



CORPORATE GOVERNANCE REPORT



The Board of Directors (the Board) recognises the importance of good corporate governance and is committed to ensure the sustainability of the company's business and operations by integrating good governance ethics and business integrity into the strategies and operations of the company. The Board believes these practices are key to continue delivering long-term shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence.

CORPORATE GOVERNANCE FRAMEWORK

Being a manufacturing business entity, Meghna Cement Mills Ltd (MCML) emphasizes on transparency, accountability and compliance, which are the essence of corporate governance. High standards of corporate governance play an important part towards the Company's continued growth and success. The Company has always endeavored to maintain the highest standards of corporate governance and business conduct so as to generate and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and suppliers.

CORPORATE GOVERNANCE PRACTICES

MCML is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to build MCML a thoroughly transparent Company.

CORPORATE GOVERNANCE REPORT 2021

MCML is listed with the Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd. The Company has complied with all the applicable conditions set out in the Corporate Governance Code 2018 "the Code" issued by the Bangladesh Securities and Exchange Commission (BSEC). The Board continues to monitor and review the Company's Corporate Governance practices and makes necessary changes at an appropriate time. Our actions are always governed by our values and principles, which actually reason behind the key to ensure sustainable success of the Company. The disclosures in this report set out our corporate governance framework, practices and policies for FY2020-21 with reference to the Code.

BOARD MATTERS

a) Role of the Board

The Directors of the Board are appointed by the

Shareholders at the Annual General Meeting (AGM) and are accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate monitoring and control. The Board also ensures that MCML Policies & Procedures and Code of Conduct are understood, implemented and maintained at all levels and the Company adheres generally accepted principles of good governance and effective control of Company activities.

b) Rules of Procedure for the Board

In addition to other regulatory guidelines, the Board has also adopted the ToR (Terms of Reference) for the Board of Directors' to ensure better governance in the work and administration of the Board.

c) Salient features of the ToR for the Board

- Providing entrepreneurial leadership
- Setting up the strategy
- Ensuring the human and financial resources are available to achieve objectives
- Reviewing management performance
- Setting up the company's values and standards
- Ensuring that obligations to shareholders and other stakeholders are understood and met adequately.

d) Key Features of the Board

- Except Managing Director all Board Members are Non-Executive Directors;
- Separate posts for the roles of Chair of the Board and the Managing Director;
- No Independent Director has served more than six (6) years;
- Chair of the Audit Committee and NRC is Independent Directors; and
- Management do not sit on the Board;
- Audit Committee comprised by two independent directors and one non-executive director including CS. NRC comprised by one independent directors and one non-executive director including CS.

e) Board Composition

As at the date of this Annual Report, the Board of MCML is comprising of eight (8) Directors, with five (5) Non-Executive Directors, two (2) Independent Directors and one (1) Executive Director.

f) Board's Contribution

The Non-Executive Directors contribute diversified qualifications and experience to the Company by expressing their views in an independent, constructive and informed manner, and actively participating in Board and Committee meetings.

The Directors provide independent judgement and advice on issues relating to the Company's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management processes, with the shareholders' interests being the utmost important factor. The Company has also received from each Independent Director a confirmation annually of his/her independence taking into account the independence guidelines set out in BSEC Corporate Governance Code.

Articles of Association ("AoA") of the Company requires the Board members to meet at least four (4) times in a year or when duly called in writing by any Board member. The Board accordingly met six (06) times during the year FY 2020-21. The notice contains the detailed statement of business to be transacted at each meeting. By following Bangladesh Securities and Exchange Commission's order no. SEC/ SRMIC /04-231/ 932 the Board of Directors already start convening hybrid and virtual meetings along with physical conventional meetings to facilitate the decision making process. The attendance of the Board members in the meetings was as follows.

g) Board Meetings

The Companies Act 1994, BSEC rules and regulations, DSE/CSE Listing regulations and

