

Mahamati Bhawan  
175, Gairidhara Marg, Gairidhara  
PO Box: 4861, Kathmandu, Nepal  
Tel: +977-1-4004580, 4004581, 4004582  
Fax: +977-1-4004578  
E-mail: csc@cscnepal.com  
Web: www.cscnepal.com

## Auditor's Certificate on Annual Compliance Report on Corporate Governance

To the Board of Directors of Unilever Nepal Limited  
Basamadi-3, Hetauda, Makwanpur, Nepal

Dear Shareholders,

### Background:

We, CSC & Co., Chartered Accountants, being the Statutory Auditors of Unilever Nepal Limited ("UNL" or "the Company") are issuing this certificate on the Annual Compliance Report on Corporate Governance (the Report) of the Company prepared by the compliance officer and approved by the Board of Directors of the Company for the year ending 31 Ashad 2080 (16 July 2023) containing the details stipulated in Clause 20(3) of the Directives on Corporate Good Governance of Listed Institutions, 2074 issued by Securities Board of Nepal.

### Management Responsibility:

The preparation of the Annual Compliance Report on Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Report.

The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of corporate good governance as stipulated in the aforesaid directives.

### Auditor's Responsibility:

Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has prepared the Annual Compliance Report on Corporate Governance presenting the information as stipulated in the SEBON Directives on Corporate Governance of Listed Institutions, 2074.

We have complied with the applicable ethical and Nepal Standard on Quality Control (NSQC 1) requirements issued by the Institute of Chartered Accountants of Nepal in applying the procedures for examining the particulars stated in the Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria.

We have examined the minutes of the meetings of the board of directors of the Company, relevant statutory records maintained by the Company; and such other documents and records of the Company as we deemed necessary, in connection with ascertaining compliance with the conditions of corporate governance by the Company, as prescribed under the SEBON Directives on Corporate Good Governance of Listed Institutions, 2074.

The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, in our opinion and to the best of our information and according to the explanations given to us, we certify that the aforesaid report fairly presents the information set out therein.



**Restriction on use:**

The Certificate is issued to the Company solely for their consideration and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**Disclaimer:**

Such certification is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.



Madan Krishna Sharma  
Partner

Place: Kathmandu, Nepal  
Date: 21<sup>st</sup> November 2023  
UDIN: 231206CA00011tPiQM



## Annual Compliance Report on Corporate Governance

Unilever Nepal Limited  
City Square Building  
2nd & 3rd Floor  
New Baneshwor-10  
GPO Box 7765, Kathmandu  
Nepal.  
www.unilevernepal.com  
T: +977-1-4796818

According to the Directives Related to Corporate Governance for Listed Companies, 2074, under Rule 20(4)

<b>NAME OF THE LISTED ORGANIZATION</b>	UNILEVER NEPAL LIMITED
Address, email and website	Hetauda-3 Basamadi, Makwanpur Email: unl.shareholdersconnect@unilever.com Website: www.unilevernepal.com
Phone no.	01-4795963, 01 4790717
The report was submitted for Financial Year	2079/80 (22/23)

### 1. Details of Board of Directors

a) Name and date of appointment of the Chairman of the Board of Directors:

Dev Bajpai and date of appointment is 2076/10/28 (11 February 2020)

b) Details regarding share structure of the organization:

Per share NPR 100 per share

Shareholders	No of shares	% of Holding
Hindustan Unilever Limited	736,560	80.0%
Sibkrim Holdings Pvt. Ltd.	46,035	5.0%
General Public	138,105	15.0%
<b>Total</b>	<b>920,700</b>	<b>100.0%</b>

c) Details of Board of Directors:

Sr. N.	Name and address of directors	A represented group	Share No. (Kitta)	Date of appointment	Date of taking oath of office and secrecy	Process of appointment of the directors
1.	Mr. Dev Bajpai Chairman BD Sawant Marg, Chakala, Andheri East, Mumbai	Nominee, Hindustan Unilever Limited		13 January 2020	13 January 2020	Nominated



Registered Office:  
Basamadi, Hetauda-3  
Makawanpur District, Narayani Zone  
Province No 3, Nepal  
T: +977-57-411047  
F: +977-57-411051/52  
Regd. No. 202-048/049



