

CHAPTER 02

BOARD OF DIRECTORS' REPORT

Overview of the Financial Performance || Resilient Performance and Sustainable Growth || Dividend Recommendation & Retained Earnings || Health, Safety & Environment (HSE) || Operational Landscape || Commitment to Sustainability || Production Performance || Geocycle || Navigating through the VUCA economy || Innovative Building Solution || Sustainable Channel Transformation || Sales and Marketing Success in 2024 || Logistics 2024 || Procurement For People and Planet || Digital Innovation for a Sustainable Future || Human Resources || CSR & Sustainable Development || Governance, Ethics and Compliance || Awards & Recognition || Risks and Concerns in Company Operations || Risk Management Overview || Related Parties Transactions || Remunerations of Directors || Directors Declaration to the Financial Statements || Research, Development and Innovation || Internal Control System || Shareholders' Overview || Board of Directors || Corporate Governance Compliance Statement || Auditors' Report || Corporate Governance Compliance Auditors || Unveiling Bangladesh's Economic Landscape



BOARD OF DIRECTORS' REPORT

Dear Shareholders,

This is the 27th Annual Report of LafargeHolcim Bangladesh PLC. (the “Company”). It includes a comprehensive review by the Board of Directors, audited financial statements for the year ending December 31, 2024, and the Auditors' Report. These documents comply with the Companies Act, 1994 (Section 184), the Corporate Governance Code of the Bangladesh Securities and Exchange Commission (BSEC), and the Listing Regulations of both the Dhaka and Chittagong Stock Exchanges.

Over the past few years, your Company successfully transitioned from a traditional cement producer to a comprehensive building materials and solutions provider. This strategic shift proved timely, as the cement industry faced significant challenges during 2024. Despite a sluggish overall cement market, the Company achieved impressive growth in its Aggregates business, both in volume and price. This diversification helped mitigate the impact of the cement market challenges, demonstrating the effectiveness of the transformation journey.

The cement industry in Bangladesh faced a challenging year in 2024, mirroring the broader economic landscape. Political instability and a regime change, coupled with unprecedented floods in August, significantly impacted cement demand. Furthermore, a 9% increase in foreign currency value led to higher raw material costs, adding further pressure on the industry. Despite these external headwinds, your Company achieved impressive business results through resilience, sustainability initiatives, business diversification, operational efficiency, and innovative business strategies. The Company remains committed to sustainability, innovation, and market expansion to drive continued success in the years to come.



Aerial View of Surma Plant, Sunamganj

Overview of the Financial Performance

The Company's consolidated operating and financial results, when compared with the preceding year, unfold as follows:

Figures in Million BDT

<p>Revenue</p> <p>-3% Degrowth ▼</p> <p>2024 27,543</p> <p>28,388 in 2023</p>	<p>Gross margin</p> <p>-630 BPS Degrowth ▼</p> <p>2024 29.9%</p> <p>36.2% in 2023</p>	<p>Total assets</p> <p>1% Growth ▲</p> <p>2024 36,577</p> <p>36,274 in 2023</p>
<p>Cost of goods Sold</p> <p>7% Increase ▲</p> <p>2024 19,298</p> <p>18,119 in 2023</p>	<p>Net profit before tax (PBT) margin</p> <p>-700 BPS Degrowth ▼</p> <p>2024 20.2%</p> <p>27.2% in 2023</p>	<p>Net asset value</p> <p>-16% Degrowth ▼</p> <p>2024 18,592</p> <p>22,226 in 2023</p>
<p>Gross profit</p> <p>-20% Degrowth ▼</p> <p>2024 8,245</p> <p>10,269 in 2023</p>	<p>Net profit After tax (PAT) margin</p> <p>-700 BPS Degrowth ▼</p> <p>2024 13.9%</p> <p>20.9% in 2023</p>	<p>Net asset value (NAV) per share</p> <p>-16% Degrowth ▼</p> <p>2024 16</p> <p>19 in 2023</p>
<p>Net profit before tax (PBT)</p> <p>-28% Degrowth ▼</p> <p>2024 5,558</p> <p>7,716 in 2023</p>	<p>Earnings per share</p> <p>-36% Degrowth ▼</p> <p>2024 3.29</p> <p>5.12 in 2023</p>	<p>Net operating cash flow</p> <p>-0.05% Degrowth ▼</p> <p>2024 7,923</p> <p>7,926 in 2023</p>
<p>Net profit after tax (PAT)</p> <p>-36% Degrowth ▼</p> <p>2024 3,819</p> <p>5,942 in 2023</p>	<p>Return on equity</p> <p>-600 BPS Degrowth ▼</p> <p>2024 21%</p> <p>27% in 2023</p>	<p>Net operating cash flow per share</p> <p>-0.05% Degrowth ▼</p> <p>2024 7</p> <p>7 in 2023</p>

Resilient Performance and Sustainable Growth

This report outlines your Company's financial performance and strategic initiatives in 2024. Despite unprecedented challenges due to political turmoil and natural floods during the year, we achieved significant growth and advanced our sustainability and market leadership goals.

Snapshot of Financial Performance

In 2024, your Company recorded net sales of 27,543 million Bangladesh Taka (mBDT) and profit after tax (PAT) to 3,819 mBDT, despite escalating costs.

Challenges Faced

The past year presented unparalleled challenges, including soaring raw material costs, currency devaluation and high inflation.

Market Performance

Despite adversities, the Company achieved exceptional results. Cement prices declined by 4%, outpacing industry norms and cement volume dropped by 4.4%, surpassing industry growth. Record production and sales in Quarry and Aggregate operations further strengthened our market position.

Sustainability Initiatives

Our commitment to sustainability yielded positive results. Your Company achieved a full-year Thermal Substitution Rate (TSR) of 10.5%. In 2024, energy efficiency was best ever since inception that specific power consumption was reduced by 4% demonstrating our dedication to minimizing energy use and enhancing cost efficiency. We also introduced chemical gypsum and successfully replaced natural gypsum by 12% reinforcing our commitment to sustainable resource management.

Strategic Initiatives

Strategic initiatives helped to navigate challenges effectively. Introducing fit for purpose specialized cement brands like Supercrete Plus and Holcim Water Protect received favorable market responses. Digital applications and Direct to Retail (D2R) channel boosted our success.

Your Company's resilient financial performance, combined with sustainable practices and strategic initiatives, positions us for continued growth. The Company is optimistic about the future prospects and remain committed to delivering value to the stakeholders.

Dividend Recommendation and Retained Earnings

Dividend Recommendation

In October 2024, the Board of Directors of the Company recommended an interim dividend of nineteen percent (19%), in cash, on the paid-up capital of the Company out of the first nine (9) months' profit of 2024 (from January 1, 2024 to September 30, 2024). At BDT 1.90 per share of BDT 10.00 each the said interim dividend amounted to BDT 2,206,609,650.

On March 12, 2025, the Board of Directors of your Company recommended a final dividend of -- percent (0%), in cash, on the paid-up capital of the Company out of the profits of 2024 (January 1, 2024 to December 31, 2024) and also from retained earnings.

Accordingly, the total dividend recommended by the Board of Directors for the year ended on December 31, 2024 is 38% of the paid-up capital amounting to BDT 4,413,219,300.00 which is BDT 3.80 per share of BDT 10.00 each.

As per the dividend distribution policy of the Company and applicable laws, a dividend (including interim

dividend) can be declared out of current profits and/or profits accumulated of earlier years. The Board declared a dividend @119% of the profit to ensure the optimum use of retained earnings and sufficient cash balances.