Name of the Directors	Designation	No. of Meetings held	No. of Meetings Attended
Mr. Ahmed Akbar Sobhan	Chairman	06	06
Mrs. Afroza Begum	Director	06	06
Mr. Sadat Sobhan	Director	06	06
Mr. Shafiat Sobhan	Director	06	06
Mr. Sayem Sobhan	Managing Director	06	06
Mr. Safwan Sobhan	Director	06	06
Mr. Md. Nurul Karim	Independent Director	06	06
Mr. Alhaj Rafiqul Islam	Independent Director	06	06

h) Board Activities

BOARD ACTIVITIES DURING THE FINANCIAL YEAR 2020-21	
Strategy	Performance
* Reviewed the performance whether Company is in line with mission and vision of the Company.	* Monitoring and reviewing un-audited financial statements of the Company. * Audited Financial Statements for the FY 2020-21 and final dividend. * Successfully Transferred unclaimed and undistributed dividend amount to the Capital Market Stabilization Fund (CMSF) till 30th June 2017.



RISK AND INTERNAL CONTROLS	GOVERNANCE
<ul style="list-style-type: none"> • Identified principal risks and ensured appropriate internal controls and mitigation measures and their implementation; • Reviewed the adequacy and integrity of the information provided by the Management and internal control systems; • Reviewed enterprise risks on quarterly basis; and • Reviewed Business operation activities. 	<ul style="list-style-type: none"> • Approved contents of 2021's Annual Report of the Company; • Approved the re-appointment of Board Members and Independent Directors; • Approved appointment of audit firm for Corporate Governance Certification; • Established and identified succession plan for leadership; • Reviewed yearly report of Supply Chain Sustainability and Sales Report of the Company; • Approved Internal Audit Plan and Compliance Plan; • Reviewed internal Audit reports along with recommendations; • Reviewed the outcome of the BSEC Corporate Governance Code for CG Audit and to be complied with; and • Monitored, reviewed and implemented all recommendations and reports received from Board Committees of the Company.

i) The Chair and the Managing Director

The Chairperson of the Board is a Non-Executive Director. The day to day business headed by the Managing Director of the Company. The roles of the Chair and Managing Director (MD) are clearly established, set out in writing and agreed by the Board to ensure transparency and better governance. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the MD is the authoritative head for day-to-day management in the Company. He acts to reasonably ensure that MCML operates its business as per the Articles of Association. Decisions are made by the Board and Shareholders, as well as according to ToR(s) of MCML and applicable regulatory laws and legislations.

j) Delegation of authority

Responsibility or authority is assigned through the delegation of authority framework. The Board approves the Company's delegation of authority which ensures that delegated authority levels flow through the proper governance channels.

k) Code of Conduct

In compliance with the requirement of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission

(BSEC), the Company has framed and adopted the Code of Conduct for the Chair of the Board, other Board members Including Managing Director of the company to support objectives, vision and values of the Company.

l) Access to Information

The Board recognizes that the decision making process is highly dependent on the quality of information outfit.

m) Succession planning for Top Level Executive

The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession in appointments in top level executives. The Company attempts to maintain an appropriate balance of skills and experience within the organization.

n) Board and Top Level Executives' Remuneration Policy

The objective of the MCML's Top Level Executives' remuneration policy is to secure that reward for Top Level Executive shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the MCML behavior.

o) Evaluation of the Board

To establish and improve the operating effectiveness of the Board, the Board shall carry

out an evaluation once a year of its work, functions, performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets.

FINANCIAL REPORTING

MCML pursuing strong financial reporting procedures. Financial statements are prepared in accordance with IFRS and IAS Applicable in Banagladesh, the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2020 and other applicable laws in Bangladesh. All the financial transactions are recorded accurately to produce the financial statements. These financial statements, once prepared, are reviewed initially by CFO and Managing Director respectively and then by the Audit Committee and Board on a quarterly basis. The annual audit is conducted by the external auditors, who are appointed

by the Board of Directors followed by the Shareholders' approval in the Annual General Meeting.

