



# CORPORATE GOVERNANCE STATEMENT

The Board of Directors present the Report on Corporate Governance pursuant to the Bangladesh Securities and Exchange Commission Notification on Corporate Governance dated June 3, 2018 (the "Corporate Governance Code") for the year ended December 31, 2021.

## Company's philosophy on Corporate Governance

At LafargeHolcim Bangladesh Limited (the "Company"), Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees and communities surrounding our plants, transparency in decision making process, fair and ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders.

Throughout its existence spanning over 25 years, the Company has effectively sustained and nurtured itself since its inception with highest levels of professionalism. Our core principles represent the edifice of our two tier governance model, with the Board of Directors and the Committees of the Board at the apex, and the management structure at the operational level. The Board and its Committees guide, support and complement the management team's ideas and initiatives, which in turn assumes accountability, strives to achieve the set objectives and enhances value creation for all.

## THE GOVERNANCE STRUCTURE

### A. Board composition: Size and composition of the Board

The Company is a professionally managed company functioning under the overall supervision of the Board of Directors. The Board of Directors is made up of eminent and qualified persons who ensure that the tradition of demonstrating high standards of Corporate Governance is maintained. The Board of Directors sets out the overall corporate objectives and provides direction and independence to the Management to achieve these objectives for value creation through sustainable profitable growth. The Board of Directors seeks accountability of the Management in creating long term sustainable growth leading to the fulfilment of stakeholders' aspirations. It also sets out standards of corporate behaviour and ensures compliance with laws and regulations.

The Corporate Governance Code has mandated that:

- I. All companies shall have effective representation of Independent Directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company.
- II. At least one-fifth (1/5) of the total number of directors in the company's Board shall consist of Independent Directors.

As on January 31, 2022, the Board comprised (12) Directors, consisting of one (1) Non-Executive and Non-Independent Chairman, three (3) Independent Directors, seven (7) Non-Executive Directors and one (1) Executive Director. The Chief Executive Officer (CEO) of the Company is the only Executive Director. An independent director is the chairperson of each of the Board committees – namely Audit Committee, and Nomination and Remuneration Committee.

The Board of Directors play a fundamental role in upholding and nurturing the principles of good governance. The Board of Directors is the highest body of the governance of the Company, who works within the framework of the Memorandum & Articles of Association of the Company, as approved by the Shareholders.

### SIZE AND COMPOSITION OF THE BOARD



<b>75%</b> Non-Executive and Non-Independent Directors and Executive Directors	<b>25%</b> Independent Directors
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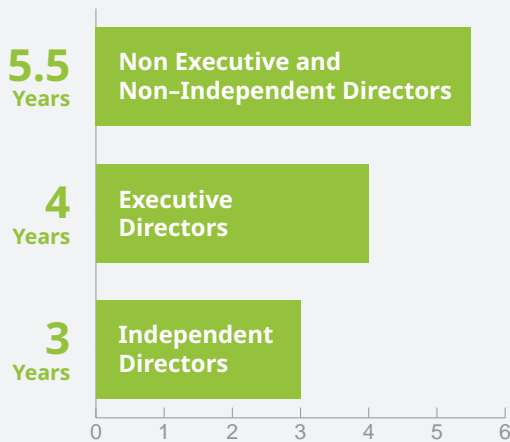


