

Report of the Board of Directors

For the year ended 31 December 2025

1. Introduction

The Board of Directors of Heidelberg Materials Bangladesh PLC. ("HMB" or the "Company") is pleased to publish the Company's Annual Report 2025, which furnishes, inter alia, the independent auditors' report and audited annual financial statements for the financial year ended 31 December 2025 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 18 June 2026. 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 2025, both the global and Bangladesh economies faced significant volatility and shaped by unprecedented challenges. Key factors included the transition under an interim government, persistently high inflation, underlying macroeconomic imbalances, and ongoing geopolitical tensions, all of which weighed on overall economic activity. Despite these headwinds, the Company demonstrated resilience and successfully generated a net profit for the year, with earnings per share (EPS) recorded at BDT 3.55. While total sales volume increased modestly by 1.41 percent, revenue declined by 1.53 percent, primarily due to lower average selling prices per bag due to intense competitive market which continued to pressure margins.

3. Cement Industry

In 2025, Bangladesh's cement industry continued to operate in a challenging environment, although modest signs of recovery emerged in selected segments as economic activity gradually stabilized and private construction showed limited improvement. Overall demand remained constrained by persistent inflation, weakened consumer purchasing power, foreign currency tightness, and subdued public sector spending, with delays and slower execution of major infrastructure projects restricting bulk cement consumption. The industry also faced significant structural pressure from severe overcapacity, as installed capacity of around 84 lakh tonnes per month far exceeded market demand, while intense competition and aggressive price discounting to protect market share prolonged a price war and materially compressed sector profitability. Despite near term headwinds, the industry's long term fundamentals remain intact, supported by ongoing urbanization, housing demand, and prospective infrastructure investments, with future momentum largely dependent on macroeconomic stability, currency normalization, and effective policy implementation.

4. Operations

4.1. Sales and Production

In 2025, HMB produced and distributed a total of 1.841 million tonnes of cement from its three strategically located plants in Kanchpur, Chittagong, and Mukterpur. This represents a +1.4% change in total sales volume compared to 2024, reflecting a gradually stabilizing market environment despite ongoing economic and demand-side pressures.

4.2. Price

HMB continues to benefit from strong customer trust built on consistent product quality and ongoing innovation, which reinforces its premium brand positioning in the market. In 2025, the Company implemented strategic pricing interventions across all markets to strike an effective balance between competitiveness and discipline in an increasingly price sensitive environment, enabling proactive responses to evolving market dynamics. Despite sustained industry-wide pricing pressure and intense competition, HMB successfully preserved its position as a price leader, supported by its strong brand equity and high level of customer confidence.

4.3. Customer Service

At HMB, customer engagement goes well beyond product delivery, with a strong emphasis on responsive, value driven post sales support to foster long term relationships and sustainable growth.

In 2025, the Company further enhanced its customer service capabilities through the launch of a dedicated call center, significantly improving accessibility, responsiveness, and real time support across markets, while complementing ongoing initiatives aimed at timely assistance and an improved service experience. Supported by experienced sales and technical service teams that proactively engage with customers to provide tailored solutions and expert guidance, HMB remains firmly committed to delivering a seamless, reliable, and differentiated customer experience.

4.4. Marketing Activities

In 2025, HMB expanded its product portfolio with the launch of three new offerings, namely PCC Max, SRC, and evoBuild, to address evolving customer needs and drive innovation. Accordingly, the Company's marketing focus was primarily centered on building awareness and promoting these new products, with a strong emphasis on digital platforms to effectively communicate product value, quality, and application benefits.

HMB undertook extensive marketing initiatives throughout the year, introducing multiple new channels and approaches to strengthen brand visibility, justify price premium, and influence customer preference.

