

CORPORATE GOVERNANCE REPORT

Corporate governance is the system by which companies are directed and controlled. Corporate governance is the combination of rules, processes or laws by which businesses are operated, regulated or controlled. The term encompasses the internal and external factors that affect the interests of a company's stakeholders, including shareholders, customers, suppliers, government regulators and management.

The Board of Directors of Index Agro is firmly committed to upholding principles of sound corporate governance. The main objective of corporate governance is creation of lasting value for stakeholders. Transparency in business transaction and disclosure of information to regulatory bodies as part of its legal obligations constitute sound corporate governance.

At Index Agro, we believe in transparency and commit ourselves to adherence to good corporate governance practices at all times, as we believe that good governance generates goodwill among business partners, customers and investors and helps the company grow.

Board of Directors

The Board of Index Agro believes that a good corporate reputation is the most valuable and competitive asset of a company. It is directly linked to uncompromising compliance with applicable laws, regulations and internal guidelines. The Board of Directors ensures that the activities of the Company are always conducted in accordance with the highest ethical standards to the best interest of all stakeholders and also to the preservation of the environment.

A. Composition of the Board

The Board of Directors of Index Agro Industries Limited comprised of 05 (five) members including 01 (one) independent director in compliance with the corporate governance guidelines of the BSEC. The Board of Directors is performing the responsibilities, among others, setting the company's strategic objectives, providing leadership, supervision and safeguarding shareholders' interest. The Company has a non executive Chairman and Managing Director, separately. The day-to-day management of the Company is conducted by the Managing Director who is assisted by the executive management.

B. Board Procedure

To ensure the transparency and accountability, the Board follows the practice of advance planning in matters requiring discussion and decision by the Board. The Board is apprised by the presentation on finance, sales, marketing, major business segments and operations of the Company. The minutes of the proceedings of each Board meeting are maintained in terms of statutory provisions.

The Board of Directors of Index Agro Industries Limited has laid down a Code of Conduct of all Board members and annual compliances of the code has been recorded.

Committee of the Board

In accordance with the requirement of corporate governance of the BSEC, Index Agro has an Audit Committee and Nomination and Remuneration Committee as a sub-committees of the Board of Directors.

Audit Committee

The Audit Committee is a sub-committee of the Board and provides assistance in ensuring the perpetuation of strong monitoring systems across the organization. The Committee comprises three members, which include an Independent Director. The Chairman of the Committee is an Independent Director of the Company. The Company Secretary is the Secretary of the Committee.

The Audit Committee is responsible to the Board, and the duties and responsibilities of the Committee are clearly set forth in writing by the Board in the Audit Committee Charter. The Audit Committee reports to the:



- a) Board of Directors
- b) Relevant regulatory authorities
- c) Shareholders and general investors

Details about the Audit Committee, including terms of reference, composition, responsibilities, meetings, reporting and activities carried out by the Committee are disclosed in this annual report in the “Audit Committee Report”, signed by the Member of the Committee.

Nomination and Remuneration Committee (NRC)

NRC is a sub-committee of the Board and assists the Board in formulating the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and to level executives, as well as a policy for the formal processes of considering remuneration of Directors and top-level executives.

The NRC comprises three members, which include an Independent Director. The Chairperson of the Committee is an Independent Director of the Company. The Company Secretary is the Secretary of the Committee. NRC is independent, responsible and accountable to the Board and to shareholders.

The details about NRC, including terms of reference, composition, responsibilities, meetings, nomination and remuneration policy, evaluation criteria and activities, are disclosed in this annual report in the “Nomination and Remuneration Committee (NRC) Report”.

Chief Financial Officer

Index Agro Industries Limited has a Chief Financial Officer (CFO). His professional qualifications include, memberships of the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He is responsible for accounts and finance activities of the Company. The Board of Directors clearly defined respective roles, responsibilities and duties of the CFO. In compliance with the corporate governance guidelines of the BSEC, the CFO attends meetings of the Board of Directors.

Company Secretary

The Board of Directors of Index Agro Industries Limited has been appointed a Company Secretary. He is a qualified Chartered Secretary and Fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB). The Board of Directors clearly defined respective roles, responsibilities and duties of the Company Secretary.

Head of Internal Audit and Compliance

Mr. Md. Ayub Ibne Baquer is the Head of Internal Audit and Compliance of Index Agro Industries Limited. He is responsible for internal controls and compliance of the Company. The Board of Directors have clearly defined the roles, responsibilities and duties of the Head of Internal Audit and Compliance.

Statutory Auditors

FAMES & R, Chartered Accountants is the external/statutory auditor of the Company for the year ended 30th June 2021. They carry out systematic examination of books and records of the Company and ascertain, verify and report upon the facts regarding the financial operation and the results of the Company. To comply with the corporate governance properly; the Company did not engage its statutory auditors to perform the following services:

- (i) Appraisal or valuation services or fairness opinions;
- (ii) Financial information systems design and implementation;
- (iii) Book-keeping or other services related to the accounting records or financial statements;
- (iv) Broker-dealer services;
- (v) Actuarial services;

- (vi) Internal audit services; and
- (vii) Any other service that the Audit Committee determines.
- (viii) No partner or employees of the auditors are holding any shares of Index Agro Industries Limited during the tenure of their audit assignment.
- (ix) Audit/certification services on compliance of corporate governance.

External/Statutory auditors are appointed by the shareholders in the Annual General Meeting and fix their remuneration thereof.

Internal Audit and Control

Index Agro Industries Limited often considered that internal audit is one of the “four pillars” of corporate governance, the other pillars being the Board of Directors, Management and the External Auditors. Hence, the Company has an independent internal audit department under control of the Audit Committee of the Board.

The scope of Internal Audit covers the examination and evaluation of the adequacy and effectiveness of the organization’s governance, risk management, system of internal control and the quality of performance to achieve the organization’s goals and objectives.

Code of conduct

The Board of Directors of Index Agro has formulated a code of conduct for the Chairperson of the Board, other Board members, Managing Director and/or Chief Executive Officer of the Company and annual compliance to the code is recorded. The Company Secretary shall act as the Compliance Officer of this Code and shall monitor compliances.

Compliances

To ensure the corporate governance with accountability for inspiring confidence of investors, regulators, financier and other stakeholders, Index Agro is committed to comply with all the requirements of corporate governance as required by the Bangladesh Securities and Exchange Commission (BSEC).

Conclusion

Index Agro Industries Limited ensured highest standards in good corporate governance through close and consistent monitoring. Through the code of ethics all levels of staff have been educated and encouraged to report to whistle blowing, when they suspect wrong doings by other employees.