



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

- 1- The total number of directors is 7 as per the following
 - a) Male: 6 members
 - b) Female: 1 member
- 2- The composition of the board is as follows:

Category	Names
a) Independent Directors:	Mr. Mohsin Khursheed
b) Non-Executive Directors:	Mr. Jazim Shah Mr. S. Faisal Shah Mr. Farooq Raza Mr. Ali Kausar Khan
c) Executive Director:	Mr. Khalid H. Shah
d) Female Directors:	Ms. Mahmooda Shah

- 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. A complete record of particulars of significant policies along with the dates on which they were approved or updated / amended has been 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 the board.
- 8- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9- Company is in process of complying with the requirement of having all the directors on the board, Director's Training Program (DTP) certified as prescribed under the sub-clause I (iii) of the regulation No. 19 as out of total of seven (7) directors, the total number of certified director of the Company stands four (4) and one (1) of the director meets the exemption requirement of the DTP. The remaining two (2) directors shall obtain certification under the DTP in due course of time.
- 10- The board has approved appointment of CFO and Company Secretary, 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:

a) Audit Committee

Mr. Mohsin Khursheed	Chairman
Mr. Jazim Shah	Member
Ms. Mahmooda Shah	Member

b) HR and Remuneration Committee

Mr. Mohsin Khursheed	Chairman
Mr. S. Faisal Shah	Member
Ms. Mahmooda Shah	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 of the committee were as per following

a) Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2022.
b) HR and Remuneration Committee	One meeting was held during the financial year ended June 30, 2022.

15- The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and is 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 ICAP and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP 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- Except for the non-compliance noted below, we confirm that all requirements of the regulation no. 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with:

S. No.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	06	Mandatory	As per Regulation 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one.



			<p>Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended June 30, 2022, the number of independent directors of the Company has been 1. However, the Company appointed Mr. Shaikh Abdus Sami as an independent director on 24 August 2022 and has complied with the requirement.</p>
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19- Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 as below:

S. No.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	24	An explanation for non-compliance is required	<p>As per the proviso to Regulation 24 of the Regulations, the Chief Financial Officer and the Company Secretary shall not be the same individual.</p> <p>Presently, both the aforesaid positions are held by the same person, Mr. Ali Ahmar. The Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") allowed the Companies to either comply or explain the reason otherwise. Therefore, the Company has adopted an explanation approach as the management is of the view, that considering the current volume of transactions and nature of business, it is practically not cost-effective to appoint two separate individuals as CFO and Company Secretary.</p>

On behalf of the Board of Directors

Syed Khalid Hussain Shah
Chief Executive Officer

October 3, 2022
Karachi



INDEPENDENT AUDITORS' REVIEW REPORT TO MEMBERS OF LEATHER UP LIMITED

Review report on the statement of compliance contained in the 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 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of **Leather Up Limited** (the Company) for the year ended 30 June 2022 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company'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 Company's 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 Company's corporate governance procedures and risks

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

Further, we highlight below instances of non-compliance with the requirements of Regulations reflected in the paragraph reference where it is stated in the compliance report.

- Paragraph 2 and 18, There was only one (1) independent director in the company as at 30 June 2022. However, the Company has appointed Mr. Shaikh Abdus Sami as independent director on 24 August 2022.
- Paragraph 9, All the directors have not acquired the prescribed Directors' Training Program certificate as 5 out of 7 directors meet the Directors' Training Program certification requirement.



UHY Hassan Naeem & Co.
Chartered Accountants

- Paragraph 19, The position of Chief Financial Officer and the Company Secretary is held by the same person.

UHY Hassan Naeem & Co.

Chartered Accountants

Place: Karachi

Date: October 4, 2022

UDIN No: CR2022102150AeXBmtP