- a. Digital marketing & awareness building:** The Company significantly strengthened its digital presence across a range of platforms, including social media, in app marketing, content branding, and premium news portals, to effectively communicate product features, highlight performance benefits, and engage a broader audience through targeted, high impact outreach.
- b. Strategic collaborations:** HMB strengthened brand credibility and stakeholder engagement through collaborations with reputed external partners, including engineering institutions via academic competitions, construction and architecture focused digital platforms to showcase landmark structures, and social media influencers to broaden reach and amplify product communication.
- c. Retail & trade engagement:** HMB delivered its largest-ever retail branding program nationwide, supported by extensive promotional materials and customer gift initiatives, to strengthen relationships, enhance point-of-sale visibility, and deepen engagement with dealers and retailers.

Through these integrated efforts, HMB successfully reinforced its brand positioning while justifying premium pricing, driving awareness and adoption of its newly launched products.



Inauguration Program for the Launch of Special Products of Heidelberg Materials Bangladesh PLC.

5. Key Initiatives In The Procurement & Logistics

In 2025, The Chattogram Plant began utilizing fly ash in cement production, sourced from the Matarbari coal-fired power plant within Bangladesh. This initiative enhances the sustainability of the products by reducing clinker usage, promoting green cement, and contributing to foreign currency savings through lower import dependence.

Key Initiatives are highlighted by the following achievements:

5.1. Procurement digitalization through SAP ariba

End-to-end procurement operations were digitized with the successful rollout of SAP Ariba Digital Buying, delivering enhanced process transparency, faster approval cycles, and improved compliance. The platform streamlined sourcing, contract management, and supplier collaboration across the organization.

5.2. 100% achievement of responsible procurement targets via IntegrityNext

The Company achieved 100% compliance with responsible sourcing targets by implementing IntegrityNext for supplier ESG, ethics, and risk assessments. This ensured alignment with Heidelberg Materials' global sustainability standards and strengthened supplier governance.

5.3. Full achievement of group cost savings and cost avoidance targets

The procurement function delivered 100 percent of group aligned cost savings and cost avoidance targets through strategic sourcing, value engineering, and effective supplier negotiations, directly contributing to improved financial performance.

5.4. Increased local raw material sourcing at optimized cost and quality

Targeted initiatives increased the share of locally sourced raw materials, securing lower landed costs while maintaining stringent quality standards. This reduced import dependency, improved supply continuity, and strengthened partnerships with local suppliers.

5.5. First of its kind robotic bag loading system sourced in Bangladesh

The Company successfully sourced Bangladesh's first Robotic Bag Loading System, which enables automation, enhances operational efficiency, reduces manual handling, and improves workplace safety, thereby supporting the Company's drive toward operational excellence.

6. Key Initiatives in the Manufacturing Process

HMB is widely recognized for its unwavering commitment to excellence in cement manufacturing and responsible environmental stewardship. By integrating state of the art technologies and best in class processes across its manufacturing value chain, the Company consistently delivers high quality products while maintaining the highest standards of safety, hygiene, and operational discipline, in full compliance with national regulations and international benchmarks. Continuous modernization and digital adoption have further enhanced process efficiency, operational reliability, and occupational health and safety performance.

Environmental responsibility remains a core strategic priority for HMB The Company has made tangible progress in reducing its carbon footprint through energy efficient operations, power saving initiatives, innovative production techniques, and the integration of renewable energy sources such as solar power. In line with its commitment to innovation, sustainability, and customer satisfaction, the Company introduced specialty products, namely PCC MAX, Sulphate Resistant Cement (SRC), and evoBuild, marking a significant milestone in portfolio diversification.

Through innovation, disciplined execution, and a strong sustainability agenda, HMB continues to set industry benchmarks while creating long term value for stakeholders and contributing responsibly to Bangladesh's development.

6.1. Automatic truck loading system

During the year, the Company commissioned a 100 Tonnes Per Hour (TPH) Automatic Truck Loading System at the Kanchpur Plant, improving loading accuracy, reducing turnaround time and material loss, and enhancing overall dispatch efficiency in support of timely deliveries and superior customer service.

