



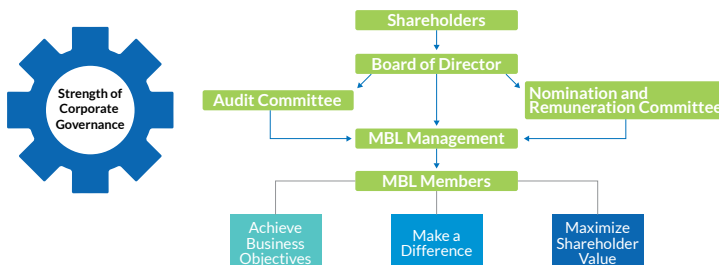
# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors is central to corporate governance at Marico Bangladesh. As a listed entity the Board of Directors of the Company function under a prism that includes three main roles: the decision-making role in critical matters, the monitoring role to prevent corporate failure and the relational role to balance the interests of all stakeholders. Accordingly, strong governance frameworks are established not only to ensure maximum shareholder value but also to contribute positively to the society at large and ensure maximum value for all stakeholders in the eco-system of the Company. Marico Bangladesh is committed to ensure 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 statement presents the Company's governance framework and the structures and processes that strive 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 a catalyst in the process towards maximization of shareholder value.

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.

Structure of Marico Bangladesh's Corporate 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 standards underlying this framework are the Companies Act 1994, the Listing Regulations of the Dhaka and Chittagong Stock Exchanges, Notification on Corporate Governance of the Bangladesh Securities and Exchange Commission (BSEC), Corporate Governance Code, 2018 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 authorities 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
- The business units and supporting functions: where the activities occur and ownership lies

- Good Governance results greater value for the Business and our stakeholders
- Corporate Governance converts plans to Performance

## 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.

## The Chairman

The Companies Act at regulation 54 in schedule-I provides that the directors may elect a Chairman from amongst them who will preside over the general meetings of the Company. Accordingly, the Board of Directors of Marico Bangladesh is headed by a Chairman. All meetings of the Company and the Board are presided over by the Chairman. The Articles of Association of the Company authorizes him with a second and casting vote.

Mr. Saugata Gupta is the Chairman of Marico Bangladesh Limited, a role he has assumed since 2013.

## Chairman and CEO distinguished

As mentioned, the Marico Board is headed by a Chairman, while the Management Team is led by the Managing Director /CEO who is a different individual. The Chairman is a non-executive director. The roles of the Chairman and Chief Executive Officer/Managing Director are clearly established, set out in writing in the Articles and practiced by the Board to ensure transparency and better governance. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the Managing Director is the authoritative head for day-to-day management in the Company.

## Roles and Responsibilities of the Chairman

The Chairman's responsibility is defined through the Articles guided by the Board and as directed by BSEC's code of corporate governance.

However, the primary role of the Chairman is to preside over meetings of the Board and Company (AGM/EGM) and to ensure that the principles of good governance are established in the Company.

As Chairman of the Board or Chairman of any Committee formed by the Board he does not personally possess the jurisdiction to apply policy making or executive authority, nor does he participate in or interfere into the administration or operational and routine affairs of the Company.

The Chairman ensures that the Board is functioning in accordance with the Memorandum and Articles of Association of the Company as well as other applicable laws and conventions.

As authorised by the Articles, the Chairman, if so warranted under the circumstances, may exercise his second and casting vote in the meeting to arrive at a decision.

The Chairman also maintains relations with the relevant stakeholders in consultation with the Board as well as the CEO/Managing Director, representing the Company as a good/responsible corporate citizen.

The Chairman may assume any responsibility if the Board so assigns within the purview of the relevant laws and the Articles of Association.

## 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 Polices and Guidelines

- Perform Risk Assessment and Ensure integrity of Company's Financial Reporting

### Committee(s)

The Board currently has two sub-committees which are the Audit Committee and Nomination & Remuneration Committee. The Audit Committee has delegated responsibilities to assist the Board in ensuring fair & transparent financial reporting as well as a prudent control environment to protect against financial and non-financial failures, abuses or fraud. The Nomination & Remuneration Committee assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of managing performance, remuneration and overall corporate culture and talent management principles. The duties and responsibilities of the Committees 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 and Corporate Governance Code 2018. The Committee comprises 3 Independent Directors and 2 Non-Executive Nominee Directors. The Managing Director is a permanent invitee to the Committee. The Board has appointed an Independent Director as Chairman of the Committee 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 Audit Committee. The Managing Director, the Chief Financial Officer and the Company Secretary attend all meetings of the Committee and Internal Auditors of the Company and representatives of external auditors attend the meetings upon invitation by the Audit Committee. The key responsibilities of the Audit Committee are elaborated in the Audit Committee Report which is presented in this Report. Additionally the Committee also ensures adherence to the Secretarial Standards issued by the Institute of Chartered Secretaries Bangladesh.

