



Report of the Board of Directors

For the year ended 31 December 2022

INTRODUCTION

The Board of Directors of HeidelbergCement Bangladesh Limited ("HCBL" or the "Company") is pleased to publish the Company's Annual Report 2022, which furnishes, inter alia, the independent auditors' report and audited annual financial statements for the financial year ended 31 December 2022 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) to be held on 13 June 2023 beforehand. 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 cautious effort to incorporate all requisite disclosures in this report.

STATEMENT OF THE COMPANY'S AFFAIRS

HCBL found the year 2022 full of challenges that impeded the profitability of the Company. Following the pandemic, the Company's profitability was hampered, as shown by its financial statements, by higher inflation, commodity price volatility, soaring energy costs, major macroeconomic imbalances, supply chain disruptions, and geopolitical conflicts. Nevertheless, the Company managed to achieve its highest-ever revenue on record in the year under review. HCBL's overall sales went up by 17%, but COGS increased by 23%, which led to a 33% drop in gross profit from the previous year. The current year's EPS was BDT-4.13.

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 2022. 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 CAGR of 8.2% in the last ten years.

In 2022, the industry was not able to adjust the incremental cost with sales prices, thereby incurring margin erosion in order to retain threshold volume. The rising trend in input costs has continued unabated. In addition, the price hikes for other building materials viz. steel, bricks, etc. went up in even higher magnitude. All of this coupled with a significant inflationary surge led to weaker demand for cement in 2022. To make things worse, the price war to gain market share between manufacturers is still very much prevalent. This volatility in the overall economy is likely to persist through 2023.

OPERATIONS

1. Sales and Production

In 2022, we produced and delivered a total of 2.2 million tons of cement from our three plants located at Kanchpur, Chittagong, and Mukterpur, which is 2% higher than the total sales volume in 2021. The Company's overall volume increased by 40K tons against the prior year.

2. Price

HCBL's customers are aware of its uncompromising emphasis on product quality and relentless efforts in product innovation; 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 the challenges and intense competition in the market.

3. Customer Service

Merely selling and delivering cement to customers' doorsteps are not enough to win over customers and keep the business growing. Instead, prioritizing prompt and efficient response to customers throughout the post-sales phase creates significant value and raises the Company's standing in the market. HCBL cares about what a customer wants. A skilled, experienced, and dedicated sales team and technical service team visit our valued customers with the best solutions and consultations where it is required.

4. Product Innovation

HCBL recently introduced a new cement product named 'Multi Purpose Cement' (MPC) as per Bangladesh Standards for Cement of the Bangladesh Standard Testing Institution (BSTI). HCBL is the pioneer in introducing MPC commercially in Bangladesh. This innovative solution to traditional cement production is making waves in America, Europe, and Asia in

infrastructural, industrial, and residential construction with its eco-friendly properties and commitment to reducing its impact on the environment.

MPC is made using the latest technology and a combination of clinker and blast-furnace slag, which is a byproduct of steel production. The use of this byproduct material helps to reduce greenhouse gases produced during cement production and results in a lower carbon footprint. In addition to these environmental benefits, MPC also offers a range of technical advantages, including improved workability, higher long-age strength, and increased resistance to chemical attack. These features make MPC a versatile and durable solution for a wide range of construction projects.

5. Marketing Activities

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 customer 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 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 consistently produces the finest quality cement and upholds a commitment to the environment by using modern state-of-the-art technology at every stage of the manufacturing process. Some of the Company's most significant achievements are given hereunder:

- Ensuring safety and hygiene at work;
- Consistent high level of cement quality 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:

Using the roofs of the plant buildings, Kanchpur Plant and Chattogram Plant installed solar panels. Utility power needs are met by this solar energy. Renewable energy is the best source of power for the environment because it produces less CO₂ than fuel-based power. Due to the utilization of renewable energy in Chattogram and Kanchpur Plant, this effort helped Bangladesh in reducing 132,000 Tonnes of CO₂ emissions. In the following years, more wind and solar energy installations are planned.