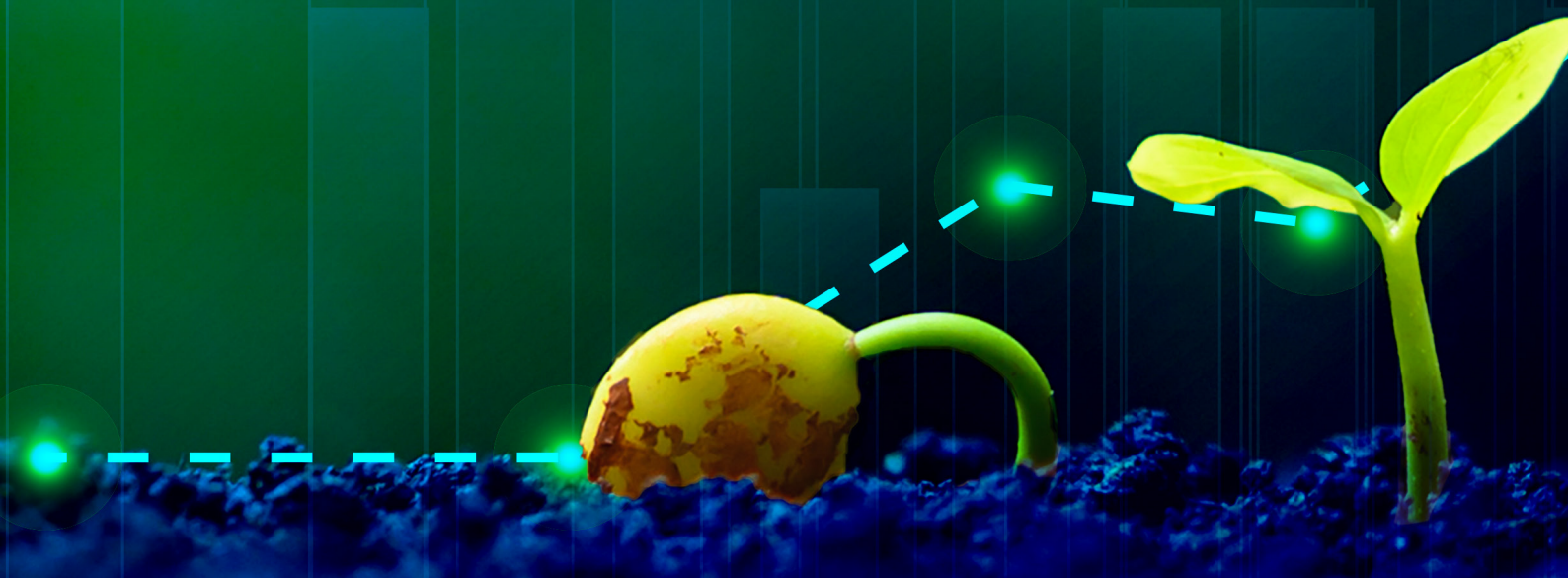
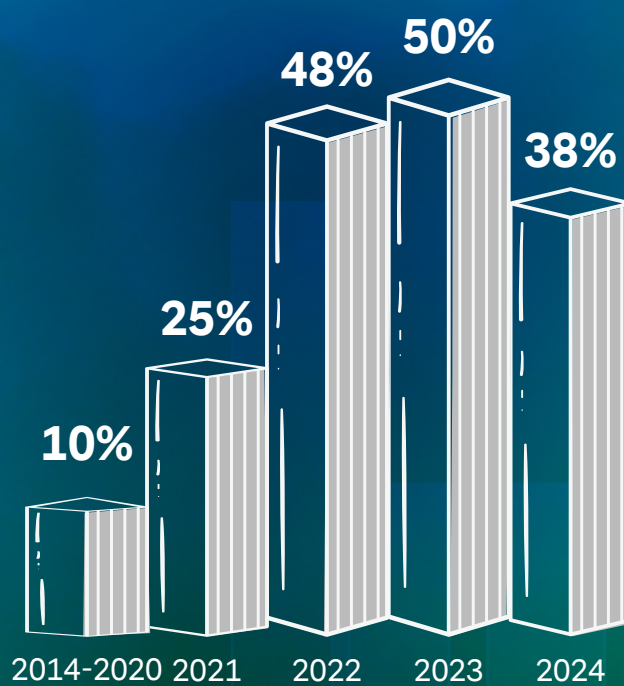
The above dividend recommendation of the Board of Directors shall be forwarded to the Shareholders for their consideration and approval at the 27th Annual General Meeting of the Company scheduled on May 8, 2025.

The status of unpaid/unclaimed cash dividend is annexed as [Annexure VIII](#) to this Report for the year 2024 and is also uploaded on the Company's website.

Retained Earnings

As of December 31, 2024, the total Retained Earnings are mBDT 5,877. Details are in the Statement of Changes in Equity of the Consolidated Financial Statements.

DIVIDEND EVOLUTION





Health, Safety and Environment (HSE)

At LafargeHolcim Bangladesh, we prioritize occupational health, safety, and environmental compliance. This commitment is fundamental to our sustainable business practices. We strive to create a safe and healthy environment for all our stakeholders while minimizing our environmental impact. Our “Ambition 0” strategy reflects this commitment, guiding our efforts to achieve zero harm and a sustainable future.

At all business sites in Bangladesh and Meghalaya, India, we foster a culture where leadership actively champions and demonstrates commitment to Health, Safety, and Environment (HSE) principles. This commitment is reflected in the personal objectives of every employee, ensuring individual accountability for HSE practices.

On January 9, 2024, a regrettable incident occurred at Meghnaghat Plant 1, resulting in a Lost Time Injury (LTI). This incident marked a break in our six consecutive years of achieving zero LTIs and LTIFR, highlighting the importance of continuous vigilance and improvement in our safety practices. We are committed to learn from this incident and implement necessary measures to prevent similar occurrences in the future.

Driven by a commitment to minimize our environmental footprint, we have implemented a series of projects which successfully reduced CO₂ emissions by 368 tons; decreased fresh water withdrawal by 12,000 cubic meters and diverted 310 tons of internal waste from landfills, promoting responsible waste management. These achievements demonstrate our dedication to environmental stewardship and our ongoing pursuit of a more sustainable future.

To ensure the highest standards of transport safety, we have implemented a comprehensive approach that encompasses, Advanced Monitoring Systems and Driver Competency Development. This multi-faceted approach underscores our commitment to create a safe and sustainable transportation system.

Our comprehensive Reward and Recognition and Consequence Management Policy serves as the foundation for a strong safety culture across all sites and operations.

Our commitment to mandatory compliance ensures strict adherence to all Health, Safety, and Environmental regulations. This unwavering dedication to excellence sets the standard for responsible and secure business operations, safeguarding the well-being of our workforce and the environment.

Operational Landscape: Bridging Borders for National Service

Your Company's unique cross-border project spans two neighboring countries and three distinct geographical locations within Bangladesh, demonstrating our commitment to national service. Our operational sites are strategically positioned to optimize resource utilization and ensure efficient production:

India

Meghalaya Limestone Mine: A 100-hectare mine in Meghalaya, India, serves as the primary source of raw materials for our cement production.

Bangladesh

- **Cross-Border Belt Conveyor:** A 17-kilometer elevated conveyor system facilitates the efficient transportation of limestone from the Meghalaya mine to our Surma Plant in Bangladesh.

- **Surma Plant:** This state-of-the-art facility boasts unique capabilities for producing clinker, cement, and aggregates.
- **Geocycle:** An integral part of the Surma Plant, Geocycle represents our commitment to environmental sustainability by processing waste materials in an environmentally friendly manner.
- **Meghnaghat 1 & 2:** Located in Sonargaon Narayanganj, these cement grinding units play a crucial role in our cement production process.
- **Mongla Plant:** Situated in Bagerhat, this cement grinding unit further expands our reach and contributes to the national infrastructure development.

