>• Dealers with 5S certification</li><li>• Introduction of efficiencies in transportation</li><li>• Efficient use of packaging</li><li>• Use of returnable containers</li></ul>
In-use	<ul style="list-style-type: none"><li>• Fuel efficient products</li></ul>
End-of-life	<ul style="list-style-type: none"><li>• Increased parts collection, reuse and recycling</li><li>• Eliminating harmful materials to enable higher quality recycled materials</li><li>• Promoting proper recycling and providing technical support</li></ul>
Administration	<ul style="list-style-type: none"><li>• Environmental management</li><li>• Energy and resource conservation</li><li>• Promotion of “Green Building” design</li></ul>



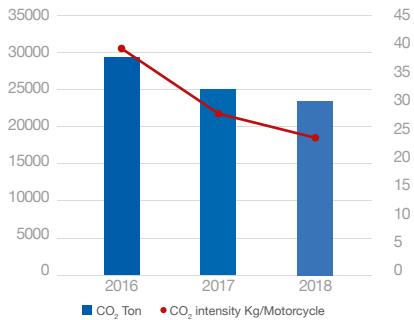
# Energy Consumption & Emission

We monitor energy consumption and emission on regular basis to identify and incorporate best practices and to improve our energy management. Accurate data on energy consumption and emission is obtained from our management systems. This enables us to address irregularities and implement any necessary measures to ensure our performance is on track. Collecting comprehensive data helps us in understanding not only the energy savings, but also the economic benefits that can be achieved through specific measures.

The energy consumption during the year was 464,811 GJ. Compared to 2017, the total energy consumption during the year under review increased by 13.9%. This was due to higher production level. However, the energy consumption per motorcycle decreased by 1.8% from 443 to 435 KJ/Motorcycle.



The emissions during the year were 23,879 tons of CO<sub>2</sub>, which was 1,765 tons less than previous year. Further, CO<sub>2</sub> emissions per bike reduced from 28 to 23 kg/motorcycle. In addition to being in compliance with Pakistan Standards for Quality Control (PSQC) in respect of CO<sub>2</sub> emissions, noise levels and smoke, all our products comply with EURO II standards of carbon emission.



## Energy Conservation & Emission Reduction Initiatives

In order to reduce our energy consumption and emissions, primarily CO<sub>2</sub> we continue to invest and implement energy efficiency measures in our offices and production processes. During the year, energy conservation of 7,808 GJ and emission reduction of 1,765 tons was achieved through following initiatives:

### Solar Panels

We are determined to extend our use of renewable sources for energy. Installation of solar power systems is being undertaken as an effort to derive clean and affordable energy. This is helping us combat greenhouse gas emissions and reduce our dependence on fossil fuel or grid-based electricity. We completed our second project of installation of solar panels of 360 KW this year. This initiative will reduce the CO<sub>2</sub> emissions by 512 tons every year.



► A view of the solar panels installed at our Sheikhpura plant

### LED Lights

At our assembly plant, previously fluorescent tube lights and mercury bulbs were used for lighting. In 2017, 50% of such lights and bulbs were replaced by energy efficient LED tube rods and high-bay lights. This year, the ratio has improved to 70%. Whereas, at engine machining plant, 100% lighting is being done through LED tube rods and high-bay lights. Further, arrangements have been made to use day light when possible. This has helped us to save 2,598 GJ a year, whilst 331 tons of CO<sub>2</sub> emissions are reduced.



► A view of the LED lights at our assembly Sheikhpura plant

### Energy Air Compressor

Previously, separate air headers were installed for 5 bars and 7 bars air pressure, which had improved the energy efficiency. Under this, 5 bars air pressure was supplied to four areas at Sheikhpura (SKP) plant. This year, 5 bars air pressure is supplied to 7 areas at SKP plant which has improved the energy efficiency by 354 GJ per year and reduced CO<sub>2</sub> emissions by 45.5 ton per year.

### Synthetic Natural Gas (SNG)

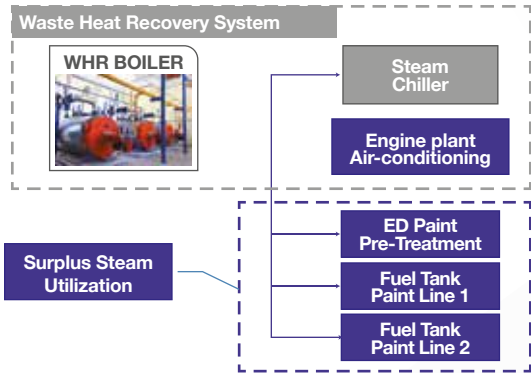
We have enhanced the LPG efficiency by adding air at specific ratio to LPG which results in SNG. It results in reduction of LPG consumption by 21%.



► A view of the SNG compressor installed at our Sheikhpura plant

### Waste Heat Recovery System

For achieving optimal results, we keep restructuring and redesigning the heat distribution plan by continuous study and analysis. During the year, the excess steam generated from waste heat recovery boilers has been connected to pre-treatment line paint shop and is being used as a source of heat in place of fire boiler and burners. This measure has allowed us to reduce CO<sub>2</sub> emissions by 481 tons in a year.



## Material, Effluents & Waste

The environment friendly use of raw materials is taken into account as early as the development phase through life cycle engineering. We shape our supply chain and material cycles accordingly, allowing us to gradually increase the use of secondary raw materials in our production processes. Natural resources are being used in the most efficient manner with the objective to minimize depletion of the planet resources. We are working to replace artificial materials with renewable materials wherever it makes technical, business and environmental sense and is socially viable. We closely monitor the consumption of raw materials having substantial impact on the environment and treat them according to our environment policy.

Waste resulting from our production processes mainly includes waste water, metal, plastic, rubber scrap, packing and used oil. Waste water is treated through Waste Water Treatment Plant before it releases in sewerage drains. The remaining waste and effluents are discharged through incineration, recycling, landfill and disposal to legitimate contractors at certified waste disposal facilities. During the year, 10,357 tons of waste was released with the reduced intensity of 10% per motorcycle. There were no significant spills during the year.

### Minimizing packing waste

In our production processes, we use recycled packaging for parts to reduce waste and minimize our impact on the environment. The use of returnable packaging whenever possible has reduced our packaging waste by 3.5 tons per year.

### Aluminum Wastage

In aluminum casting process, aluminum is obtained in raw shape initially, during the finishing process wasted aluminum is reused with new material at specific ratio leading to wastage reduction and efficient usage of non-renewable material. By this arrangement solid waste has been reduced by 85.3 tons in a year.

### Incineration

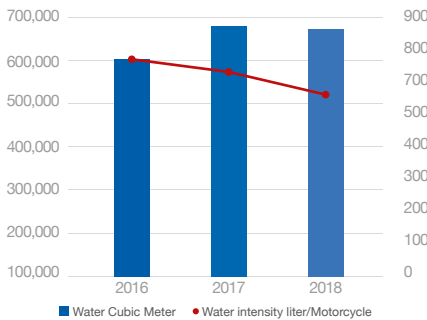
Incineration is performed to treat solid hazardous waste with controlled combustion, reduce the release of greenhouse gases and reduce landfill space. In the

process of incineration solid waste is collected, crushed and moved into heating chamber. Ash generated by burning process is disposed, while gases produced are filtered and exhausted through the chimney. We have successfully incinerated 130 tons of hazardous waste this year, in coordination with EPA certified third party.

## Water

We seek to reduce our water footprint by promoting water-saving practices among employees and adopting water-efficient technologies and equipment wherever possible. The majority of our water use can be attributed to our production processes, cooling, and water consumed by our employees. Our main areas of action are thoughtful use and reuse of water and safe disposal of treated waste water. Most of the water consumed is drawn from earth which is not designated as a protected area whereas the size or volume of the water body cannot be estimated reliably.

During the year, 645,006 cubic meters of water was consumed with a reduced intensity of 15% per vehicle as compared to the last year. After proper treatment, we release the water, used in manufacturing process, back to environment. Such treatment removes pollutants from the water and makes the same suitable for safe drainage. During the year, 90,300 cubic meters (14%) of the water was recycled. Water consumption and discharge is recorded through flow meters installed at water tanks and treatment plant, respectively.



### Waste Water Treatment Plant

Water is used throughout our production processes which results in waste water. To prevent the waste water from being discharged as produced, waste water from all over the plant is collected and treated to remove the harmful pollutants, at Waste Water Treatment Plant. We, as a responsible organization abide by the legal requirements of waste water treatment as well as meet “Punjab Environmental Quality Standards”. In a year, around 554,705 cubic meter of water is treated and safely drained into the sewerage.