Dust collector installation at clinker silos:

Two dust collectors have been installed at the belt conveyor dropping point with a high-performance auto pulsing system to control the emission during raw material transportation by HCBL to maintain a clean environment and minimize dust emission in raw material handling areas of the clinker transport belt during operation.

Roto lock installation:

There is a Roto packer in the Chattogram facility with 8 spouts. To eliminate cement spillage and dust from the packaging area, the spout sliding gate type has recently been updated to the Roto lock type. The packing environment has substantially improved, and the packer is now operating with nearly no dust spillage.

Mill Expert System Implementation in Kanchpur and Mukterpur Plant

Expert System is a software program that continuously improves the cement manufacturing process based on real-time data collected from field sensors and a quality control lab, ensuring the production of cement that is of a high caliber and consistency. The team of software engineers at Heidelberg Materials (HM) Group created this program internally, working with the factories to improve the application.



Rainwater Recycling

Given that we all share this world, and that water is one of the most valuable resources, HCBL is committed to minimizing its usage of surface and subsurface water. The installation of a rainwater collection system in the Kanchpur facility has significantly decreased the amount of water pulled from the surface and subsurface. All of this water is utilized for flushing the toilet, routine cleaning, and watering plants. Bangladesh receives a lot of rain each year, therefore there is always a plentiful supply of rainwater. In addition, Kanchpur has a rain catchment that can be used when it doesn't rain.

Power Reduction Initiative in Mukterpur Plant

In order to fulfill its goal of becoming carbon neutral by 2030, HCBL is committed to decreasing the power usage of all of its plants. Converting the pneumatic transport system to a bucket elevator is one effort that was implemented in the Mukterpur Plant, and it will reduce the amount of electricity drawn each year.

Continual Improvement Project (CIP)

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

INFORMATION TECHNOLOGY

HM Group has started to shift its data center from Singapore HUB to Microsoft Virtual Azure to obtain more efficient business support and actively facilitate the implementation of IT services to enable employees to work from anywhere over the Internet.

During the time under review, the Company successfully executed the following projects:

- Support Package Stacks (SPS) and security patches of SAP have been upgraded to Version 17 to secure the core business application system.
- The SAP Ariba project for procurement was successfully launched and implemented by HCBL to provide the Company with sourcing and purchasing support.
- The HCBL website has been improved to support the business through increased interaction and digitization.
- "Simple-Help" has been installed on process PCs to receive secure remote support efficiently.

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 2022 and 31 December 2021 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 2022, the Company produced 2,206K MT of cement compared to 2,175K MT in the year ended 31 December 2021, an increase of 1.45%. Cement sales for the year were 2,213K MT compared to 2,173K MT in FY21, an increase of 1.8%. Net sales revenue in FY22 was BDT 16,767 million compared to BDT 14,328 million in FY21, an increase of 17%.



The gross profits in FY22 and FY21 were reported at BDT 1,075 million and BDT 1,598 million respectively. Correspondingly, the net profit for FY22 was BDT-233 million compared to BDT 475 million in FY21. The increase in COGS hampered the Company's overall profitability. A brief overview of the financial performance of HCBL for 2022 compared to 2021 is set out below:-

Particulars	BDT'000	
	2022	2021
Net Revenue	16,766,939	14,328,340
Gross Profit	1,075,032	1,597,736
Operating Profit	21,114	705,342
Net Finance Expenses	-59,082	-3,323
Profit Before Tax	-80,195	666,918
Income Tax Expenses	153,245	191,634
Profit After Tax	-233,441	475,284
Earnings Per Share (EPS)	-4.13	8.41

i) Un-appropriated Profit of HCBL in 2022

Financial Results for the Year 2022:

	BDT '000
Un-appropriated profit from previous period	3,033,158
Net Profit for the year after Tax	-233,441
Payment of dividend	-146,909
Other Comprehensive income reversal	10,898
Total Funds available for appropriation	2,663,706

Directors Recommended Dividend:

Dividend @ 10%	-56,504
Un-appropriated profit carried forward to next year	2,607,202

ii) A summary of the Company's performance:

