



## For the year ended 31 December 2023

### 1. INTRODUCTION

The Board of Directors of HeidelbergCement Bangladesh Limited ("HCBL" or the "Company") is pleased to publish the Company's Annual Report 2023, which furnishes, *inter alia*, the independent auditors' report and audited annual financial statements for the financial year ended 31 December 2023 as well as other useful information of the Company. These will be laid before the Company's shareholders at the forthcoming Annual General Meeting (AGM) scheduled for 8 May 2024. Further, in compliance with Section 184 of the Companies Act, 1994, and the Corporate Governance Code (the "Code") issued by the Bangladesh Securities and Exchange Commission (BSEC) on 3 June 2018, the Company has taken care to incorporate all requisite disclosures in this report.

### 2. STATEMENT OF THE COMPANY'S AFFAIRS

In 2023, the Company successfully transitioned from losses in 2022 to profitability, marking a significant milestone in its financial journey. Despite facing numerous challenges such as heightened political activities due to the national election, higher inflation, commodity price volatility, soaring energy costs, major macroeconomic imbalances, supply chain disruptions, and geopolitical conflicts, the Company managed to achieve its highest-ever revenue. HCBL's overall sales increased by 7.1% and gross profit by 92.4% compared to last year, attributed to the proper management of direct costs. The current year's EPS was BDT 8.13, a significant improvement from BDT -4.13 in 2022.

### 3. CEMENT INDUSTRY

The cement market in Bangladesh has experienced significant growth over the past decade, with demand fueled by the country's rapid urbanization and infrastructure development. The industry is dominated by a few major players, with local producers accounting for the majority of cement production. Bangladesh's cement industry is one of the world's fastest-growing, with per capita cement usage of around 230kg in 2023. Residential, engineering, and non-engineering consumption are the key drivers of this industry. Increasing urbanization coupled with large-scale infrastructure development projects implemented by the government has stimulated the building materials sector and increased demand for cement with a compound annual growth rate (CAGR) of 8.2% in the last ten years.

In 2023, the industry adjusted for the incremental cost with sales prices, resulting in margin growth, although there was a reduction in volume. Price hikes for other building materials, such as steel and bricks, were even higher. This, along with significant inflation, depletion of foreign currency reserves, and the devaluation of the taka against the USD, contributed to weaker demand for cement in 2023. Additionally, the ongoing price war among manufacturers to gain market share has intensified. Economic volatility is presumed to persist through 2024.

### 4. OPERATIONS

#### 4.1. Sales and Production

In the year 2023, HCBL successfully manufactured and distributed a combined total of 2.185 million tons of cement through our three strategically positioned plants in Kanchpur, Chittagong, and Mukterpur. This quantity represents a marginal 1.2% decline compared to the aggregate sales volume achieved in 2022. Notably, the Company's overall sales volume experienced a decrease of 28k tons in comparison to the preceding year.

#### 4.2. Price

HCBL's clientele is well-informed about our unwavering commitment to product quality and relentless pursuit of innovation, factors that have cultivated a robust trust in our brand. The consistent performance of our cement has instilled a high level of confidence among consumers, enabling us to command a premium price. Despite facing challenges and fierce competition in the market, the company has effectively sustained its position as a price leader in our product category.

#### 4.3. Customer Service

Merely completing the transaction of selling and delivering cement to customers' doorsteps is insufficient for fostering lasting customer relationships and ensuring sustained business growth. The key lies in prioritizing swift and efficient responses to customer needs during the post-sales phase, as this not only adds substantial value but also elevates the Company's reputation in the market. At HCBL, we are dedicated to understanding our customers' requirements. Our proficient, seasoned, and committed sales and technical service teams actively engage with our valued customers, providing tailored solutions and insightful consultations wherever needed, further reinforcing our commitment to customer satisfaction.

#### 4.4. Product Innovation

HCBL proudly launched its revolutionary 'Multi-Purpose Cement' (MPC) last year, adhering rigorously to Bangladesh Standards for Cement by the Bangladesh Standard Testing Institution (BSTI). Pioneering MPC's commercial introduction in Bangladesh, HCBL is setting new industry standards. This innovative cement has garnered attention globally, particularly in America, Europe, and Asia, for its eco-friendly attributes and commitment to reducing environmental impact.



