



# Environmental Protection

## Management Approach

Environmental protection is a core element of Atlas Honda's sustainability strategy. In response to global challenges such as climate change, pollution, and resource scarcity, the Company is committed to becoming the most resource-efficient mobility solution provider in Pakistan. To achieve this, Atlas Honda focuses on enhancing energy and resource efficiency within its production processes while actively working to reduce emissions and waste.

These efforts not only help minimize the Company's environmental footprint but also support Honda's broader environmental vision and contribute to cost savings. Environmental aspects related to energy and resource usage, emissions, effluents, waste, and water are managed by the Production and HSE departments in collaboration with other units. Well-defined procedures are in place to meet set targets.

The Company operates a dynamic Environmental Management System (EMS), guided by its Environmental Policy, to ensure effective implementation, monitoring, and continuous improvement of its environmental performance. Regular engagement with local communities helps assess and address the environmental impacts of operations.

Atlas Honda publishes an annual sustainability report on its website to ensure transparency and public disclosure of its environmental performance. Green initiatives are being adopted across all company sites and extended to its business partners. Furthermore, the Company promotes environmental awareness through ongoing training and development programs for both employees and suppliers.

## Environmental Policy

The Company's Environmental Policy covers every aspect of the Company's operations, whether they are directly or indirectly related to designing, engineering, manufacturing, distribution and service:

## 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 'Ala Mayar' - Continuous Improvement

Initiate and extend environmental protection activities from our own operations and to those of our business partners including parts manufactures, general suppliers and dealers.

## Environment Management System

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

The Company conducts internal and external audits of its EMS and strives for further improvement. During the year, the Company identified tasks as a result of 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 the Company's formal grievance mechanism during the reporting period.

## Life Cycle Assessment

The Company applies 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 the Company's business. It also helps the Company understand how its actions and impacts are interrelated. The Company also applies the precautionary principle, whereby it acts responsibly despite not having the full scientific knowledge of negative impacts, to ensure the Company stays ahead of potential risks.

Life Cycle Stages	Major initiatives in each domain based on impacts identified
Development	• Environment friendly product design
	• Efficient use of raw material, energy and other resources
	• Focus on reduced waste and emissions
	• Integrate future requirements into development plans
Purchasing	• Purchase of raw material from environmental friendly sources
	• Increased use of renewable raw materials and materials with sustainable characteristics
	• Implementation of environmental standards within the supply chain
	• Promotion of transparency and resource efficiency
	• Training and improvement programs
Manufacturing	• Environmental management system
	• Improved resource efficiency
	• Reduced wastewater and emissions initiatives
	• Reuse of water
Sales and Service	• Promotion "green dealers"
	• Dealers with 5S certification
	• Efficiencies in transportation
	• Efficient use of packaging
	• Use of returnable containers
In-use End-of-life	• Fuel efficient products
	• Increased parts collection, reuse and recycling
	• Eliminating harmful materials to enable higher quality recycled materials
	• Promoting proper recycling and providing technical support

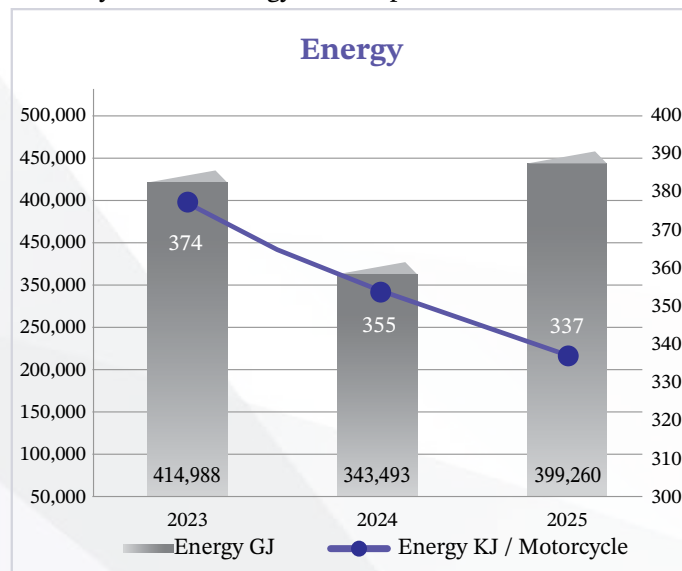
## Energy Consumption

The Company consistently monitors its energy consumption and emissions to identify best practices and enhance its energy management efforts. Both manufacturing facilities are strategically situated away from protected areas to reduce the impact of CO<sub>2</sub> and other greenhouse gases on these sensitive

zones. The Company's main energy sources include grid electricity, RLNG, and diesel, with solar energy serving as an additional source. Currently, 10% of total energy comes from solar energy and the Company is committed to exploring opportunities for renewable energy generation and aims to gradually increase the share of energy sourced from renewables.