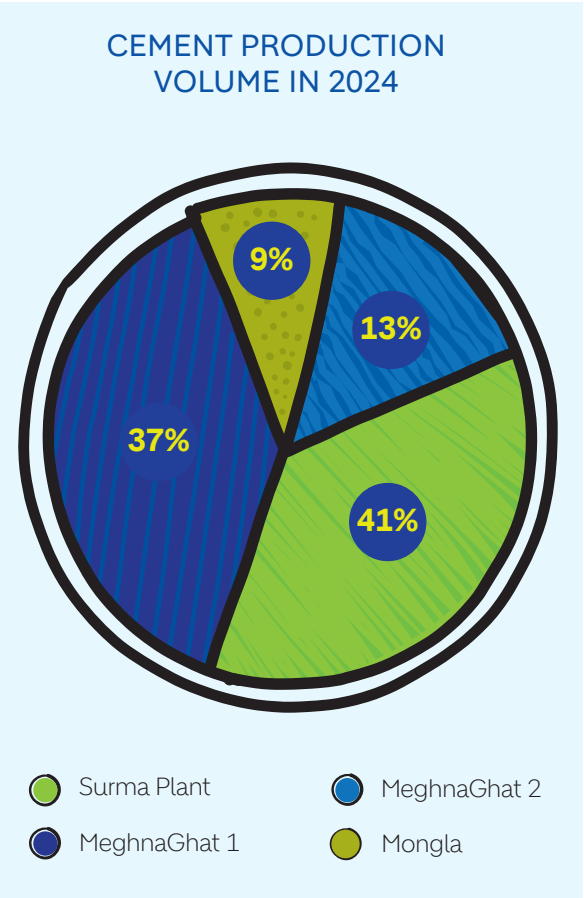
This interconnected network of operational sites exemplifies our dedication to efficient resource management, environmental responsibility, and national development.

Commitment to Sustainability: Driving Long-Term Value

Our operations are guided by a commitment to sustainable practices, encompassing environmental stewardship, operational efficiency, social responsibility, and economic viability. This integrated approach ensures that our activities contribute positively to the well-being of our stakeholders and the environment.

Production Performance

Production Performance: Cement



Performance of Surma Plant:

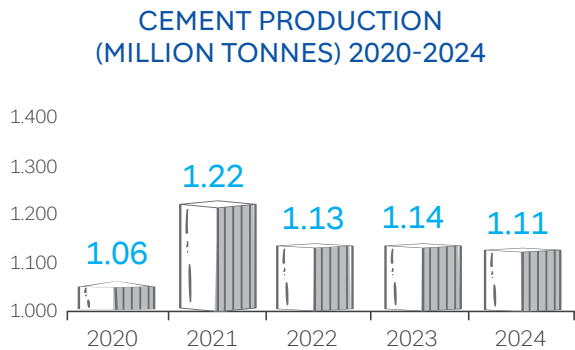
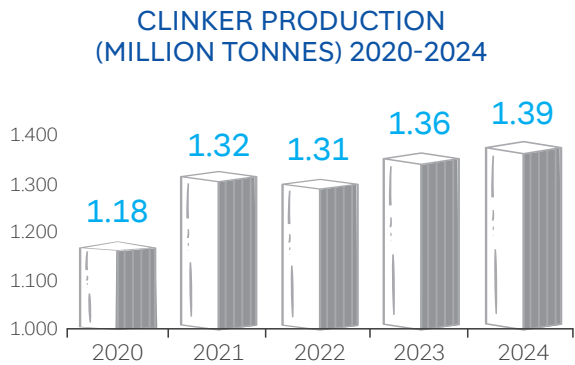
Surma Plant achieved a significant milestone in 2024 by exceeding its previous year's clinker production by 2% to reach 1.386 million tonnes to demonstrate its commitment to operational excellence and continuous improvement. This represents the highest output in the last five years at Surma Plant. This achievement is evidence to the Company's dedication to optimizing processes and implementing rigorous maintenance strategies.

The success at Surma Plant is reflected in its key performance indicators. The Kiln Net Availability Index (NAI) increased by 2% compared to the last year. In 2024 Surma Plant produced 1.107 million tonnes of cement aligned with the market demand. The volume of cement production is lower to the last year due to the economic and political changes.

Surma Plant took below initiatives to reinforce its commitment to sustainability and implementing initiatives focused on energy efficiency, resource management, and water conservation.

- Specific power consumption reduced by 4%.
- Chemical gypsum successfully replaced 12% of natural gypsum
- Specific Freshwater withdrawal decreased by 4%

In 2024, Surma Plant achieved global recognition, securing 7th place among 94 plants in the Holcim Global Industrial Performance Benchmark. This prestigious ranking reflects the plant's relentless focus on performance, innovation, and sustainability. The accomplishments of 2024 have set a strong foundation for continued growth and innovation. The Company remains committed to driving operational excellence, prioritizing sustainability, and delivering value to stakeholders.



Meghnaghat 1, Meghnaghat 2 and Mongla Plants Production:

Meghnaghat 1, Meghnaghat 2 and Mongla Plants collectively achieved a remarkable milestone in 2024, producing a combined 1.606 million tonnes of cement. This represents the second-highest output in the last five years. The success was highlighted by 1% improvement in the Cement Mill Production Rate Index (PRI) compared to the last year, indicating enhanced productivity and operational efficiency.

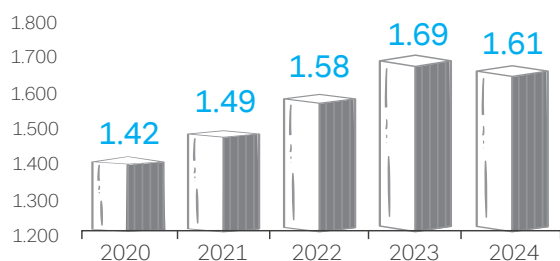
In 2024, Meghnaghat 1, Meghnaghat 2 and Mongla Plants made significant progresses in sustainability, focusing on resource optimization and reducing environmental impact. The Plants integrated Construction and Demolition Material (CDM) into manufacturing process for the first time - a significant step aligned with global sustainable development initiatives under the circular economy framework.

In 2024, we made the following achievements, which underscore our commitment to balance operational excellence with environmental responsibility,

solidifying the position of our grinding plants as a leader in sustainable cement production

- Specific power consumption reduced by 2%.
- Chemical gypsum successfully replaced 3% of natural gypsum.
- Incorporated 0.3% CDM.
- Specific Freshwater withdrawal decreased by 4%.

MEGHNAGHAT & MONGLA CEMENT PRODUCTION (MILLION TONNES) 2020-2024

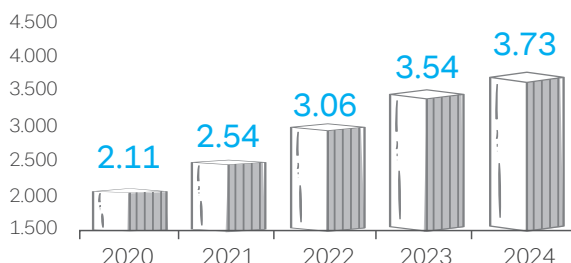


Lafarge Umiam Mining Private Limited's Limestone Quarry Operations

The quarry operations in Meghalaya, India plays a crucial role in the Company's operations. Lafarge Umiam Mining Pvt. Ltd. (LUMPL) the Indian subsidiary of your Company, mines and crushes the limestone, the key raw material to produce clinker, and transports 100% of its production to Surma Plant at Chhatak, Sunamganj.

In 2024, LUMPL achieved a significant milestone by exporting 3.733 million tonnes of limestone, a notable 5% increase from the 3.543 million tonnes exported in 2023. This growth was complemented by 4% increase in the Gross Availability Index that indicates Company's strong performance and operational effectiveness.

LIMESTONE IMPORT VOLUME (MILLION TONNES)



Nongtra Limestone Mine achieved national recognition for its commitment to excellence in sustainable mining practices. In 2022-23, the mine was awarded a prestigious 5-Star Rating by the Indian Bureau of Mines (IBM), placing it in an elite category. This distinction makes Nongtra Limestone Mine the only 5-Star rated mine in North-East India and one

of only 68 mines out of 1,256 assessed across the country to receive this honor. This achievement is a testament to the mine's commitment to operational integrity and sustainable mining practices, as it has consistently maintained its 5-Star rating from IBM for six consecutive years since 2017-18.

