



CORPORATE GOVERNANCE REPORT

Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community.

At Index Agro, we are committed to upholding the principles of corporate governance to ensure the long-term sustainability and prosperity of the organization. Our corporate governance framework is designed to enhance accountability, transparency, and integrity in all our operations.

1. Board of Directors

The Board of Index Agro Industries Limited (IAIL) is responsible for overseeing the company's affairs, ensuring compliance with applicable laws and regulations, and safeguarding the interests of shareholders. The Board of Directors possess diverse skills, experience, and expertise, providing valuable insights to guide strategic decision-making.

2. Composition of the Board

In compliance with the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission (BSEC), the Board of Directors of Index Agro Industries Limited comprised of 05 (Five) members including an independent director. The Company has a Managing Director and a non-executive Chairman separately. The day-to-day management of the company is conducted by the Managing Director who is assisted by the executive management.

3. Board Procedure

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. The minutes of the proceedings of each Board meeting are maintained in terms of statutory provisions. The Managing Director along with the Company Secretary, finalizes the agenda papers for Board meetings, in consultation with concerned teams/stakeholders. The minutes of the proceedings of each Board meeting are maintained as per statutory provisions.

4. Committees of the Board

To ensure effective oversight and to comply the requirements of corporate governance code 2018 of BSEC, the Board has established two sub-committees of the Board as follows:

- a) Audit Committee
- b) Nomination and Remuneration Committee (NRC)

A. 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 Chairman of the Committee.

B. 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 top 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 Chairman 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”.

5. Transparency and Disclosure

Index Agro prioritize transparency in its financial reporting and disclose relevant information to the shareholders and stakeholders of the company through annual reports, quarterly financial statements, and other communication channels. The Board is committed to adhering to all legal and regulatory requirements related to financial reporting and disclosure.

6. Risk Management and Compliance

We maintain a robust risk management framework to identify, assess, and mitigate risks that may impact our business. Our compliance program ensures that we adhere to all applicable laws and regulations, promoting ethical conduct throughout the organization.

7. Stakeholder Engagement in community welfare initiatives

We recognize the importance of engaging with our stakeholders, including employees and their family members, customers, suppliers, and the communities where we operate. We actively seek feedback and input from our stakeholders to improve our operations and corporate responsibility initiatives.

8. Chairman of the Board and Managing Director

To comply the corporate governance code 2018 of BSEC, the position of Chairman and the Managing Director of Index Agro is occupied by different individuals. The Board of Directors has clearly defined the respective roles and responsibilities of the Chairman and the Managing Director, in addition to their roles and responsibilities as per the Articles of Association of the Company.

9. Chief Financial Officer

Mr. Sarif Mohammad Jana Alam FCMA is the Chief Financial Officer (CFO) of Index Agro Industries Limited. His professional qualifications include, memberships of the Institute of Cost and 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.

10. Company Secretary

Mr. Abu Jafar Ali FCS is the Company Secretary of Index Agro Industries Limited. He is a qualified Chartered Secretary and Fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB). He is responsible for ensuring compliances with statutory and regulatory requirements. The Board of Directors clearly defined respective roles, responsibilities and duties of the Company Secretary.

11. Head of Internal Audit and Compliance

The company has an internal audit department and 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 internal audit department reports to its activities to the Audit Committee of the company regularly. The Board of Directors have clearly defined the roles, responsibilities and duties of the Head of Internal Audit and Compliance.



12. Statutory Auditors

Statutory auditors of the company are appointed by shareholders at the Annual General Meeting and also fix their remuneration by the shareholders. M/s. G. Kibria & Co., Chartered Accountants was the statutory auditor of the company for the year ended 30th June 2023. 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 2018 of BSEC, the company did not engage the 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;
- (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 Ltd. during the tenure of their audit assignment.
- (ix) Audit/certification services on compliance of corporate governance.

13. 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.

14. Dividend Distribution Policy

As per the Directive of Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, the company adopted a Dividend Distribution Policy. The said policy is available in the company's website <https://www.index-agro.com/pages/dividend-distribution-policy> and also disclose on page no. 51 of this annual report.

15. Compliances

Index Agro is committed to comply with all the requirements of corporate governance as required by the Bangladesh Securities and Exchange Commission. The certificate on compliance of conditions of corporate governance code of the Company is provided on page no. 69 in this annual report.

16. Conclusion

Index Agro is dedicated to upholding the highest standards of corporate governance. We believe that our commitment to transparency, accountability, and ethical conduct positions are well for sustainable growth and long-term success of the company. We are grateful for the trust and support of our shareholders and stakeholders.