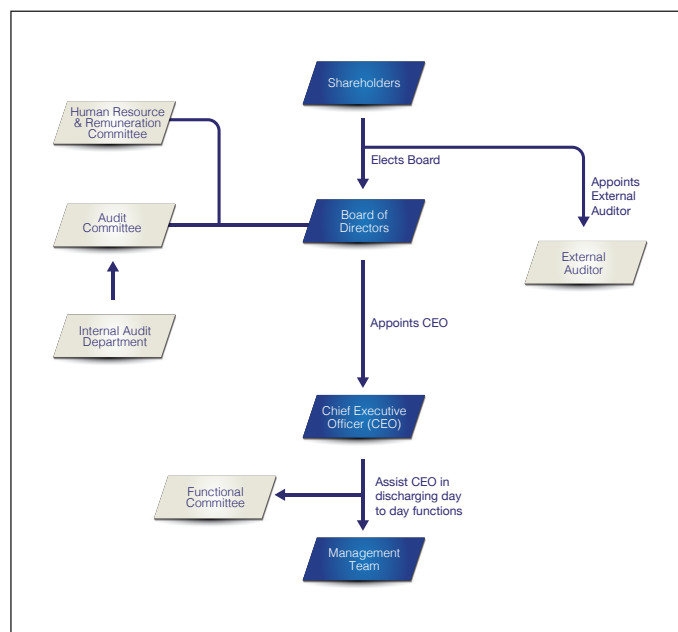




# Sustainability Strategy

## Governance Structure

Atlas Honda's governance framework provides a sound 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 an oversight of the risks and opportunities arising from the Company's activities and is responsible for identifying the direction, strategies & objectives and for monitoring the implementation of the same by management.



## Board of Directors

The Company has an experienced and dynamic Board with the right blend of skills to develop strategies. Presently, the Board comprises of eight Directors, including three non-executive Directors, three executive Directors and two independent Directors. Non-executive Directors are elected to enhance objectivity. The Company does 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 statute requires the Board to formulate Audit

Committee and Human Resource & Remuneration Committee. Additionally, 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.

All the matters including election, appointment and disclosure of interest are governed by the statutory requirements and regulations laid down by SECP and PSX. There were no non-compliances identified during the year. Further details about the Directors and matters carried out during the year can be found in the Director's profile and Statement of Compliance with the Code of Corporate Governance on page 16, 17 and 122 respectively.



## Representation of Female Director on the Board

In compliance with the requirement of The Code of Corporate Governance for listed companies, to have representation of female directors on Board, the Company elected a female member on its board in the election of Directors.

## Roles and Responsibilities of the Board

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. The Board exercises all powers granted to it by the Companies Act, 2017 with responsibility, diligence, and in compliance with the legal framework after due deliberations in its meetings. These include, but are not limited to, appointment of key management positions, approval of annual budgets including capital expenditures, investments in new ventures and approval of related party transactions in line with policy approved by the board. Financial statements of the Company, including interim and final dividends and review of internal / external audit observations regarding the overall control environment including effectiveness of the control procedures, are also approved by the Board. An independent Internal Audit department ensures continuous compliance and monitoring of formal policies and effectiveness of the internal control framework, designed by the Board for the conduct of the Company's business. The Audit Committee is tasked to report compliance thereof to the Board, at least once every quarter of the year.

## Formal Orientation and Director's Training Program

On appointment, Directors take part in an "Induction Program" which is aimed at broadening their knowledge and understanding regarding the Company's business. The orientation program is designed to apprise the Directors regarding the expectations of the majority shareholders and their responsibilities. The Directors are also encouraged to attend courses which provide information and training relating to their duties, responsibilities, powers and potential liabilities. 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. The Company Secretary also arranges an appropriate Director's Training Program in line with the mandatory requirements of the Code of Corporate Governance.

## Committees of the Board and Terms of Reference

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 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 and 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 Director's performance</li> </ul>	Three	Once a year

## Remuneration of Executive, Non-Executive and Independent Directors

The Company has a comprehensive policy for fixing executive Directors' remuneration. In order to attract well qualified and experienced Directors, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. As per the applicable legal and regulatory requirements, 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 their own remuneration.

The Company does not pay remuneration to non-executive Directors including independent directors except a fee for attending meetings of the Board. Information on remuneration of the Directors and CEO in 2020-21, please refer note 37 to the Financial Statements on page 162.

## Policy for Retention of Fee Earned by Executive Directors for Services in Other Companies as Non-executive Directors

The Company's CEO is treated as an executive Director on the Board by virtue of the Companies Act, 2017. In addition, he holds position as a non-executive Director on the Boards of

Pakistan Mobile Communications, Tri-Pack Limited and eleven private companies of Atlas Group. Fee paid, if any, by these companies are in compliance with policies of respective companies which have been approved by their Board of Directors. Executive directors other than CEO of the Company do not hold directorship position in any other company.