To support the growth objectives of the Surma Plant, including its business expansion and product portfolio diversification, the demand for limestone exports from LUMPL is increasing constantly. To meet this growing demand, your Company is strategically preparing to enhance production and export capacities in 2025, LUMPL is undertaking several important initiatives to ensure operational efficiency and sustainability in the years ahead.

Aggregate Business: A Year of Resilience And Growth

2024 proved to be a year of remarkable resilience for the Aggregate Business. Despite facing external challenges, the business achieved a significant 31% growth in both volume and sales compared to the previous year. This impressive performance underscores the Company's dedication and strong operational capabilities.

The year saw record-high volumes, setting a solid foundation for continued success. Looking ahead to 2025, the Company remains committed to sustainable and environmentally friendly operations, recognizing the growing demand for aggregates in the country.

To capitalize on the promising opportunities presented by the expanding market, the Company has implemented several strategic initiatives. These initiatives are designed to enhance operational and logistical efficiency, ensuring the business stays ahead of the curve.

The successful implementation of these strategic goals is expected to drive further growth in 2025, setting new benchmarks for the Aggregate Business. This commitment to excellence, safety, and future growth solidifies the Company's position as a leader in the industry.

Aggregates
Business achieved

31% growth in
volume &
sales





Aggregates Plant at Surma

Geocycle: Transforming Waste Into Resources, Building A Sustainable Bangladesh

Geocycle is a leading force in sustainable waste management, transforming non-recyclable materials into valuable resources. By reducing landfill and incineration, Geocycle provides scientifically proven and environmentally friendly solutions, promoting industrial symbiosis and setting industry-leading standards for multinationals and municipalities. Our vision is a zero-waste future, driving de-carbonization, circular economy, and positive impact for people and the planet.

Geocycle has made a significant contribution to Bangladesh's environmental sustainability by inaugurating the country's first Material Recovery Facility (MRF) with Sylhet City Corporation. This initiative, which aims to make Sylhet plastic-free and green, is a testament to Geocycle's commitment to promote a circular economy and reducing plastic pollution. The MRF serves as a cornerstone in achieving these goals.

Recognizing municipal waste as a major environmental threat, after establishing sustainable waste management practices in Sylhet City Corporation, we are now engaging with other city corporations to replicate this model using advanced bio-drying technology. Geocycle is pioneering sustainable

solutions for municipal solid waste, promoting a circular economy in Bangladesh.

Geocycle achieved 10% growth in 2024, ensuring a 10.5% thermal substitution rate and a net CO₂ reduction of 24 kilo tonne, strengthening our commitment to decarbonization and sustainability. This progress reflects our efforts to replace fossil fuels with sustainable waste-derived energy sources. Geocycle aims to continue rapid growth to secure green energy for the future.

Geocycle is actively collaborating with the Department of Environment (DoE), Ministry, industries, NGOs, and associations on Extended Producer Responsibility (EPR). An EPR framework will close the loop on plastic pollution, reduce marine littering, and contribute significantly to achieving plastic neutrality.

Geocycle is committed to a sustainable future for Bangladesh, aiming to dispose of 400,000 tons of segregated solid waste by 2030. Through innovative solutions, strategic partnerships, and operational excellence, Geocycle is leading the way in environmental sustainability and de-carbonization. Their efforts are controlled to drive positive change and contribute to a cleaner, greener future for Bangladesh.

Geocycle achieved
10%
Growth in 2024

Geocycle

Navigating through the VUCA (volatile, uncertain, complex and ambiguous) economy

2024 has been an unprecedented year full of uncertainties & adverse business condition. The industry suffered a lot with the Macroeconomic downfall, Forex instability, Fuel price increase & above all the turbulent political turmoil. The Stagnation condition in customer demand, raw material price decrease, slowdown in Govt. sector construction & banking sector collapse, put the market in fierce

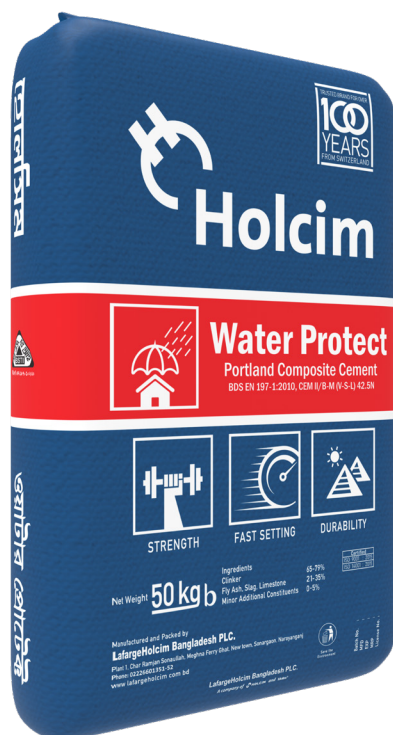
competitive price war & your Company faced tremendous pressure being the most price premium player.

But the resilient team of your Company adopted multiple contingency approach while continuing the transformative journey to become the top building material solution provider, secured a decent business result in 2024. The highlights for 2024 are as below:

Innovative Building Solution

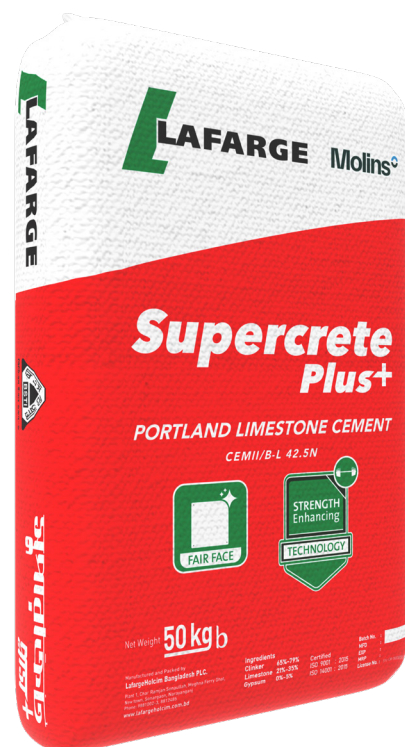
Holcim Water Protect

From Roof to foundation get a complete protection: Our Flagship special needs product Holcim Water protect grew 19% in 2024 with a 99% additional margin over Holcim core products & a volume contribution of 6.3% of Holcim Brand Sales. The result was supported by our extensive focus on influencer activations, internal team & Top dealer engagement, live demonstration, digital communication based on USPs. We have also expanded our distribution network for this product in around 1750 retail stores which is 10% higher than 2023.



Supercrete Plus

The Country's No. 1 Fair Face Cement: With a vision of premiumization & portfolio enhancement, Supercrete Plus was launched in 2022 end to cater the need to Fair Face segment for better aesthetics & modern look without using paint. In 2024 Supercrete Plus grew by 63% with a 5% higher CM than Supercrete Core Brand. The product reached up to a contribution of 5.5% in Supercrete brand & distribution excellence reached up to 1545 retails in 2024.



Your Company is also formulating products to explore new segments of Coastal Areas of Bangladesh in near future. The Concrete Innovation Application Centre (CIAC) lab remains in the heart of all these innovations providing support for R&D related to High strength concrete, Mortar solution mix design, aggregate analysis, special product development & a knowledge hub for internal & external stakeholders.

Sustainable Channel Transformation:

Direct to Retail (D2R):

The alternative channel revolution to directly serve the retailers for increasing numeric coverage and unlocking growth potential continues to add value to the business in 2024 also. This channel still continues to be 100% cash based business model delivering 28% higher margin than the traditional dealer channel.

In 2024, the channel contribution increased from 7.2% to 8.8% in B2C channel through serving 1167 D2Rs all across the country. The Company are committed to delight customers through Team & Trade Engagement, Delivery excellence & a completely contactless model enabled by Digitalization with end to end process automation.