6.2. Barge loading system

The Company commissioned a Barge Loading System at the Kanchpur Plant jetty, enabling direct trawler loading and strengthening marine logistics. The system improves loading efficiency, reduces manual handling, and provides a cost effective transport option for bulk deliveries to waterway connected markets, enhancing dispatch flexibility and delivery reliability.

6.3. Public address system installation for raw materials unloading system

The Company installed a Public Address (PA) System across its raw material unloading areas at the Kanchpur Plant, including the fly ash unloader and Liebherr crane, to strengthen communication, safety, and operational control. The system enables real time coordination and features an automatic alarm triggered by excessive boom movement, enhancing worker safety, improving manpower supervision, and ensuring smoother, more efficient unloading operations.

6.4. Upgradation of riverway delivery system

The Company upgraded its riverway logistics by shifting from hoist-based barge loading to coaster transportation, supported by a conveyor belt and spiral chute system. This enhancement significantly reduced loading time, improved operational efficiency, and enabled faster, more reliable cement deliveries to coastal and remote markets, reinforcing HMB's commitment to supply chain optimization and customer service.

6.5. Installation of conveyor belt for wet slag feeding

The Company improved operational efficiency by replacing the clinker transport hopper with a dedicated conveyor belt and feed hopper for wet slag feeding. This upgrade reduced material transfer time, ensured a steady supply to the dryer, minimized idle time and energy consumption, and enhanced overall process efficiency, supporting HMB's focus on cost efficiency and sustainable operations.

6.6. Installation of automatic iron removal plant

The Company commissioned a 20 m³ per hour automatic Iron Removal Plant at the Chattogram Plant to manage high iron levels in process water. The system ensures consistent water treatment, reduces scaling and blockage risks, improves cooling system reliability, and enhances overall operational efficiency, underscoring the Company's commitment to asset protection and sustainable operations.

6.7. Implementation of separate slag grinding process

The Company implemented a separate slag grinding process by optimizing the existing mill configuration, to support the introduction of PCC 52.5 MPa cement and Sulphate Resistant Cement (SRC) in the market. This initiative has enhanced operational flexibility, ensured consistent achievement of higher product quality standards, and aligned production capabilities with evolving market demand.

6.8. Effective utilization of recycled materials

The company effectively utilizes recycled worn out grinding balls and liners through local foundry and workshop facilities. This initiative significantly reduces cost and lead time, ensures reliable availability of grinding media, and enhances overall operational efficiency while simultaneously supporting local industrial capability and long term sustainability.

6.9. Enhancing safety with fall arrester system

The company has installed a certified fall arrester system along with a permanent working platform for cement bag loaders. This preventive safety measure substantially reduces fall related risks, enhances safe working conditions during loading operations, and reinforces our strong commitment to protecting employee health, safety, and well being.

7. Information Technology

In 2025, Heidelberg Materials Bangladesh PLC. continued to strengthen its information technology landscape in line with Group digitalization initiatives. The Company advanced its cloud transformation by migrating virtual servers from the Singapore HUB to Microsoft Azure, enhancing operational efficiency, security, and flexible system access.

During the year, the following initiatives were completed.

- a) As part of our ongoing digital transformation journey, we have introduced an integrated digital ecosystem COMPASS to seamlessly connect our sales team and customers. This initiative encompasses a Dealer Application, Sales Force Automation (SFA), and Lead Management system, aimed at enhancing operational efficiency, transparency, and customer experience.
- b) Introduced the use of AI enabled tools within the Microsoft 365 environment to support daily work activities such as documentation review, policy alignment, and compliance related tasks, improving efficiency and accuracy while maintaining governance controls.
- c) Migrated from the legacy Bangladesh intranet to the Group Unite platform, enhancing content publishing, accessibility, consistency, and overall user experience.
- d) Initiated the rollout of Identity and Access Management (IAM) aligned with organizational structure and integrated with Workday, strengthening access governance and audit compliance.
- e) Replaced the legacy Cherwell Ticketing system with ServiceNow, providing a centralized and user friendly platform for IT services and support.
- f) Deployed advanced security solutions to protect the OT platform and enable secure remote access to plant OT systems, enhancing auditability, security compliance, and controlled remote operations.
- g) As part of the Heidelberg Materials Group, Heidelberg Materials Bangladesh has initiated measures to strengthen its cyber security framework in line with the recommendations of the National Institute of Standards and Technology (NIST). These initiatives aim to protect our digital infrastructure and business data, enhance system resilience, and support effective risk management through secure communication. The implementation reinforces our commitment to safe, reliable, and secure operations as our digital footprint continues to expand.