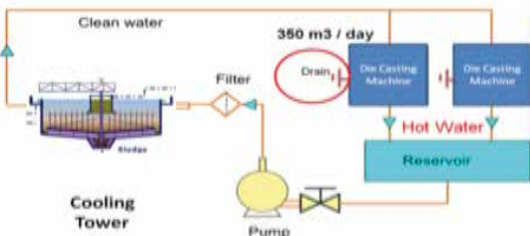


► A glimpse of the waste water treatment plant

### Reusing water

As part of various initiatives being undertaken to reduce water consumption, water used in cooling of dies is collected in reservoirs, filtered and reused. Through such measures, around 58 litres per vehicle of water is being saved every year.

Further, at pre-treatment line of paint shop, parts are treated by dipping into the water tanks. During this process, water spills when parts are dipped into the water tanks. We have developed a process through which spilled water is collected, filtered and reused. By reusing the spilled water, 1.26 litres per vehicle is being saved.



## Biodiversity

We believe that minimizing the environmental impact resulting from our products and business activities represents the greatest contribution, we can make to biodiversity conservation. We recognize that emissions and other pollutants are two of the greatest impacts of business activities that threaten biodiversity. Consequently, we are working systematically to minimize both impacts.

Further, we have been putting a great deal of effort into activities that have led to the conservation of biodiversity. Over the years, we have been undertaking various initiatives such as tree-plantation and water-recycling. During the year, a project of plantation of 18,000 trees has been initiated out of which 4,000 trees are already planted within the premises of Sheikhpura plant. Remaining trees are planned to be planted at Schools, Government Institutes and Reservoirs in collaboration with the Environmental Protection Agency. We will be responsible for plantation, protection and maintenance of the trees.

Both our manufacturing plants are located away from protected areas to minimize the effects of CO<sub>2</sub> and other greenhouse gases on the protected areas.



# Product Responsibility

Serving our customers' responsibly is at the heart of our business and critical to our ability to create value for all our stakeholders. We place utmost priority in delivering quality products & services and ensuring customers' safety to deliver truly compelling customer experiences.





## Our Management Approach

As a market leader in motorcycle industry in Pakistan, we take a comprehensive approach to product responsibility. We are committed to offering sustainable mobility solutions by maintaining the quality of our products, ensuring customer safety, appropriately marketing our products and providing best after-sale service. We constantly monitor and update all our business aspects and processes relating to product quality, marketing and customers safety to ensure that they are in line with our commitment to sustainability. We are committed to continuously expanding our business and to providing our customers with a diversified selection of quality products. In addition, we keep expanding our sales and service network. Currently, we have a vast network of sales and service outlets in operation across Pakistan. In order to ensure customer satisfaction, we encourage customer feedback and train our dealers. With respect to the safety of our customers and other road users, we follow Honda's vision and combine safety features in our products with safety training. During the year, the health and safety impacts of all products were assessed for improvement.

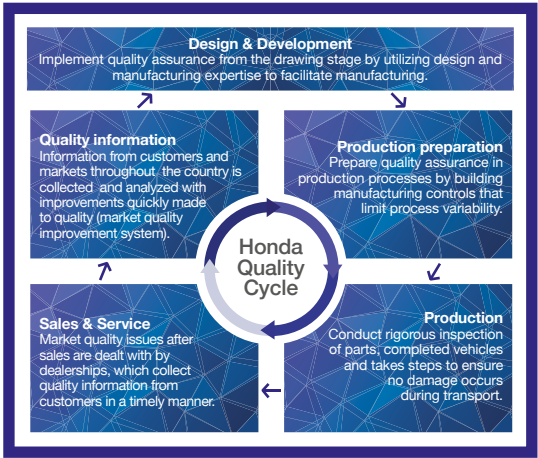
## Product Quality

Atlas Honda aims to be a company trusted by its customers for its quality products. We focus on quality at every stage, from the planning of new products through development, manufacturing, distribution and sales to after-sales. We validate that our manufacturing processes deliver products that meet customer expectations. To foster a culture of cooperation and problem-solving, we continue to evaluate our product's performance after its sale and use this information to develop and implement effective solutions.

### Honda's Quality Cycle

Our global partner, Honda Motor Company Limited follows a uniform quality strategy worldwide. In order to live up to the high quality standards, quality assurance activities are governed by a central body at cross band level.

By applying and reflecting design and development expertise at the preparation and production stages, we are able to deliver enhanced quality through the creation of drawings designed to facilitate manufacturing, as well as develop manufacturing control techniques that limit process variability. Post-sale, improvements are made to product quality based on an analysis of customer feedback. These improvements are reflected in our know-how for the next round of design and development.



### Quality Improvement Programs

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.
Service Instructor Quality Program (SIQP)	To foster high quality, dedicated service staff and standardized training delivery across the Company as per Honda standards. Future trainers are trained to achieve proficiency in training, communication skills and key instructional abilities.
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.
Quality Control (QC) Foreman course	A two day program to understand how to put into practice the quality control techniques and approaches needed in quality assurance activities in manufacturing.

## Marketing & After-Sale Service

### Product & Service Labeling

For product information and display, we not only comply with strict local laws and regulations, but also place strong emphasis on safety, human rights, environmental issues and ethical standards. Product labeling is a key feature of our products' display which helps in marketing the product and contains detailed instructions for users. In order to convey product information, an Owner's Manual is provided to each customer with the purchase of each product. It contains all information relating to sourcing, contents, safe use, maintenance and disposal.



► A picture of the owner's manual provided to customers at the time of purchase

At the time of delivery, technical features are explained to the customer through demonstration. Moreover, during the year, no incidents of non-compliance with regulations and voluntary codes concerning the product and service labeling, resulted in any fines or warnings, as all products were in compliance with relevant labeling requirements.

### Marketing Communication & Anti-Competitive Behaviour

We facilitate our customers by providing information and purchasing support services and staying connected through Website, Facebook, Twitter and Instagram. Our online presence enables us:

- 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.

We make sure that our advertisement content does not depict any anti-competitive behaviour or intentions and abstain from any kind of malicious, offensive or anti-social content in all our marketing communications at all levels.

Furthermore, no incidents of non-compliance with



regulations and voluntary codes concerning the provision and use of product and marketing communications, including advertising, promotion & sponsorship and in other business operations have been reported during the year.

Customers’ Confidentiality

We have implemented a 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. We have also developed a business continuity and disaster recovery plan to ensure business continuity.

Due to these precautionary measures, there has been no non-compliance pertaining to breach of customer privacy and loss of customer data during the year.

Customers’ Feedback

We are aware of the fact that customers’ expectations and inputs are critical for bringing improvements in product quality and making it more user-friendly. Data on customer complaints and expectations is collected through external survey institutions, market surveys and visits to dealerships. We also maintain a track of turnaround time in which complaints are resolved. In order to ensure effective operations of customer care center, we organize trainings for our staff. During the year 2017-18, these centers satisfactorily responded a total of 12,658 calls received from customers regarding complaints, comments and information about our products.

Dealers Convention

We provide all our dealerships with information on mid and long-term strategies, products, and services in a timely manner. We strive to cultivate a relationship of trust and improve communication among dealers and between dealers and Atlas Honda through various sales, service and parts dealer conventions. During the year, we organized 10 conventions having participation of 7,216 dealers.

For us, dealers are at fore-front and each dealership is vitally important to our continued success in the market. Therefore, we only engage with dealers who have the ability to consistently represent our brand. We organize various training sessions to further enrich their skills. During the year, 285 training camps were held which were attended by 5,125 trainees including our staff, mechanics and dealers.



► A view of the Dealers’ convention 2018

Free Checkup, Oil Change & Test Rides

We organized various customer relationship building activities like free checkup camps, test rides and oil change activities at different locations throughout the year to strengthen our bond with customers and address their concerns. In 2017-18, 2,266 customers were served at free checkup camps and 223 oil change camps were held.

In another initiative, mega free checkup camps were arranged on March 23, 2018, to serve more than 86,000 customers through 674 free checkup camps at over 300 towns.



► A view of free checkup carried out during the year

Pakistan Auto & Parts Show 2018

The Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM) organized Pakistan Auto Show 2018 at the Expo Centre, Lahore from 2nd to 4th March 2018. The event was aimed at showcasing achievements of Pakistan’s automotive industry. We presented our portfolio of motorcycles along with genuine parts at the event. Further, safety simulator was also set up for safe riding training of our customers.



► A view of the Pakistan auto show at Expo Centre, Lahore

Customer Safety

Our safety vision is aligned with Honda’s Global Safety Slogan. Our efforts to create a safe environment for road users are marked by our education and awareness initiatives and campaigns.

