

Waves Home Appliances Limited (WAVESAPP)

8. INDEPENDENT AUDITOR REVIEW REPORT

Independent Auditor's Review Report

To the Members of Waves Home Appliances 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 the Board of M/S Waves Home Appliances Limited (the Company) for the year ended December 31, 2023 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 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, 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 Regulations as applicable to the Company for the year ended December 31, 2023.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Reference Paragraph	Description
9	As required under clause 19 (1)(i) of the regulations, it is encouraged that by June 30, 2022; all the directors on their Boards have 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. However, out of 7 directors; only 4 have completed their Training from the approved institutions under Directors Training Program.

Lahore:

UDIN CR202310140BcLqTI2g7:

Rizwan & Company
Chartered Accountants
Engagement Partner: Imran Bashir

Waves Home Appliances Limited (WAVESAPP)

9. STATEMENT OF COMPLIANCE

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

Name of the Company: Waves Home Appliances Limited
Year ended: December 31, 2023

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

1. The total number of directors are Seven (7) as per the following:

- a. Male: Six (6)
- b. Female: One (1)

2. The composition of the Board is as follows:

Category	Number	Name
Independent Directors*	2	Mr. Muhammad Zafar Hussain Mr. Tajammal Hussain Bokharee
Non-Executive Directors (Excluding Female Director)	2	Mr. Moazzam Ahmad Khan Mr. Hamza Ahmad Khan
Executive Director	2	Mr. Haroon Ahmad Khan Mr. Khalid Azeem
Female director (Non-Executive Directors)	1	Mrs. Nighat Haroon Khan

**Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company (7) adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (2.33) for independent directors has not been rounded up.*

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the 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 the 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.

Waves Home Appliances Limited (WAVESAPP)

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Four out of seven directors have already attended the Directors' Training Program (DTP). The Company is in the process of arranging formal DTP training for remaining directors including two directors who have time to complete Directors Training Program within period of one year from the date of their appointments, i.e. February 10, 2024. However, the directors have been provided with periodic in-house training to apprise them with the changes in laws, rules and regulations along with their duties and responsibilities etc., to keep them updated.
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 given below:

a) Audit Committee

Mr. Tajammal Hussain Bokharee	Member and Chairman
Mr. Moazzam Ahmad Khan	Member
Mr. Hamza Ahmad Khan	Member

b) HR and Remuneration Committee

Mr. Muhammad Zafar Hussain	Member and Chairman
Mr. Hamza Ahmad Khan	Member
Mr. Moazzam Ahmad Khan	Member
Mr. Haroon Ahmad Khan	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 committees are as follows:

Name of Committees	Frequency of meetings
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

15. The Board has set up an effective internal audit function that is suitably staffed with qualified and experienced personnel who 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 (ICAP) 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 (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouses, parent, dependent

Waves Home Appliances Limited (WAVESAPP)

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 other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the regulations have been complied with.
19. Explanations for non-compliance with the requirements other than of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 are as follows:
 - a) The management is taking steps to arrange training for the remaining directors under Directors Training Program. However, the directors have been provided with periodic in-house training to apprise them with the changes in laws, rules and regulations along with their duties and responsibilities etc., to keep them updated. The Company is committed to comply with this requirement and is planning to arrange the Directors' Training Program as per requirements of the Regulations.

On behalf of the Board of Directors



Muhammad Zafar Hussain
Chairman

Lahore