Sales and Marketing Success in 2024

Your Company has delivered a decent business result in comparison with the industry through its constant focus on Channel Expansion, Marketing excellence, People & Process development, Trade, team & influencer engagement activities. At the period of political turbulence & blackout period, your Company ensured full market operation with safety & innovatively managed the depot dispatch & ordering operation. In the devastating flood of Cumilla region, your Company used alternative

Route to Market to deliver products. Through the pan Bangladesh coverage with a world class sales team, your Company are serving 900 dealers, 8460 retailers and 656 corporate customers in real estate, industrial and Ready-Mix segments.

The Company continues to develop commercial processes and building world-class commercial capabilities across its marketing and sales teams by conducting 2151 Man hours of training sessions. All the capability interventions are primary focused on the techno commercial proposition & to drive one commercial team for all the upcoming new business portfolios. To instil a broader strategic perspective for the Company & driving performance culture, different strategic team building sessions were organized through internal & external resources. As part of building the frontline sales team, your Company launched Project Shambiddhi (NFTE career development program) & reduced the attrition rate from 43% to 33% in 2024.

Channel Transformation is a key agenda for your Company to drive the future growth. Accordingly, we have launched DEEP – Dealer Esteem & Engagement Program, with 67% volume contributing Dealers. Also to drive growth agenda in the Emerging Markets of Dhaka periphery, “Emerging Town” – 360 degree approach to drive marketing, trade marketing & channel excellence delivered 15% growth. To facilitate delivery to our channel partners’ new “Stock on Wheel” project was further expanded.

In 2024, your Company launched the iconic New Supercrete Marketing Campaign (Casting or Plaster, Supercrete is the Master) with heavy promotion in Digital, TV media & Market branding. To uphold the price premiumization & establish ourselves as the most preferred brand in the country, we are heavily focusing on ATL, BTL & Digital platform targeting Individual Home Builders, influencers & channel partners (Dealers & Retailers) through micro market strategy. As a part brand awareness on point of purchase, we extensively branded cement selling outlets across the country with shop paint, stickers, banners, festoons, demo-kits, shop signboard etc. As influencers play a big role in cement industry, we reached potential Engineers, architectures, contractors, masons all throughout the year by different events, engagement & loyalty activities.

2024 Results at a Glance

Sales Volume of Cement Industry (Million MT)

37.65 2024  38.14 in 2023

Sales Growth of Cement Industry

-1.2% 2024  0.76% in 2023

Sales volume of LHB (Million MT)

2.7 2024  2.83 in 2023

Sales Growth of LHB

-4.4% 2024  5.5% in 2023

Market Share of LHB

7.18% 2024  7.42% in 2023

With an objective of consolidating all the operational app in a single platform & ensure end to end automation, we have enhanced our digital capabilities through inclusion of multiple features in Retail Management System (RMS), Direct to Retail App &

Customer portal which ensured higher customer satisfaction in terms of simplicity & transparency in business operation. The Technical services App is also bringing efficiency & targeted approach to drive influencer loyalty & customer contact.

Logistics 2024: A Year of Sustainable Innovation and Growth

Your Company's logistics operations in 2024 achieved significant advancements in sustainability, innovation, and cost efficiency. A 30% reduction in carbon emissions from the 2020 baseline was achieved through increased waterways dispatch, facilitated by automation initiatives like optimized dispatch systems. Strategies such as moving closer to customers via waterways reduced last-mile delivery distances by truck, while minimizing stock transfers and optimizing special product sources further decreased trucking requirements and associated emissions. These efforts not only enhanced environmental outcomes but also delivered cost benefits.

The "Stock on Wheel" initiative, utilizing mobile warehouses, effectively addressed white spaces with 2-4 hour deliveries, improving flexibility, expanding the retailer network, and enhancing sales performance.

This resulted in a 23% volume growth in 2024, with rapid expansion of the project as a key strategic priority.

Key accomplishments include implementing chartered barge operations, leveraging high-performance material handlers for aggregates, and introducing a new modality for some depot operations. Digital tools like the "E-Auction" app and Barge Management Software (IWVMS) streamlined operations, while supplier diversification, import substitution, and automation ensured financial discipline. Zero fatalities were recorded due to advance In-Vehicle Monitoring Systems, and a 24x7 Logistics Call Center provided seamless dispatch and safety support. These initiatives collectively strengthened the foundation for sustainable growth and operational excellence.



Barge Delivery in Meghnaghat Plant

Procurement For People and Planet: A Commitment to Sustainable Practices

Your Company is committed to sustainability, integrating it into its procurement strategy through “Sustainable Competitiveness.” This approach prioritizes the purchase of sustainable products and services that are competitive in the market, enabling scalability to drive progress for people and the planet. Your Company is dedicated to respecting human and labor rights and protecting the environment and nature, making these principles integral to its supplier relationships.

In 2024 we have taken initiatives to procure two (2) cutting-edge Electric Mining Trucks at our Limestone Quarry in India. These trucks will be instrumental in transporting limestone from mine to crushing center, enhancing operational efficiency and advancing our sustainability goals. With this landmark initiative your Company sets a new standard for innovation, sustainability and operational excellence, significantly reducing our carbon footprint.

Your Company has implemented a comprehensive due diligence process since 2019. This process has been gradually expanded to encompass all vendors. In 2024, due diligence was completed for 2,709 vendors. Out of the 1,585 active vendors, 159 were verified for Environmental, Social and Governance (ESG) or Health and Safety (H&S) compliance, and 20 critical vendors underwent on-site audits based on ESG or H&S criteria.

Another initiative aimed at de-carbonization is the utilization of Construction Demolished Materials (CDM). Lab trials were conducted with crushed brick boulders at the Company’s MH Laboratory Facility, successfully sourcing CDM as per requirements for industrial trials. The first successful industrial trial in Holcim Strong Structure, replacing 2% fly-ash with processed CDM, resulted in a 28D strength of 43.17 mPa, comparable to the 43.09 mPa achieved in lab trials.

Replacing

2%

Fly-ash with
CDM Innovation





Digital Innovation for a Sustainable Future

Paving the Way for a Sustainable and Eco-friendly Digital Future

In 2024, your Company successfully modernized its operations by consolidating various systems into a unified platform, achieving greater efficiency, accuracy, and accessibility. The transition to a modern and upgraded distribution management system streamlined operations, reduced manual workflows, and minimized data entry errors. Fragmented digital systems were consolidated, ensuring all stakeholders had real-time access to accurate information for better decision-making.

A key part of this transformation was the introduction of OneApp, a super app that enhanced both the field force's productivity and the customer experience. OneApp facilitated an omni channel strategy, including easy access for order management for B2B, B2C, D2R as well as

D2C and an upgraded mobile app for seamless operation across all touch points. Also, we have introduced a simplified version of Delivery Order Management for accurate and timely dispatch system for on time customer delivery.

Additionally, OneApp has also been tailored for Geocycle, the Company's sustainable platform, leveraging digital tools to improve sustainability efforts. The Company also introduced Host-to-Host Payment and Payroll Automation with banks, ensuring secure and efficient transactions, further enhancing operational effectiveness and security.

Our dedication to technological innovation and environmental responsibility drives business success while paving the way for a more sustainable future.

Human Resources

Employee Engagement:

Employee engagement remains a key strategic priority for driving optimal productivity. To this end, 26 focus group discussions (FGDs) were conducted, engaging a significant number of employees to identify core areas for creating a positive and collaborative work environment. Our goal is to surpass a 4.16 score on the engagement survey. Several initiatives were introduced to enhance family involvement and recognition, fostering stronger bonds and motivation among employees.

Learning & Development and Leadership:

In 2024, we placed significant emphasis on learning, development, and leadership programs to prepare our frontline and mid-level managers for future challenges. Our efforts included building commercial capabilities and delivering targeted learning interventions on Artificial Intelligence (AI), recognizing its critical role in the future of work. Throughout the year 21,120 man-hours were dedicated to various training sessions, encompassing functional skills, soft skills, technical certifications, and leadership programs, including those delivered by Franklin Covey.

Diversity, Equity & Inclusion (DEI):

DEI remains a cornerstone of our organizational culture. In 2024, we focused on enhancing female leadership development and fostering greater diversity in our workforce. These efforts were integrated into HR initiatives, ensuring inclusivity and representation across the organization.

