

[As per condition No. 1(5) (xxvii)]



**Report to the Shareholders of Heidelberg Materials Bangladesh PLC.
On compliance of the Corporate Governance Code
For the year ended on 31 December 2024**

We have examined the compliance status to the Corporate Governance Code by Heidelberg Materials Bangladesh PLC. for the year ended on December 31, 2024. This Code relates to the Notification No. BSEC/CMRRCD/2006 158/207/Admin/80, dated June 3, 2018 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 dated 16 October 2023 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation there of as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSSs) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

1. The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission.
2. The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSSs) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
3. Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws;
4. The standard of governance in the Company is satisfactory.

Dated, Dhaka
23 April 2025

Signed for and on behalf of
Hoque Bhattacharjee Das & Co.
Chartered Accountants

Avijit Bhattacharjee FCA
Partner
Enrollment Number: 824

Dhaka Office:

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As per condition No. 1(5)(xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 dated 16 October 2023 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969):

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Board of Directors			
1(1)	Size of the Board of Directors: shall not less than 5 and not more than 20	✓		
1(2)	Independent Directors			
1(2)(a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors	✓		
1(2)(b)(i)	Does not hold any share or holds less than 1% shares of the total paid-up shares of the Company	✓		
1(2)(b)(ii)	Not a sponsor/not connected with any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds 1% or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members are also not allowed to hold more than 1% shares of the total paid-up shares of the Company	✓		
1(2)(b)(iii)	Not an executive of the Company in immediately preceding 2 (two) financial years	✓		
1(2)(b)(iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated Companies	✓		
1(2)(b)(v)	Not a member or TREC holder/director/officer of any stock exchange	✓		
1(2)(b)(vi)	Not a shareholder, director excepting independent director or officer of any member or TREC holder of any stock exchange or an intermediary of the capital market	✓		
1(2)(b)(vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any concerned statutory audit firm or any firm that is already engaged with the Company	✓		
1(2)(b)(viii)	Not an independent director in more than 5 (five) listed companies	✓		
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution;	✓		
1(2)(b)(x)	Not been convicted for a criminal offence involving moral turpitude	✓		
1(2)(c)	Appointed by the Board of Directors and approved in the AGM:	✓		
	Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2)(d)	The post cannot remain vacant for more than 90 (ninety) days	✓		
1(2)(e)	The tenure of office shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	✓		
	Provided that a former independent director may be reappointed for another tenure after a time gap of 3 years from his/her completion of consecutive two tenures. The independent directors shall not be subject to retirement by rotation	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	shall be a knowledgeable individual with integrity and able to ensure compliance with relevant laws as well as able to make meaningful contribution to the business	✓		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association			Not Applicable
1(3)(b)(ii)	Corporate leader usually top level executive not lower than CEO/MD/AMD/DMD/COO/CFO/Head of Finance or Accounts / CS / HIAC / Head of Administration and Human Resources or any other person who holds equivalent position and same level or ranked or salaried officials of a unlisted company having paid-up capital of Tk. 100.00 million or of a listed company or	✓		
1(3)(b)(iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law			Not Applicable
1(3)(b)(iv)	University Teacher having educational background in Economics or Commerce or Business Studies or Law or			Not Applicable
1(3)(b)(v)	Professional including practicing advocate at least in the High Court Division of Bangladesh Supreme Court/CA/CMA /CFA/CCA/CS/equivalent qualification	✓		
1(3)(c)	Minimum 10 years of experience	✓		
1(3)(d)	Relaxation in special cases as to qualifications of independent director			Not Applicable
1(4)	Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company			
1(4)(a)	The position of the both shall be filled by different individuals	✓		
1(4)(b)	MD/ CEO shall not hold same position in any other listed company	✓		
1(4)(c)	Chairperson shall be shall be elected from non-executive directors	✓		
1(4)(d)	Clear defined roles & responsibilities for both of them	✓		
1(4)(e)	In the absence of regular chairperson, the other members shall elect a non-executive director to chair that particular meeting	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)	Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry	✓		
1(5)(ii)	The segment-wise or product-wise performance	✓		
1(5)(iii)	Risks and concerns	✓		
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss)	✓		
1(5)(vi)	A detailed discussion on related party transactions	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			Not Applicable
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.			Not Applicable
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	✓		
1(5)(x)	Remuneration paid to the directors including independent directors	✓		
1(5)(xi)	Fairness of financial statements	✓		
1(5)(xii)	Maintenance of proper books of accounts	✓		
1(5)(xiii)	Adoption of appropriate & consistent accounting policies and estimates	✓		
1(5)(xiv)	Follow of IAS, IFRS in preparation of the financial statements and any departure there from has been adequately disclosed	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			Not Applicable
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	shares held by Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	Report on shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxiii)(c)	Executives and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas and	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements	✓		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1(6)	Meeting of the Board of Directors: Meeting of the Board of Directors shall conduct Board meetings and record the minutes as per BSS	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct for the Chairman, other Board members and Chief Executive Officer	✓		
1(7)(b)	Availability of Code of Conduct on the website of the Company	✓		
2	Governance of Board of Directors of Subsidiary Company:			
2(a)	Same provisions shall be applicable for composition of the Board of the holding and the Board of the subsidiary			Not Applicable