MPC embodies cutting-edge technology and a unique blend of premium raw materials, showcasing excellence in cement innovation. This advanced product ensures superior long-term strength for construction while championing environmental sustainability by reducing greenhouse gas emissions during production, resulting in a significantly reduced carbon footprint.

Beyond its eco-friendly credentials, MPC stands out for an array of technical advantages. It not only enhances workability but also ensures higher long-term strength, setting a new standard for structural durability. Additionally, MPC exhibits increased resistance to chemical attacks, further solidifying its status as a versatile and resilient solution suitable for a wide spectrum of construction projects.

#### 4.5. Marketing Activities

In 2023, we strategically focused our marketing efforts on launching our innovative product, "Multi-Purpose Cement," under the renowned brands "ScanCement" and "RubyCement." We used a multifaceted approach to establish and promote this groundbreaking addition to our product portfolio. Additionally, we conducted various marketing activities to maintain a strong and positive presence in the minds of our customers.

- a) **New Product Launch Excellence:** We promoted Multi-Purpose Cement with a comprehensive strategy, including engaging launch events, impactful press releases, full-page press advertisements, informative product leaflets, in-shop festoons, captivating 3D in-shop posters, and an active presence on social media. These efforts aimed to raise awareness and build trust in our new product.
- b) **Outdoor Visibility Amplification:** We ensured brand visibility with distinctive shop signs and attention-grabbing mega signs to enhance brand recall.
- c) **Demand Generation Initiatives:** To boost demand and raise awareness, we conducted personalized, one-to-one communication activities. We organized face-to-face meetings with key influencers like masons, homeowners, and engineers, focusing on explaining the benefits and applications of Multi-Purpose Cement. These sessions aimed to provide comprehensive product knowledge to ensure understanding among stakeholders.
- d) **Elevating Brand Image:** We strategically boosted our brand image by showcasing it alongside national landmarks like the Padma Bridge, Mayor Hanif Flyover, Cox's Bazar Railway, Padma Rail Link Bridge, and Karnaphuli Tunnel in press ads and social media. This aimed to elevate our brand and connect with a broader audience.

### 5. KEY INITIATIVES IN THE PROCUREMENT & LOGISTICS

2023 was a highly successful year for procurement and logistics operations, highlighted by the following achievements:

#### 5.1. Procurement saving

We achieved significant savings in raw material sourcing compared to the previous year, marking the highest savings within the HM Group among APAC countries.

#### 5.2. Raw Material Supply & Pricing

We maintained uninterrupted raw material inflow throughout the year, overcoming challenges with country L/Cs and foreign currency reserves. Our approach included regular tendering processes, and working closely with HM Group experts to optimize raw material costs.

#### 5.3. Procurement Digitization

The tendering process has been enhanced for transparency and digitized using Ariba sourcing & Ariba auction. Internal users can now directly order from the Ariba buying platform, improving efficiency and saving time.

#### 5.4. Fly Ash local sourcing

In 2023, we sourced a significant amount of fly ash from local sources, particularly the Payra and Rampal power plants. Utilizing local fly ash contributes to environmental cleanliness, reduces our carbon footprint, and conserves the country's foreign currency reserves by decreasing the need for fly ash imports.

#### 5.5. Fixed Cost Reduction

We reduced fixed costs by optimizing our Bulk Carriers and fleet.

### 6. KEY INITIATIVES IN THE MANUFACTURING PROCESS

HCBL is recognized for its commitment to excellence in cement production and environmental stewardship. The company employs state-of-the-art technology throughout its manufacturing process, ensuring the highest levels of safety, hygiene, and quality.



compliance with national and global standards. Noteworthy achievements include a focus on reducing carbon footprint through innovative production techniques, power-saving initiatives, and the incorporation of renewable energy sources such as solar power.

#### **6.1. Implementation of online date printing machine**

To ensure that cement bags are delivered to dealers with their specific identity and manufacturing month, an online date printing machine has been installed.

#### **6.2. Remote Plant Operations**

We have implemented a remote operation facility for our plants, enabling us to operate four plants across two countries from a single central location.

