

CORPORATE GOVERNANCE

Lafarge Surma Cement Limited family believes that business operation means dealing with the stakeholders with trust, confidence and transparency with the presence of high degree of corporate governance standards. Our core objective reflects the link between stakeholders' value and governance. In line with that, the Company has been working relentlessly to create long-term stakeholders' value through providing quality product in the market.

As a responsible corporate citizen, the Company gives highest priority to its shareholders and is dedicated to maintain full transparency and positive business conduct internally and towards the community with which the Company carries out its business including its suppliers, customers and business partners. At the same time the company expects that all its Board of Directors, employees and suppliers would act with honesty, integrity and openness.

The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of Bangladesh Securities and Exchange Commission and applicable laws of the countries in which the Company operates.

Code of Business Conduct

The Company has adopted a clearly defined Codes of Business Conduct, approved by the Board of Directors. The Company's values of integrity trust and openness reflects in all aspects of the Company's activities. It provides clear direction on conducting business, interacting with the community, government and business partners; and general workplace behavior.

The codes are communicated to all the employees including the Board members and others acting on behalf, who are strictly required to abide by it. They are expected to read and understand this Code of Business Conduct, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all our

business partners are aware of, understand and adhere to these standards as well.

Roles of the board

The present Board of the Company consists of 14 directors. The management of the company is lead by the Chief Executive Officer, who is also a member of the Board of Directors. He works as the bridge between the Board and the management of the Company. One independent director has been newly appointed as per the requirements of Bangladesh Securities and Exchange Commission notification dated August 07, 2012 to comply with corporate governance guidelines. The board is responsible for ensuring that the business activities are soundly administrated and effectively controlled. At the same time the Board of Directors guides the Executive Committee of the Company to ensure and uphold the highest interest of the shareholders.

The Board is responsible for ensuring that the Company has an efficient and accountable Executive Committee (i.e. management team) with clear internal demarcation of responsibility and work. Both the foreign and local Directors meet at least once a quarter to ensure communication of the operations of the business. Four meetings of the Board of Directors were held during the year ended on December 31, 2013.

Accountability and Audit

In compliance with the Order of the Bangladesh Securities and Exchange Commission dated 20 February 2006 the Board has formed an Audit Committee. The Audit Committee consists of four Directors of the Company, including two Independent Director one of whom is also the Chairman of the Audit Committee.

As the part of the core job, Audit Committee ensures the assessment of the relevance and consistency of accounting methods adopted to prepare the financial statements and also meticulously reviews the financial position once in every quarter as per the highest international standards and practices. The



report of the Audit Committee is also published in the Annual Report of the Company. The Audit Committee held four meetings in 2013.

Internal Audit

Internal Audit supports the Company in achieving its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes.

The Company's Internal Audit department discharges its duties on a risk-based audit plan, covering the strategic imperatives and major risks surrounding the Company, while considering pervasive audit needs. The Internal Audit team also works closely with Group Internal Audit in sharing knowledge and resources to ensure achievement of internal audit deliverables.

Statutory Audit

Statutory audit of the company is governed by the Companies Act 1994 of Bangladesh. It explicitly provides guidelines for the appointment, scope of work, and retirement of auditors. Shareholders appoint auditors in the Annual General Meeting (AGM). In addition to the annual audit, they carry out the interim audit and review the quarterly financial reports.

Legal and Compliance

Compliance is the key to build stakeholders trust. Following the national law is core to the business. The regulatory bodies like National Board of Revenue, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies & Firms and the Board of Investment (BOI) maintain a close monitoring process on the Company. In addition, for routine approval from regulatory bodies, we provide information to Bangladesh Bank, Customs Authority and other relevant organizations.

Throughout our years of operations, we have been fully compliant with national laws and have paid all applicable taxes and duties. We methodically check and review the legal papers and presence of necessary permission to perform business in Bangladesh. Our robust internal processes have ensured that all activity is reviewed and necessary changes are acknowledged to bring us in line with conformity, wherever required.

