

# REPORT ON CORPORATE GOVERNANCE

## TO THE SHAREHOLDERS

This report on Corporate Governance portrays the approach of your Company, Marico Bangladesh Limited, towards Corporate Governance principles and demonstrates how your Company's conduct is at par with best practices. This report explains the Board's oversight responsibilities and how the Board acts to promote the best interests of the Company's stakeholders. Your Company aims to ensure high standard of Corporate Governance to increase effectiveness, reduce risks and promote a sound and disciplined corporate culture. Strong Corporate Governance facilitates your Company to manage its business responsibly with regard to Transparency, Accountability and Compliance.

Over the years, a robust Corporate Governance framework has been instrumental for your Company to promote integrity within its culture and to ensure that business grows with proper adherence to external regulations. Dedicated towards standing true to the highest level of integrity and creating highest standard of business conduct, your Company believes that Corporate Governance is not an end in itself but a catalyst in the process towards maximization of shareholder value. Therefore, shareholder value as an objective is embedded into all aspects of Corporate Governance. We believe that good Corporate Governance produces direct economic benefit to the organization. Our Corporate Governance is therefore, a set of principles which ensures how we are governed in the best interest of all the stakeholders.

### Corporate Governance Framework

Corporate Governance framework provides a strong platform for evaluating how Management's responsibilities fit with the Board's oversight

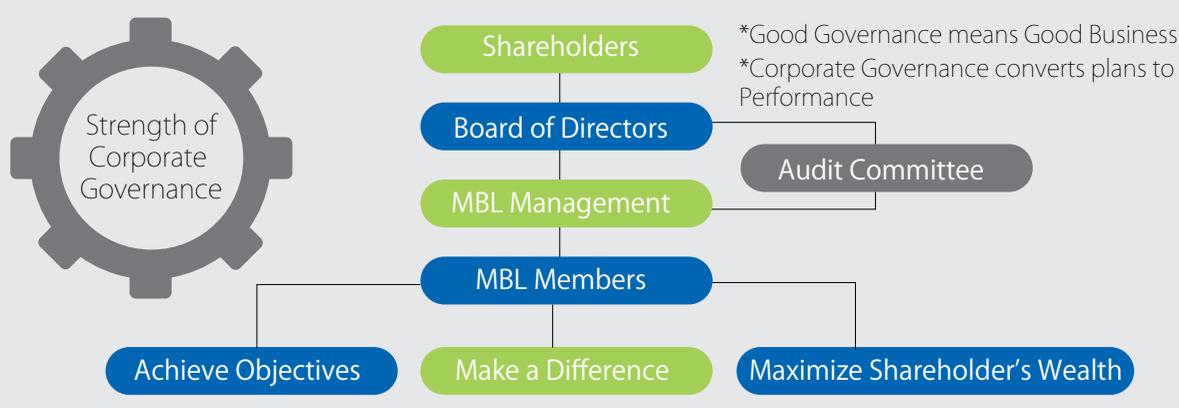
responsibilities. Your Company's Corporate Governance framework exists to ensure its relevance, effectiveness and sustainability in addressing present and future business challenges. The parties having critical roles in the overall governance programs and contributing to the process of Corporate Governance are:

- Board of Directors: responsible for oversight and directions;
- Executive Management: responsible for driving governance and risk management practices
- Business Units and Supporting Functions: where the risk activities occur and ownership lies.

Marico Bangladesh's Comprehensive Corporate Governance framework is based upon the following principles:

- Vision to create long term value
- Pursuit of best business practices and promoting highest Ethical standards & values
- Enhancement of Corporate Culture
- Assurance of Disclosure and Transparency
- Effective Risk Management
- Effective leadership from the Board of Directors
- Adherence to Marico's Policies and Guideline
- Adherence to Legal & Statutory requirements:
  - Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Notification
  - The Companies Act 1994 and other applicable regulations of Bangladesh
  - Dhaka and Chittagong Stock Exchanges Listing Regulations
  - Other Regulations

Structure of Marico Bangladesh's Corporate Governance:



## BOARD COMPOSITION

The Board of the Company consists of Seven Directors, comprising of four Non-Executive Nominee Directors, two Independent Directors and one Executive Director i.e. the Managing Director. The Board selects its members and leaders via an inclusive and thoughtful process, aligned with company strategy. The Board has favourable knowledge, skills and vast experience in the corporate arena. The Directors' Report - along with the profile of each Director - has been enclosed with the Annual Report.