Global Safety Slogan

Safety for Everyone

Honda dreams of a collision-free mobile society where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

Safety Riding Training and Education

As a part of safety education initiatives, this year, we trained 304 Safety Advisors at dealerships across all regions. These trainings are aimed at improving users’ riding skills, road signs knowledge and electrical & mechanical maintenance know-how. Further, follow ups were conducted covering 516 Safety Advisors throughout the network. Safety Advisors then in turn imparted the knowledge to 32,457 customers at dealerships.

Moreover, the safety riding school in collaboration with City Traffic Police, Lahore continued to educate and train young riders. In 2017-18, 14,500 license applicants received the training.

Safety lectures have always been important feature of our road safety program. Every year we engage

various institutes, universities and colleges to hold these lectures that impart useful information and help reduce chances of accidents. Following are the details of activities carried out during the year under the banner of safety education:

- Safety riding training & lectures to Law Enforcement Agencies (Participants: 212 Officers)
- Safety riding training to employees of various organizations such as USAID, Nestle, Unilever, Honda Cars, Rescue 1122. (Participants: 1,477 Employees)
- Safety lectures to students from various educational institutions (Participants: 22,409 Students)

Safety Riding Awareness Campaigns

We coordinate with Traffic police Department to create awareness about the use of indicators, side mirrors and helmets. These safety measures can save motorcyclists from accidents and injuries. Under this campaign, we distributed more than 150,000 pamphlets in Lahore, Karachi, Islamabad, Chakwal and Gujranwala. Moreover, 636 helmets were distributed in Lahore and Islamabad. 425 back view mirrors and 5,780 lights were checked and replaced in Faisalabad, Karachi, Islamabad and Multan.

A Safety Gala was also organized in Islamabad in which various activities were carried out including Safe Motorcycle Riding Competition and training of young riders through simulator. More than 30,000 people attended this event. Moreover, 3rd Atlas Honda Safety Rally was held in Karachi on December 25, 2017 in which more than 2,500 customers participated.



► A view of the 3rd Atlas Honda Safety rally held in Karachi



# Corporate Citizenship

Atlas Honda assumes responsibility – far beyond its boundaries. We demonstrate a strong social commitment and aspire to do what we can to help each member of the society reach their full potential and take the lead in developing the community where we operate.





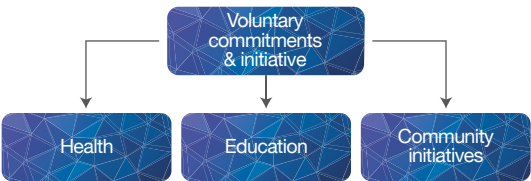
# Our Management Approach

Atlas Honda acknowledges its responsibility towards social prosperity. For this reason, we have been creating value since more than five decades and plan to continue doing the same in future. We provide economical and environment friendly mode of transportation in shape of two-wheelers to customers across Pakistan. However, our efforts are not restricted to fulfilling transportation needs of people in our communities. We actively carry out initiatives for better quality of life at our locations.

Our approach is driven by the needs of community, identified through surveys, social media pages, focal groups and meetings with the local community. We integrate this perspective into our development plans and overall strategy to deliver maximum benefit. The plans and their results are internally reviewed and management approach is adjusted accordingly. Further, we have a grievance mechanism in place for filing of issues with manager operations at both our plants. During the year, no significant negative effects on local communities were identified.

Implementation and monitoring of social activities at all our locations are routed through Senior Managers in HR, Admin & Corporate Affairs department and Engineering & Projects department who also review and analyze the monthly progress of such initiatives. Progress is reported to the senior management on a continuous basis.

Our commitments & initiatives for society revolve around health, education and communal initiatives.



## Health

We believe that healthy populations contribute to economic progress of a country by being more productive and by saving on healthcare expenditure. Therefore, we aim to play our role for improvement of health of people within our community including those

directly associated with us. In this regard, following initiative was undertaken during the year:

### Blood Donation Campaign

We encourage our employees to do what they can for the welfare of their society. To provide them with an opportunity to do so, an interactive awareness session on “voluntary non-remunerated blood donation” was organized which was followed by a three-day blood donation camp in collaboration with Red Crescent wherein, 240 associates from different departments volunteered and donated blood for those in need.



► A view of the blood donation camp organised at our Karachi plant



► A view of the blood donation awareness session

## Education

Education is one of the keys to socio economic development. Therefore, we believe that improving access to education is one of the most long-lasting investments we can make for society and economic growth. We are utilizing our resources in a variety of education projects with a view to promote interest for education & awareness. In this respect, following activities were carried out during the year:

### Support to Vocational Training

We provide job-specific technical training sessions to students from various institutes that impart hands-on knowledge of our operations and management functions. We have a predefined methodology for this training program to attain optimal results. During the year, more than 900 students of various Vocational Training Institutes and Government Technical Training Institute attained the industrial and technical skills.



► A view from the Vocational Training session

### Paid Internships

Internships provide an opportunity to students to build their career’s foundations. It allows them to apply their knowledge to practical situations in a professional environment. Consistent with previous years, we offered internship programs to students from renowned universities including NED, NUST, Quaid-e-Azam University, IoBM, SZABIST, BZU, IBA Sukkur, Bahria University, IQRA University and University of Punjab. These programs are enriched with curriculum learning as well as corporate exposure. During the year 150 students successfully completed their internships and gained industry knowledge.



► Students from Punjab, BZU & Quaid-e-Azam University

### National Conference on Material Sciences 2018

We participated in National Conference on Material Sciences by way of sponsorship. The conference was organized by University of Karachi’s Physics department in collaboration with Higher Education Commission. The department has been playing an important role for development of science and technology in the country. The aim of this conference was to keep students abreast with recent developments in field of science.

### DICE Automotive Innovation Event 2017

We participated, as sponsors, in an event organized by DICE Foundation in collaboration with its domestic and international partners and NED University of Engineering & Technology. All major brands of automotive and engineering sectors participated in this event. The event mainly focused on fostering a culture of innovation, collaboration and entrepreneurship among science students and to bridge the gap between academia and local industry so that former can act as a solution provider to industry.

### STEM Savvy Kids Challenge

STEM Savvy Kids is an online competition for children between the age brackets of 3 – 15 years. The aim behind this contest is to bring the complex concepts of Science, Technology, Engineering and Maths in a fun and interactive way to kids. We sponsored an event to promote this style of learning with a vision to develop individuals and inspire them to become tomorrow’s scientists, engineers and mathematicians.

## Communal Initiatives

We take advantage of our shared strengths and collaborate with various stakeholders to address social issues and carry out initiatives that are effective and according to the needs of community where we operate.

### Donation

In line with our commitment and based on what has come from the society should be shared with the society, we support Atlas Foundation, a welfare and charitable organization. It was formed with a mission of betterment of society with particular emphasis on health and education and to provide assistance to the needy and deserving without discrimination, directly and/or through organizations of repute in the field of Health, Education and General Welfare. Recognizing



the foundation's role for promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and improving the quality of life, we donate at least one percent of our profits to the foundation, every year. In 2017-18, we made a contribution of Rs. 52 million.

Based on our guiding principles, we do not make any contributions to any political party or for any political purpose to any individual or body.

### SOS Training Institute

The SOS Technical Training Institute trains deserving boys and girls every year to help them break the cycle of poverty, earn a decent and dignified living and develop themselves into productive members of the society. Demand driven technical education and vocational training in the field of automobile and electrical engineering is provided by experienced instructors, which includes working on equipment. To support the Institute's efforts, we extended paid training to 28 students this year.

### Promoting Sports

Encouragement of sports activities is not only crucial for development of healthy individuals in a society but it also serves as a means of joy and entertainment for them. We sponsored Inter-Schools Cricket Cup 2017 held at Sheikhpura under the supervision of the Commissioner Lahore Division and Deputy Commissioner Sheikhpura. Teams from various schools in the city participated and the winner and runner up teams were awarded with cash prizes.

Further, to promote and support the sports of squash in Pakistan, we sponsored the participation of three young squash players in Scottish Junior tournament and British Junior tournament held in United Kingdom. We also supported Sindh Tug of War Association in organizing 'All Sindh Inter Divisional Tug of War Championship 2017' in Hyderabad.

### Women on Wheels

We have been undertaking various initiatives to provide women with requisite skill-set to increase their mobility and secure their independence. This is being done with an aim to create a culture where women can stand shoulder to shoulder with their male counterparts and make an even larger contribution to their families and communities. As part of such initiatives, we provided bike riding training to 602 females under Women on Wheels, a project of Punjab Government.



► Bike riding training being provided under women on Wheels project

### Foreign Female Motorcyclists Tour

We organized an expedition for 12 female riders from across the world to boost confidence amongst women and promote adventure tourism industry in Pakistan. It was an honor for us to show our guests the real and positive picture of our country through this spectacular road trip to Northern Areas on Honda CB 150 F.