8. Directors' declaration as to financial statements

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

- a) 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.
- b) Proper books of accounts as required by law have been maintained.
- c) Appropriate accounting policies have been consistently applied in formulating the financial statements and accounting estimates are reasonable and prudent.
- d) The Financial Statements were prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).
- e) 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.
- f) 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.
- g) 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 2025 and 31 December 2024 are compliant with International Financial Reporting Standards (IFRS) Accounting Standards as issued by International Accounting Standard Board (IASB). 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 2025, the Company produced 1,843K MT of cement compared to 1,805K MT in the

year ended 31 December 2024, a increase of 2.13%. Cement sales for the year were 1,842K MT compared to 1,816K MT in FY24, a increase of 1.41%. Net sales revenue in FY25 was BDT 14,515 million compared to BDT 14,740 million in FY24, an decrease of 1.53%. The gross profits in FY25 and FY24 were reported at BDT 1,531 million and BDT 1,748 million respectively. Correspondingly, the net profit for FY25 was BDT 201 million compared to BDT 462 million in FY24. A brief overview of the financial performance of HMB for 2025 compared to 2024 is set out below:-

Particulars	BDT'000	
	2025	2024
Net Revenue	14,515,127	14,740,223
Gross Profit	1,531,368	1,747,696
Operating Profit	336,068	703,752
Net Finance Income/ (Expenses)	-68,726	61,187
Profit Before Tax	384,554	726,692
Income Tax Expenses	-183,936	-264,903
Profit After Tax	200,618	461,789
Earnings Per Share (EPS)	3.55	8.17

i) Un-appropriated Profit of HMB in 2025

Financial Results for the Year 2024: (BDT '000)

Un-appropriated profit from previous period	3,387,143
Net Profit for the year after Tax	200,618
Payment of dividend	(141,259)
Total Funds available for appropriation	3,446,502

Directors' Recommended Dividend:

Dividend @ 11 %	(62,154)
Un-appropriated profit carried forward to next year	3,384,348

ii) A summary of the Company's performance:

Particulars	2025	2024	+/- in %
Cement Production	1,843,066 MT	1,804,544 MT	2.13%
Cement Sales	1,841,943 MT	1,816,341 MT	1.41%

- While there was difference in sales volume between 2025 and 2024, the Net Sales Price per ton decreased by BDT 235 per ton. Per unit sales prices was reduced for the intense pressure in the competitive market. Total net revenue decreased as a result by 1.53%.
- The Year-to-Date (YTD) Cost of Goods Sold per ton for December 2025 was decreased by BDT 104 compared to the previous year due to reduction of raw materials cost.
- Due to settlement of short- term UPAS loan by using FDR, interest expense was reduced significantly as well as interest income. Overall net financial results improved to BDT 68.73 million from 61.19 million.

iii) Brief Summary of Financial Position

Particulars	2025		2024		Growth Rate
	(BDT million)	Weight in Total Assets	(BDT million)	Weight in Total Assets	
Non-Current Assets	5,269	56.5%	5,382	48.9%	-2.09%
Current Assets	4,056	43.5%	5,619	51.1%	-27.8%
Total Assets	9,325	100%	11,001	100%	-15.23%

Property, Plant, and Equipment

During the year, there was an addition of BDT 283 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 20 million in Land & Building, BDT 246 million in Plant and Machinery and BDT 17 million in Furniture and Equipment.