#### **6.3. Dust collector installation at clinker transport conveyor belt**

To maintain a clean environment and minimize dust emissions in the raw material handling areas of the clinker transport belt, we have installed a dust collector with a capacity of 18,000m<sup>3</sup>/hr. The bag filter efficiently collects dust from the dump truck dropping point, utilizing a high-performance Auto Pulsing System to control emissions during raw material transportation.

#### **6.4. Removal of Conveyor Belt for boosting efficiency**

Sustainability is crucial in power systems to reduce resource reliance and environmental impact. Sustainable maintenance practices ensure efficient resource use, prolong equipment lifespan and minimize waste. Addressing dust emissions is vital for human health and ecosystem well-being. We merged two conveyor belts, reducing power consumption, maintenance, and dust emissions.

#### **6.5. Installation of Safety Nets Beneath Conveyor Belts to Prevent Roller Falls from Height**

At the forefront of our business is a commitment to safety. To enhance safety and protect our employees, we developed and implemented an innovative safety net system. This system reliably intercepts and safeguards against roller falls, preventing accidents and maintaining a secure work environment.

#### **6.6. Initiatives are taken to reduce the water consumption**

Water is a precious resource, and at HCBL, we are dedicated to minimizing our use of surface and groundwater. To reduce our consumption of underground water, all plants have installed centralized water tanks for utility water and rainwater harvesting systems. These waters are utilized for plant operations. Given Bangladesh's substantial annual rainfall, there is a consistent and ample supply of rainwater.

#### **6.7. Safety Protection of Screw Conveyor**

Screw conveyors are extensively used rotating machines in Cement Plants. To improve safety, we have installed fencing to restrict access to unauthorized personnel and added pull-cord switches for emergency stoppage.

#### **6.8. Waste Management**

Under the theme 'Our Environment, Our Responsibility,' we have focused on waste management planning. Our plan outlines waste types and quantities, safe storage and disposal procedures, bin types and sizes, collection frequencies, and responsibilities. Our goal is safe and efficient commercial waste management in an environmentally friendly manner.

### **7. INFORMATION TECHNOLOGY**

Heidelberg Materials (HM) Group has initiated the migration of its data center from the Singapore HUB to Microsoft Virtual Azure Cloud. This move aims to enhance business support efficiency and security while enabling flexible work arrangements for employees, allowing them to work from any location and device connected to the Internet.

**During the review period, the Company successfully completed the following projects:**

- a) Implemented Multi-Factor Authentication (MFA) for accessing the Organization's network and data, enhancing data security.
- b) Upgraded Local Area Network (LAN) and established an optical fiber link connection at the Mukterpur plant, ensuring smooth business operations.
- c) Installed Static Transfer Switch (STS) at the Mukterpur plant for IT equipment, ensuring automatic redundant power supply.
- d) Deployed IT infrastructure and provided support for the Cement Expert System, enabling process automation at the Kanchpur and Mukterpur plants.
- e) Deployed VAT automation for all plant locations using the SAP system.

### **8. DIRECTORS' DECLARATION AS TO FINANCIAL STATEMENTS**

In addition to preparing and presenting the financial statements, the Directors inform you that:





- The financial statements prepared by the Management of the Company present a true and fair view of the Company's state of affairs, the result of its operations, cash flows, and changes in equity.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been consistently applied in formulating the financial statements and accounting estimates are reasonable and prudent.
- The Financial Statements were prepared in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).
- The CEO and the CFO have certified to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statements or omit any material factor or contain statements that might be misleading.
- The CEO and the CFO have certified to the Board that they have reviewed the financial statements and believe that these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- The CEO and the CFO have further certified to the Board that there was, to the best of their knowledge and belief, no transaction entered into by the Company during the year, which was fraudulent, illegal, or in violation of the Company's Code of Conduct.



## 9. REVIEW OF FINANCIAL PERFORMANCE

The financial statements contained in this Annual Report for the financial years ended 31 December 2023 and 31 December 2022 are compliant with International Financial Reporting Standards (IFRS). Appropriate accounting policies have also been consistently applied in the preparation of the financial statements and the accounting estimates have been based on reasonable and prudent judgment. During the year ended 31 December 2023, the Company produced 2,179K MT of cement compared to 2,206K MT in the year ended 31 December 2022, a decrease of 1.2%. Cement sales for the year were 2,185K MT compared to 2,213K MT in FY22, a decrease of 1.2%. Net sales revenue in FY23 was BDT 17,956 million compared to BDT 16,767 million in FY22, an increase of 7%. The gross profits in FY23 and FY22 were reported at BDT 2,068 million and BDT 1,075 million respectively. Correspondingly, the net profit for FY23 was BDT 459 million compared to BDT -233 million in FY22. The adjustment of the sales price to align with costs contributed to the Company's overall profitability in 2023 compared to 2022. A brief overview of the financial performance of HCBL for 2023 compared to 2022 is set out below:-

Particulars	BDT'000	
	2023	2022
Net Revenue	17,955,715	16,766,939
Gross Profit	2,068,374	1,075,032
Operating Profit	886,830	-21,114
Net Finance Expenses	-58,814	-59,082
Profit Before Tax	786,615	-80,195
Income Tax Expenses	-327,205	-153,245
Profit After Tax	459,410	-233,441
Earnings Per Share (EPS)	8.13	-4.13

**i) Un-appropriated Profit of HCBL in 2023**

Financial Results for the Year 2023:	(BDT '000)
Un-appropriated profit from previous period	2,663,706
Net Profit for the year after Tax	459,410
Payment of dividend	- 56,504
<b>Total Funds available for appropriation</b>	<b><u>3,066,612</u></b>

**Directors Recommended Dividend:**

Dividend @ 25%	-141,259
Un-appropriated profit carried forward to next year	2,925,353

**ii) A summary of the Company's performance:**

Particulars	2023	2022	+/- in %
Cement Production	2,179,428 MT	2,206,702 MT	1.2%
Cement Sales	2,185,153 MT	2,212,542 MT	1.2%

- While there was little difference in sales volume between 2023 and 2022, the Net Sales Price per ton increased by BDT 639 per ton because of the higher cost of goods sold. Total net revenue increased as a result by 7%.
- The Year-to-Date (YTD) Cost of Goods Sold per ton for December 2023 increased by BDT 178 compared to the previous year. This increase was driven by the devaluation of the Bangladeshi Taka (BDT) against the USD, resulting in higher costs for raw materials.
- Net financial expenses remained steady at BDT 58.8 million in 2023 and BDT 59.0 million in 2022, primarily due to the Usance Payable at Sight (UPAS) Loan, reflecting the ongoing challenges with LC opening in Bangladesh.

**iii) Brief Summary of Financial Position**

Particulars	2023		2022		Growth Rate
	(BDT million)	Weight in Total Assets	(BDT million)	Weight in Total Assets	
Non-Current Assets	5,595	44%	5,878	67%	-4.47%
Current Assets	7,027	56%	2,902	33%	141.45%
Total Assets	12,622	100%	8,780	100%	43.76%

**Property, Plant, and Equipment**

During the year, there was an addition of BDT 213 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 16 million in Land & Building, BDT 163 million in Plant and Machinery, BDT 22 million in Furniture and Equipment, and BDT 12 million for Transport and Vehicles.

**Capital work-in-progress**

Capital work-in-progress balance of BDT 202 million includes BDT 66 million for payment of Land & Building and BDT 136 million for Plant and Machinery.

**Trade & Other Receivables**

Trade and other receivables decreased by BDT 52.4 million (449.3m vs 501.7m) due to improved collection efforts resulting in faster conversion of receivables into cash.

**Cash and Cash equivalents**

Cash and cash equivalents consist of BDT 0.48 million in hand, BDT 278.69 million in bank accounts, and fixed deposits totaling BDT 4,016.96 million. The substantial increase in fixed deposits is attributed to incremental borrowings of BDT 3,992.08 million, primarily to meet deferred LC payment obligations.

The "Comparative Financial Results" section on page number 11 has summarized financial results for the previous five years, which demonstrates the Company's business performance throughout time.

**10. RELATED PARTY TRANSACTIONS**

All the transactions entered into between the Company and its related parties during the financial year ended 31 December 2023 were in the ordinary course of business and on an arm's length basis. In note no. 43 of the financial statements, a brief description



of related party transactions is given including the names of the respective related parties, the nature of the relationship with them, the nature of those transactions, and the value in the amount of such transactions.