► Foreign bike riders' road trip to Northern Areas on Honda CB 150 F

## Winning Accolades

For Corporate Social Responsibility

Atlas Honda Limited remains committed to maintain highest standards while resiliently meeting economic and environmental challenges for sustained operations. Acknowledging its efforts for identifying, measuring and reporting key information with utmost transparency and credibility, the Company's Sustainability Report, 2016 stood fourth at the "Best Corporate and Sustainability Report Awards 2016", jointly organized by ICAP and ICMAP.

Additionally, the Company earned distinction with two awards at the "7th NFEH's Corporate Social Responsibility Awards 2018" in the categories of "CSR Report, Research & Publications" and "Environment & Waste Management/Recycle" for its best efforts.



# Vendor Management

We recognize our vendors as strategic business partners with whom we form mutually-beneficial, trust-based relationships. Therefore, we assist our suppliers in securing a competitive edge through our support and cooperation with an aim to build a sound and healthy corporate ecosystem and sustainable supply chain.





# Our Management Approach

Our engagement with our vendors is a major source of value creation. We are convinced that working closely with vendors on issues including sustainability is key to achieve our own long-term goals, underscoring our position as a responsible manufacturer of two-wheelers and delivering an overall premium experience to our customers. Our supply chain has a vast network of vendors and we recognize the complexity of maintaining sustainability standards within it. At the same time, we see great opportunities in leveraging our own expertise and know-how to help vendors improve their performance.

Our supply chain is based on the philosophy of 3As which are:

- 1. Agility: We can quickly respond to any change in demand.
- 2. Alignment: Our supply chain designs strategies aligned with the business plan of Company.
- 3. Adaptability: We stay updated with the latest tools, technologies and methodologies of modern era.

In our engagement with vendors, we constantly discuss the challenges and opportunities we face and develop in-depth analysis on, and solutions to, key issues in a collaborative manner. Policies relating to our suppliers are evaluated regularly and updated, if required. We seek mutual benefit and carry out business transactions based on principles of unrestricted competition with rational evaluation criteria. Our core focus areas are parts quality, vendor development and environmental and social performance of our vendors.



All relevant departments of Atlas Honda, including Research and Development, Procurement, Quality Assurance and Logistics are jointly responsible for ensuring sustainable supply chain management. We focus on managing and minimizing vendor risks and leveraging vendor potential, in order to ensure sustainability and continuous improvement throughout our network. A number of company-specific guidelines, policies and procedures have been implemented to ensure that we and our business partners are aware of local environmental, health, safety, and labour laws, as well as legal requirements and international sustainability principles. These guidelines and policies enable us to drive forward the sustainability goals of our supply chain and ensure their compliance.

## Vendor Induction and Communication

### Vendor Selection

Our vendor selection and approval process is based on a criteria comprising not only on their ability to provide quality parts at competitive terms but also their adherence to sustainability principles. We gain input for sourcing decisions from Supply Chain, Production, Commercial, Logistics and Finance departments. We also seek to identify and work with companies having standards that are aligned or consistent with our procurement and production practices. We ensure that our ‘Vendor Policy’ and ‘Vendor CSR Guidelines’ are acknowledged and signed by all of our vendors.

We procure most of our requirements from locations in which our respective operating facilities are located as far as the same is qualitatively compatible, technically feasible, and economically justifiable. The raw materials and other components which are easily available in Pakistan are procured locally, except for those that are not available in Pakistan.

### Vendor Diversity

We recognize that a diverse supply base is an integral part of our growth and success. It is crucial to deliver our promise of providing the best mobility solutions. We are committed to work with and develop businesses by creating opportunities and initiatives that enable diverse vendors to grow into profitable and sustainable

enterprises. We continue to foster productive relationships with entrepreneurs from a wide range of backgrounds to meet our customers’ needs and expectations.

### Business to Business Communication Portal

Open and transparent communication with fair and consistent behaviours is a key component in establishing strong and lasting relationships with our vendors. We have made available various forums for engagement at all levels, including regional vendor meetings, business unit reviews, quarterly business update calls and participation in events organized by vendor and industry associations. In addition, Business to Business link has been established which allows our supply chain department and vendors to communicate without delays. It has helped us achieve:

- Real Time Communication.
- Paper less Environment.
- On-Time Receiving & delivery
- Improvement in efficiency and effectiveness of Supply Chain.

Further, this portal enables us to evaluate and appraise our vendors on the basis of standardized quality and timely deliveries.

## Part Quality

We aim to keep our customers’ trust by emphasizing on importance of quality throughout our supply chain. To achieve this objective, we bind our vendors to establish and operate within a quality assurance system. Apart from our vision to procure inspection free parts, our vendors validate that parts delivered through their manufacturing processes meet our drawings accurately and achieve target of 0.1% rejection for incoming parts. Following measures were taken to achieve these quality objectives:

### Vendor Improvement Program (VIP)

We launched our VIP program few years ago to improve quality and operations of our vendors. This program focuses on following six core areas:

- Drawing & Specification Control
- Dies & Tool Management
- In Process Inspection System

- Incoming Inspection
- Final Inspection System
- Warranty Analysis system

Certificates are awarded to vendors at the time of completion of the program. Further, they are reviewed and audited each year for recertification. Continuous follow up is made by VIP designated team which comprises of our employees from supply chain and quality department. This year, 18 more vendors were analyzed and assessed under this program.

### Supplier Quality Management

SQM is an extension of VIP aimed to achieve the goal of 0.1% rejection level. It addresses and emphasizes on supply of high quality parts that satisfy the needs and exceed the expectations of our customers. This year, 30 suppliers were trained under this program.

### AALA Mayar Quality Event

AALA MAYAR Quality Event is our initiative where our vendors are encouraged to participate and collaborate with us to solve problems, add value and introduce innovation. Circles are formed where our employees and vendors work together to discuss issues and devise solutions. This year, more than 100 themes were presented by our vendors in this context out of which three best themes each from Karachi & Sheikhpura plants were awarded on the basis of a pre-defined criteria. The 27th AALA MAYAR Awards were distributed at our Annual Vendor Conference 2017 held on May 22, 2017.



► CEO Mr. Saquib. H. Shirazi addressing the audience at AALA MAYAR Quality Event



## Vendor Development

We encourage our vendors to invest in their facilities including their manufacturing capacity and new technology. The idea is to ensure that our vendors remain well-equipped to meet the demands of our business while earning attractive returns on their investments. Since, we are under-going a phase wise capacity expansion, it is a prerequisite that our vendors upgrade their operations accordingly to support the said expansion. This year, an investment of Rs. 0.7 billion was made by our vendors in this regard.

We also believe in developing and strengthening competencies and skills of our vendor apart from their manufacturing capacities. For the purpose, we have been providing major technological assistance to our vendors, resulting in enhancement of their engineering skills and creation of employment opportunities.

## Environmental and Social Performance

We are committed to continuously manage environmental and social impacts with responsibility within our supply chain, as well as our own operations. Our goal is to follow the best practices and enable our vendors to replicate the same and be accountable for their sustainability performance.

### Guidelines to Vendors

Corporate Social Responsibility is embedded in our routine operational management in a clear and practical manner. All our products and services are regularly monitored for their impact on society and the environment. Given the increased expectations regarding sustainability, we recognize that it is essential to share our approach to sustainability with our vendors. In this regard, following guidelines have been issued to the vendors. We believe that these guidelines help our vendors in maintaining a shared understanding of sustainability, to carry out initiatives proactively and to continue growing together as companies that society wants to exist.

- Establish and monitor a company-wide social management system.
- Prevent climate change via reducing GHG emissions.

- Optimize packaging and establish efficient logistics operations in order to reduce waste disposal and transport emissions.
- Prevent pollution and contamination of air, water, soil, etc.
- Enforce proper disposal of waste and implement optimum recycling of waste and disposals etc.
- Compliance with laws and regulations along with commitment to protect human rights.

All vendors are monitored and evaluated against these guidelines and based on such evaluation, we have not come across any significant actual or potential negative impact of our supply chain or vendors on labour practices, human rights and society requiring termination of relationship.

### Emission Reduction Caravan

In 2014, we undertook an initiative called ‘Emissions Reduction Caravan’ for our vendors. Since then, under this initiative, our supply chain engineers are working in close coordination with major vendors to reduce their environmental footprint. Technical guidance is being provided for process improvements focused on production efficiency, energy conservation, material recycling, reuse and reduction in CO<sub>2</sub> emission. 35 vendors from both plants, covering 78% of total purchases have participated and achieved the target of reduction in CO<sub>2</sub> emission by 1%.



► Certificate being given to vendor on achieving reduction in emissions

### Logistics Operations

Our supply chain operations manage the transportation of parts and components from our vendors to our manufacturing facilities (“inbound” freight) while logistics operations ensure the same for our finished motorcycles from our plants to our dealerships (“outbound” freight).

