

# Report on Corporate Governance

Marico Bangladesh is committed to ensuring the highest levels of corporate governance at all times. Transparency and Openness is one of the eight core Marico values and is embedded in the ethos of the organization. This report presents the Company's corporate governance framework and the structures and processes that work to ensure a continued commitment to sound governance.

The Company's philosophy on corporate governance is aligned across the Group with the basic belief that a company which is proactively compliant with the law and which adds value to itself through corporate governance initiatives would also command a higher value in the eyes of present and prospective shareholders. Marico therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximization of shareholder value. Corporate governance is also about what the Board of Directors does and how it sets the values of the Company and it is to be distinguished from the day to day operational engagement of the Company by full-time executives. The responsibilities of your Board thus include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the Company and reporting to shareholders on their stewardship. Together, the Management and the Board ensure that the Company remains a company of uncompromised integrity and excellence.

Shareholder value as an objective is embedded into all aspects of corporate governance. Our Corporate Governance is therefore a set of principles which ensures we are governed in the best interest of all the stakeholders—the shareholders, society, employees and the government.

Your Company would continue to develop robust practices to ensure highest standards of governance.

## Corporate Governance Framework

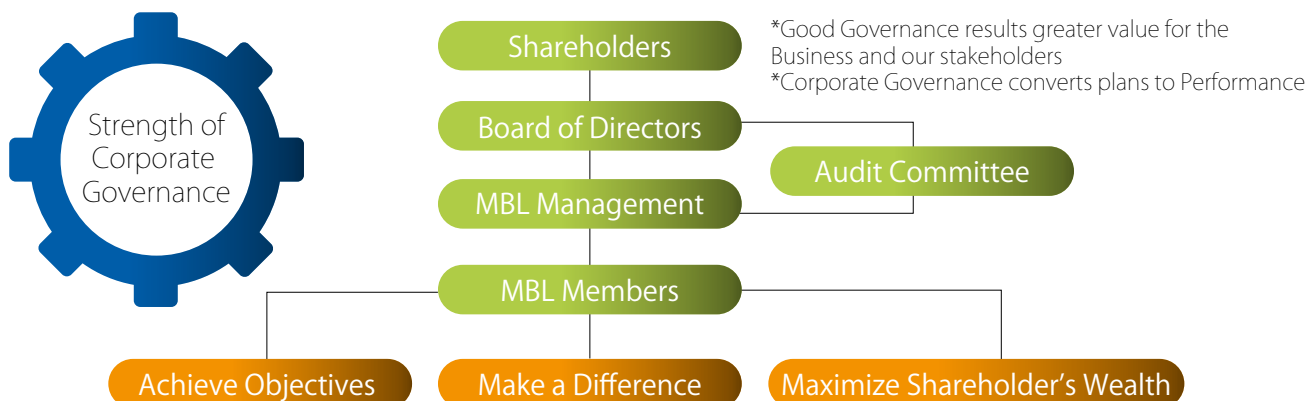
The Company's Corporate Governance Framework aims to deliver management effectiveness, reduction in risk and promotion of best corporate culture. Dedicated towards standing true to the highest level of integrity and exemplifying the highest standard of business conduct, good Corporate Governance is the underlying force for the Company, driving sustainable and responsible business operations with transparency, accountability and compliance.

The legal and regulatory basis underlying this framework are the Companies Act 1994, the Listing Regulations of the Dhaka and Chittagong Stock Exchanges, the Bangladesh Securities and Exchange Commission (BSEC) Notification on Corporate Governance and other applicable laws of the land. Apart from this, there is a robust set of internal controls, risk management processes and Code of Conduct further strengthening the Company's corporate governance.

The parties having critical roles in the overall governance programs and contributing to the process of Corporate Governance are:

- The Board of Directors: responsible for oversight and directions;
- Executive Management: responsible for driving governance and risk management practices and;
- The business units and supporting functions: where the risk activities occur and ownership lies.

### Structure of Marico Bangladesh's Corporate Governance:



## Board Composition

Marico's philosophy to have constructive separation of the Management of the Company from its Owners manifests itself in the composition of the Board of Directors which comprises 7 (seven) directors in the following classes:

- 3 Independent Directors;
- 3 Non-Executive Nominee Directors and;
- 1 professional being the Managing Director.