Particulars	2022	2021	+/- in %
Cement Production	2,206,702 MT	2,175,023 MT	1.45%
Cement Sales	2,212,542 MT	2,172,666 MT	1.83%

- While there was little difference in sales volume between 2022 and 2021, the Net Sales Price per ton increased by BDT 983 per ton because of the higher cost of goods sold. Total net revenue increased as a result by 17%.
- The net cement price realizations during the first half of the year were not adequate to retain a strong gross margin.
- Cost of Goods Sold per ton YTD December 2022 increased by BDT 1,233 per ton against the prior year due to higher raw material costs and BDT devaluation against USD.
- Net financial expenses were BDT 57 million higher than the corresponding period in 2021 due to the payment of loan interest at an incremental rate for the increase in the rate of treasury bill.

iii) Brief Summary of Financial Position

Particulars	2022		2021		Growth Rate
	(BDT million)	Weight in Total Assets	(BDT million)	Weight in Total Assets	
Non-Current Assets	5,878	67%	5,939	64%	-1.03%
Current Assets	2,902	33%	3,296	36%	-11.95%
Total Assets	8,780	100%	9,235	100%	-4.93%



Property, Plant, and Equipment

During the year, there was an addition of BDT 198 million in fixed assets to ensure the operating capability of the Company. The addition includes BDT 34 million in Land & Building, BDT 124 million in Plant and Machinery, BDT 22 million in Furniture and equipment, and BDT 17 million for Transport and vehicles.

Capital work-in-progress

Capital work-in-progress balance of BDT 207 million includes BDT 49 million for payment of Land & Building and BDT 158 million for Plant and Machinery.

Trade & Other Receivables

Trade and other receivables increased by BDT 102.9 million (501.7m vs 398.8m) due to higher NSP/t though Days Sales Outstanding (DSO) reduced significantly to 9.2 days.

Cash and Cash equivalents

Cash and cash equivalents include cash in hand of BDT 0.45 million, cash at the bank of BDT 213.10 million, and fixed deposits of BDT 16.96 million. Bank Overdraft had a zero balance at the end of the year due to proper cash management.

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.

RELATED PARTY TRANSACTIONS

All the transactions entered into between the Company and its related parties during the financial year ended 31 December 2022 were in the ordinary course of business and on an arm's length basis. In note no. 44 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.

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, 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.

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.

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 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 1.00/- (BDT One Taka only) per share for the year ended 31 December 2022.

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 3,110 million to the National Exchequer in 2022.

AUDITORS

The current Statutory Auditor of the Company, M/s. ACNABIN, 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. M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants having an office at BTMC Bhaban (Level- 7 & 8), 7-9, Kawran Bazar, Dhaka-1215, Bangladesh, have already indicated their interest and consent to act as Statutory Auditor of the Company for the year ending 31 December 2023 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, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants may be appointed as the Statutory Auditor at the 34th AGM of the Company for the year ending 31 December 2023 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. 35th 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 34th 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 34th AGM. The Board recommends their appointment as Corporate Governance Compliance Auditor for the year ending 31 December 2023 at a fee of BDT 35,000 (BDT Thirty-Five Thousand) only and to hold office until the conclusion of the next i.e. 35th Annual General Meeting of the Company.

CREDIT RATING

The Company achieved an AA₂ (Lr) rating in the long term and an ST-2 rating in the short term for maintaining stable outlook for the year 2022 from the Credit Rating Agency of Bangladesh Limited (CRAB).

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. Kevin Gerard Gluskie, Mr. Juan-Francisco Defalque, and Mr. Md. Abul Hossain 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

INDEPENDENT DIRECTORS

Mr. Abdul Khalek, FCA and Mr. N K A Mobin FCS, FCA are acting as Independent Directors of the Company. Mr. Abdul Khalek, FCA was reappointed as an Independent Director by the Board in its meeting held on 20 July 2022 upon the recommendation of the Nomination and Remuneration Committee and his reappointment 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 2022 are reported.