With activities coordinated regionally, the responsibilities include designing and operating the transportation network and devising high-quality and efficient packaging to protect materials in transit. Freight emissions are influenced by a wide and complex range of inter-related factors, including the mode of transportation, the efficiency of the equipment used and the design of the freight network. We find the most effective ways of achieving reductions are through:

- Improving the design and operation of our transportation networks
- Increasing vehicle utilization
- Increasing the use of greener modes of transport, such as rail and water

### Environmental Impact Assessment Survey

Every year, we participate in environmental impact assessment survey developed by Honda Motor Japan. This year, 35 vendors were assessed on the basis of following criteria:

- Direct & Indirect GHG Emission
- Green Purchasing Guideline
- Chemical Substance Management
- Environmental Management System
- Energy Conservation Guidelines
- Water Resources Guidelines
- Pollution Prevention Guidelines
- Biodiversity Guidelines

None of the selected vendors were identified as having any significant actual and potential negative environmental impacts.

### Human Rights & Working Conditions

Our human rights and working conditions program is an integral part of our efforts to develop a more sustainable and ethical supply chain. We aim to ensure that everything we make – or that others make for us – is consistent with local laws and our commitment to protecting human rights. Following guidelines are issued to our vendors for addressing human rights and working conditions related concerns:

- Eliminate discrimination in any aspect of employment based on race, ethnicity, nationality, religion, gender, or other characteristics.

- Ensure zero harassment in the workplace on the basis of race, ethnicity, and nationality of birth, religion, gender, or other characteristics.
- Avoid employment of workers who do not meet the legal minimum working age of each country and region.
- Avoid practicing forced labour. Guarantee that all labour is voluntary and that employees are free to leave their jobs.
- To comply with the laws & regulations regarding minimum wages, overtime, wage deductions, performance-based pay and other remuneration.
- To obey with the laws & regulations regarding the setting of employees’ working hours (including overtime) and the granting of scheduled days off and paid annual vacation time etc.
- Ensure a safe and healthy working environment for all associates.

### Approach to Conflict Minerals

International regulations such as the Dodd-Frank Act in the United States obligate companies to disclose the origin of certain raw materials to ensure that “conflict minerals”, such as tin, tungsten, tantalum and gold from the Democratic Republic of Congo or neighboring states, do not enter their products through their supply chain. We, therefore, monitor all vendors to make sure they do not source raw materials from the affected regions. Using a structured survey process and by working closely with our vendors for increased supply chain transparency, we obtain confirmation that our suppliers and their upstream suppliers are obtaining material free from conflict minerals. We also collaborate with a cross-industry group called Conflict-Free Sourcing Initiative (CFSI) in this regard. In order to be confirmed as conflict free, the smelters and refiners are required to pass an independent third-party audit. The results from this year’s survey confirmed that our supply chain is based on conflict free sourcing.

# Employee Management

Our vision to remain the market leader is fueled by talent, diversity and dedication of our employees. They are our real assets – crucial for achievement of all targets. With an aim to be more than just a workplace, the foundation of our human resource philosophy is to be an equal opportunity employer. We place great emphasis on cultivating a corporate atmosphere conducive for open dialogue where employees can demonstrate their full potential.





## Our Management Approach

Atlas Honda strives to create a workplace where employees are motivated to raise to the toughest of challenges and are able to bring efficiencies and innovation. Our main goal is to advance our strategic approach to talent management while taking into account the challenges arising from economic and industrial environment. We aim to unlock the potential of human resource management and resultantly add value to our business. A corporate culture guided by the principles of the Atlas Way forms the basis of our efforts in this area.

Policies are in place covering all aspects of employment, including employment and labour relations, training, human rights and health & safety. They are periodically reviewed and adjusted accordingly. We fully comply with applicable labour and health & safety laws and regulations that prohibit forced, compulsory and child labour. The notice period about operational changes is communicated to employees well in time. However, the notice period is not mentioned in the collective bargaining agreement. We are committed to the observance of fair working conditions and human rights. Gender equality and respect for diversity is deep rooted in our culture to encourage talented individuals with diverse backgrounds to demonstrate their full potential and evolve into leaders. As part of our talent management, performance appraisals are carried out which help in identification of career development and training needs of our workforce. This also allows us to ensure that the reward system remains fair. Further, our performance is constantly evaluated through surveys and awards. We are also continuously working to upgrade our human resources expertise, practices, systems, and service quality.

## Recruitment and Retention

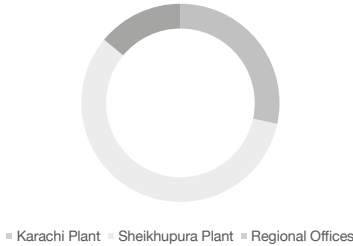
To maintain our status as the leading premium two-wheeler brand and to keep up with changing environment, our goal is to attract, recruit and retain the best talent. Our ability to provide unique opportunities, such as a diverse and supportive work environment, helps differentiate Atlas Honda from other employers and attract high-performing professionals who are competent, highly skilled and agile. As we are undertaking our capacity expansion plans, recruitment and retention of appropriate workforce becomes more crucial. We follow a uniform policy for hiring, job placement and human resource development. A thorough “Employee Orientation Training Program / Onboarding Program” has been designed to provide an overview of our culture and processes to all new hires.



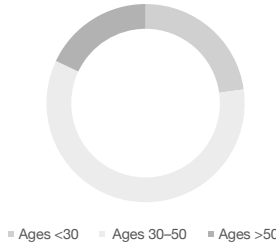
► A glimpse of the onboarding session

### Employee Composition

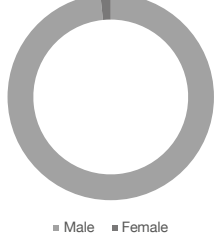
#### Workforce – by location



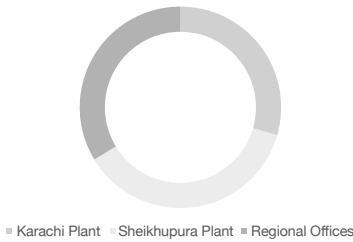
#### Workforce – by Age



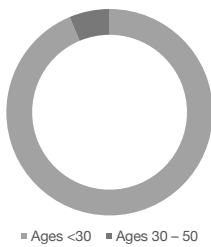
#### Workforce – by gender



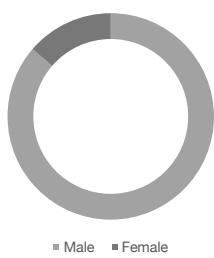
#### New hires – by location



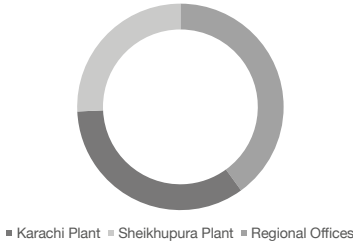
#### New hires – by age



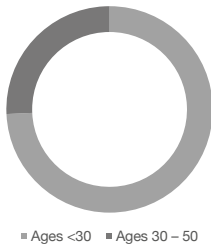
#### New hires – by gender



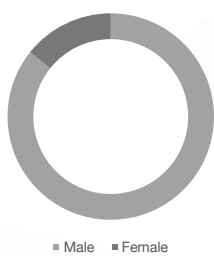
#### Attrition – by location



#### Attrition – by age



#### Attrition – by gender





Diversity and Inclusion

We value equality, diversity and inclusion. We adopt merit-based recruitment practices and strive for equal employment opportunities for all regardless of race, religion, gender, marital status, age or disability. We do not discriminate basics salary or remuneration on the basis of gender. During the year, no incidents of discrimination were reported. For hiring workers, equal weightage is given to candidates from across the country. We also support the recruitment and qualification of local personnel as a way of developing the local communities and regions in which we operate.

We hire men and women with vast experiences, from different industry backgrounds, cultures, beliefs and ethnicities. This ensures that we are able to adapt to the changing needs of our business. However, it is currently a challenge for the entire auto industry in Pakistan to attract sufficient number of female employees. Various initiatives are being undertaken to enhance the participation of women. During the year, 13 female executives were hired which improved the ratio of female executives to 2% from 1% of last year. Women’s day was celebrated at all the offices and the female staff was given an opportunity to discuss and share their views and expectations. All female employees are entitled to three-month maternal leave. During the year under review, the leaves were not availed by any female associate.

We also support creation of job opportunities for persons with disabilities through provision of additional facilities and appropriate training. Currently, we have 23 persons who are differently-abled and are working for us.