Accurate data on energy usage and emissions is collected through the Company's management systems, with conversion factors sourced from the U.S. Energy Information Administration. The previous year serves as the baseline for tracking energy consumption and emissions, enabling the Company to identify discrepancies and take corrective actions as needed. This comprehensive data collection not only supports energy savings initiatives but also highlights the potential economic benefits that specific measures can deliver.

For the year, total energy consumption amounted to 399,260



GJ, of which 35,933 GJ (9% of total energy consumption) came from renewable sources. Compared to 2024, energy consumption increased by 18%, while production rose by 23%. Energy consumption per motorcycle decreased to 337 KJ, representing a 5% reduction from the previous year, owing to new energy-saving initiatives and process optimizations implemented as part of our green practices.

The Company operates two manufacturing facilities, and the energy consumption data reflects only the energy used by the organization. Energy consumption is initially recorded in conventional units such as MMSCF for natural gas and kWh for electricity, which are then converted into a standardized unit—gigajoules (GJ)—to represent the total energy content. Heating values are based on standard values for natural gas. The energy consumption and source data in this report are derived from the Company's production sites, providing a consolidated view of Atlas Honda's energy usage across its manufacturing operations.

## GHG emissions

The Company's products adhere to the standards set by the Pakistan Standards and Quality Control Authority

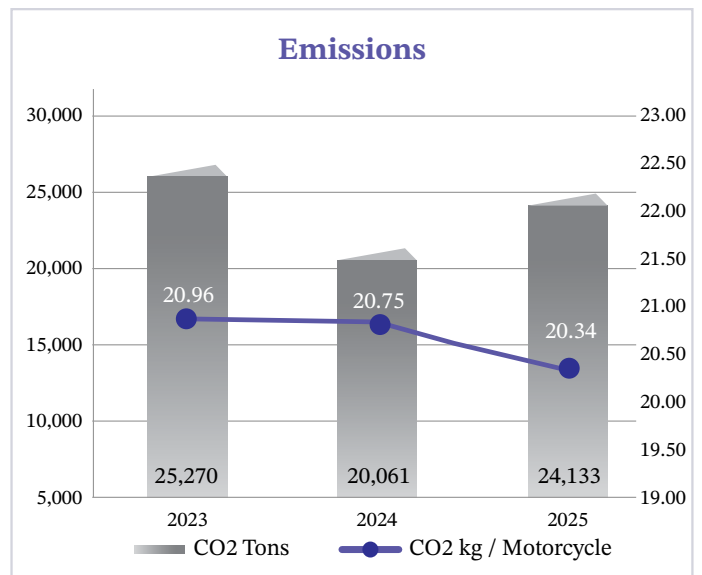
(PSQCA) regarding CO<sub>2</sub> emissions, noise levels, and smoke. All our products meet EURO II carbon emission standards. Greenhouse gas (GHG) emissions are regulated by limits established by the Environmental Protection Agency (EPA), and the Company ensures compliance by regularly monitoring total emissions at each production facility. Efforts are underway to minimize emissions to the greatest possible extent, with both short-term and long-term targets in place to reduce GHG emissions. The Company is actively exploring opportunities to accelerate its transition to a low-carbon economy.

Direct CO<sub>2</sub> emissions result from combustion processes that generate heat, electricity, and steam. These emissions, along with other GHGs, are measured at each production site and incorporated into the Company's overall GHG emissions calculations. The reported GHG figures include only emissions directly caused by the Company. The global warming potential of the relevant gases is sourced from the United Nations Framework Convention on Climate Change (UNFCCC).

The Company does not generate biogenic CO<sub>2</sub> emissions in its operations. All emissions remain within the limits set by the National Environmental Quality Standards (NEQS) and are regularly reported to the EPA.

Emissions of other inorganic pollutants, such as nitrogen oxides (NO<sub>x</sub>), are minimal relative to the total emissions reported by the Company for the year. As a standard practice, the Company compares current emissions with those of the previous year.

