

# Statement of Compliance

With the Public Sector Companies (Corporate Governance) Rules, 2013

## Certain additional disclosures as required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG 2019)

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

- 1) The total number of directors are 7\* as per the following:
  - a) Male: 6
  - b) Female: 1

\* The application for issuance of NOC of the SECP in respect of one Director is in process.

- 2) The composition of the Board is as follows:

**i. Female directors**

Ms Darakhshan Sheikh Vohra

- 3) 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;
- 4) The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 5) During the year, the Board has not arranged Directors' Training program.
- 6) The Board has formed committees comprising of members given below:

**a) Audit Committee**

Name of Member	Designation
Mr Tahir Saeed Effendi	Chairman
Mr Muhammad Mubeen Mufti	Member
Mr Bilal Mohy Ud Din	Member

**b) HR and Remuneration Committee**

Name of Member	Designation
Mr Tahir Saeed Effendi	Chairman
Ms. Dilshad Ali Ahmad	Member
Mr Muhammad Mubeen Mufti	Member
Mr Asghar Maqsood, CEO	Member



**c) Nomination Committee**

<b>Name of Member</b>	<b>Designation</b>
Mr Tahir Saeed Effendi	Chairman
Ms. Dilshad Ali Ahmad	Member
Mr Muhammad Mubeen Mufti	Member

**d) Risk Management Committee**

<b>Name of Member</b>	<b>Designation</b>
Mr. Javed Mahmood	Chairman
Mr Muhammad Mubeen Mufti	Member
Mr Bilal Mohy Ud Din	Member

**e) Procurement Committee**

<b>Name of Member</b>	<b>Designation</b>
Mr Tahir Saeed Effendi, Chairman	Chairman
Mr Dilshad Ali Ahmad, Member	Member
Mr Bilal Mohy Ud Din, Member	Member

7) The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

8) The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

**a) Audit Committee;**

Quarterly

**b) HR and Remuneration Committee;**

Yearly

**c) Nomination Committee;**

As and when required.

**d) Risk Management Committee;**

Yearly

**e) Procurement Committee;**

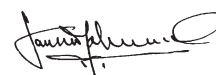
As and when required.

- 9) 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;
- 10) 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;
- 11) We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
- 12) Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below

Reference of Rule	Description	Explanation
19 19(1)	Directors' Training. - It is encouraged that by 30 June 2021 at least 75% of the directors on the Board of the Company acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	As on 31 December 2022, 84% of the directors on the board acquired prescribed certification.
25	No person shall be appointed as the company secretary unless he holds the qualification as specified under the relevant Regulations by the Commission:  Provided, the same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	The person holding the positions of CFO and the Company Secretary have the requisite qualifications and experience and is qualified to be appointed as the Company Secretary and the CFO of the company.  The Board in consideration of the financial health of the Company and as the person meets with requirements prescribed for holding the positions of the CFO; and the Company Secretary have not appointed separate individual for these posts.



**Asghar Maqsood**  
Chief Executive Officer



**Javeed Mehmood**  
Chairman

Dated: Karachi, November 02, 2023

**REVIEW REPORT TO THE MEMBERS ON THE STATEMENTS OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of SME Leasing Limited for the year ended December 31, 2022 to comply with the requirements of regulation 36 of the Listed Companies (Code Of Corporate Governance) Regulations, 2019 and rule 24 of the Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Codes 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 Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

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 Codes 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 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.

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 Codes as applicable to the Company for the year ended December 31, 2021.

Further, we highlight below instance of non-compliance with the requirements of the Codes as reflected in the paragraph reference where this is stated in the Statement of Compliance:


**Statement of Compliance as per Public Sector Companies (Corporate Governance) Rules, 2013**

S. No	Reference	Description
1	2A(1)	The company does not comply with the requirement of minimum number of directors.
2	6(1)	The Board did not hold meeting in the 3 <sup>rd</sup> quarter of 2022.
3	22	The Chief internal auditor does not hold the requisite qualification and experience.

**Statement of Compliance as per the Listed Companies (Code Of Corporate Governance) Regulations, 2019**

S. No	Reference	Description
1	3	The company does not comply with the requirement of minimum number of directors.
2	19 & 19(1)	The Criteria of acquiring director training Program of all the directors as on June 30, 2022 has not been achieved. 5 out of 6 directors on the Board have acquired the prescribed certification of said director training.
3	24	The Chief Financial Officer also holds the position of Company Secretary.

KARACHI

DATED: NOVEMBER 20, 2023

UDIN: CR202210067tHaU9X4jB



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer