



**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
OF FIRST FIDELITY LEASING MODARABA
FOR THE YEAR ENDED JUNE 30, 2023**

The Company has complied with the requirements of the Regulations in the following manner: -

1. The total number of Directors are 4 as per the following, -
 - a) *Male: 4
 - b) **Female: 0

**The requirement of minimum 7 directors does not apply to Modaraba as the Modaraba is being managed by a Management Company which is a Private Limited Company.*

***Appointment of a female director will be considered in the next tenure/election.*

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Directors	Mr. Noor-ud-Din Ahmed Mr. Muhammad Farooq Abid Tung
Executive Directors	Mr. Wasim-ul-Haq Osmani
Non-Executive Directors	Mr. Siyyid Tahir Nawazish

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

Board has met for the first quarter of the year on October 5, 2022. Overall four meetings were held during the year.
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. One of the Director on the Board have acquired certification under Directors' Training Program as prescribed while two are exempted and one director has not acquired Directors' Training Program;



10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
- a) Audit Committee:
- | | |
|-------------------------------|----------|
| Mr. Muhammad Farooq Abid Tung | Chairman |
| Mr. Siyyid Tahir Nawazish | Member |
| Mr. Noor-ud-Din Ahmed | Member |
- b) HR & Remuneration Committee:
- | | |
|-------------------------------|----------|
| Mr. Noor-ud-Din Ahmed | Chairman |
| Mr. Muhammad Farooq Abid Tung | Member |
| Mr. Siyyid Tahir Nawazish | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- | | |
|-----------------------------------|---|
| a) *Audit Committee: | 4 |
| b) HR and Remuneration Committee: | 1 |
- *Audit Committee has met for the first quarter of the year on October 5, 2022. Overall three meetings were held during the year.*
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;



18. We confirm that all requirements of regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations have been complied with other than regulations 7 and 27 (2);
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Reg. Ref.	Requirement
1	Section 176 of the Companies Act, 2017.	The Board did not have a meeting in respect of first quarter until as later as October 05, 2022.
2	19	One of the directors on the Board (Mr. Noor-ud-Din Ahmed) has not acquired certification under Directors' Training Program as prescribed.
3	24	The Chief Financial Officer and Company Secretary is the same person.

Siyyid Tahir Nawazish
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of FIRST FIDELITY LEASING MODARABA Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fidelity Capital Management (Private) Limited ("the Company") for and on behalf of First Fidelity Leasing Modaraba ("the Modaraba") for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company of the Modaraba. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba corporate governance procedures and risks.

The Regulations require the Modaraba to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1	18	At least one Female Director is not elected on the Board of Directors of the Company of the Modaraba.
2	18	Audit Committee has not met within first quarter for the financial year as required under clause 27 of the Regulations.
3	19	The Board did not have a meeting in respect of first quarter for the financial year ended as required under section 176 of Companies Act, 2017.
4	19	The Position of Chief Financial Officer and Company Secretary is currently held by the same individual as required under clause 24 of Regulations.
5	19	One Director out of four Directors has not acquired the prescribed certification under the Director's Training Program as required under clause 19 of the Regulations.

Lahore

Dated: November 06, 2023

UDIN: CR202310051pNbMG4Zyl

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement Partner: Amin Ali)