In the reporting year, total emissions amounted to 24,133 tons, primarily consisting of CO<sub>2</sub>. Scope 1 Emissions: 18,025 tons and Scope 2 Emissions: 6,108 tons. During the year, the Emissions have increased by 20% from last year primarily on account of 23% increase in production. However, emissions per motorcycle were reduced to 20.34 kg per unit, marking a 2% reduction compared to 2024. No significant emissions of ozone-depleting substances were recorded during the year. As part of its environmental commitment, the Company



strictly avoids the use of ozone-depleting substances. The Company is in the process of replacing older air conditioners with models that use R407c and R410a refrigerants, which are ozone-friendly.

### Solar Panels

The Company is determined to extend its use of renewable sources for energy. Installation of solar power systems is one of the major projects under the efforts in this area with more than 9.5 Mega Watt of Solar Power Generation capacity installed across locations of the Company which aims to derive clean & affordable energy to reduce greenhouse gas emissions and Atlas Honda's dependence on fossil fuel or grid-based electricity. Installed solar system of



company has helped in generation of 35,933 GJ of energy from renewable resources, which represents 9% of its total energy consumption and more than 25% of total electricity consumption.

## Energy Conservation and Emission Reduction Initiatives

Transitioning to energy-efficient practices and renewable energy sources is critical for mitigating climate risks and enhancing resilience. To align with these priorities, the Company has implemented targeted energy efficiency measures across its production facilities and offices, significantly reducing energy consumption and CO<sub>2</sub> emissions. During the current year, these initiatives resulted in energy savings of 1,525 GJ:

- Lighting upgrades: Replaced 50W fluorescent tubes with 10W LED lighting across 150 workstations.
- Pneumatic tool optimization: Switched from pneumatic guns to manual jigs with gauge oil fittings.
- Compressed air efficiency: Reduced nozzle diameter and replaced air couplers with in-house manufactured nozzles to minimize leaks.
- Installed photovoltaic sensors on degreasing tanks to regulate compressed air usage.
- Optimized air consumption in air micrometers.
- HVAC improvements: Replaced six conventional air coolers with energy-efficient HVAC duct systems.
- Eco-friendly retrofits: Phased out mercury lighting in favor of LED alternatives.

## Material, Effluents & Waste

To ensure sustainable consumption and production practices necessarily entails to respect the biophysical boundaries of the planet and to reduce current consumption rates in order to fit with the biophysical capacity to produce ecosystem services and benefits. At Atlas Honda, environmentally friendly use of raw materials is taken into account as early as the development phase through life cycle engineering. The Company's supply chain and material cycles have been shaped accordingly. Natural resources are being used in the most efficient manner with the objective to minimize depletion of the planet's resources. The Company is working to replace artificial materials with renewable materials wherever it makes technical, business and environmental sense and is socially viable. Consumption of raw materials, having substantial impact on the environment, is closely monitored and treated according to the Company's environment policy. The Company's rejection percentage is less than 0.1% of incoming parts, the rejected parts are reworked as per the quality standards. The materials consumed in reclaimed products and their packaging is insignificant as compared to total material consumption. Following table shows the materials used:

Renewable / Non-renewable	Material	Unit	2022	2023	2024	2025
Non-renewable	Ferrous	Ton	92,001	67,825	59,278	72,766
Non-renewable	Non-Ferrous	Ton	10,130	7,337	6,092	7,478
Non-renewable	Oil paints	Ton	324	263	230	282
Non-renewable	Lubricants	KL	1,988	1,465	1,280	1,571
Both	Rubber	Ton	6,826	5,032	4,398	5,399
Non-renewable	Plastic	Ton	4,965	3,660	3,199	3,927

Waste resulting from the Company's production processes mainly includes waste water, metals, plastic & rubber scrap, packing & used oil. Considering water-related environmental impacts from our discharged water, wastewater is treated through Waste Water Treatment Plant before it is released in sewerage drains to control the negative impacts and promote a healthy environment. The remaining waste and effluents are discharged through incineration, recycling, landfill and disposal to legitimate contractors at certified waste disposal facilities.. There were no significant spills during the year by the Company nor were any reported by the external stakeholders through the grievance reporting mechanism in place.