The Board selects its members and leaders via an inclusive and thoughtful process, aligned with Company strategy. The Board has in-depth knowledge, skills and vast experience in the context relevant to the Company. The Independent Directors ensure protection of interests of all shareholders of the Company. The Directors' Report along with their profiles have been presented in this Annual Report.

## Responsibilities of the Board

The Board establishes structures and processes to fulfill Board responsibilities that consider the interests of investors, regulators, management and employees among others. The major responsibilities of the Board are as follows:

- Oversee Management and Set Goals and Direction
- Evaluate Strategy and Review Management Performance
- Review Management Succession Planning
- Monitor and Manage Potential Conflicts of Interest
- Ensure the Integrity of Financial Information
- Monitor the Effectiveness of Board Governance Practices
- Ensure compliance to laws and regulations
- Ensure Adherence to Company Policies and Guidelines
- Perform Risk Assessment and Ensure integrity of Company's Financial Reporting

## Committee(s)

The Board currently has one sub-committee which is the Audit Committee and has delegated responsibilities to the Committee to assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and implement transparency with its monitoring system. The duties and responsibilities of the Committee are clearly defined by the Board. The Committee therefore strictly adheres to a set of terms of reference approved by the Board.

## Board Audit Committee

The Audit Committee is constituted according to the conditions of the BSEC guidelines. The Committee comprises 3 Non-Executive Independent Directors and 2 Non-Executive Nominee Directors and 1 Executive Director.

The Chairman of the Committee is an Independent Director and the said appointment in accordance with the BSEC Guidelines. All members of the Audit Committee are 'financially literate' as per regulatory requirement and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Committee. The Chief Financial Officer and Company Secretary attend all meetings of the Committee and Internal Auditors of the Company and representatives of External Auditors attend the meetings upon invitation. The key responsibilities of the Committee are elaborated in the Audit Committee Report which is presented in this Annual Report. Additionally the Committee also ensures adherence to the Secretarial Standards issued by the Institute of Chartered Secretaries of Bangladesh.

The Company Secretary acts as the Secretary to the Committee drives corporate compliance and ensures effective functioning of the Board and Committee by organizing and attending all Board and Committee meetings.

## The Management Team

The senior management plays a significant role in managing the business as per the norms of corporate governance, the Company's Code of Conduct and ensures that adequate internal controls are in place and supported through a strong internal control framework. The implementation of the Board's plans, responsibilities and duties is carried out by the management team lead by the Managing Director. The management team comprises of the following members:

Managing Director

Chief Financial Officer

Director-Human Resources

Director-Supply Chain

Director-Manufacturing

Director-Marketing

Director-Sales

Head-Legal & Company Secretary

The management team reports to the Board and has the responsibility of implementing the policies and decisions of the Board, overseeing the day to day business operations as well as developing, coordinating and implementing business and corporate strategies.

## Board and Committee Meetings

The composition & meeting of the Board and Committee of the Board are stated in the Director's Report and Audit Committee Report, respectively.

## Our Corporate Responsibility Principles

- Commitment to conduct business in an honest, ethical and lawful manner. The Code of Conduct guides ethical decisions for all members of the Board which dictates our ethical behavior and manifests our value system that promotes business transparency and builds shareholder trust.
- Commitment to protect the health and safety of our members, the environment, and our communities.

## Internal Audit

The Company's internal audit function has the responsibility for independently assessing the adequacy and effectiveness of the internal control over financial reporting based on the framework and criteria established in internal control-integrated framework and the management of significant risk areas.

A Management Report on Internal Control over Financial Reporting has been attached as Annexure-I to this Corporate Governance Report.

- Commitment to providing a workplace where all employees can fulfill their potential based on merit and ability.
- Endeavors to conduct business in a fair and open manner, strictly adhering laws, regulations and rules that govern us.
- Support for sustainable development and commitment to constantly improve our operations to the benefit of our shareholders, employees, consumers and the society.
- Create value for our stakeholders while continually improving our performance as a good corporate citizen with active engagement in CSR activities.
- Consideration of all aspects of an operation or new project – including social, environmental, and post-closure issues – when making our investment decisions.
- Intent to maximize economic opportunities for local communities from our existing operations and new projects.