Strategic Alignment for Long-Term Success:

At the start of 2024, functional alignment sessions engaged employees in shaping a detailed long-term strategy aligned with Group Strategy 2027. This included a focus on female leadership development and targeted graduate hiring, reflecting our commitment to sustainable talent management. Functional strategies were communicated to all employees, with KPIs set accordingly. We also launched a graduate trainee program and prioritized successor development to ensure a future-ready organization. Opportunities were provided to high-potential employees, with three individuals taking on leadership roles in key functions.

Cultivating a Performance-Centric Culture:

We have consistently cultivated a performance-driven and meritocratic culture that embraces innovation, agility, and excellence. Our employee career progression, reward systems, and developmental initiatives are all intertwined with our dedication to achieving peak performance and our ultimate goals. To empower our younger talent and foster innovation and excellence, we launched the Young Innovator's Club, aiming for holistic value creation. Additionally, we remain committed to automation and digitalization, leveraging cutting-edge technology for continuous improvement.

Corporate Social Responsibility (CSR) & Sustainable Development

Your Company continues to play a pivotal role in improving the socio-economic conditions of communities surrounding its operations in Bangladesh and Meghalaya. Guided by our commitment to sustainable development, our CSR initiatives focus on key areas such as education, skill development, healthcare, housing and infrastructure, and environmental conservation.

In 2024, we made significant strides in our community impact efforts:

- Over 550 students benefited from the quality education provided by our community welfare school in Chhatak.
- 40 women were empowered through specialized training programs designed to foster self-sufficiency.
- More than 27,000 patients from surrounding communities received free medical care at our Medical Centre.

We are also delighted to share two remarkable milestones achieved this year. Your Company was recognized in Bloomberg's prestigious sustainability list, being one of only 10 Bangladeshi companies to earn this global accolade. Additionally, we received the SDG Brand Champion Award 2024 in the category of Decent Work and Economic Growth, a testament to our dedication to fostering inclusive and sustainable economic growth.

In response to the devastating floods, our employees exemplified compassion and solidarity by donating one day's salary to support affected communities. The Company also distributed essential food supplies to flood victims in various regions, alleviating hardships and fostering resilience.

Looking ahead to 2025 and beyond, your Company remains dedicated in its commitment to sustainable community development. The Company plan to expand the existing programs and introduce new initiatives that will further uplift the lives of the communities we serve, creating a lasting and positive impact.



**LHB was recognized in
Bloomberg's prestigious
sustainability list**

Bloomberg

At LafargeHolcim Bangladesh PLC., we believe in shaping a better tomorrow by investing in education, healthcare and skill development.

Our Community Development Center (CDC) near the Chhatak Plant is a beacon of hope, housing a primary school that offers free education up to class five. By nurturing young minds, we are laying the foundation for a brighter future. Over 7,000 students have already completed their primary education here.

Empowering individuals is at the core of our mission. Through our annual skill development programs, we equip underprivileged communities with the tools to build sustainable livelihoods. Over 1,000 women have already been trained, gaining financial independence and securing a better future for their families.

We are deeply committed to enhancing health and well-being in the communities surrounding our operations. Our fully equipped health clinic, staffed with an MBBS doctor and four paramedics, provides essential medical care, guidance and free medicines, transforming lives every day. Additionally, our specialized health camps bring expert medical professionals directly to those in need. To date, we have served more than 400,000 patients, ensuring access to quality healthcare.



Number of beneficiaries from LHB CSR activities till 2024

7000+

students completed
primary education in
CDC

400,000+

patients received quality
healthcare access in CDC

1000+

women have been trained
through in skill development
program

Governance, Ethics and Compliance

Holcim's Commitment to Integrity and Compliance

Holcim is committed to maintaining the highest ethical standards across all levels of the organization. Our comprehensive governance, ethics, and compliance strategy ensures adherence to industry best practices. This approach is detailed in this report.

Compliance Framework

Our compliance framework is built upon a foundation of key policies, including:

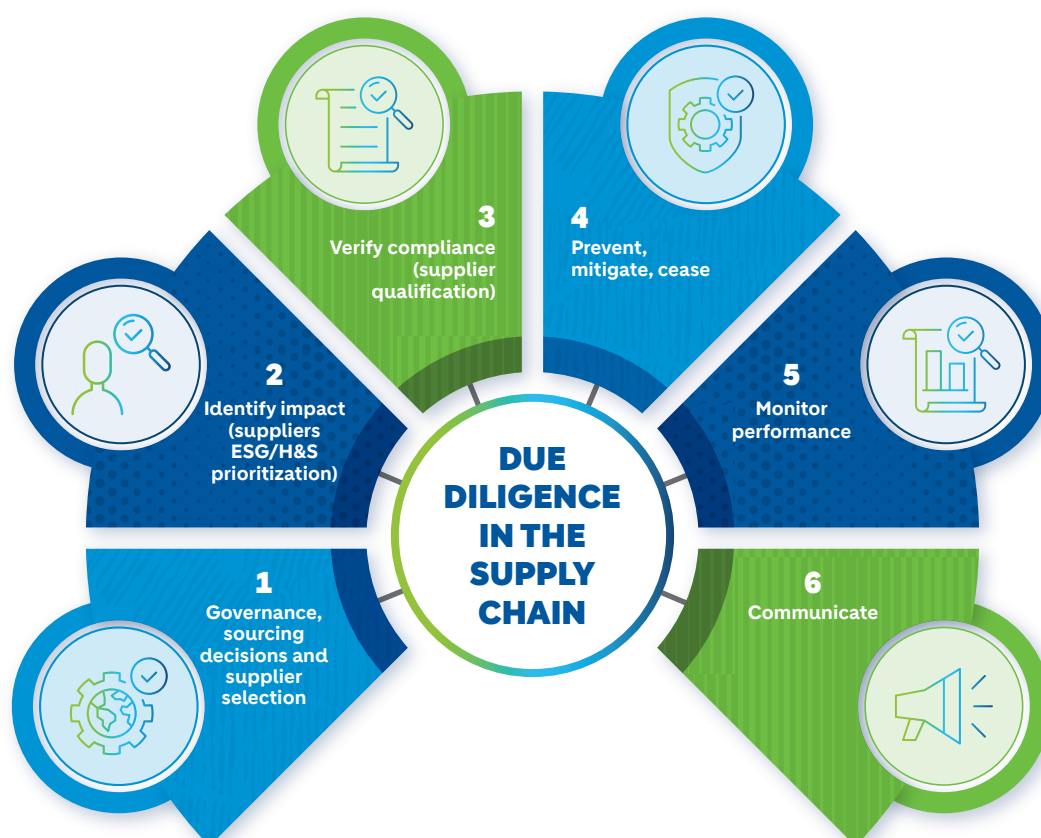
- Code of Business Conduct (COBC) outlines our commitment to ethical behavior and sets the standard for all employees and business partners.
- Anti-Bribery & Corruption Policy prohibits bribery and corruption in all forms and outlines our commitment to transparency and accountability.
- Compliance Policy outlines our commitment to complying with all applicable laws and regulations.
- Fair Competition Directive ensures that all business activities are conducted in a fair and ethical.

Sustainable Procurement Process:

Your Company applies a periodic supplier prioritization to focus due diligence actions on the main risk of procurement categories:

- Maintenance and production contracted services
- Raw materials, in particular mining, chemicals and packaging
- Logistics services
- Energy and fuels

The supplier due diligence process starts with the qualification of prioritized suppliers, which consists of regular performance evaluations in the form of self-assessments, fact finding or audits, to verify compliance. Throughout this process, LafargeHolcim Bangladesh maintains ongoing communication with suppliers, clarifying expectations and evaluation criteria. When a supplier fails to meet the required standards, corrective action plans are implemented, with guidance offered to support improvement. LafargeHolcim Bangladesh actively monitors progress and assists suppliers in enhancing their capabilities to strengthen Environmental, Social, and Governance (ESG) performance to ensure alignment with the Company's sustainable goals and ethical values. The following is an illustration of the sustainable procurement process which compliant with the Company's Policies:



Awards & Recognition

Your Company has received six (6) prestigious awards for excellence in Corporate Governance and Sustainable Development.