During the year, 8,057 tons of waste was released with the reduced intensity of 0.5% per motorcycle. Furthermore, there were no significant spills during the year. During the year, 96.7% of our non-hazardous waste (7,727 of 7,991 tons) was diverted from landfill via recycling/reuse. Hazardous waste was treated through incineration (132 tons).

Hazardous/ Non-Hazardous	Waste by disposal method	Unit	2022	2023	2024	2025
Non-Hazardous	Recycling/ Reuse	Ton	9,611	7,727	6,143	7,602
Non-Hazardous	Landfill	Ton	319	264	88	73
Hazardous	Incineration - mass burn	Ton	124	132	115	132
Non-Hazardous	On-site storage	m3	250	250	250	250

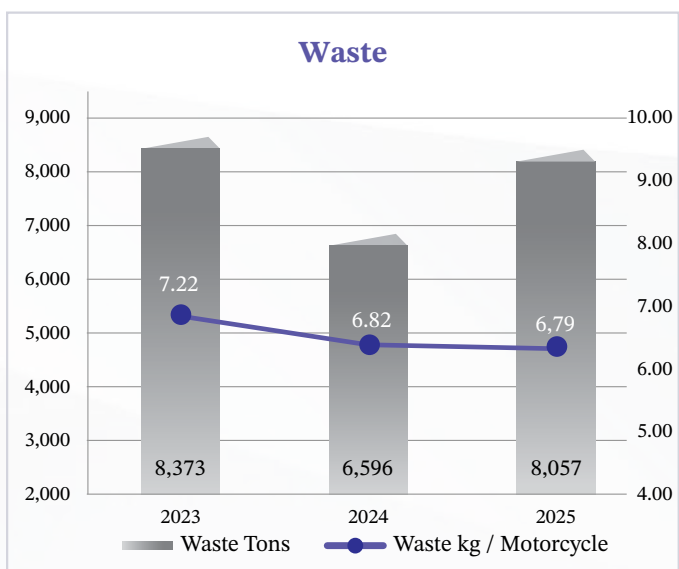
## Recycling, Waste Control and Wastage Reduction Measures

The Company adopts the 3R (Reduce, Re-use, Recycle) model as a core principle for its environmental initiatives, promoting resource efficiency and sustainable practices across its operations. Throughout the year, the Company implemented several measures to optimize packaging for raw materials and finished products, resulting in a reduction of approximately 20 tons of waste. These actions demonstrate the Company's commitment to sustainability and resource efficiency. The key initiatives are as follows:

- A total of 550 tons of aluminum waste generated from the die-casting process was successfully recycled, which

represents 7.35% of total non-ferrous casting materials consumed by the Company.

- **Aluminum Recovery from Dross:** The Company recovered aluminum from dross, a byproduct of the smelting process, reducing waste and minimizing the need for new aluminum production.
- **Recycling of Swarf:** The Company recycled swarf (metal shavings) produced during manufacturing, turning waste into reusable material and cutting down on waste.
- **Re-using Wooden Logs from Steel Sheet Packaging:** Wooden logs previously used for packing steel sheets were repurposed as step bars for unit supply, helping to reduce wood waste and re-use materials within operations.
- **Re-using Corrugated Sheet Separators:** Corrugated sheet separators, originally used for packing parts, were repurposed for packing additional supply parts, reducing the need for new packaging materials.
- **Re-using Poly Bag Bottom Cases:** Poly bag bottom cases were reused for part supply packaging, cutting down on plastic waste and minimizing the demand for new materials



## Water

The Company is committed to reducing its water footprint by encouraging water-efficient practices among employees and deploying water-saving technologies and equipment wherever feasible. Recognizing that the majority of its water consumption arises from production processes, cooling systems, and domestic use by employees, the Company regularly assesses its water-related impacts across operations. While the water withdrawn—primarily fresh water sourced from non-protected areas—does not directly affect protected species or ecosystems, the Company acknowledges the potential to contribute to local water stress in some regions.