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2(b)	At least one independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company			Not Applicable
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company			Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also			Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
3	MD or CEO, CFO, Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-			
3(1)(a)	Appointment of MD or CEO, CFO, HIAC and CS	✓		
3(1)(b)	Different individuals are in the position of MD or CEO, CFO, HIAC and CS	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC don't hold any executive position in any other company at the same time	✓		
	Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission:			Not Applicable
	Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;			Not Applicable
3(1)(d)	Clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	Requirement to attend Board of Directors' Meetings: Attendance of MD or CEO, CS, CFO and HIAC in the meetings of the Board	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	Does not contain materially untrue statement and omit any material fact in the financial statements certified by MD & CFO	✓		
3(3)(a)(ii)	True & fair view of financial statements certified by MD & CFO	✓		
3(3)(b)	Certification of MD and CFO regarding financial statements	✓		
3(3)(c)	Annual Report contains certification of MD & CFO on financial statements	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4	Board of Directors' Committee For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	An Audit Committee	✓		
4(ii)	A Nomination & Remuneration Committee	✓		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	Audit Committee as sub-committee of the Board	✓		
5(1)(b)	Assistance of the Audit Committee to the Board	✓		
5(1)(c)	Responsible to the Board and the duties of the Audit Committee shall be clearly set forth in writing	✓		
5(2)	Constitution of the Audit Committee:			
5(2)(a)	Audit Committee composition: at least 3 members	✓		
5(2)(b)	All members are to be non-executive directors except chairman of the board and one member shall be an independent director	✓		
5(2)(c)	Financial literacy & minimum 10 years' experience of members	✓		
5(2)(d)	Vacancy of office of audit committee member, in case of his/ her expiry or inability to hold office cause to lower the members number below 3, the Board shall fill up the vacancy within 60 (sixty) days.	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the Audit Committee:			
5(3)(a)	Board of Directors shall select 1 member of Audit Committee as Chairman of the committee, who shall be an Independent Director	✓		
5(3)(b)	In the absence of regular Chairperson of the audit committee, the remaining members may elect one of themselves as chairperson for that meeting and the reason of absence of regular chairperson shall be duly recorded in the minutes of the meeting			No such case in the reporting year.
5(3)(c)	In the absence of Chairperson, any other member of the Audit Committee shall be selected to be present in the Annual General Meeting (AGM) and reason for absence of the regular Chairperson of the AC shall be recorded in the minutes of the AGM.	✓		
5(4)	Meeting of the Audit Committee:-			
5(4)(a)	At least four meetings in a financial year	✓		
5(4)(b)	Quorum: two members or 2/3 of total audit committee member	✓		
5(5)	Role of Audit Committee The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process	✓		
5(5)(b)	Monitor choice of accounting policies and Principles	✓		
5(5)(c)	Monitor Internal Audit & Compliance Process	✓		
5(5)(d)	Oversee hiring and performance of external Auditors	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5)(e)	Meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval	✓		
5(5)(g)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓		
5(5)(h)	Review the adequacy of internal audit Function	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓		
5(5)(m)	Declaration of the Committee regarding utilization of the proceeds raised through IPO,RPO or Right Share Offer.	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors	✓		
5(6)(a)(i)	Report on its activities	✓		
5(6)(a)(ii)(a)	Report on conflicts of interests			No such case found
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularities or material defect identified in compliance process or financial statements			No such case found
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances			No such case found
5(6)(a)(ii)(d)	Any other matter shall be disclosed to the Board immediately			No such case found
5(6)(b)	Report on unreasonably ignored rectification to the Commission			No such case found
