

# CORPORATE GOVERNANCE STATEMENT

**THE DIRECTORS PRESENT THE COMPANY'S REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON DECEMBER 31, 2017.**

## **Company's Principle on Corporate Governance**

Your Company's principle is founded on a bed-rock of ethical values and professionalism. Integrity, transparency, fairness, accountability and compliance with the law are embedded in the Company's robust business practices to ensure ethical and responsible leadership both at the Board and at the Management level. The Company's Code of Business Conduct and its well-structured internal control systems are subject to regular review for their effectiveness, reinforces accountability and integrity of reporting. The internal and external control systems ensure transparency and fairness in dealing with the Company's stakeholders. The Company's focus on sustainable development, its customer centric approach in creating value for the customers by ensuring product quality and innovative service offerings coupled with its outreach to the communities it impacts through CSR activities and programmes has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and other stakeholders.

## **Code of Business Conduct**

Your Company's core values are compliance with applicable laws, set policies and directives, and adherence to highest standards of ethics and integrity. As far as integrity is concerned, we believe in uncompromising zero tolerance. For this purpose the Company has adopted and strictly follows clearly defined Code of Business Conduct. Values of integrity trust and openness reflects in all aspects of the Company's activities.

The Codes of Business Conduct is communicated to all the employees including the members of the Board of Directors 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 laws, and Company policies and directives, and ensure that all our business partners are aware of, understand and adhere to these standards as well.

**A Report on compliance with the principles of Corporate Governance as prescribed by Notification issued by the Bangladesh Securities and Exchange Commission dated 07 August 2012 (the "Notification") given below:**

## **The Board of Directors**

The Board of Directors of the Company is having twelve (12) members.

The Board of Directors play fundamental role in upholding and nurturing the principles of good governance. The Board 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.

The Directors on the Board have considerable expertise and experience in their respective fields. The position of the Chairman and the CEO are filled by different individuals, in compliance with clause 1.4 of the Notification. The Chairman and the CEO are elected among the Directors of the Company. Their roles and responsibilities are defined in the Articles of Association of the Company.

Among the twelve members of the Board, three (3) are Independent Directors, in compliance with clause 1.2(i) of the Notification. All the three Independent Directors qualify with the requirements of clause 1.2(ii) and clause 1.3 of the Notification.

In compliance with clause 1.5 of the Notification and section 184 of the Companies Act, 1994, the Board of Directors have placed its Report before the shareholders, which is forming part of the Annual Report 2017.

## Chief Financial Officer, Company Secretary and Head of Internal Audit

In compliance with clause 2 of the Notification the Company has appointed Chief Financial Officer, Company Secretary and Head of Internal Audit. They function as per respective roles, responsibilities and duties defined by the Board.

The Chief Financial Officer and the Company Secretary attend the meetings of the Board of Directors as required under clause 2.2 of the Notification.

## Audit Committee

In compliance with clause 3 of the Notification the Board has formed an Audit Committee. The Committee comprises of five (5) Directors including two (2) Independent Directors. The Company Secretary acts as the Secretary of the Committee. The Chairman of Audit Committee is an Independent Director. As required, all members of the Audit Committee are 'financially literate' and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

A report on the activities carried out by the Audit Committee is enclosed as a part of the Annual Report.

## Statutory Auditors

Appointment of the Statutory Auditor is in compliance with clause 4 of the Notification. 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 auditors. The Statutory Auditor can continue in office for maximum three consecutive 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. Apart from statutory audit, in order to ensure full and complete regulatory discharge, a Compliance Certificate is also obtained from a licensed practicing professional who certifies, on the basis of his audit, that the Company has duly complied with all the regulatory requirements as stipulated by the Notification. The report is presented to the Shareholders and forms part of the Annual Report.

## Subsidiary Company

The Company has three (3) subsidiary companies – two (2) in India and one (1) in Bangladesh. In compliance with clause 6 of the Notification the minutes of the Board meetings and state of affairs of the subsidiary companies are reviewed by the Board of Directors of the Company. Two Independent Directors of the Company are the members of the Board of Directors of the subsidiary company in Bangladesh. For the foreign subsidiaries, the Independent Directors of the Company are not required to be appointed on the Board of those subsidiary companies.

LafargeHolcim (Bangladesh) Ltd. (HBL) became a subsidiary of the Company on in January 2018. As HBL was not a subsidiary of the Company in 2017, the accounts of HBL have not been included in the Annual Report 2017.

## Duties of the Chief Executive Officer and Chief Financial Officer

In compliance with clause 6 of the Notification the CEO and CFO of the Company have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the current financial year. The certificate is enclosed as part of the Annual Report.

## Legal and Compliance

Throughout the years of operations, the Company has been fully compliant with applicable laws and has 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.