

INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of OLP 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 OLP Services Pakistan (Private) Limited, the Management Company of OLP 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 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 and the Management Company's personnel and review of various documents prepared by the 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 Management Company's corporate governance procedures and risks.

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

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 30, 2022

UDIN: CR2022100614Lkxi0J7Z

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 OLP SERVICES PAKISTAN (PRIVATE) LIMITED (FORMERLY ORIX SERVICES PAKISTAN (PRIVATE) LIMITED) YEAR ENDED JUNE 30, 2022

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 (the Code). Regardless of the fact that OLP Services Pakistan (Private) Limited, the Management Company of OLP Modaraba (OLPM) (the Modaraba), is a private limited company, the Board of Directors of the Management Company are pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba).

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

1. The total number of directors are 07 as per the following,-

- a. Male: 06
- b. Female: 01

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Nausherwan Adil Mr. Nadim D. Khan
Non-Executive Directors	Mr. Shaheen Amin Mr. Ramon Alfrey Mian Faysal Riaz Ms. Aseya Qasim
Executive Director	Mr. Raheel Qamar Ahmad
Female Director	Ms. Aseya Qasim

In accordance with the contents of Regulation 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the 2019 Code") at least two or one third members of the Board, whichever is higher, should be independent directors. If any fraction contained in such one-third number which is not rounded up as one, reason should be explained in the compliance report.

The Management Company of OLPM has appointed two independent directors out of total seven directors. Other than CEO and Independent directors all directors are representatives of OLP Financial Services Pakistan Limited (OLP); a Multinational Non-banking finance company, operating in Pakistan since 1986 and part of ORIX Group Japan. Rationale behind appointing maximum possible Directors from OLP was to align the organization with the ORIX Group and its Policies besides the fact that it is difficult to find independent directors from this industry with rich and relevant experience. Current independent directors have banking experience which is a complement to the other directors having

Non-banking experience especially in SME sector. OLP is the leading company in its industry and Modaraba's line of business is identical to that of OLP. Directors appointed on the Board of the Modaraba carry vast experience in the fields of Client Relationships, SMEs, Finance, Credit and Risk Management. These directors from OLP are in a position to provide valuable input to OLPM while making decisions in various fields due to their experience in the relevant field.

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 Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management 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 Management 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 the of Management Company/ certificate holders of the Modaraba (where applicable) as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has provided training to all its directors.
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 following committees comprising of members named below. -

a) Audit Committee

- 1). Mr. Nausherwan Adil- Chairman
- 2). Mr. Ramon Alfrey- Member
- 3). Mian Faysal Riaz- Member

b) Human Resource and Remuneration Committee

- 1). Mr. Nadim D. Khan – Chairman
- 2). Mr. Shaheen Amin- Member
- 3). Mr. Raheel Qamar Ahmad - Member

C) Risk Committee

- 1). Mian Faysal Riaz - Chairman
- 2). Mr. Nausherwan Adil- Member
- 3). Mr. Raheel Qamar Ahmad- 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/ yearly) of the committee were as per following,-

Audit Committee	Quarterly
Risk Committee	Yearly
Human Resource and Remuneration Committee	Yearly

15. The Board has set up an effective internal audit function;

16. The statutory auditors of the Modaraba 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 Management 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; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.


SHAHEEN AMIN
Chairman

Dated: September 15, 2022