

# Report of the Board of Directors

For the year ended 31 December 2021

## INTRODUCTION

The Board of Directors of HeidelbergCement Bangladesh Limited (“HCBL” or the “Company”) is happy to publish the Company’s Annual Report 2021, which includes audited annual financial statements and the independent auditors’ report for the financial year ended 31 December 2021. These will be laid before the Company’s shareholders at the forthcoming Annual General Meeting (AGM) to be held on 27 June 2022. 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 made all requisite disclosures in this report.

## AMALGAMATION OF EMIRATES CEMENT BANGLADESH LIMITED & EMIRATES POWER COMPANY LIMITED (TRANSFEROR COMPANIES) WITH HEIDELBERGCEMENT BANGLADESH LIMITED (TRANSFEREE COMPANY)

The entities, Emirates Cement Bangladesh Limited (“ECBL”) and Emirates Power Company Limited (“EPCL”), have been merged in November 2021 with HeidelbergCement Bangladesh Limited to achieve greater synergies, cost savings, efficiencies, and optimization of their logistics and distribution networks and other related synergies.

## STATEMENT OF THE COMPANY’S AFFAIRS

HCBL maintained good financial performance throughout the year 2021, despite the adverse challenging environment created by the ongoing Covid-19 outbreak. Higher volumes, revenue, gross profit, and reduced financial expenses provided for resilient results for the Company in 2021. Total revenue increased by 36% to BDT 14,328 million, while net profit before tax increased by 181% to BDT 667 million as compared to BDT 237 million in 2020. The current year’s EPS of BDT 8.41 is a significant improvement from the prior year’s EPS of BDT-0.09.

## CEMENT INDUSTRY

Bangladesh’s cement industry is one of the world’s fastest-growing, with per capita cement usage nearly doubling from 95kg in 2011 to around 200kg in 2021. 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 generated considerable demand for cement in the last couple of years.

Despite the increase in consumption in 2021, the cement industry is still experiencing a pricing war between manufacturers due to existing overcapacity and continued capacity growth. In the second half of 2021, the cement industry suffered another setback as input costs increased exorbitantly. The industry was not able to adjust prices correspondingly to cope with the significant rise in input costs, resulting in margin erosion. The rising trend in input costs has continued unabated. As a result, even while demand for building materials is expected to expand, profitability remains a concern for the cement industry.

## OPERATIONS

### 1. Sales and Production

In 2021, we delivered a total of 2.2 million tons of cement marked as the highest volume in the industry from our three plants of HCBL located at Kanchpur, Chittagong, and Mukterpur, which is 32.7% higher than the total sales volume in 2020. The overall volume of the Company increased by 542K tons against the prior year and was the highest ever yearly production in all three plants.

### 2. Price

HCBL’s customers are aware of its uncompromising emphasis on product quality, and relentless efforts in product innovation, and therefore, they maintain solid confidence in us. Such consumer confidence in the consistent performance of our cement has allowed us to command a price premium. The Company has succeeded in maintaining its price leadership in our products despite intense competition in the market.

### 3. Customer Service

Customers’ satisfaction cannot be gained and maintained merely by selling and delivering cement at their doorsteps. Rather, prioritizing timely and effective responses to clients during the after-sales period produces great value and increases the Company’s acceptance in the industry. HCBL cares about what a customer wants. A skilled, experienced, and dedicated sales team and technical service team are always ready to provide the best solutions and consultation to our valued customers.

### 4. Product Innovation

Customers’ tastes and preferences change over time. Taking this into account, as part of continuous pursuit of innovation

and constant drive to improve quality the Company introduced Portland Composite Cement (PCC) in 2003 as per Bangladesh Standards for cement of the Bangladesh Standard Testing Institution (BSTI). The Company is the pioneer in introducing PCC in Bangladesh. Portland Composite Cement (CEM II) is now the most commonly used type of cement in Bangladesh and Europe. The Company believes that global competition, coupled with concerns about climate change, is creating an important new mandate for product innovation, exceptional customer service, and strong policy leadership. We are investing in new technologies & research, expanding our use of technology for customers, and ensuring that our customer service is the best in the industry.

The result of extensive research conducted in HCBL's concrete lab showed that the concrete made with ScanCement PCC gains compressive strength beyond 28 days. It was found that even after 28 days the concrete gains 65% more strength over 2 years.

## 5. Marketing Activities

Existing producers' capacity expansion has pressured the market, and the entry of new producers has made it more competitive day by day. Cement sector players are launching aggressive marketing efforts to address the problem of capturing additional market share. Our two brands, ScanCement and RubyCement, command top-of-mind recall in the market, particularly in markets where these brands are sold.