BOARD COMMITTEES

For better, swift and enhanced flow of information and there by exercising effective governance, the Board has also mechanized three (3) committees, viz: Audit Committee; Nomination and Remuneration Committee and Steering Committee to assist the Board. The role of Board Committees is to review and appraise in the respective areas and then to advise and make recommendations to the Board. Each Committee operates in accordance with the Terms of Reference (ToR) approved by the Board. The Board reviews the ToR of the Committees time to time. The Board appoints the members and Chair of each Committee. A brief description of each Committee is presented below:

2 Independent Directors, 5 Non-Executive Directors and 1 Executive Director.	The Board of MCML	To create value, by adopting all the rules and regulations of BSEC and Stock Exchanges, and to ensure long-term success of the Company.
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COMMITTEES TO THE BOARD OF MCML

AUDIT COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
To oversee the financial reporting process and to monitor the fairness of the financial statements of the Company including announcements relating to the financial performance of the Company and reviewing the financial statements and auditors report.		To assist the Board in developing and administering a fair and transparent procedure for setting policy on the and remuneration of Directors and Senior Management of the Company.	
Chairman Mr. Md. Nurul Karim	2 Independent Directors, and 1 Non-Executive Director"	Chairman Mr. Md. Nurul Karim	1 Independent Director, and 1 Non-Executive Director

STEERING COMMITTEE	
To run the day to day business operations effectively and efficiently and to assist the Board to achieve the Company's objectives, mission and vission as projection of the Board of Directors of the Company.	
Headed By Managing Director of the Co.	All Head of Departments are member of this committee and HoD, HR & Admin is acting as the Secretary of the same.

Transparency	Accountability	Compliance	Responsibility
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Role of Company Secretary, Chief Financial Officer and Head of Internal Audit and Control

Company Secretary (CS)

Appointed by- Board of Directors

Reporting to- The Board of Directors and Managing Director for day-to-day administration.

Responsible for- Corporate Affairs and Secretariat Division.

Role Purpose- To ensure corporate management and compliance issues of the Company and to deal with the regulatory matters of the company.

Core functions- Share management, Meeting management, Legal and Statutory Compliances, Communication and public relation, etc.

Prime duty of CS is to protect and safe guard the interests of MCML at all levels- legal, statutory administrative, arbitrational and in other policy matters. He will be responsible for ensuring that the company complies with standard corporate management, compliance and legal practices and maintains standards of corporate governance.

CHIEF FINANCIAL OFFICER (CFO)

Appointed by- Board of Directors

Reporting to- Board of Directors, Chairman of the Audit Committee and Managing Director for day-to-day administration.

Responsible for- Finance and Accounts Division.

Role Purpose- To ensure financial planning/design, management and reporting management and control environment within the Company and to continue it and to ensure the reporting in time.

Core functions- Strategic Financial matters relating to annual and periodic budget, financial management, cost benefit analysis, forecasting needs and the securing of new funding etc.

As required under “Bangladesh Secretarial Standard 2: Secretarial Standard on General Meetings” issued by the Institute of Chartered Secretaries of Bangladesh (ICSB), particulars of last three years General meetings are disclosed herewith:

GENERAL MEETING NO.	DATE, TIME AND PLACE	PARTICIPANTS	APPROVED RESOLUTION
26th Annual General Meeting	Wednesday, 31 October 2018; 10 a.m.; and “Pushpogusso”, International Convention City, Bashundhara (ICCB Hall No. 02), Bashundhara R/A	215 nos of Shareholders attended in person and by proxy	<ol style="list-style-type: none"> To receive, consider and adopt the Directors and Auditors’ Report and the Audited Accounts of the Company for the financial year ended 30 June 2018; To declare Dividend for the financial year ended 30 June 2018; To elect the Directors; To appoint Auditors for the Financial Year 2018-19 and to fix their remuneration.