5(7)	Reporting to the Shareholders and General Investors	✓		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	NRC as a sub-committee of the Board	✓		
6(1)(b)	Assists the Board in formulating NRC policy	✓		
6(1)(c)	Clearly defined terms of reference of NRC	✓		
6(2)	Constitution of the NRC			
6(2)(a)	At least 3 members including an independent director	✓		
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors.	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	✓		
6(2)(d)	The Board reserve the authority to remove and appoint any member of the Committee;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(2)(e)	The Board shall fill the vacancy within 180 days in case of death, resignation, disqualification, or removal of any member	✓		
6(2)(f)	The Chairperson may appoint external expert for advice or suggestion	✓		
6(2)(g)	The company secretary shall act as the secretary of the Committee	✓		
6(2)(h)	Quorum: at least an independent director	✓		
6(2)(i)	No remuneration other than director fees/honorarium for any member	✓		
6(3)	Chairperson of the NRC			
6(3)(a)	Chairman: an independent director	✓		
6(3)(b)	In the absence of regular Chairman, elected Chairman from other members			No such case in the reporting year.
6(3)(c)	Chairman's presence in annual general meeting to answer the queries of the shareholder	✓		
6(4)	Meeting of the NRC			
6(4)(a)	At least one meeting in a financial year	✓		
6(4)(b)	Any emergency meeting upon request by any member of the NRC	✓		
6(4)(c)	Quorum: Higher of two members or 2/3 of total members including at least one independent director	✓		
6(4)(d)	Proceedings of the meeting shall duly recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	✓		
6(5)	Role of the NRC			
6(5)(a)	Shall be independent and responsible or accountable to the Board and to the shareholders	✓		
6(5)(b)	shall oversee, among others, the following matters and make report with recommendation to the Board;	✓		
6(5)(b)(i)(a)	Remuneration shall be reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	✓		
6(5)(b)(i)(b)	Clear relationship among remuneration, performance & benchmarks	✓		
6(5)(b)(i)(c)	Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	✓		
6(5)(b)(ii)	Devising a policy on Board's diversity	✓		
6(5)(b)(iii)	Identification of qualification of directors and recommendation for appointment and removal	✓		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	✓		
6(5)(b)(v)	Identifying needs for employees and determine their selection, transfer or replacement and promotion criteria	✓		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	✓		
6(5)(c)	Nomination and remuneration policy, the evaluation criteria and activities of NRC during the year in its annual report.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7	External or Statutory Auditors			
7(1)(i)	Not involved in appraisal or valuation services or fairness opinions	✓		
7(1)(ii)	Not involved financial information systems design and implementation	✓		
7(1)(iii)	Not involved in book-keeping or other services related to the accounting records or financial statements	✓		
7(1)(iv)	Not involved as broker-dealer services	✓		
7(1)(v)	Not involved in actuarial services	✓		
7(1)(vi)	Not involved in internal audit services or special audit services	✓		
7(1)(vii)	Not involved in any service that the Audit Committee determines	✓		
7(1)(viii)	Not involved in audit or certification services on compliance of corporate governance	✓		
7(1)(ix)	Not involved in any other service that creates conflict of interest	✓		
7(2)	No partner or his/ her family or employees of the external audit firms hold any share at least during audit work	✓		
7(3)	Auditors’ or their representative presence in the AGM	✓		
8	Maintaining a website by the Company			
8(1)	An official website linked with the website of the stock exchange	✓		
8(2)	A website functional from the date of listing	✓		
8(3)	Available detailed disclosures on its website as required under the listing regulations of the stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance			
9(1)	Compliance certificate on Corporate Governance Code of the Commission in the Annual Report.			The Certificate of Compliance obtained from Hoque Bhattacharjee Das & Co. is duly presented in the Annual Report
9(2)	The compliance auditor shall be appointed by the shareholders in the AGM			The appointment of Hoque Bhattacharjee Das & Co. as compliance auditor was duly approved by the shareholders in the 35th AGM
9(3)	Compliance status as Annexure-C in the directors’ report			Detailed status is given at Annexure - C and published in the Report.