We took many innovative initiatives to increase our brand visibility and customers' loyalty. These initiatives helped us to be at the top of the mind of the consumers as well as to gain market share.

- i) **Outdoor Visibility:** Outdoor visibility activities include installing shop signs, painting on shop walls, and installing mega signs.
- ii) **Demand Generation Activities:** To increase demand and awareness among customers as well as influencers we conducted several demand generation activities through one-to-one communication. Under the demand generation program, we arranged face-to-face meetings with masons, homeowners, and engineers.
- iii) **Brand Image Enhancing Activities:** Such activities include press advertisements and running campaigns on social media featuring the country's pride Padma Bridge and Karnaphuli Tunnel, to enhance brand image.

## KEY INITIATIVES IN THE MANUFACTURING PROCESS

HCBL produces top-quality cement in Bangladesh, offering both Ordinary Portland Cement (OPC) and Portland Composite Cement (PCC). State-of-the-art technology is employed at every stage of the manufacturing process to produce the finest quality cement for sustainable and durable construction for various types of customers in Bangladesh. Some of the Company's most significant achievements are as follows:

- Ensuring safety and hygiene at work to overcome pandemic challenges;
- Consistent high level of cement quality exceeding BDS EN42.5 complying with all the national statutory requirements and global norms for safe and environmentally-friendly products;
- Low carbon footprint from innovations in production techniques, power-saving initiatives, and use of renewable energy (e.g. solar power).

### Renewable energy in use:

Global warming from excessive CO<sub>2</sub> emissions has garnered worldwide attention and steps to curb emissions have taken on added urgency. In line with the ambitious targets set by the HeidelbergCement Group towards carbon neutrality, HCBL has taken timely action to introduce a 152KWp solar power project which generates 220 MWh/year & reduces CO<sub>2</sub> by 160ton/year. In 2021, we have added another 235KWp solar power project. This is targeted to scale up to a total of 500KWp of solar power. This green energy will aid in the reduction of greenhouse gas emissions as well as the cost of power.

### Online Dealer code printing:

HeidelbergCement Bangladesh Limited, as a market leader, was the first to print a unique Dealer Code label on each cement bag, allowing us to track down a specific dealer and his operating zone. We work hard to establish a strong and long-lasting dealer network to ensure that our high-quality cement reaches our clients' doorsteps while also protecting the interests of our dealers.

### Packer capacity expansion:

Two new packing delivery lines (lines 5 & 6) have been designed, built, and commissioned to increase the packing capacity. These two independent conveying systems would allow us to deliver more than 8000 MT of cement per day with less queueing time.

### Some other major initiatives associated with the production process:

#### Environment-related projects:

HCBL is committed to maintaining a healthy and safe environment. As the production of fine particles and dust is an unavoidable component of the manufacturing process, the Company has taken active steps toward ensuring a dust-free environment at its plant locations. Such measures to maintain a healthy and safe working environment include:

- Introduction of busted bag collection system at all truck loading points which assists us to lessen the degree of dust emission during manual loading;
- Installation of a modern dust collector in the plant area which has automatic Programmable Logic Control (PLC)-based pulse control system;
- Installation of automatic bulk loading with dust collector systems;
- Installation of a closed-circuit water pipeline;
- Installation of bag cleaning device at packer;
- Introduction of iron removal from water for general use.

On top of the above efforts, HCBL strives to achieve high production with low power usage. Usage of Variable Frequency Drive (VFD) results in greater power saving in terms of running fans and motors during production.

### Plant Remote Operation Implementation:

We succeeded to install a remote operation facility to manage the Mukterpur plant's operations from the Kanchpur plant's Central Control Room (CCR) using the Company's business network. Now it is possible to run the plant remotely 24/7 with a real-time response due to centralization of the automation system.

The dedicated efforts of every member of the team contributed greatly to the project's success. Despite the COVID-19 pandemic, the project was completed ahead of schedule, which is even more impressive given that it was developed and executed under such circumstances.

### Packer Capacity expansion by two spout packers in Mukterpur Plant:

Previously, the Mukterpur plant's only packaging solution was a single 8-spout (120 tonne-per-hour) rotary packer machine, which hampered cement dispatch during packer maintenance or breakdown. A two-spout packing machine was fitted to tackle this problem.

### Continual Improvement Project (CIP):

The Company has implemented CIP for various improvements, including for maintenance, mill optimization, and the environment.