**75%**  
Men Directors

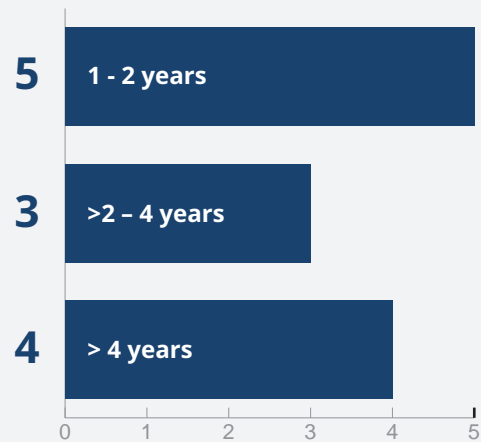


**25%**  
Women Directors

### Average Tenure (in years)



### Tenure of Directors



## B. Role of the Board of Directors

- The primary role of the Board of Directors is that of a trustee – to set and protect the culture and values for the Management, by ensuring high ethical standards. It provides strategic guidance and direction, monitors operational performance and ensures that robust policies and procedures are in place.
- The Board has a fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth.
- The Board of Directors, through its various Committees, reviews the identified risks and the mitigation measures undertaken/to be undertaken in respect thereof, ensures integrity in the Company's accounting and financial reporting systems, adequacy of internal controls and compliance with all relevant laws.
- In particular, the Board of Directors reviews and approves quarterly/half yearly unaudited financial results and the audited annual financial statements, corporate strategies, business plans, annual budgets, sets corporate objectives and monitors its implementation and oversees the major capital expenditure.
- The Board monitors overall operating performance, H&S performance and reviews such other items which require the Board of Directors attention. It directs and guides the activities of the Management towards achieving set goals and seeks accountability.
- It also sets standards of corporate behaviour and ensures transparency in corporate dealings. The Agenda for the Board Meetings are supported by relevant information, documents and presentations to enable the Board of Directors to take informed decisions. The Agenda is sent out to the Directors within the prescribed time period.
- In compliance with clause 1(5) of the Corporate Governance Code and section 184 of the Companies Act, 1994, the Board of Directors has placed its Report before the Shareholders, which forms part of the Annual Report 2021.

## C. Responsibilities of the Board leadership

### CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairman leads the Board of Directors. The Chairman is responsible for fostering and promoting the integrity of the Board of Directors while nurturing a culture where the Board of Directors works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board of Directors provides effective governance to the Company. In doing so, the Chairman presides over meetings of the Board of Directors and of the Shareholders of the Company.

The Chairman is responsible for the providing leadership and governance of the Board of Directors and ensures that all key and appropriate issues are discussed by the Board of Directors in a timely manner. He promotes effective relationships and open communication, and creates an environment that allows constructive debates and challenges, both inside and outside the Boardroom, between Independent & Non-Executive Directors and the Management. He ensures that the strategies and policies agreed by the Board of Directors are effectively implemented by the Chief Executive Officer. He sets, in consultation with the Chief Executive and Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Company and the concerns of all Directors, and ensures that adequate time is available for thorough discussions on critical and strategic issues.

The Chairman establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level. The Chairman works actively with the Nomination and Remuneration Committee to plan the composition of the Board, induction of Directors to the Board, plans for Director Succession, leads the Board evaluation process and engages with individual directors to provide constructive feedback and advice.

### INDEPENDENT DIRECTORS

The role of the Independent Directors is to ensure Board effectiveness to maintain high-quality governance of the organization and the effective functioning of the Board. In compliance to the Notification, there are three (3) Independent Directors, on the Board of Directors of the Company. The Independent Directors are appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM). Independent Directors are appointed for a period of 3 (three) years, which may be extended for 1 (one) term only. The Independent Directors shall (i) not subject to retire by rotation, (ii) not serve as "Independent Directors" in more than 5 (five) listed companies and (iii) meet the criteria requirements of clause 1(2)(b) and clause 1(3) of the Corporate Governance Code.

### CHIEF EXECUTIVE OFFICER (CEO)

The CEO is an Executive Director of the Company. CEO is in overall operational control and responsible for the day-to-day working of the Company in terms of the Articles of Association of the Company. He provides strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various Committees and functions under the superintendence, direction and control of the Board of Directors.

## **CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT & COMPLIANCE AND COMPANY SECRETARY**

In compliance of clause 3 of the Corporate Governance Code, the Board of Directors has appointed a Chief Financial Officer, Company Secretary and a Head of Internal Audit & Compliance. The CEO, Chief Financial Officer, Head of Internal Audit and Compliance and Company Secretary of the Company do not hold any executive position in any other company at the same time. The Board of Directors has clearly defined their respective roles, responsibilities and duties. They attend the meetings of the Board of Directors.

## **DIRECTORS' PROFILE**

The Board of Directors comprises of highly renowned professionals drawn from diverse fields. They collectively bring with them a wide range of skills and rich experiences, which enhances the quality of the Board's decision making process. The profile of the Directors' is enclosed to this Annual Report.

## **REMUNERATION OF DIRECTORS**

In terms of the present Articles of Association of the Company (the "Articles"), none of the Independent Director or the Non-Executive Directors receive any sitting fees or remuneration from the Company. The CEO, who is an Executive Director, is paid as per the terms and conditions of his employment contract with the Company. The Company provides for the travel arrangements for the Directors attending the Board meetings of the Company. In the year 2021, all four (4) Board meetings were held virtually on account of travel restrictions and social distancing requirements.