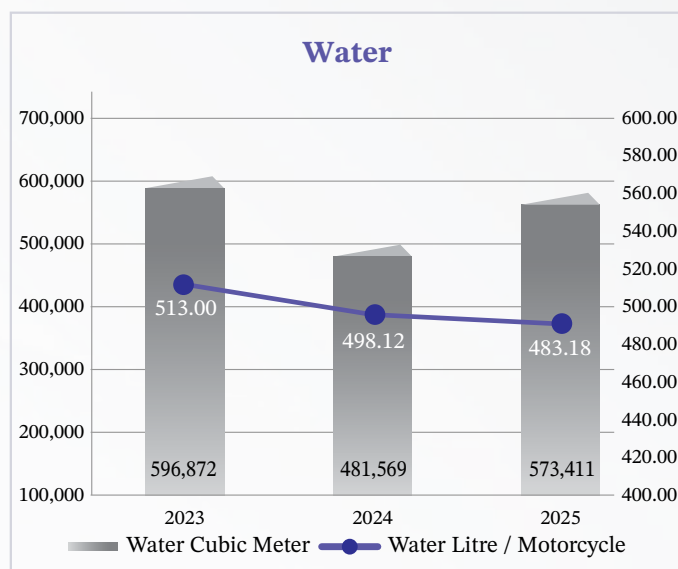
To mitigate these impacts, the Company ensures the availability of clean drinking water and sanitation facilities

at all business locations, promotes water reuse, and ensures the safe disposal of treated wastewater. Engagement with stakeholders and assessments of water availability, quality, and access have guided these initiatives. Furthermore, the Company recognizes the role of natural ecosystems such as forests, wetlands, and soils in regulating water resources, and integrates this understanding into its sustainability planning. These actions reflect the Company’s broader commitment to sustainable water management and to minimizing any negative impacts it may cause, contribute to, or be linked to through its business relationships.

Water consumption and discharge is recorded through flow meters installed at water storage tanks and treatment plant. During the year, 573,410 cubic meters of water was withdrawn, ground water being the primary source, with a reduced intensity of 3.0% as compared to the last year. A significant portion of this water comes from ground water.

The water is partially polluted during use in production processes and is treated to reduce the pollutants to acceptable limits, prescribed by National Environmental Quality Standards (NEQS), before using and discharging into the canal water. After proper treatment, water used in manufacturing process is discharged in sewerage system. Such treatment removes pollutants from the water that contains chemical contaminants, nutrient pollution, oil & grease, and suspended solids. This process makes the same suitable for safe drainage. No water bodies or related habitats were significantly affected by water discharges of the Company as these areas are not designated as protected areas.

During the year, 103,214 cubic meters (18%) of the water was recycled.



## Waste Water Treatment Plant

Water is used throughout the Company’s production processes which results in wastewater. To prevent the wastewater from being discharged as produced, waste water from all over the plant is collected and treated to remove the harmful pollutants, at two Waste Water Treatment Plants at manufacturing sites of the Company. The profile of the

receiving waterbody is however, not considered due to safe drainage after treatment. The Company, as a responsible organization abides by the legal requirements of waste water treatment as well as meets “Punjab Environmental Quality Standards”. This year, 487,752 cubic meters of water was treated and safely drained in to the sewerage system, while 85,658 cubic meters of water was consumed.

## Water Conservation and Reuse

During the year, a series of initiatives were implemented to optimize water usage, leading to a significant reduction in overall water consumption by a total of 15,662 cubic meters. These measures were designed to both minimize waste and promote the efficient use of available water resources across various operations.

- **Utilization of RO Processed Water for Gardening and Other Activities:** A key initiative was the use of Reverse Osmosis (RO) processed water for purposes such as gardening and other non-production activities. By redirecting this purified water, the Company was able to reduce water consumption by 4,985 cubic meters. This practice not only helped in minimizing reliance on fresh water but also contributed to the efficient reuse of water within the facility.
- **Collection and Re-use of RO Showering Water:** Another effective measure involved collecting water used for RO showering in a storage tank. The collected water was then re-used in the rinsing tanks, ensuring that no valuable resource went to waste. This process led to a reduction in water consumption by an additional 3,956 cubic meters, further contributing to overall water savings.
- **Prevention of Water Overflow in Rinsing Tanks:** The Company also focused on refining the rinsing process, particularly by avoiding water overflow during the dipping process in two rinsing tanks. By introducing more controlled methods to prevent overflow, the Company saved 6,721 cubic meters of water that would otherwise have been lost

## Bio-Diversity

The Company has clear vision from the onset of its business related to environment protection, therefore both of the manufacturing plants have been located away from protected areas to minimize the effects of CO<sub>2</sub> and greenhouse gases on the protected areas.