Career Development and Training

We believe and act on the principle of “Organization development through self-development” and place great emphasis on capacity and skill building. We promote life-long learning by following the 70:20:10 formula, where 70% learning comes from an individual’s performance at their current job, 20% from coaching and 10% from formal training. Accordingly, we provide a broad range of opportunities to our employees from on-the-job learning and mentoring programs to trainings

and courses. Such programs include various in-house, national and international programs. We also provide support for higher education and management courses at renowned business schools such as Harvard Business School and INSEAD (European Institute of Business Administration). A number of rotational programs are strategically and systematically implemented to give employees the experience required to serve at management positions. Our efforts for employee training and development during the year under review are reflected in the following table:

Internal Training Programs	36
No. of Persons trained in internal training	429 (Female: 13)
External Training Programs	50
Foreign Training Programs	13
No. of Persons trained in external trainings	118 (Female: 9)
Trainings days	2,973 (Female: 92)
Training hours	23,784 (Female: 736)
Average training hours per year per employee	14.8
Average training days per employee	1.9 (Female: 7.1)



► Our employees at the closing ceremony of HIDA Training Program

Performance Appraisal and Reward System

We adhere to all laws and regulations with regard to employee benefits, including minimum wages and separation benefits. Basic salaries and packages are set on the basis of education and experience of the employees. Compensation packages offered are competitive and equitable and are in line with the industry benchmarks. These include salaries, bonus, health care benefits, transportation allowances, company provided vehicles, fuel allowances and retirement benefits.

An employee’s salary is adjusted based on the results of performance evaluations. We only provide full time employment and do not offer part time jobs. During the year, standard entry level wage was more than local minimum wage across all significant locations of operations.

All employees undergo performance appraisals twice a year. Annual Performance Appraisal is used as a basis for positioning of personnel within the Company and determination of annual increment. High performing individuals are promoted to higher grades and are awarded higher increments. Our performance management policy, under the Individual Development Program for management cadre employees, requires determination of areas of focus for internal and external trainings necessary for creation of future leaders.

We recognize the long serving employees by awarding them gold medals for their association with the Company for 15 years or more.

Employee Engagement and Connectivity

We are working on a variety of programs to enable our employees to find a healthy balance between their work and personal lives. We have created a culture of well-being to inspire employees’ engagement for better workforce productivity. In this regard, we plan events such as family day, picnic and sports and other recreational activities. During the year, following events were organized:

- 1. Bachelors’ day celebrations at SKP plant on November 19, 2017
- 2. Annual Family Day celebrations at SKP plant on November 25, 2017
- 3. Annual Cricket Tournament “Atlas Premier League” on February 20<sup>th</sup> and 21<sup>st</sup> 2018 at KCCA Stadium, Karachi
- 4. Annual Picnic 2017, organized at Kalhri Jheel on August 5, 2017.

These events help us improve our communication with our employees. Further, every year an “Employee Vitality Level Survey” is conducted wherein the management and middle management associates participate to rate the company on 5 Engagement

Factors. The mean score of the survey conducted this year was 4.88 out of 6. Areas of focus identified through the survey were work environment and recognition of performance. Accordingly, our human resource department is working to improve the policies so as to meet employee expectations in a timely manner.



► Atlas Stars celebrating their victory at Atlas Premier League Tournament

Human Rights and Relations with CBA

We are committed to create an environment free of discrimination and harassment, in where all individuals are treated with respect, equality and dignity and have equal opportunities. We do not tolerate human rights violations of any kind. We are continuously reinforcing key management practices including: a guarantee of voluntary labour, observance of working hours, respect for diversity and workplace health and safety.

We strongly discourage any form of child labour and firmly comply with local regulations concerning legal minimum age requirements for work permits. We have a mechanism of periodical evaluation of our vendors for any possible violation of human rights including child labour. We do not have any child labour within our company nor are we aware of any such cases at our suppliers. There were no complaints reported during the year related to violation of human rights.

To maintain a relationship of mutual trust, we make every effort to engage in sincere discussions with our employees about any issues that exist or might arise. Moreover, an appropriate notification period is allowed before implementation of any change that can have

an impact on the employees. We recognize and respect the freedom of our employees to associate with labour unions under local laws. Constructive dialogue, negotiations and consultations are carried out with labour unions, when needed, at both our plants. All non-management employees are covered under CBA, which cover 7% of total permanent employees .

## Health and Safety

We are Company is committed to safeguard the health and safety of our employees, contractors and visitors. The health and safety aspects are documented in contracts and agreements with the trade union. The risks of injury, death or ill-health of employees and those who work with the Company is a fundamental concern for us and have a significant consideration on our operations. We are striving to create a dynamic working environment that is conducive to the mental and physical well-being of its employees.

The responsibility for health and safety impacts rests with the General Manager Human Resource. The management approach comprises of health and safety policy, procedures and guidance documents. The health and safety committees are operational at each plant as per applicable laws and best available practices. The meetings of these committees are held on a regular basis to monitor health and safety issues and recommend improvements.

During the year, no major fatalities and injuries were reported. Major guidelines from the HSE policy have been displayed at prominent places within the company premises to manage safe working environment. Further, various fire trainings, evacuation drills, safety riding and basic first aid training sessions were conducted to familiarize associates with emergency action plan. Associates from various departments actively participated in these activities. Training on handling fire extinguisher, fire blanket and fire hydrant were also organized.

The Company took the following measures during the year to improve employees’ “health mindsets” and encourage employees to manage their own health:

- To address various health, safety and environment related issues regular HSE flyers mails were

disseminated. To date, topics covered include updates on rain emergency, earthquake, road safety rules, etc.

- During the year, 25 fire training, safety riding and basic first aid training sessions were conducted to familiarize associates with an emergency action plan. 481 associates from various departments actively participated in these activities. The training on handling fire extinguisher, fire blanket and fire hydrants were also organized.
- Various informal sessions of TBT (Tool Box Talk) were organized. The HSE issues including general electric safety, slip trip, use of PPE’s, fire fighting, first aid, safe work practices, rain emergency, harmful aspects of pan, gutka & chalia, and mobile phone hazards were discussed. A total of 1,108 associates attended the TBT sessions.



► A glimpse of the onboarding session

## Definition, methodology and scope

The Sustainability Report is issued by us to disseminate information about our economic, environmental and social impacts to our stakeholders, enabling them to make informed decisions.

This section provides definitions, methodology guide and information on scope of the report. Unless otherwise specified or required by the context in which they are used, the terms “Atlas Honda” or “the company” or “we” refer to the Atlas Honda Limited and do not include its associated companies.

The information and data contained in this report relates to financial year 2018 (April 1, 2017 to March 31, 2018). The data presented in the report includes all plants and offices of Atlas Honda and does not include data on its associated companies.

The quality of the information contained in the report is in compliance with principles for defining report content and quality of the report as per GRI Standards.

The compilation of data has been done on the basic scientific measurement and mathematical calculus methods on actual basis, but in some cases where actual data is unavailable due to some reasons; different logical methodologies are used for calculations. The usage of any such method is mentioned at respective places in the report, where applicable. 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. Preparation of the sustainability report is part of annual reporting process subject to independent review, analysis and approval of relevant authorities. We make every effort to ensure the accuracy of the sustainability information contained in this report. From time to time, however, figures may be updated. The online pdf 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, an independent reviewer, in compliance with GRI Sustainability Reporting Standards and ISAE 3000 (2003);
- published and freely available for download from the publication section of the company website ([www.atlashonda.com.pk](http://www.atlashonda.com.pk)).





Office No. 01,  
3rd Floor, VIP Square,  
I-8 Markaz, Islamabad.  
Phone: +92-51-4861116  
Fax: +92-51-4938022  
E-mail: enquiry@csrpk.com  
Web: www.csrpk.com

### Independent Assurance Statement for the Atlas Honda Limited Sustainability Report 2018

Corporate Social Responsibility Centre Pakistan (CSRCP) performed an independent review of the Atlas Honda Limited (AHL) Sustainability Report 2018, which was prepared 'in accordance' with Global Reporting Initiative's (GRI) Standards' Core option. The objective of the critical independent review is to provide AHL's Management with an independent opinion about the quality of the report and adherence to the principles of Inclusivity, Materiality, and Responsiveness.

### Responsibility of AHL and of CSRCP

The Management of AHL is responsible for the preparation of the Sustainability Report and for the information and statements contained within it. The Management is responsible for determining the Sustainability goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express independently a conclusion on the Sustainability Report as defined within the scope of work to The Management of AHL only in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the report is entirely at its own risk.

### 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 and 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 to check adherence to the GRI's Universal and Topic Specific Standards.
- Adherence to ISAE 3000 (Revised) to provide

limited assurance on performance data within the Sustainability Report.

- Adherence to the principles of Inclusivity, Materiality and Responsiveness.

### Assurance methodology

Our activities included a desk review of the final draft report. We communicated with AHL to determine the accuracy and authenticity of report content, data points, methodologies and policies around the organization's social, environmental and economic data and activities.