## **MEETINGS OF THE BOARD OF DIRECTORS**

The Company conducts its Board meetings and records the Minutes of the meetings as well as keeps required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.

## BOARD COMMITTEES

For better, quicker and informed flow of information and thereby exercising effective governance, the Board has also constituted two (2) sub-committees, viz: Audit Committee and Nomination and Remuneration Committee. These Committees assist the Board in the efficient discharge of its responsibilities. The role of the Board Committees is to review and assess respective areas and to advise and make recommendations to the Board. Each Committee operates in accordance with the respective terms of reference (ToR), as approved by the Board. The Board also appoints the members and Chairman of each Committee. Minutes of the Committee meetings are placed for review at the following Board meeting of the Company.



BOARD OF DIRECTORS



AUDIT COMMITTEE

- Formed in accordance to condition 5 of BSEC Corporate Governance Code.
- Comprises 3 Non-Executive Directors.
- Chairman is an Independent Director.
- The CFO, CEO, HIAC and representative of statutory Auditors are Invitees to meetings.
- Company Secretary is the Secretary of the Committee.
- All Members are 'Financially Literate' & able to analyze and interpret financial statements to effectively discharge their duties and responsibilities.



NOMINATION AND REMUNERATION COMMITTEE

- Formed in accordance to Condition 6 of BSEC Corporate Governance Code.
- Assists the Board in formulation of the nomination criteria & policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives (TLE) as well as policy for formal process of considering remuneration of directors, TLE.
- Comprises 1 Independent Director and 2 Non-Executive Directors.
- Chairman is an Independent Director.
- Company Secretary is the Secretary of the Committee.

The Composition of the Audit Committee and details of the Members participation at the meetings of the Committee, and a report on the activities carried out by the Audit Committee are enclosed to this Annual Report.

As required by clause 6(5)(c) of the Notification, the Nomination and Remuneration Policy and the evaluation criteria and activities of the NRC during the year are enclosed to this Annual Report.



## PERFORMANCE EVALUATION OF THE BOARD

The effectiveness of the Board, Independent Directors and Chairman is crucial to the overall success of the Company. In terms of the requirements of the Corporate Governance Code, the Company undertakes a formal assessment of the operation of the Board of Directors annually. The evaluation is an important part of the Board's corporate governance framework and is based on the criteria and framework adopted by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

The evaluation is carried out through tailored questionnaires pragmatically structured to draw out significant issues that are relevant to the Board, each of the three (3) Independent Directors and the Chairman of the Board of Directors. The questionnaires are aimed at identifying any areas for improvement as given below: -

BOARD AS A WHOLE	INDEPENDENT DIRECTORS	CHAIRMAN OF BOARD
<ul style="list-style-type: none"> <li>• Board Composition and Quality</li> <li>• Board Meetings and Procedures</li> <li>• Execution and performance of specific duties from the point of view of the members of the Board</li> <li>• Assessment of the Secretarial Department</li> </ul>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Implementing best CG practices</li> <li>• Unbiased &amp; ethical judgment</li> <li>• Independent Judgment - Board Deliberations</li> <li>• Updated with business of the Company</li> <li>• Acting in the interest of the Company, Shareholders &amp; Employees</li> <li>• Confidentiality</li> <li>• Adherence to Code of Conduct</li> <li>• Negative press.</li> </ul>	<ul style="list-style-type: none"> <li>• Overall Management of Meetings.</li> <li>• Approachableness.</li> <li>• Ability in handling critical situations.</li> <li>• Openness to discuss difficult issues.</li> <li>• Encouragement of critical interventions of Board Members.</li> </ul>

**Evaluation process:**

- 1 Tailored questionnaires prepared in accordance to the criteria framed by NRC and approved by the BOD
- 2 Secured online platform for providing the responses (Google Forms)
- 3 Results of the evaluation compiled internally by Company Secretary and shared with Chairman
- 4 Final Report - Outcome and feedback discussed at the Q1 of 2022 Board Meeting and Action Plan agreed

**Outcome of Performance Evaluation**

A report in respect of the feedback from the Directors in the evaluation questionnaires and suggested recommendations for areas to focus on in the coming year was presented to the Board for consideration, following which an action plan was agreed. Overall, the review determined that the Board has an appropriate mix of diversity, has an appropriate Sub-committee structure, has a schedule of matters reserved for the Board which is well understood, is performing well in terms of the development and oversight of strategy and is supported by an effective secretariat function. There is very strong confidence in the leadership of the Board and Independent Directors are hard-working and demonstrate a strong commitment to the principles guiding the Company.

