

# LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and  CEMENTOS MOLINS

Annexure IX

[As per clause (1) of BSEC Directive, January 14, 2021]

## DIVIDEND DISTRIBUTION POLICY

[Pursuant to Bangladesh Securities Exchange Commission Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021]

### Disclaimer

- The Policy does not constitute a commitment by the Company or the Board regarding the future dividends of the Company, but only represents a general guidance to Shareholders regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.
- Given the aforementioned uncertainties, prospective or present investors are cautioned not to place any reliance on any of the forward-looking statements in the Policy or the principles and guidelines outlined in this Policy.

### 1. Introduction:

- This Policy is called “LafargeHolcim Bangladesh Limited - Dividend Distribution Policy” (hereinafter referred to as the “Policy”) and has been framed by LafargeHolcim Bangladesh Limited (the “Company”) pursuant to Bangladesh Securities Exchange Commission (BSEC) Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021.
- The objective of the Policy is to provide guidance to stakeholders on the dividend distribution framework adopted by the Company. The Board of Directors of the Company (the “Board”) shall consider this Policy when resolving on dividends, always in compliance with the provisions of the Companies Act, 1994, notifications issued by the BSEC and other applicable legal provisions.
- In the event of a conflict between the Policy and the existing statutory regulations, the statutory regulations will prevail.
- The Policy lays down the broad criteria which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared. Whilst doing so, the Company shall keep in mind, the need to maintain a balance between the payout ratio and retained earnings, in order to address future needs of the Company.
- The Policy serves as a guideline only for the Board. The decision of the Board with respect to the amount of dividend recommended by it for any given period will be final and shall not be open to challenge on the basis of the Policy.
- The Policy has been adopted by the Board at its meeting held on March 2, 2021 (the “Effective Date”).

### 2. Quantum and declaration of dividend payable:

- Dividend other than interim dividend shall be declared at the Annual General Meeting of the Shareholders based on the recommendation of the Board. The Board has the authority to declare interim dividend.
- Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, growth/investment requirements and fair shareholder return.
- The Board will broadly take into consideration the financial parameters and/or internal and external factors mentioned in clause 3 below while determining whether or not to declare dividend or to determine the quantum of dividend to be declared.

### 3. Parameters to be considered while recommending/declaring dividend:

The Board while declaring or recommending dividend to the Shareholders, will consider following internal and external factors whereas all these factors are of equal materiality and no single or group of factors supersedes any other factor or group of factors:

#### Internal Factors:

- Profits earned during the financial year and the retained profits of the previous years or losses suffered in the past years;
- Cash flow position of the Company and Net Debt-to-EBITDA ratio;
- Current and projected cash balance;
- Projections with regard to the performance of the Company;
- Future capital expenditure requirement of the Company;
- Dividend payout history.

**External Factors:**

- Economic environment;
- Market conditions and market outlook for the Company;
- Changes in Government policies and regulatory provisions;
- Quantum of dividend payout by other comparable businesses.

**4. Circumstances under which Shareholders of the Company may or may not expect dividend:**

- The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among Shareholders and the amount of profit to be retained in business.
- The Board shall consider the parameters mentioned in Clause 3 above before determination of any dividend payout.
- The Shareholders of the Company **may not expect** dividend in many other circumstances, some of which are the following, always subject to the discretion of the Board:
  - Company has inadequacy of profits or incurs losses for the financial year;
  - Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
  - Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
  - Company has significantly higher working capital requirement affecting free cash flow;
  - Company proposes to utilize surplus cash for buy- back of securities;
  - Company is prohibited to recommend/declare dividend by any regulatory body.

**5. Utilization of retained earnings:**

- The Board may retain its earnings in order to make better use of the funds available and increase the value of the stakeholders in the long run after having due regard to the parameters laid down in the Policy.
- The Company may declare dividend out of the profits of the Company for the current year or out of the profits for any previous year or years or out of the free reserves available for distribution of dividend, in accordance with the provisions of the Companies Act, 1994, notifications issued by the BSEC and other applicable legal provisions as amended from time to time, after having due regard to the parameters laid down in the Policy.
- The retained earnings of the Company may be used in any of the following ways:
  - Capital expenditure, and for the purpose of any organic and/ or inorganic growth;
  - Declaration of dividend;
  - Issue of bonus shares;
  - Other permissible usage as per the Companies Act, 1994.

**6. Multiple class of Shares:**

- Currently, the Company has only one class of equity shares, namely Equity Shares. In the future, if the Company issues multiple classes of shares, the parameters of the Policy will be appropriately addressed.

**7. Disclosures:**

- In case it is proposed not to declare dividend during any financial year, the grounds thereof and the information on the manner in which the retained profits of the Company, if any, are being utilized shall be disclosed to the Shareholders in the Board's Report forming part of the Annual Report of the Company for the given financial year.
- The Policy will be available on the Company's website: <https://www.lafargeholcim.com.bd/> and will also be disclosed in the Company's Annual Report.

**8. Policy Review:**

The Policy may be modified as may, in the opinion of the Board, be deemed necessary.