## INFORMATION TECHNOLOGY

All plants, depots, and offices of the Company have been connected to the HC Singapore HUB to have quick access to all business applications and mail systems. During this pandemic period, the Company has also actively facilitated the deployment of IT services to allow its staff to work safely from home. During the time under review, the Company successfully executed the following projects:

- Carving out Emirates Cement Bangladesh Limited's Systems Applications and Products in Data Processing (SAP) and moving the system to HeidelbergCement Data Center;
- Incorporation of SAP as the main business application for HCBL along with the HC core system;



SAP launching moment on 1<sup>st</sup> October 2021



- Automating VAT applications using SAP HCBL Core Business Applications.

## 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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).
- 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.

## REVIEW OF FINANCIAL PERFORMANCE

The financial statements contained in this Annual Report for the financial years ended 31 December 2021 and 31 December 2020 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 2021, the Company produced 2,175K MT of cement compared to 1,633 MT in the year ended 31 December 2020, an increase of 33%. Cement sales for the year were 2,173K MT compared to 1,637K MT in FY20, an increase of 32.7%. Net sales revenue in FY21 was BDT 14,328 million compared to BDT 10,521 million in FY20, an increase of 36%. The gross profits in FY21 and FY20 were reported at BDT 1,598 million and BDT 1,301 million respectively. Correspondingly, the net profit for FY21 was BDT 475 million compared to BDT-4.9 million in FY20. The increase in sales volume increased gross profit, and lower financial expenses collectively contributed to the Company's overall profitability. A brief overview of the financial performance of HCBL for 2021 compared to 2020 is set out below:-

Particulars	BDT'000	
	2021	2020
Net Revenue	14,328,340	10,520,732
Gross Profit	1,597,736	1,301,345
Operating Profit	705,342	385,784
Net Finance Expenses	-3,323	-136,244
Profit Before Tax	666,918	237,063
Income Tax Expenses	-191,634	-241,980
Profit After Tax	475,284	-4,917
Earnings Per Share (EPS)	8.41	-0.09

### i) Un-appropriated Profit of HCBL in 2021

Financial Results for the Year 2021:	BDT '000
Un-appropriated profit from previous period	2,568,772
Net Profit for the year after Tax	475,284
Other Comprehensive Income/(Loss)	-10,898
<b>Total Funds available for appropriation</b>	<b>3,033,158</b>

#### Directors Recommended Dividend:

Dividend @26%	146,909
Un-appropriated profit carried forward to next year	2,886,249

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

Particulars	2021	2020	+/- in %
Cement Production	2,175,023 MT	1,633,268 MT	33.17
Cement Sales	2,172,666 MT	1,637,410 MT	32.69

- The utilization of additional capacity with the new mill (mill-3) in Kanchpur, market share growth in Chittagong, and the merging with Emirates Cement Bangladesh Limited in November 2021 enhanced sales volume.
- The net cement price realizations during the last half of the year were not adequate to retain a strong gross margin.
- Cost of Goods Sold per ton YTD December 2021 increased by BDT 229 per ton against the prior year due to higher raw material costs.

- It is important to note that the Company's focus on cost rationalization and increased efficiency in input costs have helped to keep the operating costs under control. This focused approach towards costs as well as growth in market share helped the Company to record a net profit before tax of BDT 667 million.

### iii) Brief Summary of Financial Position

Particulars	2021		2020		Growth Rate
	BDT million	Weight in Total Assets	BDT million	Weight in Total Assets	
Non-Current Assets	5,939	64%	4,560	50%	30.24%
Current Assets	3,296	36%	2,691	29%	22.49%
Investment in Subsidiary	-	-	1,893	21%	-
Total Assets	9,235	100%	9,144	100%	0.99%

### Property, Plant, and Equipment

During the year, there was an addition of BDT 533 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 289 million in Land & Building, BDT 227 million in Plant and Machinery, and BDT 17 million for other assets.

### Capital work-in-progress

Capital work-in-progress balance of BDT 195 million includes BDT 39 million for payment of Land & Building, BDT 125 million for Plant and Machinery, and BDT 31 million for Intangible Assets.

### Trade & Other Receivables

Trade and other receivables decreased by BDT 493.6 million (398.9m vs 892.5m).

### Cash and Cash equivalents

Cash and cash equivalents include cash in hand of BDT 0.82 million, cash at the bank of BDT 348.09 million, and fixed deposits of BDT 117.129 million. The net increase in cash of BDT 161.23 million was mainly due to the effective recovery from accounts receivable and cash sales.

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

### RELATED PARTY TRANSACTIONS

All the transactions entered into between the Company and its related parties during the financial year ended 31 December 2021 were in the ordinary course of business and on an arm's length basis. In note no. 45 of the financial statements, a brief description of related party transactions is given including the names of the respective related parties, nature of the relationship with them, nature of those transactions, and value in the amount of such transactions.