Capital work-in-progress

Capital work-in-progress balance of BDT 69 million includes BDT 13 million for payment of Land & Building, BDT 48 million for Plant and Machinery, Furniture and Equipment BDT 1 million and intangible assets BDT 7 million.

Trade & Other Receivables

Trade and other receivables decreased to BDT 234 million from BDT 259 million compared to the last year resulting decreased of receivables by BDT 25 million. On the other hand, the receivable collection days has been reduced to 6.12 days from 8.77 days. The result has been improved due to prioritize collection efforts resulting in faster conversion of receivables into cash.

Cash and Cash equivalents

Cash and cash equivalents consist of BDT 0.63 million in hand, BDT 278 million in bank accounts, and fixed deposits totaling BDT 1,032 million. The substantial decrease in fixed deposits due to settlement of external finance resulting full settlement of borrowing. The company uses the borrowing primarily to meet deferred LC payment obligations.

The "Comparative Financial Highlights" section on [page number 16] 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 2025 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

HMB operates within a robust internal control and risk management framework designed to ensure that all financial and operational transactions are properly authorized, accurately recorded, and transparently reported. The control framework is thoughtfully structured, consistently applied across the organization, and supported by ongoing monitoring to ensure its continued effectiveness in a dynamic business environment. It is underpinned by clearly defined policies, procedural manuals, and governance guidelines. The Internal Audit function conducts regular, independent reviews of internal controls and compliance processes, with findings and recommendations reported directly to the Management Committee and the Board Audit Committee, thereby strengthening oversight, accountability, and governance standards.

The Company's risk management approach encompasses systematic identification, evaluation, and mitigation of risks across all functional areas. Key areas of focus include:

- a) Adherence to Group-aligned risk governance practices, with strict observance of the Code of Business Conduct and all relevant compliance standards;
- b) Structured risk management coordination in Group Insurance;
- c) Active ownership of risk management responsibilities at the operational level;
- d) Timely and transparent escalation of quantified risk exposures to the Management Committee and the Group Managing Board to support effective strategic oversight;
- e) Regular and harmonized 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 political changes 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 1.10/- (BDT one taka ten paisa only) per share for the year ended 31 December 2025.

15. Contribution to National Exchequer

The Company contributes a substantial amount to the National Exchequer by way of duties and taxes. Heidelberg Materials Bangladesh PLC. contributed BDT 3,559 million to the National Exchequer in 2025.

16. Auditors

The current Statutory Auditor of the Company, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, will retire from the office of auditors as per notification no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 issued by the Bangladesh Securities and Exchange Commission. As the auditors have completed three (3) consecutive years of auditing the Company, they are not eligible for reappointment as statutory auditors for the year ending 31 December 2026. Howladar Yunus & Co., Chartered Accountants having an office at House # 14 (4th floor) , Road # 16A, Gulshan , Dhaka-1212, have already indicated their interest and consent to act as Statutory Auditor of the Company for the year ending 31 December 2026 and to hold office until the conclusion of the next Annual General Meeting, if they are appointed so. Being eligible and per the recommendation of the Board of Directors, Howladar Yunus & Co., Chartered Accountants may be appointed as the Statutory Auditor at the 37th AGM of the Company for the year ending 31 December 2026 at a fee of BDT 950,000.00 (BDT Nine Lac Fifty Thousand) only, plus applicable Value Added Tax (VAT) and to hold office until the conclusion of the next i.e. 38th Annual General Meeting of the Company.