## **11. RISKS AND CONCERNS**

HCBL has a well-defined internal control and risk management system to ensure that transactions are properly authorized, recorded, and reported. The system of internal control is sound in design and has been effectively implemented and monitored. The internal control system is supplemented by well-documented policies, guidelines, procedures, and reviews carried out by the Company's internal audit function, which submits reports to the Management and the Audit Committee of the Board. It covers the topics of measuring, assessing, and limiting risks. The points of focus of the risk management system are:

- Besides pursuing efficient risk management as per group guidelines, HCBL is firmly committed to observing the Code of Conduct and compliance standards;
- Risk management coordination in Group Insurance;
- Corporate risk management by managers at the operational level;
- Direct information, reporting, and open communication of quantified risks between the Company's Management Committee and the Group Managing Board;
- Standard and regular reporting to the Group.

## **12. PROTECTION OF MINORITY INTEREST**

The Board of Directors helps to play an active role in protecting the interests of the minority shareholders, especially in view of the majority shareholder exercising control over the Company. In the event of minority interests being adversely affected, the Board shall take immediate corrective actions after becoming aware of such a fact. The minority shareholders have been protected from abusive actions by, or in the interest of, the controlling shareholders acting either directly or indirectly and have effective means of redress.

## **13. GOING CONCERN**

The Company has adequate resources to continue its operations for the foreseeable future and therefore the financial statements have been prepared on a going concern basis. Whilst the ongoing crisis caused by the war between Russia & Ukraine and changes in the exchange rate has affected businesses worldwide, the Management has assessed that there are at this point no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

## **14. DIVIDEND**

The dividend distribution policy of the Company (ANNEXURE-H) allows it to recommend a dividend that is commensurate with its performance and investment requirements as well as meet shareholders' expectations. The Board of Directors recommends a cash dividend of BDT 2.50/- (BDT Two Taka & Fifty Paise only) per share for the year ended 31 December 2023.

## **15. CONTRIBUTION TO NATIONAL EXCHEQUER**

The Company contributes a substantial amount to the National Exchequer by way of duties and taxes. HeidelbergCement Bangladesh Limited contributed BDT 3,687 million to the National Exchequer in 2023.

## **16. AUDITORS**

M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants having office at BDBL Bhaban (Level-13), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh, were appointed at the 34<sup>th</sup> Annual General Meeting (AGM) by the members of the Company. In the year under review, they have performed their audit work satisfactorily.

Based on their eligibility and the recommendation of the Board of Directors, it is proposed to re-appoint M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, as the Statutory Auditor at the 35<sup>th</sup> AGM of the Company for the year ending 31 December 2024. The proposed fee for their services is BDT 950,000.00 (BDT Nine Lac Fifty Thousand) only, and they will hold office until the conclusion of the forthcoming 36<sup>th</sup> Annual General Meeting of the Company.

## **17. CORPORATE GOVERNANCE COMPLIANCE AUDITORS**

The current Corporate Governance Compliance Auditors of the Company, M/s. Hoque Bhattacharjee Das & Co., Chartered Accountants, of Jebun Index Trade Centre (8<sup>th</sup> Floor), 191 Shaheed Syed Nazrul Islam Sarani, 04 Bijoy Nagar, Dhaka-1000, will retire at the 35<sup>th</sup> Annual General Meeting. Being eligible, they express their willingness and consent to be reappointed. As per the



Corporate Governance Code, the appointment of Corporate Governance Compliance Auditors is also subject to the approval of the members in the 35<sup>th</sup> AGM. The Board recommends their appointment as Corporate Governance Compliance Auditor for the year ending 31 December 2024 at a fee of BDT 35,000 (BDT Thirty-Five Thousand) only and to hold office until the conclusion of the next i.e. 36<sup>th</sup> Annual General Meeting of the Company.

#### **18. CREDIT RATING:**

The Company achieved an AA<sub>2</sub> (Lr) rating in the long term and an ST-2 rating in the short term for maintaining a strong and stable outlook for the year 2023 from the Credit Rating Agency of Bangladesh Limited (CRAB). This rating reflects the Company's strong financial position and its ability to meet its financial obligations effectively, providing investors and stakeholders with confidence in its operations and future prospects.