Best Corporate Gold Award 2023

by the Institute of Cost and Management Accountants of Bangladesh (ICMAB)



CORPORATE GOVERNANCE EXCELLENCE GOLD AWARD 2023

by the Institute of Chartered Secretaries of Bangladesh (ICSB)



BEST PRESENTED ANNUAL REPORTS, INTEGRATED REPORTING AND CORPORATE DISCLOSURES 2023 AWARD

by the Institute of Chartered Accountants of Bangladesh (ICAB)



GREEN FACTORY AWARD 2023

by the Ministry of Labor and Employment, Government of Bangladesh



SDG BRAND CHAMPION AWARD 2024 IN DECENT WORK AND ECONOMIC GROWTH

by Bangladesh Brand Forum and the Daily Star



FIVE STAR RATING FOR SAFE MINING AWARD TO LUMPL

by the Indian Bureau of Mines (IBM), Meghalaya, India.

Risks and Concerns in Company Operations

i. Dispute Resolution with Jalalabad Gas Transmission and Distribution System Limited (JGTDS) and the Company:

The Company had an Arbitration with JGTDS. On September 15, 2023, the Arbitration Tribunal issued the Final Award in favor of the Company. As per the Award, the Ceiling Price is a valid and enforceable provision of the Gas Sales Agreement (GSA).

The Primary Term of the GSA is for 20 years from the Gas Delivery Commencement Date, which is due on January 17, 2026. As per the GSA, the Primary Term shall automatically be extended for a further period of five (5) years unless terminated by either party. In January 2024, JGTDS communicated their intention not to extend the GSA beyond the Primary Term. A joint meeting held on December 18, 2024 comprising the Ministry of Power, Energy & Mineral Resources, Petrobangla (Bangladesh Oil, Gas & Mineral Corporation), Executive Chairman of Bangladesh Investment Development Authority and Assistant Attorney General Office whereby

extension of GSA was discussed. Accordingly, the Company submitted a draft extension agreement of the GSA to the Ministry of Power, Energy & Mineral Resources and JGTDS which is awaiting response from JGTDS.

ii. Cross-Border Operations:

Cross-border activities, notably limestone sourcing from our Indian subsidiary pose risks. Any disruption in supply may interrupt the plant operation in Bangladesh, necessitating strict legal compliance and community development initiatives.

iii. Market Dynamics in Bangladesh Cement Industry:

Bangladesh faces a surplus cement capacity market, yet new additions surpass demand, heightening market competition. Asian clinker availability directly impacts import prices, influencing Bangladesh's cement market and your Company's profitability.

Risk Management Overview

The Company's management is tasked with establishing a robust risk management framework. This entails developing standard procedures for risk identification, analysis and ongoing management to mitigate their impact. The organization confronts credit, liquidity and market risks.

• Credit Risk

Credit risk represents potential financial losses arising if customers or counterparties fail to fulfill contractual obligations. Primarily originating from receivables and current assets, the management individually assesses the creditworthiness of new customers, sets credit limits and periodically reviews them. Sales surpassing these limits necessitate approval from the appropriate authority level. Additionally, the Company secures bank guarantees from a substantial portion of both trade and nontrade customers.

• Liquidity Risk

The Company faces the challenge of liquidity risk, impacting its ability to meet financial liabilities settled in cash or other financial assets. To counter this risk, the Company ensures sufficient liquidity to fulfill obligations under normal and stressed conditions without incurring unacceptable losses or damaging its reputation.

• Market Risk

Market risk stems from fluctuations in market prices, encompassing foreign exchange rates and interest rates, affecting the Company's income or financial instrument values. Utilizing derivatives, the Company manages market risk, which includes:



- ▶ **Foreign Currency Risk:** Mitigated through hedging, particularly for transactions denominated in Euro, US Dollars, Swiss Franc and Indian Rupee.
- ▶ **Liquidity of Foreign Currency Risk:** LC opening with foreign currency is managed through opening various banks to ease the ongoing liquidity crisis.
- ▶ **Interest Rate Risk:** Ensuring exposures are maintained within acceptable parameters to optimize returns, affecting debts and short-term deposits.
- ▶ **Commodity Risk:** Managed via negotiation to minimize exposure to commodity price, quantity, and market cost fluctuations during procurement or sales.

By proactively addressing these risks, the Company strengthens its resilience and enhances its ability to navigate uncertainties in the business environment effectively.

Related Parties Transactions

Transactions with related parties, as per International Accounting Standard (IAS) 24, were conducted in the ordinary course of business. Details, including nature of related party, transaction nature and total value, are in Note No. 29 of the Consolidated Financial Statements.

Directors’ Declaration to the Financial Statements

The Directors affirm the Company’s status as a going concern, reflected in the Financial Statements.

They assert:	Other disclosures include:
<ul style="list-style-type: none">• Fair Presentation: Financial Statements fairly represent the Company’s state, operations, cash flows, and equity.• Proper Bookkeeping: Accurate maintenance of Company books.• Consistent Accounting Policies: Adherence to appropriate accounting policies and prudent judgment in estimates.• Compliance: Adherence to International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) with adequate disclosure of any deviations.• Effective Internal Control: Implementation and monitoring of a sound internal control system.• Minority Shareholder Protection: Assurance against abusive actions by controlling shareholders.• Financial Analysis: Examination of financial indicators to ensure continued operation viability.• Going Concern Basis: Adoption of going concern basis, with adequate resources for future operations.	<ul style="list-style-type: none">• Dividend and Share Issuance: Declared interim dividend during the year 2024 and no share issuance since Rights Share in 2011.• Director Remuneration: No director remuneration for the year.• Financial Data: Annex I details key financial data for the past five years and explains significant deviations.• Board Meetings: Annex II discloses Board meeting details and attendance.• Shareholding Pattern: Annex V presents the shareholding pattern.• CEO and CFO Declaration: Annex VI includes the CEO and CFO’s declaration per Corporate Governance Code requirements.• Management’s Discussion and Analysis: Annex VII features CEO-signed analysis of the Company’s position, operations, and financial statement changes.

Remunerations of Directors

No remuneration is given to the Directors of the Board in the year 2024. The Board of Directors apart from Nominee Directors shall receive attendance fees from the Company for attending Board of Directors Meetings and its Sub-Committee Meetings effective from 2025.

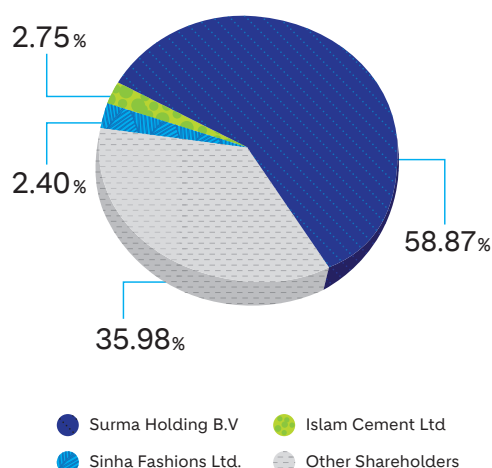
Research, Development and Innovation

Holcim and Molins Group’s R&D aligns with customer needs, addressing contemporary challenges. Collaborating, our elite teams deliver innovative products, enhance energy efficiency and minimize environmental impact while maintaining high standards in aesthetics, health, comfort and well-being.

Internal Control System

Well-documented policies, directives and operating standards undergo regular review. Implementation and compliance are monitored and reported to the Audit Committee.

Shareholders' Overview



Further details regarding the shareholding pattern are attached to this report as Annexure V.

Surma Holding B.V.

Surma Holding B.V., incorporated in The Netherlands, owns 58.87% shares of your Company. Lafarge S.A. (a subsidiary of Holcim) owns 50% shares of Surma Holding B.V., and the other 50% are owned by Cemolins Internacional S.L.U. of Spain.

