

Statement of Compliance with Code of Corporate Governance of Habib Metro Modaraba for the year ended June 30, 2022

The Modaraba Management Company (hereafter referred to as the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are six as per the following:

| | |
|--------|---|
| Male | 5 |
| Female | 1 |

2. The composition of board is as follows:

| | |
|---|-----------------------------|
| Executive Director | Mr. Muhammad Shoaib Ibrahim |
| Chairman (Non-Executive Independent Director) | Mr. Syed Rasheed Akhtar |
| Non-Executive Director | Mr. Mohammad Shams Izhar |
| Non-Executive Independent Director | Mr. Saeed Uddin Khan |
| Non-Executive Director | Mr. Usman Nurul Abedin |
| Non-Executive Director | Ms. Dr. Irum Saba |

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 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 board.
8. The boards of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors, are compliant with necessary requirements of Directors Training Certificate at The Institute of Chartered Accountants of Pakistan (ICAP), The Institute of Cost and Management Accountants of Pakistan (ICMAP) and Institute of Business Administration (IBA) except one, who has subsequently acquired the necessary certification from ICMAP.

Directors status of compliance with necessary requirements of Directors Training program are as follows:

| | |
|-----------------------------|--------------------------------------|
| Mr. Muhammad Shoaib Ibrahim | Certified from ICAP |
| Mr. Mohammad Shams Izhar | Certified from PICG |
| Syed Rasheed Akhtar | Certified from ICAP |
| Mr. Saeed ud din Khan | Certified from ICMAP |
| Dr. Irum Saba | Certified from IBA |
| Mr. Usman Nurul Abedin | Certification from ICMAP in progress |

10. The board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee

| | |
|----------|--------------------------|
| Chairman | Mr. Saeed Uddin Khan |
| Member | Mr. Syed Rasheed Akhtar |
| Member | Mr. Mohammad Shams Izhar |

HR and Remuneration Committee

| | |
|----------|--------------------------|
| Chairman | Mr. Saeed Uddin Khan |
| Member | Mr. Syed Rasheed Akhtar |
| Member | Mr. Mohammad Shams Izhar |

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:

| | |
|-------------------------------|-------------------------|
| Audit Committee | Four quarterly meetings |
| HR and Remuneration Committee | One annual meeting |

15. The board has set up an effective internal audit function containing individuals who are 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, 7, 8, 24, 27, 32, 33 and 36 of the Regulations have been complied with

Muhammad Shoaib Ibrahim

Chief Executive Officer

Syed Rasheed Akhtar

Chairman

Karachi: September 06, 2022

Independent Auditor's Review Report to the Certificate Holders of Habib Metro Modaraba 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 Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company) for and on behalf of Habib Metro Modaraba (the Modaraba) for the year ended June 30, 2022 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 Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's 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's personnel and review of various documents prepared by the Modaraba Management 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's corporate governance procedures and risks.

The Regulations require the Modaraba Management Company 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Modaraba Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.

KARACHI

DATED: SEPTEMBER 20, 2022

UDNIN: CR202210166Jp1VuRD4Y

BDO Ebrahim & Co.

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan