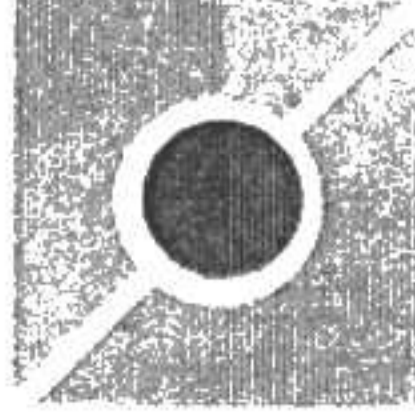


**Security Leasing
Corporation Limited**

**Statement of Compliance with Code of Corporate Governance
Name of company Security Leasing Corporation Limited
Year ending 30TH June 2022**

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

1. The total number of directors are 6 as per the following:
 - a. Male: 4
 - b. Female: 2
2. The composition of board is as follows:
 - a) Independent Directors 4
 - b) Executive Directors 2
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 amended has been maintained.
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 board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has not arranged Directors' Training program.
10. The board has approved appointment of CFO, Company Secretary. The Company has designated one of its employees as a Secretary to Audit Committee to act as Coordinator between the firm providing internal audit services and the Audit Committee of the Board of Directors.
11. CFO and CEO duly endorsed the financial statements before approval of the board.



**Security Leasing
Corporation Limited**

12. The board has formed committees comprising of members given below:

Audit Committee: (Subject to approval of SECP)

Mr. Hassan Ansari	Chairman
Mr. Faisal Haq,	Member
Ms. Ambreen Israar	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:

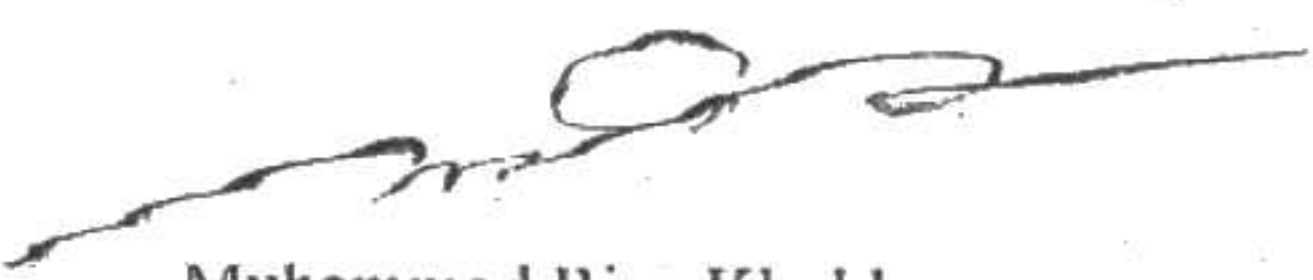
- a) Audit Committee: Once in a quarter
- b) HR and Remuneration Committee: Once in a year

15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to UHY Hassan Naeem and Company (Chartered Accountants) 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

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 other requirements of the Regulations have been complied with.


Muhammad Riaz Khokhar
Chairman

**Independent Auditor's Review Report
To the Members of Security Leasing Corporation Limited
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 Board of Directors of **Security Leasing Corporation Limited** ('the Company'), for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations and provision Ixxvi of the Code.

The responsibility for compliance with the Regulations and the Code 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 and the Code.

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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm length transaction and transactions which are not executed at arm lengths price and recording proper justification for using such alternative pricing mechanism 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 Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

- I. The board has not setup risk management system as per the requirements of the Code of Corporate Governance.
- II. The management has informed us that the Company has designated one of its employee as a secretary to audit committee to also act as coordinator between the firm providing internal audit services and the audit committee of the Board of Directors; whereas Regulation 32 (2)(b) of listed Companies (Code of Corporate Governance) Regulation 2017 requires that in case internal audit function is outsourced by Company, the Company shall designate a fulltime employee other than Chief Financial Officer, as

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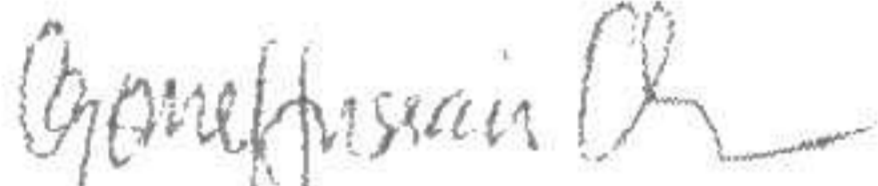
head of internal audit holding equivalent qualification prescribed under the Code, to act as a coordinator between firm providing internal audit services and the Board.

- III. We observed that during the year, the Board had not filled the casual vacancy within 90 days that arose on 29 September 2022 as result the Board and its respective committees operated at below the minimum required numbers of directors.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

- I. The Board has not made arrangements to carry out orientation courses on the Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certification of directors training program from the Institutes specified by the Securities and Exchange Commission of Pakistan (SECP).
- II. As per the proviso to regulation # 24 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the same person shall not simultaneously hold the position of Company Secretary and Chief Financial Officer. However, as noted in clause 11 of the statement of compliance, currently these positions are held by the same person (i.e., Mr. Muhammad Farooq) since considering the volume of business, it is cost effective for the Company to assign these two positions to a single individual.

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 for and on behalf of the Company, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.


Crowe Hussain Chaudhury & Co.
Chartered Accountants
Karachi.

Dated: **06 OCT 2022**

UDIN: CR202210207Dyjis4t7N