### 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 and 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, we are 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;
- Standardized and regular reporting to the Group.

### 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 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.

### 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 pandemic caused by COVID-19 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.

### 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 2.6/- (BDT Two and Sixty Paise only) per share for the year ended 31 December 2021.

### 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 4,149 million to the National Exchequer in 2021.

### POST-BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the directors recommended a cash dividend of BDT 2.6/- (BDT Two and Sixty Paise only) per share.

### AUDITORS

M/s. ACNABIN, Chartered Accountants having office at BDBL Bhaban (Level-13), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh, were appointed at the 32<sup>nd</sup> Annual General Meeting (AGM) of the members of the Company. In the year under review, they have performed their audit work satisfactorily.

Being eligible and per the recommendation of the Board of Directors, M/s. ACNABIN, Chartered Accountants may be re-appointed as the Statutory Auditor at the 33<sup>rd</sup> AGM of the Company for the year ending 31 December 2022 at a fee of BDT 950,000 (BDT Nine Lac Fifty Thousand) only and to hold office until the conclusion of the next i.e. 34<sup>th</sup> Annual General Meeting of the Company.

### CORPORATE GOVERNANCE COMPLIANCE AUDITORS

The current Corporate Governance Compliance Auditors of the Company, M/s. Hoque Bhattacharjee Das & Co., Chartered Accountants, of Cosmic Tower (9th Floor), 106/ka Naya Paltan, Box Culvert Road, Dhaka-1000, will retire at the 33<sup>rd</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 33<sup>rd</sup> AGM. The Board recommends their appointment as Corporate Governance Compliance Auditor for the year ending 31 December 2022 at a fee of BDT 35,000 (BDT Thirty Five Thousand) only and to hold office until the conclusion of the next i.e. 34<sup>th</sup> Annual General Meeting of the Company.

### 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 in 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 resume of the retiring directors are set out in the section on the Board of Directors profile on page 25.

### INDEPENDENT DIRECTORS

Mr. Abdul Khalek, FCA and Mr. N K A Mobin FCS, FCA are acting as Independent Directors of the Company. Mr. Mobin was appointed as an Independent Director by the Board in its meeting held on 16 August 2021 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.

### BOARD MEETING AND ATTENDANCE

In the section on "Statement on Corporate Governance," the number of Board meetings and attendance at those meetings for 2021 is reported.



**REMUNERATION PAID TO THE DIRECTORS**

A total of BDT 371,000 was paid by the Company as Board meeting attendance fees during the year. The remuneration of Directors has been mentioned in note no. 44.2 of the Financial Statements.

**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 2021 has been furnished herewith as ANNEXURE-D.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis regarding the Company's financial statements and operating results for the year ended 31 December 2021 have been provided herewith under ANNEXURE-G following condition No.1(5)(xxv) of the Code.

**SUMMARY OF UNCLAIMED DIVIDEND**

Pursuant to the BSEC's Directive, a summary of unclaimed dividends has been provided below;

Year	Rate of dividend	Unpaid/unclaimed dividend
2018	75%	5,924,499
2019	0%	0
2020	20%	2,289,969

To remain compliant with the BSEC's (Capital Market Stabilization Fund) Rules, 2021 dated 1 June 2021, the Company's unclaimed cash dividends from 2017 and before have been 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 unallocated right shares were also transferred to CMSF's BO Account, which has the BOID number 1201530074571230.

**HUMAN RESOURCES & CORPORATE SOCIAL RESPONSIBILITY**

Leadership and employee knowledge, skills, and abilities (KSAs) are critical for navigating a company and achieving organizational goals. HCBL acknowledges this requirement and works to develop the necessary leadership, teamwork, and KSA competencies. Our personnel do so with the utmost professionalism, dedication, and direction.

During the COVID-19 pandemic, HCBL maintained connectivity with all employees via various technological solutions while working from home to keep the operations running. Amid all these chaotic and traumatic situations, the Company has been facilitating employees in managing concerns, supporting them, and focusing on the mental and physical well-being of our staff. We promoted and extended our assistance to everyone who works for us or is engaged with our organization, directly or indirectly, in taking full advantage of vaccination programs.

Succession & Talent management is a pivotal part of our business progress. We adopt an effective strategy in identifying potential talents and successors for important positions, focusing on the business's future needs. Given the increasingly fast pace of change, and unpredictable competition in the business world, we evolved our Sales team to follow the Science in Sales philosophy and to fit them in the early era of Artificial intelligence (AI). Numerous training programs concentrating on compliance, employee benefits, employee health and safety, and other topics were conducted in the year 2021.