REMUNERATION PAID TO THE DIRECTORS

A total of BDT 291,000 was paid by the Company as Board meeting attendance fees during the year. The remuneration of Directors has been mentioned in note no. 43.2 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 2022 has been furnished here with 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 2022 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%	2,923,269
2019	0%	0
2020	20%	2,245,580
2021	26%	80,540,473

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 2017 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 unallocated right shares were also transferred to CMSF's BO Account, which has the BOID number 1201530074571230.

HUMAN RESOURCES & CORPORATE SOCIAL RESPONSIBILITY

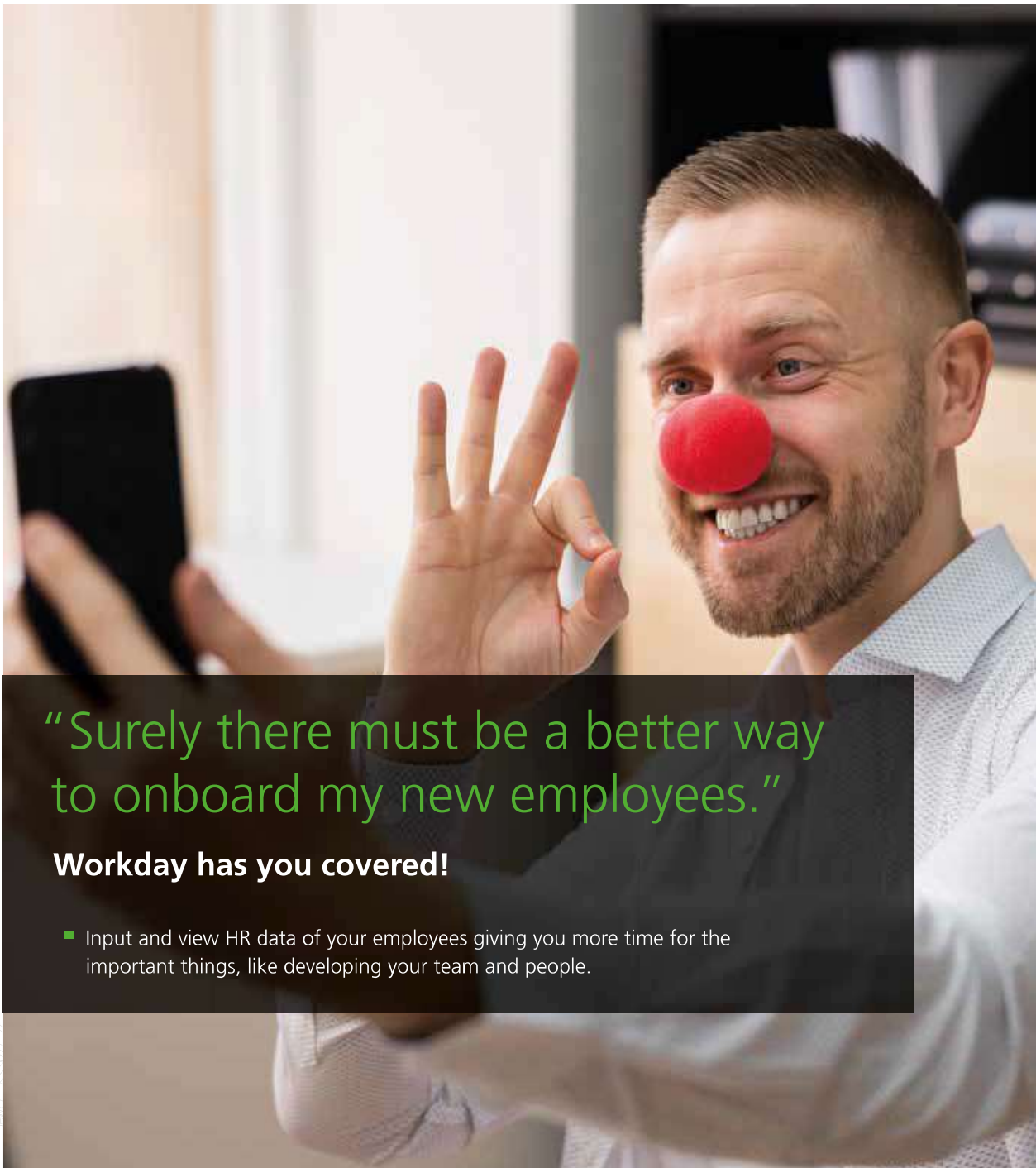
People Excellence is the center of our business strategy. We have been striving to bring this excellence over the years by hiring talented and competent people, and by developing leadership thinking beyond the myth that leaders are born rather than nurtured. We have designed the criteria to identify the successors for the key positions of the organization as well as the potential talents from the group of Millennials and Gen Z shouldering us to take us to the summit of our mission. Through this exercise pivotal and business-critical positions have been replaced with talent from both within and outside the company.