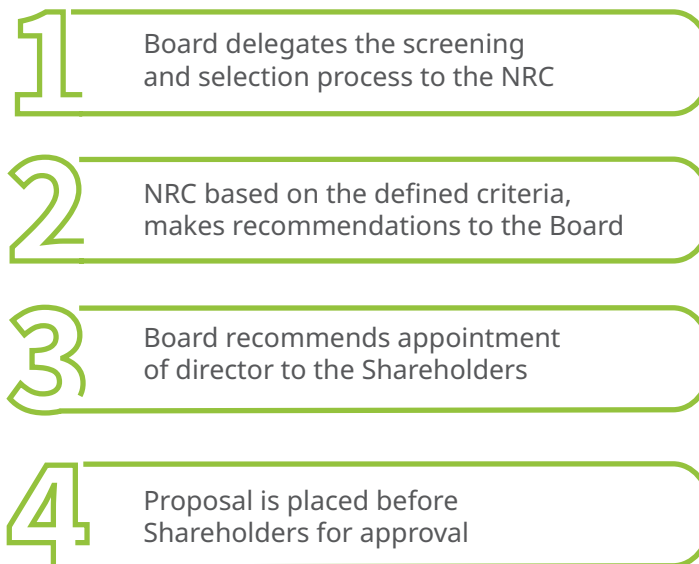
**SUCCESSION PLANNING**

The Nomination and Remuneration Committee works with the Board of Directors on the leadership succession plan to ensure orderly succession in appointments to the Board. The Company strives to maintain an appropriate balance of skills and experience within the organization and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

The Board members bring to the table their broad and diverse skills and viewpoints to aid the Company in advancing its strategy.



## Selection and appointment of new directors



## LEADERSHIP TEAM - EXECUTIVE COMMITTEE

The Executive Committee operates within the framework of the strategic policies laid down by the Board of Directors and is responsible and accountable for overall business deliverables. The Executive Committee meets on a regular basis to review and monitor the performance vis-a-vis the annual plans and budgets, discusses cross functional operational issues and addresses business challenges and issues.

## SUBSIDIARY COMPANIES

The Company has 2 (two) subsidiary companies i.e. Lafarge Umiam Mining Private Limited and Lum Mawshun Minerals Private Limited (collectively the "Subsidiary Companies"). In compliance with Clause 2 of the Notification:

- I. The Company reviews the affairs of the Subsidiary Companies and the minutes of the Board Meeting of the Company records the same.
- II. Minutes of the Board Meetings of the Subsidiary Companies are placed for review at the following Board meeting of the Company. The Audit Committee of the Company also reviews the Financial Statements of the Subsidiary Companies at the Meetings of the Audit Committee and Board of Directors of the Company.
- III. The financial results of the Subsidiary Companies are also provided to the Audit Committee for an overview prior to their consolidation with the Parent Company.

## STRICTURES AND PENALTIES

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Bangladesh Securities and Exchange Commission or by any statutory authority on any matters related to capital markets during the last three years.

## ETHICS AND INTEGRITY

### (i) Code of Business Conduct

The Company emphasises on high standards of business integrity through its Code on Business Conduct Policy (COBC), which must be followed by all employees and Directors of the Company. The Company has zero tolerance for any behaviour that is inconsistent to the COBC. The Board of the Company had also laid down a code of conduct, based on the recommendation of the NRC for the Chairperson of the Board, other Board Members, CEO. The COBC lays emphasis amongst other things, on the integrity at workplace and in business practices, honest and ethical personal conduct, diversity, fairness and respect etc. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure

To raise awareness of the COBC amongst employees, the Company conducts regular awareness workshops right from the induction stage to periodic face to face training and annual online e-learning courses. The Company has also undertaken various initiatives to enhance the accessibility and outreach of its compliance culture. In 2021, the Company introduced the new Integrity Line and a “one stop service” for all Compliance related documents and literatures - the ‘Integrity Kiosk’ both virtually and in physical locations across the country.

The conduct of all employees, including Directors and all other employees, must be in accordance with the COBC. Apart from adhering to the tenets articulated in the COBC, all employees and Board Members have confirmed their commitment and compliance by executing a declaration of compliance annually.

The COBC has been posted on the Company's website <https://www.lafargeholcim.com.bd/>.