The merger of personnel from the three separate entities (HCBL, ECBL, and EPCL) has been effected to further realize the goal of one entity, one firm, one culture, and one vision, following regulatory and legal approval.

HCBL values all of its employees equally, regardless of their standing with the Company, when it comes to healthy employee interactions. It also safeguards each employee's legitimate rights while adhering to existing laws.

**Corporate Social Responsibility (CSR)**

Corporate Social Responsibility (CSR) is embedded in everything we do. Our partnership with Habitat for Humanity International and Domino International has endured, even during this critical time. Albeit we were unable to support our education institutes as we had done previously due to the pandemic situation and the government's closure of all educational institutes to stop the spread of Covid-19, we continue to focus on tree planting and carbon neutrality as part of our commitment to our society. In addition, as part of raising awareness and social responsibility, we provided free facemasks to passers-by and outsiders. HCBL is committed to the people around us and we aim to be a safe and inclusive space for employees, clients, and partners alike, to have their voices heard, and to make a positive impact together. We strongly believe that building strong relationships and creating sustainable trust with the local community greatly enhances the ability of the Company to achieve its goals.

**Occupational Health & Safety**

Occupational health and safety is a core value of our Company and an integral part of all our business activities. In a global

context, health and safety are also an essential part of the movement toward sustainable development and business.

The Company is acutely aware of the need to ensure that all employees get home safely at the end of the day. In pursuit of this, we are:

- Providing a safe and healthy working environment for all stakeholders;
- Complying with group H&S standards, Bangladesh labor law, applicable health & safety legal and other requirements, and endeavoring to go beyond compliance;
- Establishing a proactive culture through sound health & safety objectives and targets, evaluating effectiveness through a robust review process, and comparing with benchmarks as appropriate thereby ensuring continual improvement;
- Promptly reporting incidents, investigating the root causes, and ensuring lessons learned are shared across all plants;
- Providing appropriate training and developing skills by engaging employees through participation and consultation to help them work safely;
- Assessing risks, providing and communicating controls for health and safety hazards in our operations, conducting audits to ensure compliance in all activities we undertake, and measuring health & safety performance.

All management levels at the plant are responsible and accountable and they are committed to demonstrating their leadership to build a safe workplace and good health & safety culture. Following and complying with safe work procedures is everyone's responsibility.

Every year, we organize "Safety Week", a motivational, hands-on, and knowledge-sharing program. This "Safety Week" is a global program and helps us to improve the safety culture in the Company. In 2021, we placed emphasis on wearing a safety helmet with a chin strap and using a handrail to protect from falls while on the staircase. Safety KPI is a metric that helps us ensure our employees' overall safety. We use a variety of safety KPIs to track various aspects of injuries and accidents. Our Safety KPI has been steadily improving over time. HC Protect is a global virtual platform to report, analyze and coordinate safety incidents. It also allows employees globally to share their experiences to prevent future accidents and for making a common action list.

A variety of protective measures have been taken at our different locations across Bangladesh, to prevent the spread of the coronavirus as much as possible. These include training employees on hygiene measures, displaying posters on health measures, providing disinfectants and masks, installing physical partitions, dividing working groups into smaller teams, rostering office attendance, facilitating work from home, switching to virtual meetings, restricted canteen services, daily temperature recording of every entry, ensuring that masks are worn at all times, checking & sanitizing pool vehicles, and disinfecting offices. Oxygen cylinders and oximeters were also made available for use by our employees as needed. Arrangements were made for our employees to get tested for Covid-19. We have also provided doctors' advice and other medical and mental support to our infected employees. We record all COVID-19 cases in the Group portal AID so that we can respond appropriately.

Our employees are our most valuable assets, and both management and employees share responsibility for upholding the Company's commitment to providing a safe, healthy, and compliant workplace.

## 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 2021 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.

## ACKNOWLEDGMENTS

We owe a debt of gratitude to our esteemed shareholders and colleagues for their valued support and guidance. We take this opportunity to express our gratitude to the Government of the People's Republic of Bangladesh, stock exchanges, and other statutory bodies for their continued support of the Company's various activities. We also acknowledge the unstinting support extended by our valued customers, associates, and bankers and would like to place on record our sincere thanks to them for their continued faith and confidence reposed in us.

On behalf of the Board of Directors



**Jose Marcelino Ugarte**  
Managing Director



**Jashim Uddin Chowdhury FCA**  
Director and Chief Financial Officer



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