Our procedures on this engagement included:

- Critical review of the Sustainability Report 2018 and respective Content Index to check consistency and adherence to GRI's Universal and Topic-Specific Standards
- Evaluation of report adherence to the in accordance: Core option
- Analysis of the report content against principles of Inclusivity, Materiality and Responsiveness
- Elaboration of an adjustment report
- Final review of the report content

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

### Opinion

#### GRI Standards in accordance option

AHL declares the report to be in accordance with GRI Standards: Core option. CSRCP evaluated the quality of the application of GRI Universal and Topic Specific Standards. Based on the evaluation, CSRCP made a series of recommendations to compete the content or adjust the disclosure level in the Content Index, which have been accepted by the company. Based on the rectifications, we can confirm that the report is attending the above mentioned 'in accordance' option, giving a complete overview of AHL's sustainability governance and management systems in place to

report on a relevant set of disclosures related to the identified material topics.

### Main Conclusions on Adherence to Principles of Inclusivity, Materiality and Responsiveness

**Inclusivity – addresses the stakeholders' participation in the process of developing and implementing a transparent and strategic sustainability management process.**

- AHL report addresses how company identifies and engages with different stakeholders, including AHL focus for engagement and AHL response. The material issues emerging from the stakeholder engagement were collected, prioritized and the results are fairly reflected in the report. It would be recommendable to carry out a report specific stakeholder engagement and demonstrate how stakeholder input is effectively utilized in strategic decision making.

**Materiality – issues required by stakeholders to make decisions on the organization's economic, environmental and social performance.**

- Material issues have been identified by AHL in a Materiality Matrix which considers the influence on stakeholder assessment and decisions and the significance of environmental, social and economic impacts, using a commonly accepted approach. The parameters of risks and opportunities were considered in the materiality determination process, which makes the process more focused on prioritizing issues relevant to AHL.

**Responsiveness – addresses the action taken by the organization as a result of specific stakeholders' demands.**

- AHL has appropriate policies and externally certified quality, environmental and health & safety management systems, which involve a high level of analysis of risks, non-compliance and corrective actions.
- Sustainability management at AHL maintains high level support, conforming AHL's commitment to address sustainability challenges, stakeholder

concerns, and promoting sustainable practices in its supply chain.

### Statement of conclusion

Based on the scope of our work and the assurance procedures we performed using the ISAE 3000 (Revised) assurance standard, we conclude that nothing has come to our attention that causes us to believe that the information in AHL's Sustainability Report 2018 is in all material aspects not fairly stated.

We confirm that the report is aligned with the requirements of the GRI Standards and reports its material topics in an adequate manner. The compliance with GRI Standards has been disclosed in more detail in the Content Index which provides overview of which standards have been fully complied and which have been partially complied in the report. In our opinion AHL has appropriate systems for collection, aggregation and analysis of the data presented in the report.

### Limitations and exclusions

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

- Physical verification of data, content of AHL's Sustainability Report;
- Positional statements (expression of opinion, belief, aim or future intention of AHL) 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 AHL. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the report. CSRCP is a consulting firm specialized in sustainability. The review team has the required combination of education, experience, training and skills for this engagement.

Islamabad, June 1, 2018

**Muhammad Arfan Nazir,**  
Director,  
Corporate Social Responsibility Centre Pakistan.

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



GRI Content Index

The following table lists all disclosures in accordance with the GRI Standards included in the report and helps the reader in locating content within the document. Each disclosure is followed by reference to the appropriate pages in this report or other publicly available sources.

Key

SR = Sustainability Report 2018

AR = Annual Report 2018

Fully disclosed

Partially disclosed

General Standard Disclosure

GRI Standard	Disclosure Number	Disclosure Title	Publication	Page	Omission & reason
GRI 101: FOUNDATION 2016	GRI 101 does not contain any disclosure requirements				
GENERAL DISCLOSURES					
GRI 102: GENERAL DISCLOSURES 2016	ORGANIZATIONAL PROFILE				
	102-1	Name of the organization	SR	4	
	102-2	Activities, brands, products, and services	SR	4	
	102-3	Location of headquarters	SR	4	
	102-4	Location of operations	SR	4	
	102-5	Ownership and legal form	SR	4	
	102-6	Markets served	SR	4	
	102-7	Scale of the organization	SR	4	
	102-8	Information on employees and other workers	SR	4, 51	
	102-9	Supply chain		4	
	102-10	Significant changes to the organization and its supply chain	SR	5	
	102-11	Precautionary Principle or approach	SR	25	
	102-12	External initiatives	SR	5	
	102-13	Membership of associations	SR	5	
	STRATEGY				
	102-14	Statement from senior decision-maker	SR	7	
	ETHICS AND INTEGRITY				
	102-16	Values, principles, standards, and norms of behavior	SR, AR	6,3	
	GOVERNANCE				
	102-18	Governance structure	SR	10	
	STAKEHOLDER ENGAGEMENT				
	102-40	List of stakeholder groups	SR	18-19	
	102-41	Collective bargaining agreements	SR	18-19	
	102-42	Identifying and selecting stakeholders	SR	18-19	
	102-43	Approach to stakeholder engagement	SR	18-19	
	102-44	Key topics and concerns raised	SR	18-19	
	REPORTING PRACTICE				
	102-45	Entities included in the consolidated financial statements	SR	55	
	102-46	Defining report content and topic Boundaries	SR	2, 20-21	
	102-47	List of material topics	SR	21	
	102-48	Restatements of information	SR	55	
	102-49	Changes in reporting	SR	55	
	102-50	Reporting period	SR	2, 55	
	102-51	Date of most recent report	SR	2	
	102-52	Reporting cycle	SR	2	
	102-53	Contact point for questions regarding the report	SR	2	

GRI Standard	Disclosure Number	Disclosure Title	Publication	Page	Omission & reason
	102-54	Claims of reporting in accordance with the GRI Standards	SR	2	
	102-55	GRI content index	SR	58	
	102-56	External assurance	SR	2, 56-57	
MATERIAL TOPICS					
ECONOMIC PERFORMANCE					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	10-15	
	103-2	The management approach and its components	SR	10-15	
	103-3	Evaluation of the management approach	SR	10-15	
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	AR	68	
	201-3	Defined benefit plan obligations and other retirement plans	AR	86,101	
MARKET PRESENCE					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	
GRI 202: MARKET PRESENCE 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SR	53	
INDIRECT ECONOMIC IMPACTS					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	38	
	103-2	The management approach and its components	SR	38	
	103-3	Evaluation of the management approach	SR	38	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Infrastructure investments and services supported	SR	39-40	
PROCUREMENT PRACTICES					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	44	
	103-2	The management approach and its components	SR	44	
	103-3	Evaluation of the management approach	SR	44	
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Proportion of spending on local suppliers at significant locations of operations	SR	44	
ANTI-CORRUPTION					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	15	
	103-2	The management approach and its components	SR	15	
	103-3	Evaluation of the management approach	SR	15	
15GRI 205: ANTI-CORRUPTION 2016	205-1	Operations assessed for risks related to corruption	SR	15	
ANTI-COMPETITIVE BEHAVIOUR					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	32	
	103-2	The management approach and its components	SR	32	
	103-3	Evaluation of the management approach	SR	32	
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SR	33-34	
MATERIALS					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	24-25	
	103-2	The management approach and its components	SR	24-25	
	103-3	Evaluation of the management approach	SR	24-25	
GRI 301: MATERIALS 2016	301-1	Materials used by weight or volume (Mentioned below)			

Renewable / Non-renewable	Material	Unit	2018	2017	2016
Non-renewable	Ferrous casting	Ton	71,850	63,596	55,377
Non-renewable	non-Ferrous casting	Ton	8,692	8,474	8,262
Non-renewable	Oil paints	Ton	273	210	161
Non-renewable	Lubricants	KL	1,685	1,211	845
Both	Rubber	Ton	6351	5,582	4,886
Non-renewable	Plastic	Ton	4,585	4,000	3,484