## Commitments

The Company started its operation in the country about 19 years ago, and within this time the Company has achieved significant milestones and established itself as significant player in the consumer packaged goods industry of Bangladesh. The Company has expanded remarkably through its flagship brand, Parachute. Over the years, the Company has successfully created a diversified portfolio by foraying into Skin Care, Male Grooming and Food categories. The Value Added Hair Oils (VAHO) category has already emerged as a second growth engine for the

business while the Company continues to push ahead on business process transformation and strengthening its strategic pillars.

The Company is not only focused on strengthening business performance but also to grow even stronger, more compliant and more competent. The Company's strength in corporate governance has resulted in Marico becoming a respected and credible business entity in the country with a strong corporate image and *Parachute* being one of the most trusted brands by consumers. The Company is listed on both the Dhaka and Chittagong Stock Exchanges. The share performance demonstrates public and investor confidence in the Company's long record of steady earnings which is testament to its good corporate governance.

There is high degree of transparency in the Governance framework, fueled by the presence of Independent Directors. Almost half of the Company's Board comprises of Independent Directors, who have deep involvement in ensuring integrity of Financial Information & Reporting, full and open disclosures and the necessary checks and balances between the Board and Management of the Company. The Independent Directors provide an external and dispassionate insight on the ways of work of the Company and provide valuable guidance to the business. We are committed and dedicated to further strengthening our corporate governance and to continually add value to all the stakeholders of the Company.

## External/Statutory Auditors

M/s. Hoda Vasi Chowdhury & Co. is the statutory auditor and have no involvement with any other services of the Company.

## Reporting and Compliance of Corporate Governance

The Company has obtained a certificate from a Practicing Chartered Secretary, Al-Muqtadir Associates, who has considered the Company's relevant statutory compliance. A copy of the said certificate has been included in this Annual Report.

The status of compliance with BSEC's Notification no. SEC/CMRRC/2006-158/134/Admin/44 dated 7th August, 2012 is captured in the checklist appended as Annexure - II to this Report.

On behalf of the Board,



**Naveen Pandey**  
Managing Director

# Annexure to the Corporate Governance Report

## Annexure: I

### Management's Report on Internal Control over Financial Reporting

The Company's Management is entrusted with the responsibility to establish and maintain adequate internal controls over financial reporting of the Company. The Audit Committee of the Company has established a robust framework to evaluate the effectiveness of the Internal Control over Financial Reporting ("Integrated Framework"). The Management with the Chief Financial Officer and Head of Internal Audit conducted an evaluation as per the Integrated Framework and concluded that the internal controls over financial reporting was effective as of March 31, 2018. M/S. Hoda Vasi Chowdhury & Co., Chartered Accountants, the Statutory Auditors of the Company enlisted with the Institute of Chartered Accountants of Bangladesh (ICAB), has issued an audit report on the financial statements of the Company.

Sd/-

**Mohammed Ismail**

Head of Internal Audit

## Annexure: II

### General Body Meetings: Annual General Meetings

Year	Venue	Date	Time
2009-10	Mouchak, Kaliakoir, Gazipur, Company's Factory Premises	January 19, 2010	11:00 AM
2010-11	Army Golf Club Airport Road, Dhaka	June 6, 2011	11:00 AM
2011-12	Army Golf Club Airport Road, Dhaka	July 19, 2012	11:00 AM
2012-13	Hotel Radisson Blu Water Garden Airport Road, Dhaka	August 19, 2013	10.30 AM
2013-14	Hotel Radisson Blu Water Garden Airport Road, Dhaka	August 19, 2014	10.00 AM
2014-15	Hotel Radisson Blu Water Garden Airport Road, Dhaka	August 13, 2015	10.00 AM
2015-16	Hotel Radisson Blu Water Garden Airport Road, Dhaka	October 18, 2016	09.30 AM
2016-17	Hotel Radisson Blu Water Garden Airport Road, Dhaka	July 17, 2017	04:00 PM

## Annexure: III

### Means of Communication

Quarterly, Half-Yearly and Annual Financial Results of Marico Bangladesh Limited and other price sensitive information are published in two daily newspapers-in English and Bengali and on one online newspaper as per the Directive of the Bangladesh Securities and Exchange Commission. The Company on a quarterly basis circulates analyst notes to investors and to the stock exchanges. The financial results and price sensitive information are communicated by the Company through its corporate website - [www.marico.com/bangladesh](http://www.marico.com/bangladesh). The Management Discussion and Analysis forms part of the Annual Report.