S. N.	Name and address of directors	A represented group	Share No. (Kitta)	Date of appointment	Date of taking oath of office and secrecy	Process of appointment of the directors
2.	Mr. Subhas Bajracharya Independent Director Kupondole, Kathmandu, Nepal	Independent Director		16 January 2023	16 January 2023	Selected
3.	Mr. Amlan Mukherjee 2 <sup>nd</sup> and 3 <sup>rd</sup> Floor, City Square Building, Baneshwor, Kathmandu, Nepal	Managing Director, Unilever Nepal Limited		1 March 2020	1 March 2020	Nominated
4.	Mr. Mr. Ravi Bhakta Shrestha Director I.J. Plaza Durbar Marg Teendhara Pathsala, Kathmandu, Nepal	Promoter Director, Unilever Nepal Limited		17 July 2021	17 July 2021	Nominated
5.	Mrs. Suman Hegde Director Unilever House, BD Sawant Marg, Chakala, Andheri East, Mumbai	Nominee Hindustan Unilever Limited		14 June 2023	14 June 2023	Nominated
6.	Mrs. Harman Dhillon Unilever House, BD Sawant Marg, Chakala, Andheri East, Mumbai Nominee Hindustan Unilever Limited	Nominee Hindustan Unilever Limited		2 September 2023	2 September 2023	Nominated
7.	Mr. Yogesh Mishra Unilever House, BD Sawant Marg, Chakala, Andheri East, Mumbai	Nominee Hindustan Unilever Limited		24 December 2019	24 December 2019	Nominated
8.	Director representing public shareholders	NA	NA	Vacant		Election



d) Meeting of the Board of Directors

Details regarding the conduct of the meeting of the Board of Directors during the financials year 2079/80.

S.N.	Date of the meeting of the Board of Directors held in FY 79/80	Number of the directors present	Number of the directors signing the decision of the meeting with dissenting vote	Date of the meeting of the Board of Directors held in FY 2078/79
1.	9 August 2022	6	-	6 September 2021
2.	29 September 2022	6	-	28 October 2021
3.	2 November 2022	5	-	9 December 2021
4.	5 December 2022	5	-	8 March 2022
5.	27 February 2023	5	-	29 April 2022
6.	3 April 2023	7	-	-
7.	21 June 2023	7	-	-

If a meeting of the board of directors is adjourned without the required quorum

Description: No meeting has been adjourned due to unfulfilled quorum.

Other details related to the meeting of the board of directors:

Whether the director or alternate director were present/absent in any of the meeting of the board of directors, (In case of any absence, the explanation for being absent along with the date of such meeting)	The quorum was fulfilled in each meeting of the Board of Directors.
Details of directors present at the meeting of the board of directors, the topics discussed, and the decisions made in this regard (Record of Minutes kept or not separately):	A written record of each meeting of the board of directors is kept and verified by the signatures of the directors present.
Maximum gap between two consecutive meetings of the Board of Directors (in days):	84 Days
Annual General meeting of the Board of Directors held regarding the determination of allowance.	6 December 2022
Allowance per meeting of Board of Directors:	Sitting fees are paid at NPR 13,500/- per meeting. Sitting Fees are provided to Independent Director and Promoter Director (Sibkrim Holdings Pvt Ltd) only.



*[Handwritten signature]*

Meeting expenses of the Board of Directors for the FY 2079 / 080:	The total meeting fees paid during the year 2079/80 is NPR 3.24 lakhs. Travel expenses for attending board meetings are borne by the Company whenever required.
---	---

## 2. Director's conduct and other details

Code of conduct of the concerned organization regarding the conduct of directors Yes/No:				Share Dealing Code of UNL and as per the recognized laws of Nepal.
Details related to directors from the same family:				No directors are from same family
Details of annual training and refresher program for Board of Directors.				Not held during the year.
S.N.	Subject	Date	No. of participating Directors	Place where meeting was conducted
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Have all the directors informed/ not informed the following in writing within fifteen days of being appointed or nominated as a director and if not, the details of the same:
<ul style="list-style-type: none"> <li>➤ Any other details have not been received in writing except the written information required as per section 92 of the Companies Act 2063.</li> </ul>
<ul style="list-style-type: none"> <li>• If any director or any member of his/her immediate family has entered or is about to enter into any type of contract with the organization: <ul style="list-style-type: none"> <li>➤ No.</li> </ul> </li> <li>• Details of shares or debentures acquired by any director or any member of his/her immediate family in the main or subsidiary company of the organization: <ul style="list-style-type: none"> <li>➤ No such shares or debentures acquired</li> </ul> </li> <li>• If any director is a substantial shareholder or director of any other organized organization, details of the same: <ul style="list-style-type: none"> <li>➤ No director is a substantial shareholder or director of any other organized organization</li> </ul> </li> </ul>

Director's Name	Organization in which he/she is the director	Organization in which he/she is a substantial shareholder	Remarks
Not Applicable	Not Applicable	Not Applicable	Not Applicable





If any member of his/her immediate family is working as an officer or employee in the organization: No member of the director's family/ immediate family is working as an officer or employee in the organization.	
If any director is the director of a listed organization with the same nature of purpose, paid officer, executive head or employee, if he has worked as an employee, details of the same:	No.
If Directors are charged by regulatory bodies and other agencies.	No.