We have undertaken several initiatives over time to nurture a pool of talented leaders. Employing psychometric assessments and cognitive ability tests, we were able to identify within our talent base their respective personality preferences, competencies, and cognitive and technical skills. This allowed us to identify any gaps to be worked on in order to prepare our talent and equip them to be fit and ready to take on the increasing challenges of this highly competitive business. As part of people development and to create an agile, customer-centric sales team we have undertaken a pilot project named Sales Team Development and accomplished several assignments under a professional consultant.

Our employee management system is built to place the right people in the right positions, offer training to equip employees, ensure that objective-based tasks are meaningful to them for the duration of the task, and implement programs to foster employee interpersonal relationships through various welfare activities. Many HCBL employees, whom we refer to as family members, have proven their allegiance and commitment to the Company by working with us for more than 20 years. We recognize their loyalty, devotion, and contributions by giving them a Long Service Award.

For the first time in HM history, a global standard has been set that is allowing our HR organizations to collaborate seamlessly using the same language and engage all our people globally. Under the umbrella of the HM Group initiative and the pledge for digital business and HR support, WORKDAY (HR software) was launched and became a part of our HR operations.



“Surely there must be a better way to onboard my new employees.”

Workday has you covered!

- Input and view HR data of your employees giving you more time for the important things, like developing your team and people.



Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is ingrained in all we do. HCBL is constantly passionate to have a balanced world and strives to maintain sustainable development through social, economic, and environmental benefits. Over the years, our Company has provided subsidized building materials and our employees have volunteered their time with organizations like Habitat for Humanity International and Domino International to build low-cost housing for the disadvantaged in our communities. Correspondingly we reached out to Chaleha Kindergarten and High School and gave scholarships to meritorious and deserving children. We rely on our employees, partners, clients, and the environment to make a difference and uphold our commitment to being more responsible in corporate sustainability.

Occupational Health & Safety

It is our people who make the difference and makes HCBL a great and safe place to work. Safety is not merely about compliance or a hollow commitment. Rather it is our management's belief that "Every employee and contractor should return home as healthy as they came to work". Here, leaders act as catalysts for safety. We want a cultural shift in people's practices and operational behaviors toward everyone being personally responsible for their safety rather than solely relying on the system.

One of the major sustainability commitments of Heidelberg Materials is the promise to excel in occupational Health and Safety, with the goal of zero fatality and zero Lost-Time Injuries (LTI) by 2030.

We have been taking all the necessary steps to create a safety system and a culture of safety behavioral practice for a long time. We have been undergoing an OHSAS 18001 external auditing process in order to track the progress of this safety goal since 2013. It was a bold attempt to not only obtain certification but also to find the safety gaps in comparison to global standards through third-party channels. We switched to certify with ISO 45001 in 2022, but the goal remained the same.

Every major or minor accident, as well as every near-miss, that occurs throughout the Company, is reported to our global accident reporting system, HC Protect, which provides us with statistics and analytics of event causes and directs us in focusing on areas that require more attention.

Following our 2030 sustainability promise, HCBL completed the year 2022 with zero fatalities, zero LTIs, and zero severe accidents. We hope to ensure the durability of such progress through our leadership's promises and all employees' efforts.

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 2022 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 & Chief Financial Officer

Md. Emdadul Haque, FCA
Company Secretary