With reference to the Environment statement, the Company considers biodiversity conservation initiatives as imperative part of our commitment to the preservation of the environment. The Company will work incessantly towards the harmony between the commitment and its activities. Following are the broad guidelines related to biodiversity:

- Company will continue to channelize efforts towards the development of technologies for fuel-efficient vehicles and other technologies for the reduction of environmental impacts;

- Environmental impacts will be minimized by the effective use of resources through efficiency improvements;
- Community-based activities will be implemented in cooperation with stakeholders; and
- Company will promote transparency of information related to the outcomes of its activities.

During the year the Company was awarded 1st in three different categories in prize for 166th Annual Spring Flower Show 2025 by Horticultural Society of Pakistan.



## 100K Trees Plantation Drive

To celebrate Pakistan's 77th Independence Day, Atlas Honda launched a nationwide campaign to plant 100,000 trees. This initiative supports Honda's global goal to reduce CO<sub>2</sub> emissions while improving air quality and creating greener communities across Pakistan.

The tree-planting drive took place in multiple locations across Pakistan, with careful selection of native species to ensure survival and growth. Employees, local communities, and authorities joined forces to make this effort a success.

Beyond environmental benefits, the project brought people together through hands-on planting and educational workshops about conservation. Atlas Honda remains committed to sustainability and inspiring others to protect Pakistan's for future generations.

## Environmental Guidelines across our Supply Chain

Corporate Social Responsibility is clearly and practically integrated into the Company's day-to-day activities. All products and services are regularly assessed for their social and environmental impact. Given the rising demand for sustainability, the Company realizes the importance of sharing its sustainability strategy with its vendors. Vendors have been given the following guidelines in this regard. The Company believes that these guidelines help its vendors in maintaining a shared understanding of sustainability, to carry out initiatives proactively and to continue growing together.

- Create and maintain a social management system for the entire firm;
- Reduce GHG emissions to prevent climate change;
- Reduce waste disposal and transportation emissions by optimizing packaging and establishing efficient logistics operations.
- Prevent pollution and contamination of air, water, soil, etc;
- Enforce proper disposal of waste and implement optimum recycling of waste and disposals etc; and
- Compliance with laws and regulations along with commitment to protect human rights.

All vendors are monitored and evaluated against these principles on a continuous basis. During the year 38 vendors were evaluated for compliance and the Company has not found any major actual or potential negative impact of its supply chain or vendors on labor practices, human rights, or society that requires relationship termination.

### Emission Reduction Caravan

In 2014, the Company initiated the “Emissions Reduction Caravan” program for its vendors, marking the beginning of a collaborative effort to reduce environmental impact across our supply chain. Since then, our supply chain team has worked closely with key vendors to implement strategies focused on minimizing their environmental footprint. We provide technical support for process innovations that enhance production efficiency, promote energy conservation, encourage material recycling and reuse, and reduce CO<sub>2</sub> emissions, all in line with our commitment to sustainability and responsible business practices. A total of 36 vendors from both plants participated in the initiative, representing 78% of our total purchases. As a result of their collaboration, the Company successfully achieved its goal of reducing CO<sub>2</sub> emissions by 1%.

In August 2024, Atlas Honda was awarded Best Performance award in CO<sub>2</sub> Reduction activity for period 2023-2024.

### Environmental Impact Assessment Survey Across the Supply Chain

Each year, the Company participates in an environmental impact assessment survey developed by Honda Motor Company Japan. The following criteria were used to evaluate 35 vendors this year:

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

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

### Responsible Sourcing of Minerals

In sourcing certain raw materials, the Company adheres to the requirements of the U.S. Dodd-Frank Act, which mandates the disclosure of the origin of specific raw materials to prevent the inclusion of “conflict minerals”—such as tin, tungsten, tantalum, and gold—from the Democratic Republic of Congo and its neighboring countries. To ensure compliance, the Company closely monitors its vendors to confirm that none of them source raw materials from these affected regions. Through a structured survey process and close collaboration with vendors to enhance supply chain transparency, the Company verifies that both its vendors and their upstream suppliers are obtaining materials free from conflict minerals.

Additionally, the Company provides vendors with clear guidelines and raises awareness about conflict mineral issues through education and support. We also collaborate with the Conflict-Free Sourcing Initiative (CFSI), a cross-industry group dedicated to this cause. To be confirmed as conflict-free, smelters and refiners must pass an independent third-party audit. This year’s survey results have confirmed that our supply chain is fully aligned with conflict-free sourcing practices.