### 3. Details regarding the organization's risk management and internal control system:

A. Whether the Company has any committee for Risk Management or not. If not, Justify.

- Yes, the Company has a Risk Management Committee

B. Detail relating to Risk Management Committee:

Composition of the Committee (Name and Post of Chairman and Members):

Mr. Subhas Bajracharya, Chairman

Mr. Ravi Bhakta Shrestha, Member

Mr. Yogesh Mishra, Member

Ms. Harman Dhillon, Member

Ms. Suman Hegde, Member

Committee Meeting (Numbers): 2

Task of the Committee (in brief):

To mitigate and manage the potential organizational, financial and regulatory risk that may arise for any reason in the Company.

C. Whether the Company has Internal Control Procedure or not.

- Yes, the Company follows the Internal Control Procedure prescribed by the Global Financial Control Framework (GFCF) and also Comprises of Code of Business Principles and Policies, Unilever Governance Code and Insider trading Code.

D. Whether the Company has established any Committee relating to Internal Control System or not, if not Justify.

- Yes, the Company have established the Audit Committee chaired by our independent director and is reviewed at least once in every 6 months. Furthermore, Internal Control System is maintained and regulated by internal auditors, Online Compliance Portal, Audit Committee,



*[Handwritten signature]*



Compliance Officer in accordance to Internal Control Procedures which are required to be completed at least once an annual basis.

E. Detail pertaining to the Committee of Internal Control System

Composition of the Committee:

Mr. Subhas Bajracharya, Chairman

Mr. Ravi Bhakta Shrestha, Member

Mr. Yogesh Mishra, Member

Ms. Harman Dhillon, Member

Ms. Suman Hegde, Member

Committee Meeting (Numbers): 3

Internal Control System includes following activities:

- Matter that a director, chairperson as well as chief executive officer shall not carry out, activities that give rise conflict of interest with the activities of the company,
- Matter that requires giving advance information to the company if a director, chairperson as well as chief executive officer involves any activities that give rise conflict of interest with the company,
- Control of corruption and financial irregularities,
- Implementation and compliance with the relevant laws,
- Mechanism for protecting whistle-blower etc.
- Mechanism of internal investigations and sanction against situations of conflict of interest, bribery, money laundering across all work levels.

F. Whether the Company has Financial Administration Regulation or not:

- Yes, Company has Global Financial Control Framework (GFCF) for Financial Administration of the Company.

4. Information and information flow details:

a) Details of information and information flow published by the organization.

Subject	Medium	Date of publication
Notice of Annual General Meeting	National daily newspaper	14 November 2022
Notice of Special General Meeting	-	-





Annual Report	National daily newspaper, Company's Website, NEPSE Online Portal	6 December, 2022
Quarterly report	National daily newspaper, NEPSE Online Portal	16 November 2022 12 February 2023 12 May 2023 17 August 2023
Sensitive information that affects the value of securities.	-	N/A
Others	-	N/A

b) Information related to non-disclosure of information or being prosecuted by the Securities Board:

➤ No such instances

c) Date of last annual and special general meeting:

➤ Annual General Meeting: 20 Mangsir 2079 (6 December 2022)

➤ No special general meeting was conducted during the fiscal year 2079/080.

#### 5. Details regarding organizational structure and personnel

a) Whether or not "Human Resource Manual" are in force that incorporates the points relating to employee structure, Staff composition, filling of vacant posts, career development, training, salary, allowances and other facilities, attendance and leave and code of ethics:

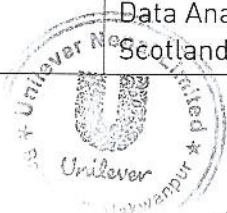
➤ The company is in process of compilation of the detailed Human Resource Manual. Meanwhile, the above points are governed by relevant internal policies.

b) Include the organizational structure:

Organization Structure attached separately

c) Details of names, educational qualifications and experience of employees at the higher management level

Name and position	Educational Qualification	Experience
Amlan Mukherjee [Managing Director]	Bachelor of Commerce + Business Management Executive program	30+ years
Fahd Hassan Sheriff [Chief Finance Officer]	Fellow Member of the Chartered Institute of Management Accountants (UK), MSc. Data Analytics (Robert Gordon University - Scotland), BSc Business Administration	Unilever Sri Lanka Limited - 13 years (2009 November onwards).