GRI Standard	Disclosure Number	Disclosure Title	Publication	Page	Omission & reason																														
<b>ENERGY</b>																																			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	24-25																															
	103-2	The management approach and its components	SR	24-25																															
	103-3	Evaluation of the management approach	SR	24-25																															
GRI 302: ENERGY 2016	302-1	Energy consumption within the organization	SR	26																															
	302-3	Energy intensity	SR	26																															
	302-4	Reduction of energy consumption	SR	26																															
<b>WATER</b>																																			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	24-25																															
	103-2	The management approach and its components	SR	24-25																															
	103-3	Evaluation of the management approach	SR	24-25																															
GRI 303: WATER 2016	303-1	Water withdrawal by source	SR	28																															
	303-2	Water sources significantly affected by withdrawal of water	SR	28																															
	303-3	Water recycled and reused	SR	28-29																															
<b>BIODIVERSITY</b>																																			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	24-25																															
	103-2	The management approach and its components	SR	24-25																															
	103-3	Evaluation of the management approach	SR	24-25																															
GRI 304: BIODIVERSITY 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR	29																															
<b>EMISSIONS</b>																																			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	24-25																															
	103-2	The management approach and its components	SR	24-25																															
	103-3	Evaluation of the management approach	SR	24-25																															
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	SR	26																															
	305-4	GHG emissions intensity	SR	26																															
	305-5	Reduction of GHG emissions	SR	26																															
<b>EFFLUENTS AND WASTE</b>																																			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	24-25																															
	103-2	The management approach and its components	SR	24-25																															
	103-3	Evaluation of the management approach	SR	24-25																															
GRI 306: EFFLUENTS AND WASTE 2016	306-1	Water discharge by quality and destination	SR	28																															
	306-2	Waste by type and disposal method (Mentioned below)																																	
<table border="1"> <thead> <tr> <th>Hazardous / Non-Hazardous</th><th>Waste by disposal method</th><th>Unit</th><th>2018</th><th>2017</th><th>2016</th></tr> </thead> <tbody> <tr> <td>Non-Hazardous</td><td>Recycling/Reuse (metal scrap, packing, plastic)</td><td>Ton</td><td>9,647</td><td>8,712</td><td>8,747</td></tr> <tr> <td>Non-Hazardous</td><td>Landfill (waste sludge)</td><td>Ton</td><td>580</td><td>88</td><td>558</td></tr> <tr> <td>Hazardous</td><td>Incineration - mass burn (sludge, oil contaminated waste)</td><td>Ton</td><td>130</td><td>nil</td><td>nil</td></tr> <tr> <td>Non-Hazardous</td><td>On-site storage (in-house scrap yard)</td><td>m³</td><td>250</td><td>250</td><td>250</td></tr> </tbody> </table>						Hazardous / Non-Hazardous	Waste by disposal method	Unit	2018	2017	2016	Non-Hazardous	Recycling/Reuse (metal scrap, packing, plastic)	Ton	9,647	8,712	8,747	Non-Hazardous	Landfill (waste sludge)	Ton	580	88	558	Hazardous	Incineration - mass burn (sludge, oil contaminated waste)	Ton	130	nil	nil	Non-Hazardous	On-site storage (in-house scrap yard)	m³	250	250	250
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Non-Hazardous	On-site storage (in-house scrap yard)	m³	250	250	250																														
	306-3	Significant spills	SR	28																															
<b>ENVIRONMENTAL COMPLIANCE</b>																																			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	24-25																															
	103-2	The management approach and its components	SR	24-25																															
	103-3	Evaluation of the management approach	SR	24-25																															
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	SR	24																															
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>																																			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	44																															
	103-2	The management approach and its components	SR	44																															
	103-3	Evaluation of the management approach	SR	44																															

GRI Standard	Disclosure Number	Disclosure Title	Publication	Page	Omission & reason
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-2	Negative environmental impacts in the supply chain and actions taken	SR	47	
<b>EMPLOYMENT</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	SR	51	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR	52-53	
	401-3	Parental leave	SR	52	
<b>LABOUR/MANAGEMENT RELATIONS</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	
GRI 402: LABOUR/MANAGEMENT RELATIONS 2016	402-1	Minimum notice periods regarding operational changes	SR	50, 54	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	403-1	Workers representation in formal joint management-worker health and safety committees	SR	54	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR	54	
	403-4	Health and safety topics covered in formal agreements with trade unions	SR	54	
<b>TRAINING AND EDUCATION</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	SR	52	
	404-2	Programs for upgrading employee skills and transition assistance programs	SR	52	
	404-3	Percentage of employees receiving regular performance and career development reviews	SR	52	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	SR	52	
	405-2	Ratio of basic salary and remuneration of women to men	SR	52	
<b>NON-DISCRIMINATION</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	
GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	SR	52	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	
	103-2	The management approach and its components	SR	50	
	103-3	Evaluation of the management approach	SR	50	



GRI Standard	Disclosure Number	Disclosure Title	Publication	Page	Omission & reason
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR	53	<div></div>
<b>CHILD LABOUR</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	<div></div>
	103-2	The management approach and its components	SR	50	<div></div>
	103-3	Evaluation of the management approach	SR	50	<div></div>
GRI 408: CHILD LABOUR 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	SR	53, 46	<div></div>
<b>FORCED OR COMPULSORY LABOUR</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	<div></div>
	103-2	The management approach and its components	SR	50	<div></div>
	103-3	Evaluation of the management approach	SR	50	<div></div>
GRI 409: FORCED OR COMPULSORY labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR	53, 46	<div></div>
<b>HUMAN RIGHTS ASSESSMENT</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	50	<div></div>
	103-2	The management approach and its components	SR	50	<div></div>
	103-3	Evaluation of the management approach	SR	50	<div></div>
GRI 412: HUMAN RIGHTS ASSESSMENT 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	SR	53-54	<div></div>
<b>LOCAL COMMUNITIES</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	38	<div></div>
	103-2	The management approach and its components	SR	38	<div></div>
	103-3	Evaluation of the management approach	SR	38	<div></div>
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments, and development programs	SR	38-40	<div></div>
	413-2	Operations with significant actual and potential negative impacts on local communities	SR	38-40	<div></div>
<b>SUPPLIER SOCIAL ASSESSMENT</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	44	<div></div>
	103-2	The management approach and its components	SR	44	<div></div>
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	SR	44-45	<div></div>
	414-2	Negative social impacts in the supply chain and actions taken	SR	44-45	<div></div>
<b>CUSTOMER HEALTH AND SAFETY</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	32	<div></div>
	103-2	The management approach and its components	SR	32	<div></div>
	103-3	Evaluation of the management approach	SR	32	<div></div>
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	SR	35	<div></div>
<b>MARKETING AND LABELING</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	32	<div></div>
	103-2	The management approach and its components	SR	32	<div></div>
	103-3	Evaluation of the management approach	SR	32	<div></div>
GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	SR	33	<div></div>
	417-2	Incidents of non-compliance concerning product and service information and labeling	SR	33	<div></div>
	417-3	Incidents of non-compliance concerning marketing communications	SR	33	<div></div>
<b>SOCIOECONOMIC COMPLIANCE</b>					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	SR	15	<div></div>
	103-2	The management approach and its components	SR	15	<div></div>
	103-3	Evaluation of the management approach	SR	15	<div></div>
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	419-1	Non-compliance with laws and regulations in the social and economic area	SR	15	<div></div>

## Glossary and Acronyms

Acronym	Description
AGM	Annual General Meeting
B2B	Business to Business
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO2	Carbon di Oxide
CoCG	Code of Corporate Governance
CBA	Collective Bargaining Agent
CSR	Corporate Social Responsibility
EMS	Environment Management System
EPA	Environmental Protection Agency
GRI	Global Reporting Initiative
GHG	Green House Gases
GJ	Gigajoule
GRI	Global Reporting Initiative
HR	Human Resource
HSE	Health, Safety and Environment
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost & Management Accountants of Pakistan
ISAE	International Standard on Assurance Engagements
IT	Information Technology
KJ	Kilojoule
KW	Kilo Watt
LPG	Liquefied Petroleum Gas
m3	Cubic meter
MIS	Management Information System

Acronym	Description
MTO	Management Trainee Officer
MW	Mega Watt
NED	NED University of Engineering and Technology
NEQS	National Environmental Quality Standards
NFEH	National Forum for Health & Environment
NGO	Non-Governmental Organization
NUST	National University of Science and Technology
PAAPAM	Pakistan Association of Automotive Parts & Accessories Manufacturers
QA	Quality Assurance
QC	Quality Control
PSX	Pakistan Stock Exchange
SECP	Securities and Exchange Commission of Pakistan
SNG	Synthetic Natural Gas
SZABIST	Syed Zulfikar Ali Bhutto Institute of Science & Technology
UET	University of Engineering and Technology
USAID	United States Aid
VIP	Vendor Improvement Program
VP	Vice President

# Feedback Form

## Sustainability Report 2018

Details of information provided on issues covered in the report

☐ Comprehensive

☐ Adequate

☐ Not adequate

Clarity of the information provided in the report

☐ High

☐ Medium

☐ Low

The quality of design and layout of the report

☐ Excellent

☐ Good

☐ Average

Your comments for adding value to the report

Name

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Designation

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Organization

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Contact Details

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Please mail your feedback to

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Email: ahl.suggestions@atlashonda.com.pk

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The Company Secretary  
Atlas Honda Limited  
1 - McLeod Road,  
Lahore – 54000

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