17. Corporate governance compliance auditors

The current Corporate Governance Compliance Auditors of the Company, M/s. Tasnuva Mahedi Bhola (TMB), Chartered Accountants, of Tropical Nour Tower (Level # 09), 40 Kazi Nazrul Islam Avenue, Kawran Bazar Commercial Area, Dhaka-1215, will retire at the 37th 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 37th AGM. The Board recommends their appointment as Corporate Governance Compliance Auditor for the year ending 31 December 2026 at a fee of BDT 40,000 (BDT Forty Thousand) only and to hold office until the conclusion of the next i.e. 38th Annual General Meeting of the Company.

18. Credit rating:

The Company achieved an "AA₂" rating in the Surveillance Entity, long term rating "Not applicable" and "ST-2" in the short term for maintaining a strong and stable outlook for the year 2025 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 Mr. Md. Emdadul Haque, Mr. Niranjan Chandra Debnath, and Mr. Sebastian Schwörer 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 [23.]

20. Independent directors

Mr. Nasir Uddin Ahmed, FCA, FCS and Ms. Syeda Durdana Kabir are acting as Independent Directors of the Company. Ms. Kabir was appointed as an Independent Director by the Board upon the consent from the Bangladesh Securities and Exchange Commission (BSEC) and recommendation of the Nomination and Remuneration Committee, and her appointment is subject to the approval of the members at the ensuing AGM. There is a brief resume of her 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 during the year 2025 are reported.

22. Remuneration paid to the directors

A total of BDT 428,000.00 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 2025 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 2025 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 2020 and before were transferred to the Capital Market Stabilization Fund (CMSF), Account No. SND A/C 0010311521301 maintained with the Community Bank Bangladesh Ltd., Gulshan Corporate Branch, Dhaka. Unclaimed stock dividends (bonus shares) and rights shares were also transferred to CMSF's BO Account, which has the BOID number 1201530074571230.

For the years 2022 to 2024, 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
2022	10%	687
2023	25%	1,368
2024	25%	1,347

26. Human resources: driving transformation through people & culture

In 2025, HMB continued to advance its people strategy in close alignment with business priorities, with a strong focus on enhancing organizational capabilities, accelerating digital transformation, and cultivating an inclusive, high performance culture. Supported by the Executive Committee and driven by active employee engagement, the HR function played a pivotal role in strengthening talent, building future ready skills, and enabling sustainable long term growth for the organization.

A key milestone during the year was the successful organization wide adoption of Workday, firmly embedding digital HR practices within core people processes. This transformation enhanced consistency, transparency, and operational efficiency across performance management, talent review, and compensation and benefits administration. In parallel, HMB introduced AI enabled recruitment practices across multiple stages of the hiring process, strengthening candidate assessment, improving selection quality, and increasing overall recruitment efficiency.

Capability building remained a strategic priority throughout the year, supported by structured learning and development initiatives aligned with succession planning and talent management frameworks. A strong emphasis was placed on developing future leaders and critical capabilities through targeted programs such as Leadership Mindset, Leader as a Coach, Winning Mindset, and Value Selling Mindset, which reinforced a performance driven and commercially focused culture. Complementing these efforts, digital upskilling initiatives further enhanced workforce readiness to meet evolving business and technological demands.



HMB celebrated international women's day at the corporate office

Diversity and Inclusion remained a core pillar of HMB's people strategy, with continued emphasis on women's empowerment and the advancement of female leadership. In line with Group commitments, the Company further strengthened gender diversity across functions, including increased female representation in field sales, operations, and other critical roles, while remaining focused on attracting, developing, and progressing women into leadership positions to foster a more balanced and inclusive workforce.

HMB actively contributed to regional Asia diversity and inclusion initiatives while ensuring structured and consistent local implementation across all functions. A key highlight of the year was participation in the Group's flagship Women Rising Initiative 2025 under the Women with Ambition program, through which a HMB employee from the Quality Assurance and Environment function was selected via a highly competitive, Group led global process. Representing Bangladesh in the 2025-2026 program cycle, the participant is gaining exposure to cross border collaboration, mentorship, and leadership development, reflecting HMB's continued commitment to building diverse leadership pipelines and advancing women into leadership roles.