### (ii) Fair Competition

The Company has been carrying out extensive training sessions for creating awareness among relevant employees on fair competitive practices. In 2021, due to the COVID 19 pandemic, all trainings were organized over video conference. The training sessions audience was primarily those in sales and procurement functions, on various aspects of competition law and on behaviour aspects for ensuring fair competition in the market place. E-Learning training is imparted to all such employees in addition to face-to-face training.

In addition to the above, the processes of the Company are subject to periodic reviews and, where required, have been further strengthened.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company is committed to the high standards of corporate governance and stakeholder responsibility.

The Company has an ethics advice and reporting system called the Integrity Line to deal with instances of report violations of the COBC, policies, or directives or any other breaches of law fraud and mismanagement, if any. The Integrity Line ensures that strict confidentiality is maintained whilst dealing with concerns and also ensures that no discrimination is meted out against any person for a genuinely raised concern. The Integrity Line can be contacted to report any suspected or confirmed incidence of violations of COBC, policies, or directives or any other breaches of law fraud and mismanagement.

## PREVENTION OF INSIDER TRADING

The Company has in place an Insider Dealing and Share Transaction Restrictions Policy (Insider Trading Policy) to govern Price Sensitive Information, disclosure of Insider Information and on trading on Company Securities by employees. The Insider Trading Policy prohibits the purchase or sale of the Company's shares by the Directors and their immediate relatives, designated persons and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period(s) when the Trading Window to deal in the Company's shares is closed.

## MEANS OF COMMUNICATION

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it provides multiple channels of communications viz. through dissemination of information on the online portal of the Stock Exchanges, Press Releases, the Annual Reports and uploading relevant information on its website.

The unaudited quarterly results (both standalone and consolidated) are announced within 45 days of the close of the first quarter and within 30 days of the Second Quarter & Third Quarter. The audited annual results are announced within 120 days from the close of the financial year, as required under Listing Regulations. The aforesaid financial results are disseminated to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these are considered and approved. The results are published in leading daily newspapers having national circulation and online newspapers.

The audited financial statements form a part of the Annual Report which is sent to the Members within the statutory period and well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly/half yearly results and the annual audited financial statements and the press releases of the Company are also placed on the Company's website: <https://www.lafargeholcim.com.bd/> and can be downloaded.

The Company discloses to the Stock Exchanges, information required to be disclosed including material information which have a bearing on the performance/operations of the Company or which is price sensitive in nature. All information is filed electronically on Dhaka and Chittagong exchanges online portal.

The Board of Directors decides on the materiality of information for the purpose of making disclosure to the Stock Exchanges.

All disclosures made to the Stock Exchanges are also made available on the Company's website and can be accessed through web link: <https://www.lafargeholcim.com.bd/>.

## STATUTORY AUDITORS

The Audit Committee recommends and the Board endorses the appointment of the Statutory Auditor which is approved by the Shareholders at the Annual General Meeting. Along with the appointment, the Shareholders also fix the remuneration of the Statutory Auditors.

In compliance with the BSEC Notification on financial reporting and disclosure dated June 20, 2018, and Dhaka Stock Exchange (Listing) Regulations, 2015 dated June 30, 2015, the statutory auditors are not appointed for a consecutive period exceeding three (3) years.

The Audit Committee meets with the Statutory Auditors to ensure that the auditors are acting independently and reviews the financial statements before submission to the Board for approval.

The Financial Statements included in this Annual Report have been audited by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants.

## CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Every year, the Company obtains a certificate from a Practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of the Corporate Governance Code and send the same to the Shareholders along with the Annual Report.

The compliance certificate issued by M/s. Al-Muqtadir Associates, Chartered Secretaries & Consultants., is appended as **Annexure X** to this Report.

The status of compliance with the Corporate Governance Code is captured in the checklist appended as **Annexure XI** to this Report.

## SUMMARY

Effective governance is a continuous process that must weave all functions and employees of the Company into a unified whole to attain the ultimate corporate goals. Being a fully compliant entity, the Company upholds the spirit of transparency and accountability to the society through the establishment of an effective governance regime. Hence, the Company drives good governance procedures across all functions, as it is a key input in managing the business professionally, effectively and responsibly, which makes it transparent, ethical and law abiding, while ensuring accountability.

Overall, the Company upholds its commitment to good corporate governance and pledge to continue to work in meeting the best interests of our shareholders and all other stakeholder groups.