## Security Clearance of Foreign Directors

Every foreign Director who is nominated for election on the Board of Directors of the Company is required to furnish documents which are then submitted to the Ministry of Interior for security clearance.

## Board's Performance Evaluation

The evaluation of Board's role of oversight and its effectiveness is a continual process, which is appraised by the Board itself.

The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operations;
- 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 Company does not have a policy to involve an external consultant to carry out an evaluation of the Board's performance.

### Chairman's Review on the Performance of the Board

Review by the Chairman on the Company's performance, which is derived through the guidance received by the management from the Board of Directors, has been outlined in Chairman's Review. Further detailed explanations have been covered throughout the Integrated Annual Report.

### Roles & Responsibilities of Chairman and CEO

The Chairman's role is primarily 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-commitments 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 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 chalk out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- To ensure that proper succession planning for all levels of hierarchy exists in the Company and is constantly updated;
- To ensure welfare and training of the staff in accordance with the Company's policy and government regulations which are applicable from time to time;
- To ensure that open and progressive 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 its 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 necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- To ensure that technical information made available to the Company under Technical Service or Royalty Agreements are 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 & maintained and all the required Government obligations are complied with in a timely manner;
- To maintain close liaison with the Government, customers, suppliers and sales offices;
- To pay all Government dues on or before due date and obtain all refunds due from the Government;
- 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 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; and
- To ensure that the Company operates with minimum staffing and paperwork.

### CEO's Performance Review

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

### 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 the Company's 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 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 &amp; best practices in the business</li> <li>Ensuring compliance with the Company's 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 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
Environment, Health, Safety and Security Committee	<ul style="list-style-type: none"> <li>Ensures compliance with applicable Environmental, Health, Safety and Security (EHS&amp;S) 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

### Governance Practices Exceeding Legal Requirements

The Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of best business practices in addition to the stipulated regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best reporting practices recommended by ICAP/ICMAP;
- Adoption of Pakistan Stock Exchange criteria for selecting top companies;
- Disclosure of various financial analysis including ratios, reviews, risk matrix and graphs etc., and
- Implementation of aggressive Health, Safety and Environment strategies to ensure safety of employees and equipment.

### Related Parties

The Company maintains a comprehensive and updated list of all related parties. Names of all such related parties along with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 38 of the Financial Statements.

As per the requirements of fourth schedule of the Companies Act 2017.

### Risk Management

The Company has an 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 the Company's entity-wide 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.
- The Company's Internal Audit function carries out the continuing assessments of the quality of risk management and control, reports to the management and the Audit Committee on the status of specific areas identified for improvement and promotes effective risk management in the lines of business processes. During the year, the Committee discharged its responsibilities and reported the matters in Report of the Audit Committee.

## Compliance and Integrity Management

The Company's Code of Conduct (the Code) provides guidelines on ethical standards. It covers issues such as bribery and corruption, fraud, insider trading, legal compliance, conflicts of interests, human rights and discrimination. The Code includes a commitment to conduct the Company's business with due regard to the interests of all 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 the Company's 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 the Company's website.

## Whistle-blower Policy

The Company's purpose and values set the standard for how it does business and actively encourage openness, integrity and accountability. The Company's Whistleblower Policy has been developed to ensure that concerns are raised regarding actual or suspected contraventions of the Company's 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. The Company works 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 the Company's 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 Systems is responsible for its implementation, maintenance, compliance and for suggesting new areas as per technology enhancement.

## Conflict of Interest Policy

The Company has a policy in place to ensure 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

The Company has 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. The Company is in compliance 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. The Company's Code of Conduct contains explicit requirement about Business Integrity and Anti-corruption, which every employee is required to adhere to. The Company has a dedicated internal audit department to implement the risk management systems. The department directly reports the findings to Audit Committee for taking appropriate action. Risk assessment for corruption risk covering all of our major operations was carried out during the year according to our risk management system. No significant risk or incidence related to corruption was identified and reported. Detailed analysis has been covered in Risk and Opportunity Report at page 44.

## Grievance/Feedback System

The Company believes in protecting interest of its investors and shareholders. The shareholders give their feedback in General Meetings and are encouraged to do so. It allows the Company to have a good understanding of their views on 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.

## Board's Role in Shaping Sustainability Policy

The Board provides direction on sustainability policy and 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 and performance is reviewed by the Board. The Board also oversees operating & financial performance, risk management & internal controls and compliance with legal requirements.