#### **19. DIRECTORS PROPOSED FOR RE-ELECTION**

In accordance with Article 98(a) of the Articles of Association of the Company, one-third (1/3) of the Directors who have been longest in the office are supposed to retire from the office of Directors by rotation at the ordinary general meeting every year. This year Ms. Sim Soek Peng, Mr. Fong Wei Kurk, and Mr. Jashim Uddin Chowdhury FCA are due for retirement at the upcoming AGM. Per Article 98(c) of the Articles of Association of the Company, the retiring directors are eligible for re-election. The brief resumes of the retiring directors are set out in the section on the Board of Directors profile on page 25.

#### **20. INDEPENDENT DIRECTORS**

Mr. Abdul Khalek FCA and Mr. Md. Shahjahan Majumder FCA are acting as Independent Directors of the Company. Md. Shahjahan Majumder FCA was appointed as an Independent Director by the Board in its meeting held on 23 October 2023 upon the recommendation of the Nomination and Remuneration Committee and his appointment is subject to the approval of the members at the ensuing AGM. There is a brief resume of his in this Annual Report under the Board of Directors profile.

#### **21. BOARD MEETING AND ATTENDANCE**

In the section on "Statement on Corporate Governance," the number of Board meetings and attendance at those meetings for 2023 are reported.

#### **22. REMUNERATION PAID TO THE DIRECTORS**

A total of BDT 402,000 was paid by the Company as Board meeting attendance fees during the year. The remuneration of Directors has been mentioned in note no. 42.2 of the Financial Statements.

#### **23. PATTERN OF SHAREHOLDING**

As per condition No. 1(5)(xxiii) of the Code, the pattern of shareholding (along with details of names) of parent/subsidiary/associate companies and other related parties, Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their respective spouses and minor children, as well as Executives and Shareholders holding 10% or more voting interest in the Company as at 31 December 2023 has been furnished herewith as ANNEXURE-D.

#### **24. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis regarding the Company's financial statements and operating results for the year ended 31 December 2023 have been provided herewith under ANNEXURE-G following condition No. 1(5)(xxv) of the Code.

#### **25. SUMMARY OF UNCLAIMED DIVIDEND**

To remain compliant with the BSEC's (Capital Market Stabilization Fund) Rules, 2022 dated 1 June 2022, the Company's unclaimed cash dividends from the years 2019 and before were transferred to the Capital Market Stabilization Fund (CMSF), Account No. SND A/C 0010311521301 maintained with Community Bank Bangladesh Ltd., Gulshan Corporate Branch, Dhaka. Unclaimed stock dividends (bonus shares) and right shares were also transferred to CMSF's BO Account, which has the BOID number 1201530074571230.

For the years 2020 to 2022, dividend amounts were transferred to a dedicated dividend bank account, resulting in no unclaimed dividends remaining in our company's account. However, upon scrutinizing the last dividend bank account, we identified the following remaining amounts in the dividend accounts:





(BDT In Thousand)

Year	Rate of dividend	Unpaid/unclaimed dividend
2020	20%	2,150
2021	26%	1,745
2022	10%	715

## 26. HUMAN RESOURCES & EMPLOYEE ENGAGEMENT

The Human Resources Function of HeidelbergCement Bangladesh Limited (HCBL), supported by ExCom members and all employees, played a pivotal role in fostering a positive work environment, attracting top talent, developing employee skills, and ensuring compliance. Aligned with the company's strategic objectives, our efforts focused on congenial industrial relations, talent management, employee engagement, compliance, and organizational culture development.

HCBL embarked on a transformative journey to cultivate a culture aligned with its strategic vision, emphasizing a positive and forward-thinking mindset. Initiatives included instituting a resilient and adaptive mindset across all organizational levels through targeted communication, leadership engagement, and comprehensive training programs, including specialized sessions on Winning Mindset utilizing Neuro-linguistic programming (NLP) tools and techniques.

Key positions across departments were successfully filled, and innovative recruitment strategies attracted top talent. A revamped onboarding process and innovative practices fostered seamless integration and contributed to a welcoming atmosphere. Employee engagement initiatives, including events like Pitha Utshob & Competition, monthly birthday celebrations, and Long Service Awards, celebrated the unique contributions of the diverse team.