*[Handwritten signature]*



	(University of Sri Jayewardenepura, Sri Lanka)	
Govinda Bahadur Shahi [Senior Legal and Corporate Affairs Manager]	MBA , LLB	10+ Years

d) other employee related details

Whether the posts of employees are filled or not as per the structure.	Yes.
The procedure followed for filling the posts of new employees	Internal promotion and open competition
Number of management level employees	10
Total number of employees	223
Whether or not there is a succession plan for the employees.	Yes, there is a succession plan
The number of trainings given to the employees in the fiscal year 2079/080 and the number of employees involved.	40 Nos. No. of Trainings are 40. Employees participating in training are 100
Employee training and tour expenses during the FY 2079/80.	NPR 9.08 Lakhs
Percentage of employee expenses in total expenses.	9.16% (NPR 5,892 Lakhs/ NPR 64,347 Lakhs)
Percentage of employee training costs in total employee expenses.	0.15% (NPR 9.08 Lakhs/ NPR 5,892 Lakhs)

**6. Details about Accounts and Audit Relations of the organization**

a) Accounting Related Details:

Whether or not the financial statements of the organization for the last year have been prepared as per NFRS, if not, the reason why	Yes. The financials are prepared based on NFRS
The date of approval of the latest financial statement by the board of directors.	13 October 2023
Date of publication of fourth quarter financial statements.	17 August 2023
The date of completion of the final audit for FY 2079/80	13 October 2023
The date of approval of the financial statements by the general meeting (last fiscal year 2078/79)	6 December 2022



Details regarding the internal audit of the organization.	
i. Conducting an internal audit or appointing an external expert	i. A separate Internal Audit is not conducted. However, Unilever Nepal follows Global Financial Control Framework (GFCF) and other Unilever international standards & guidelines whose evidence are monthly reviewed by an independent consultant "B.K. Agrawal & Co."
ii. Details of external experts, if any	ii. Not Applicable
iii. How often the internal audit is conducted.	Monthly

b) Details about audit committee

Name, position and qualification of Directors and members			
Name		Position	Qualification
Mr. Subhas Bajracharya		Chairman	Electrical Engineering graduated.
Mr. Ravi Bhakta Shrestha		Member	MBA
Ms. Suman Hegde		Member	Chartered Accountant
Ms. Harmon Dhillon		Member	Masters in Business Administration
Mr. Yogesh Mishra		Member	Chemical Engineer
Date of meeting and number of present members			
S.N	Date of the meeting	Number of Present members	Remarks
1.	2 November 2022	3	
2.	27 February 2023	3	
3.	21 June 2023	5	
Renumeration per meeting of NPR 13,500/ only (for the Independent Director and Promoter Director (Sibkrim Holdings Pvt. Ltd. only)			
The date on which the audit committee submitted its report to the board of directors:			
➤ The board of directors has been regularly informed about the decisions made by the audit committee meetings.			

7. Other details

Whether any loan, advance and cash in any other form has been received by the company from any banks and financial institutions having the personal interest of Directors and their close relatives.	No
--	----



*[Handwritten signature]*





Whether or not any person, firm, company employee, consultant or consultant with financial interest has used any property of the organization in any way except for the benefits or benefits received as the director, shareholder, employee, consultant, consultant of the company in accordance with the prevailing law	No
Whether the condition prescribed by the regulatory body while issuing the license have been compiled or not.	Yes
Whether the organization has followed the rules laid down by the regulatory or supervising authority during regular inspection.	No such instructions have been received so far.
If there is any case pending in the court against the organization or the director.	No

As per the report of even date attached

Name: Govinda Bahadur Shahi

Post: Compliance Officer

Date: 21 November 2023

Seal of institution:

Date of approval of the report by the Board of Directors: 13<sup>th</sup> October, 2023.



Certified By

Madan Krishna Sharma

Partner

CSC & Co.

Chartered Accountants



UDIN: 231206CA00011tPiQM