## Sustainability Strategy Framework

The Company's 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 the Company apart from its competitors, leading to customer satisfaction, appreciation, brand recognition and increasing product demand. The Company's Sustainability Strategy Framework supports its business strategy and is aligned with the Company's purpose. The framework has five key areas of focus:

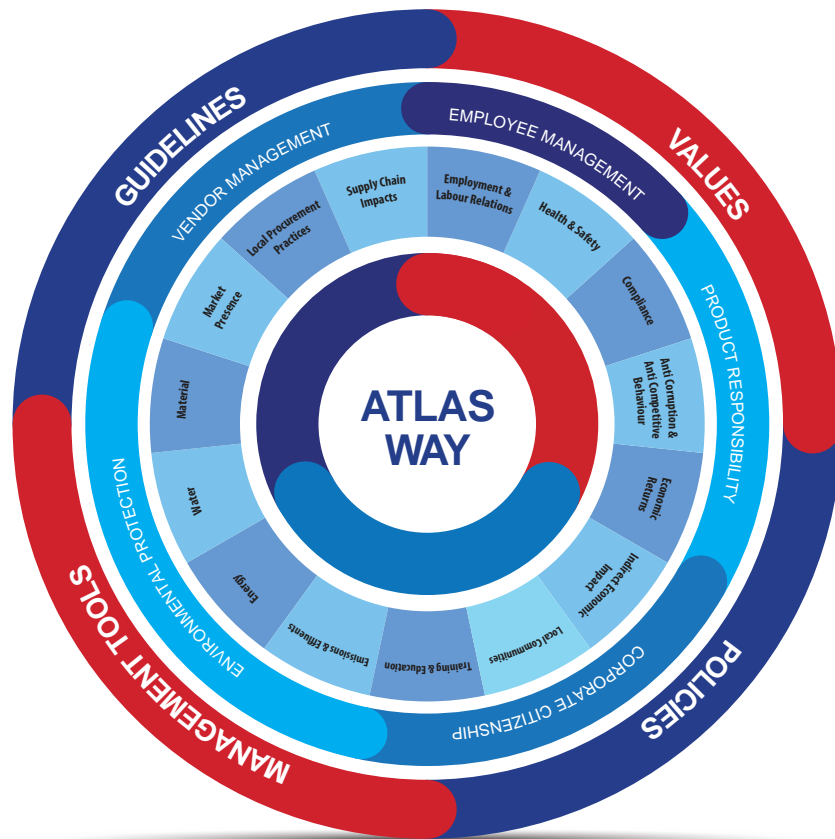
- a) Environmental Protection
- b) Product Responsibility
- c) Corporate Citizenship
- d) Employee Management
- e) Vendor Management

The Company is guided by its sustainability framework while making efforts for creating sustainable value for all its 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.

Atlas Way	
Atlas Systems	Atlas Culture
<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 values through implementations 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 improvements</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>• The 3 Rs – 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> <p style="text-align: center;"> <b>شاہین کا جہاں اور</b>  <b>We Look Beyond Horizons</b> </p>

The Company ensures adherence to best practices for reporting sustainability issues through application of its framework and GRI Standards. The Company's sustainability framework defines the way it conducts business which is supported by policies, guidelines, values and management tools. It commits the Company to consider and take responsibility for the long term economic, social and environmental implications of the Company's decisions and to work in partnership with all stakeholders across its value chain to maximize positive impacts.

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



### Stakeholder Engagement

Being the largest manufacturer of motorcycles in the country, both the Company's manufacturing activities and its 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 the Company's business. The Company, therefore, engages in an ongoing dialogue regarding sustainability topics with its stakeholders in relevant markets and at all locations. This allows the Company to understand the issues, formulate strategies and deliver according to their expectations.

The engagement process starts with the identification of stakeholders. The Company defines stakeholders as those who

are potentially affected by the Company's 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 and willingness & ability to engage. Consultation is then carried out with the identified stakeholders to gain input on topics which are of interest to 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 media. Process and frequency of consultations with stakeholders, topics identified and the Company's responses to the same are as follows:

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
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, commitment to growth &amp; value creation</li> <li>Focus on good corporate governance and ethics</li> </ul>

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
Employees	Core assets who implement all of management's decisions, strategic and operational	<p><b>Ongoing</b></p> <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> <p><b>Bi-Annual</b></p> <ul style="list-style-type: none"> <li>• Performance Appraisals</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-users of the Company's products	<p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Communication through sales service &amp; warranty centres, conferences, exhibitions, events and seminars</li> <li>• Dedicated customer care section on the Company's website and call centre</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>
Dealers	Distributors of the Company's products	<p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• B2B links connecting us with dealers</li> <li>• Dealer training and education programs</li> </ul> <p><b>Annual</b></p> <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 the Company's manufacturing process	<p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Audits and visits for vendor development and compliance with quality standards</li> <li>• B2B links connecting us with vendors</li> </ul> <p><b>Annual</b></p> <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 neighbourhood	<p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Seminars, rallies and other awareness campaigns on various issues including road safety, healthy livelihood, education and welfare</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 environmental protection initiatives</li> </ul>
Government & regulators	Federal & provincial governments, Securities and Exchange Commission of Pakistan & Pakistan Stock Exchange	<p><b>Ongoing</b></p> <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>