Various training and development programs improved technical and soft skills. A project was initiated to make the sales team agile, responsive, and customer-centric, achieving digitalization of sales processes and development of the team in line with strategic requirements. Compliance with labor laws and company policies was ensured through regular reviews and updates.

Operational excellence was pursued through the successful implementation of Workday Software, enhancing efficiency and streamlining learning and development initiatives. These efforts empower the team to navigate challenges with resilience and innovation, marking a transformative step towards a more integrated and efficient learning experience.

Commitment continues to enhance employee and talent development programs, strengthen diversity and inclusion initiatives, invest in technology and automation, and prioritize employee well-being and mental health through comprehensive wellness initiatives.



### 26.1. Corporate Social Responsibility (CSR)

We consider corporate social responsibility (CSR) an integral part of our business strategy, guided by our commitment to ethical practices, environmental sustainability, community engagement, and employee well-being. Our CSR initiatives aim to contribute to the sustainable development of communities while minimizing our environmental impact. HCBL focuses on the infrastructure, environment, and education sectors, along with other short- and long-term CSR activities. To improve the world, we collaborated with Habitat for Humanity International and Domino International, subsidizing building materials.



HeidelbergCement Bangladesh Ltd. recently partnered with ASHAR-ALO, a school for special children run by the Bangladesh Navy, providing vocational training and entrepreneurial skills to approximately 150 students facing physical, intellectual, and mental challenges. We proudly supported the construction of a canteen for this noble cause. In terms of environmental initiatives, HCBL participated in tree-planting activities in the coastal areas of the Bay of Bengal.

In conclusion, our efforts aim to enhance community engagement by supporting local communities through various initiatives, including education programs and infrastructure development.



## 26.2. Occupational Health & Safety

HCBL's mission is to achieve zero Fatalities and zero Lost-Time Injuries (LTI) by 2030, with a commitment to safety starting from day one of every year. This goal guides us to build a strong safety culture across our organization. We prioritize occupational health and safety, with a robust safety system and a culture where safe behavior is second nature. Since 2013, we have been monitoring our progress through internal, external, and group audits.

We report every incident, including near misses, to our global accident reporting system, AID, to understand the causes and prevent future accidents. In 2023, we delivered over 4000 manhours of safety training and conducted extensive meetings across all levels of the organization to reinforce safety practices. Line managers have played a crucial role in promoting an interdependent safety culture through on-site safety conversations and behavior monitoring.

We have expanded our safety focus to include motorbike and driving safety, engaging employees' families through safety weeks and competitions. Our emergency response plan is rigorously implemented and practiced to ensure preparedness. These efforts have resulted in significant milestones in 2023: no fatalities, no lost-time injuries, and no serious accidents, demonstrating our commitment to creating a safe workplace for everyone.



## 27. CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board believes firmly in good governance and actively promotes and supports best practices in corporate governance. The Company recognizes that the long-term success of business operations depends on the effective implementation of sound Corporate Governance practices by, for instance, the effective segregation of duties and responsibilities to ensure transparency and accountability. HCBL fulfills all the regulatory compliance requirements issued by the BSEC. We are pleased to confirm that the Company has complied with all the necessary guidelines under the Corporate Governance Code issued under the BSEC Notification dated 03 June 2018. The Compliance report along with the necessary remarks/disclosure is appended in the Directors' Report of the Company for the year 2023 at Annexures A to H. The Certificate of Compliance required under the said Guidelines, as provided by Hoque Bhattacharjee Das & Co., Chartered Accountants, is annexed to this report in ANNEXURE-B.

## 28. ACKNOWLEDGMENTS

We are deeply grateful to our esteemed shareholders and colleagues for their invaluable support and guidance. We also extend our gratitude to the Government of the People's Republic of Bangladesh, stock exchanges, and other statutory bodies for their consistent support of our Company's endeavors. Additionally, we appreciate the unwavering support from our valued customers, associates, and bankers. We sincerely thank them for their continued faith and confidence in us.

On behalf of the Board of Directors



**Jose Marcelino Ugarte**  
Managing Director



**Jashim Uddin Chowdhury, FCA**  
Director & Chief Financial Officer



**Md. Emdadul Haque, FCA**  
Company Secretary