Prime duty of CFO is to achieve the MCML’s mission, objective and help execute financial growth plans. Oversee all fiscal reporting activities for the organization including; organizational revenue/expense and balance sheet reports, reports to funding agencies, development and monitoring of organizational and contract/grant budgets, oversee all payroll activity for staff and participants and monitor banking activities of the organization.

HEAD OF INTERNAL AUDIT AND CONTROL (HIAC)

Appointed by- Board of Directors

Reporting to- Board of Directors, Chairman of the Audit Committee and Managing Director for day-to-day administration.

RESPONSIBLE FOR- Internal Audit Team.

Role Purpose- To provide independent and objective assurance on the management of risk throughout the Company.

Core functions- The HIAC has to work in accordance with the internal audit guidelines and standards. He will provide assistance to the management in meeting regulatory requirements and to ensure that the final internal audit reports are issued with all recommendations made to the Board and to implement the equal opportunities policy in the internal audit activities.

Prime duty of HIAC develop annual internal audit plan, meeting with the Board, Management and trustees, develop internal audit team and to develop new methodologies to improve the entire internal audit process of the Company.

****As nature of MCML’s Board and Senior Management is environmentally friendly and sustainable in business practices, MCML puts together its annual reports available online at the company’s website. Printed copies of such are made available upon request.**

B. Special Business:

To raise capital through the issuance of Preference share of BDT 100 Crore only, subject to the approval of the Members and the Regulatory Authorities

To consider and if deem fit to pass the following as the "Special Resolution"

PROPOSED SPECIAL RESOLUTION:

"Resolved that the Shareholders approved the raising of the capital of the Company through the issuance of Preference

Shares to the amount of BDT 100 Crore only. The proposed preference share will be fully redeemable, non-convertible and non-listed in nature. The eligible investors for this preference share will be local and foreign institutions; purpose of this issue of preference share is to maintain proper debt equity ratio and to strengthen equity base for this Company's further business expansion. The Board of Directors of the Company be and is hereby authorized to finalize the detail features of the issuance of the Preference shares in compliance with the regulatory directives in this project".

27th Annual General Meeting	Thursday, 19 December 2019; 10:30 a.m.; and "Gulnaksha", International Convention City, Bashundhara (ICCB Hall No. 01), Kuril Bishwa Road, Dhaka-1229	226 nos of Shareholders attended in person and by proxy	<ol style="list-style-type: none"> 1. To receive, consider and adopt the Directors and Auditors' Report and the Audited Accounts of the Company for the financial year ended 30 June 2017; 2. To declare Dividend for the financial year ended 30 June 2019; 3. To elect the Directors; 4. To appoint Auditors for the Financial Year 2019-20 and to fix their remuneration.
28th Annual General Meeting	Monday, 07 December 2020; 11:30 a.m. through Digital Platform	<p>182 shareholders attended in the 28th Annual General Meeting through digital platform (live) in person and by proxy.</p> <p>*All shareholders obtained access to the meeting using their BO ID nos. at the user ID and stating the nos. of shares held by them.</p>	<ol style="list-style-type: none"> 1. To receive, consider and adopt the Directors and Auditors' Report and the Audited Accounts of the Company for the financial year ended 30 June 2020; 2. To declare Dividend for the financial year ended 30 June 2020; 3. To elect the Directors; 4. To appoint Auditors for the Financial Year 2020-21 and to fix their remuneration. 5. To confirm the appointment of CG (Certificate) Auditor for the Financial Year 2019-2020 and to appoint CG (Certificate) Auditor for the Financial Year 2020-2021 and to fix their remuneration.

WEBSITE

All financial results and key performance indicators as well as all Price Sensitive Information are posted on the Investor Relations section, about, social contribution and policy of the Company's website: <http://www.meghnacement.com/>

SHAREHOLDERS' QUERIES

Whilst the Company aims to provide sufficient information to Shareholders and Investors about the Company and its

activities, it also recognizes that Shareholders may have specific queries relating to their shareholding. These queries may be directed at +88 02 8431024 Ext. 6728 or email to Share Office at sohrab.hossain@bg.com.bd.

MCML believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime.