

# CORPORATE GOVERNANCE

Lafarge Surma Cement Limited maintains a high standard of corporate governance that stems right from the Board of Directors and Executive Committee down to all employees. This translates into interacting with all our stakeholders with trust, confidence and transparency.

We provide highest level of disclosures to our shareholders with due diligence and transparency. The Company's corporate governance is based on full compliance to the laws of the land in which it operates, adhering to the principles of honesty, integrity and openness towards the community stakeholders, partners and employees.

The Company also ensures that it works in strict compliance with the accounting and reporting standards of Bangladesh Securities and Exchange Commission and other regulatory bodies of the government.

## Code of Business Conduct

The ethical practices of the Company have been derived from a clearly defined Code of Conduct that has been adopted and approved by the Board of Directors. All policies and procedures of the Company are guided by such Codes of Conduct based on the values of integrity, trust and openness. The Code of Conduct forms an integral part of the Company's operations and how it conducts its business. The employees are expected to understand and instill in their daily activities, the Codes the Company operates by, and disseminate to business partners, suppliers, contractors and other stakeholders so that parity of understanding is maintained in operations both internally and externally.

## Roles of the Board of Directors

The Board of Directors is currently comprised of 13 members. While the Board is responsible for overall management and business of the Company, it has entrusted the Chief Executive Officer of the Company, also a Director of the Board, to run the Management Team. The Chief Executive Officer provides the link between the Board of Directors and the Management Team of the Company. It is the responsibility of the Board of Directors to see that prudent administration of business activities and effective control is maintained. The Board also ensures that an efficient and accountable Executive Committee is in place with unambiguous internal segregation of responsibility and work. It guides the Executive Committee to ensure and uphold the highest interest of the shareholders.

The Board of Directors meets at least once a quarter. Four meetings of the Board were held during 2014.

## Accountability and Audit

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

Committee.

As part of its core job, the 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, every quarter, according to 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 2014.

## Internal Audit

The Company has an Internal Audit Team which provides the mechanism that supports the Company in achieving its objectives by implementing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management control and governance processes.

The internal Audit department performs its duties on a risk-based audit plan that covers the strategic imperatives and major risks surrounding the Company, while taking into consideration the relentless audit needs. To achieve the global parameters of internal audit deliverables, the Internal Audit team works closely with the Group Internal Audit and constantly shares its knowledge and resources.

## Statutory Audit

Statutory audit of the Company is governed by the Companies Act, 1994 of Bangladesh. It provides clear guidelines for the appointment, scope of work, and retirement of auditors. The auditors are appointed in the Annual General Meeting (AGM) by the shareholders. In addition to the annual audit, the auditors perform interim audit and review the quarterly financial reports.

## Legal and Compliance

We strongly believe that compliance is the key to building stakeholders' trust. The Company strictly adheres to the applicable laws of the country in which it operates, and this belief is core to its 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) closely monitor the Company. In addition, for routine approval from regulatory bodies, we provide information to Bangladesh Bank, Customs Authority and other relevant organizations.

Throughout its years of operations, the Company has been fully compliant with national laws and disbursed all applicable taxes and duties. We methodically scrutinize and review the legal papers and required legal permissions to conduct business in Bangladesh. Our robust internal processes have ensured that all activities are reviewed and if required, necessary changes are incorporated, to be in conformity with any changes that may take place.