Employee engagement remained a key focus throughout the year, supported by well structured initiatives designed to strengthen connection, collaboration, and organizational culture. Programs such as Pitha Utshob, cricket tournaments, international day celebrations, and annual sports events created meaningful opportunities for interaction beyond the workplace, while recognition initiatives including employee birthday celebrations and Long Service Awards reinforced a strong sense of belonging and appreciation. In parallel, key HR policies and frameworks were further reviewed and strengthened, with enhancements to talent management and succession planning to ensure alignment with the organization's future capability and leadership needs.

Looking ahead, HMB remains committed to accelerating digital transformation, strengthening leadership capabilities, advancing diversity and inclusion, deepening community engagement, and continuously enhancing the overall employee experience. Together, these priorities will support the development of a resilient, agile, and future ready workforce, enabling the organization to sustainably meet evolving business challenges and opportunities.

27. Corporate Social Responsibility (CSR): supporting inclusive community Development

From a broader people and community perspective, HMB continued to advance its social responsibility agenda in 2025, aligning community initiatives with its commitment to inclusive and sustainable development. The Company remained focused on creating meaningful social impact through programs that support education, welfare, and community resilience.



HMB distributed winter blankets among underprivileged communities

A key initiative during the year was HMB's continued support for the Ashar Alo Autism School under the Bangladesh Navy, contributing to the development of vocational training infrastructure for students with special needs. This initiative underscores the Company's long term commitment to inclusive education, employability, and skill development for differently abled individuals. In addition, HMB extended support to underprivileged communities through seasonal welfare initiatives, distributing approximately 1,400 winter blankets to low income individuals and orphanages and providing Iftar to orphanage students during the holy month of Ramadan, reinforcing compassion and community care.

The Company also demonstrated its responsiveness to community needs by extending emergency assistance to individuals affected by unforeseen incidents, including support for rebuilding efforts following a house fire.

Through these initiatives, HMB continues to contribute meaningfully to community well-being, social inclusion, and sustainable development.

28. Occupational health and safety

At Heidelberg Materials, Occupational Health & Safety (OH&S) is our highest priority and a core pillar of our 2030 Commitment. We believe that all injuries, occupational illnesses, and work related health risks are preventable, and we are committed to minimizing risks to our employees, contractors, and communities in our pursuit of zero harm. Health & Safety performance is driven through robust management systems, clear objectives, and action plans. We provide safe and healthy workplaces, equipment, and work practices based on regularly reviewed risk assessments, alongside continuous coaching, training, and performance monitoring to meet or exceed world class OH&S standards.



HMB celebrated Safety Week across its plants

In 2025, we further strengthened our safety culture by promoting a proactive safety mindset and reinforcing Visible Felt Leadership across the organization. We also advanced our digital transformation by integrating Artificial Intelligence (AI) into Health & Safety, including AI-based driver monitoring systems, automated robotic truck loading, and digitalized H&S reporting. These initiatives have enhanced risk identification, improved compliance, and reduced human exposure. During the year, we delivered 4,246 man-hours of training to employees and 5,720 man-hours to contractors, conducted 2,320 man-hours of safety meetings, completed 28 mock drills, and recorded over 4,500 safety observations via our global AID platform. Safety Week 2025, held from October 13-19, featured interactive sessions, competitions, and awareness campaigns involving employees and their families. Leadership messages reinforced accountability, while digitalization and AI-driven solutions further supported safer operations. As we progress toward our 2030 vision, we remain committed to making safety an integral and instinctive part of our workplace culture.

29. 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. HMB 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 2025 at Annexures A to H. The Certificate of Compliance required under the said Guidelines, as provided by M/s. Tasnuva Mehedi Bhola, Chartered Accountants, is annexed to this report in ANNEXURE-B.

30. 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.



Md. Saikat Khan
Company Secretary



Md. Emdadul Haque, FCA
Director & Chief Financial Officer



Ong Kian Hock Terence
Managing Director