## RESPONSIBILITIES OF THE BOARD

The Board establishes structures and processes to fulfill its responsibilities that consider the perspectives of Investors, Regulators and Management, 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 Adherence to Company Policies and Guidelines
- Perform Risk Assessment and Ensure integrity of Company's Financial Reporting

## COMMITTEE(S)

The Board has also constituted a Committee namely the Audit Committee and has delegated responsibilities to the Audit 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 Audit Committee is a sub-committee of the Board of Directors having its duties and responsibilities 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 Board has constituted an Audit Committee for the Company according to the conditions of BSEC guidelines. The committee comprises one Non-Executive Independent Director (NEID) and two Non-Executive Nominee Directors and one Executive Director. The Board has appointed an

Independent Director as Chairman of the Committee as per guidelines of BSEC. 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 Finance Director, Internal Auditors of the Company and representatives of the external auditors attend all the meetings upon invitation by the Audit Committee. The key responsibilities of the Audit Committee are elaborated in the Audit Committee Report which is attached in the Annual Report.

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

## MARICO BANGLADESH LIMITED'S MANAGEMENT TEAM

The top management plays a significant role in managing the business as per the norms of corporate governance 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 led by the Managing Director. The management team comprises of:

Managing Director

Finance Director

Human Resources Director

Marketing Director

Head of Supply Chain

Head of Operations

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

## 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 control-integrated framework and
- Management of significant risk areas.
- The head of Internal Audit has direct access to the Audit Committee. A Management's Report

on Internal Control over Financial Reporting has been attached in Annexure-I of the Corporate Governance Report.

### BOARD AND COMMITTEE MEETINGS

The composition & meeting of the Board and Committees 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. - A code of conduct regarding ethical decisions exists for all members of the Board, thereby providing concrete guidance on expected Ethical behavior standards that promote Business transparency and build shareholder trust.
- Commitment to protecting the health and safety of our members, the environment, and our communities.
- 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 stockholders, employees, our customers and local communities.
- Create value for our stakeholders while continually improving our performance as a good corporate citizen with active engagement on 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 employment, business and economic opportunities for local communities from our existing operations and new projects.

### COMMITMENTS

Your Company has started its operation in the country about 15 years ago, and since then it has achieved significant milestones and established itself as a strong player in the consumer goods industry of Bangladesh. The company has expanded its presence in the country remarkably in these years, especially through the market share boosted by its flagship brand, Parachute. Your Company now aspires to expand its brand portfolio to further strengthen its

foothold in the consumer goods space. This is evident by the slew of new brands that have been rolled out in the last couple of years.

Since inception, your Company has grown across all facets and it is now poised to enter the next orbit of growth. Your Company's unwavering endeavors are a testimony of how far it has come and how far it is willing to go ahead in the upcoming years. Strong Corporate governance has enabled your Company to become a trustworthy business entity in the country. Your Company is committed and dedicated to further strengthening its Corporate Governance standards and to continually increase value for all the stakeholders of the company.

#### External/Statutory Auditors:

M/s. A. Qasem & Co., Chartered Accountants, is acting as statutory auditor and they are not involved with any other services of the Company.

#### Reporting and Compliance of Corporate

##### Governance:

The Company has obtained a certificate from practicing Chartered Secretary, M/s. Al-Muqtadir Associates. The copy of the Certificate has been annexed with the Directors' Report (Annexure-V).

Status of Compliance with Bangladesh Securities and Exchange Commission's Notification SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012 is duly reported and the checklist is attached in the Annexure – I of Directors' Report.

On behalf of the Board,



**Aditya Shome**

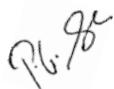
Managing Director.

# ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

## ANNEXURE: I

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

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With the participation of the Chief Financial Officer and Head of Internal Audit, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework and the criteria established in Internal Control – Integrated Framework, issued by the Audit Committee. Based on this evaluation, Management has concluded that internal control over financial reporting was effective as of March 31, 2015. The Company's auditor, A. Qasem & Co, Chartered Accountants, statutory auditors enlisted with The Institute of Chartered Accountants of Bangladesh (ICAB), has issued an audit report on the Financial Statements.



**Prasad Shinde**

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	Radisson Blu, Airport Road, Dhaka	August 19, 2013	10.30 AM
2013-14	Radisson Blu, Airport Road, Dhaka	August 19, 2014	10.00 AM

## ANNEXURE: III

### Means of Communication

Price sensitive information, quarterly, half-yearly and annual results for Marico Bangladesh Limited are published in two daily newspapers one English and another in Bengali newspaper. All official 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 Report form part of the Annual Report.