Stakeholders		Frequency and method of engagement	Topics identified	Strategy
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

### Matters Raised in the last AGM of the Company

The Annual General Meeting of the Company was attended by shareholders of the Company including minority shareholders. The meeting was also attended by the Chairman of the Audit Committee to answer any queries and matters within the scope of the audit committee's responsibilities. During the meeting, there were no significant matters / issues raised except for discussion on the agenda items.

### Efforts to Engage Minority Shareholders

The Company values all shareholders equally and consider them an integral part of the Company. Atlas Honda facilitates all shareholders including minority share holders to attend and take part in annual general meetings. Ever since the Company has been conducting general meetings through video conferencing, minority shareholders' participation has further improved, as they can conveniently attend through video link. The notice of Annual General Meeting is sent to all shareholders at least 21 days before the date of meeting. During the meeting, input from all shareholders is encouraged and their concerns and suggestion are recorded as a part of continuous improvement process.

### Corporate Briefing Session of the Company

Corporate Briefing Session is being held annually to brief investors regarding the performance of the Company and future outlook. This year, corporate briefing session was held on October 9, 2020. During the meeting the management briefed the following matters about the Company:

- Production facilities, regional offices and dealer network
- Prevailing socio economic conditions
- Dynamics of the automobile industry
- Company's performance over the last six years
- Company's performance for the year ended March 31, 2020 in comparison with March 31, 2019
- Sustainability highlights for the year ended March 31, 2021

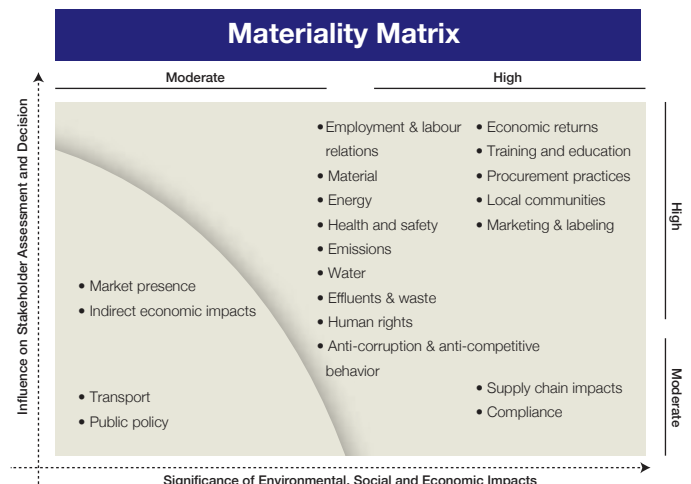
Thereafter a Question and Answer Session was held. For more details on corporate briefing session, please refer the presentation delivered during the meeting, placed on our website link:

<https://www.atlashed.com.pk/wp-content/uploads/2020/10/Presentation-AHL-2020-CBS-Website.pdf>

### Materiality Analysis

The Company uses GRI Standard GRI 101 Foundation 2016 reporting principles of sustainability context, materiality, completeness and stakeholder inclusiveness, for defining report contents. These principles have been consistently applied at varying degrees during identification, prioritization and validation steps, while defining material topics for this report.

The Company maintains an up to date understanding of its material topics through engagement and dialogue with key stakeholders, as well as by monitoring the Company's business context and the relevant trends. This approach helps the Company understand stakeholder perception and the Company's ability to evaluate its ability to create and sustain value. Based on the results of the stakeholder engagement, review of industry specific issues and internal analysis, following materiality matrix has been developed.



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 risks associated with each material topic are analysed and actions are recommended 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 returns	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, its customers, its vendors
Materials	Depleting raw material resources affecting finite resources	Atlas Honda
Effluents & Waste	Environmental impact through incineration, dumping and discharge of waste	Atlas Honda & its vendors
Water	Environmental impact due to depleting water reserves leading to water scarcity	Atlas Honda
Anti-corruption and anti-competitive behaviour	Impact on competition, negation of competition and equal opportunity rights as per applicable laws and regulations	Atlas Honda, its vendors, its dealers
Human rights	Impact on the basic rights of people defined in charters and conventions	Atlas Honda, its vendors, its 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 labour 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 & Labelling	Provision of customer centric product information and compliance with applicable laws and regulations	Atlas Honda, its dealers
Compliance	Compliance with applicable laws and regulations	Atlas Honda
Supply chain impacts	Impact due to activities of supply chain partners	Atlas Honda, its vendors, its dealers
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