Islam Cement Ltd.

Contribute delicately, with 2.75%, adding elegance and strength to the shareholder ensemble.

Sinha Fashions Ltd.

Contribute delicately, with 2.40%, adding elegance and strength to the shareholder ensemble.

Other Shareholders

Combine for 35.98%, highlighting diversity and collective strength within the investor community.

Holcim

Holcim is a global leader in innovative and sustainable building solutions with net sales of CHF 26.4 billion in 2024. Our 65,000 employees are driven by our purpose to build progress for people and the planet across our regions to improve living standards for all.

We partner with our customers to offer the broadest range of advanced solutions, from sustainable building materials ECOPact and ECOPlanet, to our circular technology ECOCycle®, all the way to Elevate's advanced roofing and insulation systems.



Mollins

With nearly one century of experience, we are a global leader in sustainable and innovative building solutions as well as carbon neutrality and circular economy promoters. Our clients value the quality of our products and building solutions, which are designed to shape a sustainable future. Sustainability is the hallmark of our integrated business model that includes aggregates, cement, ready-mix concrete, mortars, precast concrete, urban landscaping furniture, architectural façades and waste management.

Mollins employs over 6,200 professionals located in Spain, Mexico, Argentina, Uruguay, Bolivia, Colombia, Germany, Croatia, Turkey, Tunisia, Bangladesh and India.



Board of Directors

a) Board composition

The Board comprises nine (9) members, including one (1) Independent Director.

b) Resignation of Director

Mr. Julio Rodriguez Izquierdo, Director of the Company, resigned from his position as Director and member of the Nomination and Remuneration Committee on June 4, 2024, after serving the Company for over eight years.

The Board acknowledged for the valuable contributions and guidance of Mr. Julio Rodriguez Izquierdo throughout his tenure with the Company.

c) Director Appointment

In accordance with article 15.1.2 of Article of Association of the Company, Surma Holding BV, the holding company of the Company, nominated Mr. Tarek Samir Ahmed Elba on June 5, 2024 as its nominee in the Board of Directors' of the Company.

Pursuant to Article 15.1.3 of the Article of Association of the Company, Mr. Tarek Samir Ahmed Elba has been appointed as Director of the Company on July 16, 2024.

d) Independent Directors

Mr. Syed Mahmudul Huq, Independent Director, retired on September 17, 2024 after completing two (2) terms in office during the year. The Board acknowledges the valuable contributions of Mr. Huq during his tenure in office.

Dr. Rubana Huq, Independent Director, tendered her resignations as Independent Director and Chairman of the Nomination and Remuneration Committee on November 26, 2024. The Board acknowledges the valuable contributions of Dr. Huq during her tenure in office.

e) Recommendation for Director's Retire and Re-election:

Pursuant to Regulation 79 of Schedule I of the Companies Act, 1994, the following Directors of the Board shall retire at the 27th Annual General Meeting. Being eligible they offer themselves for re-election:

1. Mr. Manzurul Islam
2. Mr. Marcos Cela Rey
3. Mr. Tarek Samir Ahmed Elba

Credentials of the above mentioned three Directors are provided on page numbers 12, 13 & 16 in this Annual Report.

f) Sub Committee of the Board

For ensuring good governance, the Board of Directors' have formed two sub-committees

i. Audit Committee

The Audit Committee consists of three (3) Directors including one (1) Independent Director as the Chairman of the Audit Committee. The Audit Committee ensures that adequate internal checks & balances supported by adequate Minimum Control Standards as defined by the Sponsor Groups are in place for detection of errors, frauds and other deficiencies. The Audit Committee also ensures compliance of requirements of Bangladesh Securities and Exchange Commission (BSEC). The Audit Committee reviews the Quarterly and Annual Financial Statements. The Audit Committee also reviews adequacy and effectiveness of financial reporting process, accounting policies, internal control and risk management process. In addition, the Audit Committee oversee the compliance and provides necessary advices to the Management and Board of Directors' to ensure running the business in 100% compliance of the applicable laws, policies and directives.

ii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) consists of three (3) Directors including one (1) Independent Director as Chairman of the NRC to set the principles, parameters and governance framework for the nomination and remuneration of the Directors, Key Managerial Personnel, Top-Level Executives and other employees comprising the senior management.

g) Board and Sub Committee Meetings and Attendance

In 2024, the Board of Directors' of the Company met on four (4) and Audit Committee of the Company met on four (4) occasions respectively. The NRC of the Company met on one (1) occasion.

The meetings of the Board of Directors', Audit Committee and NRC meetings were held virtually (except 1 (one) Board of Directors meeting that was held in Zug, Switzerland on July 16, 2024) in terms of the Bangladesh Securities and Exchange Commission's (BSEC) Order No. SEC/SRMIC/94-231/25 dated July 08, 2020.

The details including dates of the meetings and attendance records of the Directors are annexed to this Annual Report as Annex II. The Directors who could not attend the meetings were granted leave of absence.



Corporate Governance Compliance Statement

The Company complied with all the necessary guidelines under BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018. A separate section on Corporate Governance and the Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2024. A Certificate of Compliance

required under the said Guidelines, as provided by Mohammad Sanaullah & Associates, Chartered Secretaries & Management Consultants, is annexed to this Annual Report as Annex IX and the compliance status with the Corporate Governance Code is detailed in the checklist provided in Annexure X (Pages 78–89) of the Annual Report 2024.

Auditors' Report

The Company's Statutory Auditors have submitted their report on the Consolidated Financial Statements to the Shareholders, included in the Annual Report.

Statutory Auditors

As per Section 210 of the Companies Act, 1994, the Company's Statutory Auditors, Nurul Faruk Hasan & Co., Chartered Accountants, will retire at the 27th Annual General Meeting. They are eligible for reappointment and have expressed their willingness to continue.

Corporate Governance Compliance Auditors

As per regulatory requirements, the Compliance Auditor must be appointed by the Shareholders at the Company's Annual General Meeting. Mohammad Sanaullah & Associates have expressed their interest in being reappointed as Corporate Governance Compliance Auditors for the year ended on December 31, 2025.

Unveiling Bangladesh's Economic Landscape: Navigating Challenges and Charting Future Courses

Amidst of global uncertainties, Bangladesh economy was dwindled due to the sudden instability in political situation and impact of floods during the year 2024. Despite the economic slowdown, Country's GDP growth propelled by a demographic dividend, strong RMG exports, and resilient remittance inflows.

Navigating the Foreign Currency Crisis

With reserves depletion and currency depreciation, Bangladesh faces credit rating downgrades and inflationary pressures. Increased costs, exacerbated by the war and conflict situations in Europe and Middle East, have strained economic activity, especially impacting industries reliant on imports like cement.

Cement Industry: Weathering the Storm

Escalating energy and raw material costs, coupled with currency depreciation, have inflated production expenses for cement manufacturers. Despite these challenges, fierce price competition and subdued demand from IHBs and real estate developers have added to industry woes.

While headwinds persist, resilience remains a hallmark of Bangladesh's economy, offering optimism for future growth and development.



Acknowledgements

LafargeHolcim Bangladesh expresses sincere gratitude to its stakeholders for their invaluable contributions to the company's success in 2024. We extend our heartfelt appreciation to the Governments of Bangladesh, India, and Meghalaya for their guidance and collaboration. We are deeply grateful to our customers, dealers, vendors, banks, suppliers, and business partners for their unwavering support.

We also acknowledge the solidarity of the local communities surrounding our operations in Chhatak, Mongla, Meghnaghat, and Meghalaya. A special thank you to our dedicated management and employees, whose hard work and commitment have been instrumental in achieving outstanding results. Finally, we express our deepest gratitude to our Shareholders for their ongoing support, which has been essential to our journey.

For and on behalf of the Board of Directors

A stylized, handwritten signature in black ink, appearing to read 'Christof Hässig'.

Christof Hässig
Chairman

Date: April 8, 2025