### Board Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") is constituted according to the conditions of the Corporate

Governance Code 2018. The Committee comprises 1 Independent Director, 2 Non-Executive Nominee Directors and 2 non-voting Advisory Members. The Board has appointed Rokia Afzal Rahman, Independent Director as Chairperson of the Committee in accordance with the Corporate Governance Code 2018. All members of the NRC are eligible to effectively discharge their duties and responsibilities as members of the Committee. The key responsibilities of the Committee are elaborated in the Nomination & Remuneration Committee Report which is presented in this Report.

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.

### 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. In addition to the formal legal framework guiding the discharge of functions of the management team, the Marico values underlie and acts as the moral compass of the organization. The implementation of the Board's plans, strategies and policies are carried out by the management team lead by the Managing Director. The management team comprises the following members:

- Mr. Ashish Goupal, Managing Director
- Mr. Elias Ahmed, Chief Financial Officer
- Mr. Ashish Mane, Director- Human Resources
- Mr. Md. Saiful Alam, Director- Manufacturing
- Mr. Prashant Verma, Director- Marketing
- Mr. Mohammad Sazzad Hossain, Director -Sales
- Mr. Mohammad Hedayet Ullah, Director - Customer Development
- Mr. Mohammad Habibur Rahman, Head - Supply Chain and NPD
- Ms. Christabel Randolph, 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. The management team is accountable to the Board for achieving the business performance as per the annual operating plan approved by the Board and delivering maximum return for all stakeholders.

### Board and Committee Meetings

The composition & meetings of the Board and Committees are stated in the Director's Report and Committees' Reports respectively.

### Our Corporate Responsibility Principles

- Commitment to conduct business in an honest, ethical and lawful manner. A 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.
- Commitment to provide a workplace where all employees can fulfill their potential based on merit and ability.
- To transform in a sustainable manner the lives of all those we touch, by nurturing and empowering them to maximize their true potential which is reflected in our commitment to sustainable development and to constantly add value for 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

### Internal Audit

Marico Bangladesh'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 financial control-integrated framework and
- management of significant risk areas

### Financial Reporting

The Financial reporting system is the backbone of a successful information structure. Marico has

strong financial reporting procedures in place. Financial statements are prepared in accordance with International/Bangladesh Financial Reporting Standards (IFRS/BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable financial legislations. The financial data are captured from the financial reports generated from the system. These financial statements, once prepared, are reviewed initially by the CFO and CEO and then by the Audit Committee. At every quarter, external auditors review the quarterly financial statements prepared in accordance with local financial reporting policies and Company procedures. After thorough scrutiny, the financial reports are placed before the Board for final review and adoption.

### Commitments

Marico Bangladesh has started its operation in the country 20 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, baby care 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 more compliant and grow competencies. The Company's strength in corporate governance has resulted in Marico becoming a respected and reputed 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 Board is made up 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:**

Annual audit of the Company is governed by the Companies Act 1994 and Securities and Exchange Rules 1987. As per these regulations, auditors are appointed by the Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per corporate governance best practices to ensure independence of statutory auditors. The statutory auditors are rotated every three years in compliance with the guidelines of Bangladesh Securities and Exchange Commission (BSEC). Audit Committee meets the statutory auditors to ensure that auditors are acting independently and reviews the financial statements before submission to the Board for approval. Non-audit services likely to deter independence are not obtained from the statutory auditors. In addition to the audit of annual financial statements, the auditors also carry out audit of half-yearly financial statements of the Company. M/s. Rahman Rahman Huq, Chartered

Accountants is the statutory auditor and they have no involvement with any other services of the Company.

**Reporting and Compliance of Corporate Governance:**

As required, status of compliance with the conditions laid down by BSEC’s Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 is annexed in this Annual Report. Further, to ensure adequate regulatory discharge, a Compliance Certificate is also obtained from licenced practicing professional M/s. Al-Muqtadir Associates, Chartered Secretaries who has certified that the Company has duly complied with all the regulatory and governance requirements as stipulated by the Bangladesh Securities and Exchange Commission (BSEC). The compliance auditor is also required to be appointed by the shareholders at the general meeting of the Company. As required, copy of the certificate of compliance has been included in this Annual Report.

On behalf of the Board,



**Ashish Goupal**  
Managing Director