

GOVERNANCE OF RISK AND INTERNAL CONTROL POLICY

Waves Singer Pakistan Limited (the “Company”) is committed to provide uncompromised best quality products to its customers via highest international standards of operations, good governance, and its effective and efficient management.

The Company’s business activities are subjected to significant risk factor that could materially affect Company’s operations, earnings, cash flows and other financial performance. WSPL’s management strives to manage risk in an organized manner in order to conduct business in a well-controlled environment.

The Governance of Risks and Internal Control Policy (the “Policy”) focuses on the responsibility of certain governance structures to control the operations of the Company. This Policy envisages an approach of aligning process and knowledge in order to curtail surprises and losses as well as to capitalize on business opportunities for the Company.

The Board of Directors recognizes that the establishment of a sound system of risk oversight and management and internal control is a fundamental requirement of good corporate governance. This policy describes the manner in which the Company identifies, assesses, monitors and mitigates risks. It focuses on the responsibility of certain governance structures to control the operations of the Company.

There are five interrelated components of internal control that should be present and functioning, forming an integrated system of controls:

1. The control environment, which includes the integrity, ethical values, and competence of the Company’s employees;
2. Risk assessment;
3. Control activities;
4. Information and communications; and
5. Monitoring

Processes

The Management is charged with the responsibility for establishing procedures with the objective of controlling the operations in a manner that provides the Board of Directors with a reasonable assurance that:

- Data and information published either internally or externally are accurate, reliable, and timely;
- The actions of managers and employees are in compliance with the Company’s policies, procedures, standards, and all relevant laws and regulations;
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- The Company's resources (including its people, assets, systems, and data/information bases) are adequately protected;
- Resources are acquired economically and employed profitably; quality business processes and continuous improvement are emphasized; and
- The Company's plans, programs, goals, and objectives are achieved.

Control

Overall Control Environment and Control Procedures

The Company maintains an established control framework comprising clear structures, authority limits and accountabilities, well understood policies and procedures.

Internal Auditing Function

The internal auditing function is charged with the responsibility to evaluate that the ongoing processes for controlling operations throughout the Company are adequately designed and functioning in an effective manner. Internal auditing is also responsible for reporting to senior management and Board Audit Committee on the adequacy and effectiveness of internal controls, together with recommendations to improve the systems.

The internal auditing function should contribute to the governance process by evaluating/improving the processes through which:

- values and goals are established and recommended;
- accomplishment of goals is monitored;
- accountability is ensured; and
- Values preserved.

The Company's internal audit function which reports to the Board Audit Committee, performs independent reviews of control environment and control procedures through detailed audits and on-site re-performance of test of controls to ensure compliance with pre-defined policies and procedures.

Audit Committee

The internal auditing function is charged with the responsibility to:

- Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors
- Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto
- Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company


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- Recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and any question of resignation or removal of external auditors, audit fees and provision by external auditor of any service to the Company in addition to the audit of its financial statements
- Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure
- Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance


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