

CORPORATE GOVERNANCE REPORT

Corporate Governance refers to the system by which companies are directed and controlled, ensuring accountability, fairness, and transparency in a company's relationship with its stakeholders. At Index Agro Industries Limited (IAIL), we believe that good corporate governance practices are key to maintaining a sustainable business and enhancing shareholder value. This report outlines our governance structure and practices for the year ending June 30, 2024.

At Index Agro, we are dedicated to maintaining high standards of corporate governance to support the long-term sustainability and success of our organization. Our corporate governance framework is crafted to promote accountability, transparency, and integrity throughout all our operations.

1. Governance Structure

Our corporate governance framework is built on the principles of responsibility, accountability, transparency, and fairness. The governance structure at Index Agro Industries Limited is designed to ensure that the Board of Directors, management, and all employees act in the best interest of the company and its stakeholders.

2. The Board of Directors

The Board of Directors plays a central role in overseeing the management of the company and ensuring that business objectives are achieved while adhering to the highest standards of corporate governance. The Board comprises a diverse group of highly experienced professionals, including both executive and non-executive directors. As of 30th June 2024, the Board consists of:

1. Arch. Md. Mazherul Quader, Chairman
2. Mr. Mahin Bin Mazher, Managing Director
3. Ms. Mehzabin Mazher, Director
4. Mr. Md. Mamunur Rashid FCMA, Director
5. Mr. A.K.M. Delwer Hussain FCMA, Independent Director

The Board of Index Agro is responsible for overseeing the company's operations, ensuring adherence to relevant laws and regulations, and protecting shareholder interests. Comprising members with a broad range of skills, experience, and expertise, the Board provides critical insights that drive effective strategic decision-

making.

3. Board Procedure

The Board of Directors of Index Agro 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.

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 2024", signed by the Chairman of the Committee on page no. 83

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 of this annual report in the "Nomination and Remuneration Committee (NRC) Report 2024" on page no. 85

5. Internal Control and Risk Management

Index Agro Industries Limited has a well-established internal control framework designed to manage the risks inherent in its business operations. The company's internal audit function is responsible for regularly assessing and improving the effectiveness of risk management and control processes. The Board, through the Audit Committee, monitors the effectiveness of these internal controls and ensures that any weaknesses are addressed promptly.

6. Compliance with Laws and Regulations

We are committed to adhering to all applicable laws, regulations, and standards. During the year, we complied with the guidelines set by the Bangladesh Securities and Exchange Commission (BSEC) as per Corporate Governance Code 2018 and other regulatory authorities. No significant instances of non-compliance were reported.

7. Shareholders' Rights and Responsibilities

Index Agro Industries Limited is dedicated to safeguarding the rights of its shareholders and ensuring that they have access to timely and accurate information. The company conducts Annual General Meetings (AGMs) and extraordinary general meetings as needed to maintain open communication with its shareholders. Shareholders are encouraged to participate in these meetings and exercise their voting rights.

8. Corporate Social Responsibility (CSR)

The company believes that sustainable business practices are essential for long-term success. In 2024, Index Agro Industries Limited continued its commitment to various CSR initiatives focused on environmental sustainability, education, and community welfare.

9. Transparency and Disclosure

Index Agro prioritizes transparency in its financial reporting by consistently disclosing relevant information to shareholders and stakeholders. This is achieved through comprehensive annual reports, quarterly financial statements, and other communication channels. The Board remains dedicated to complying with all legal and regulatory requirements regarding financial reporting and disclosure.

10. Stakeholder Engagement in community welfare initiatives

We recognize the importance of engaging with our stakeholders, including employees and their families, customers, suppliers, and the communities in which we operate. We actively seek their feedback and input to enhance our operations and strengthen our corporate responsibility initiatives.

11. Chairman of the Board and Managing Director

In compliance with the Corporate Governance Code 2018 of the BSEC, the positions of Chairman and Managing Director at Index Agro are held by separate individuals. The Board of Directors has clearly outlined their respective roles and responsibilities, in addition to their roles and responsibilities as per the Articles of Association of the Company.

12. Managing Director (MD) or Chief Executive Officer (CEO)

In accordance with the Corporate Governance Code 2018 issued by the BSEC, the Managing Director (MD) or Chief Executive Officer (CEO) does not hold the same position in any other listed company. Additionally, the Board conducts an annual evaluation of the performance of the Managing Director.

13. Chief Financial Officer

Mr. Iqbal Ahmed FCMA, serves as the Chief Financial Officer (CC) of Index Agro Industries Limited. He is a qualified member of the Institute of Cost and Management Accountants of Bangladesh (ICMAB). He has over 18 years of experience in the relevant field. In his role, Mr. Ahmed oversees the company's accounting and financial operations. The Board of Directors has clearly defined the roles, responsibilities, and duties of CFO. In line with the corporate governance guidelines set by the Bangladesh Securities and Exchange Commission (BSEC), Mr. Ahmed also attends the Board of Directors' meetings.

14. Company Secretary

Mr. Abu Jafar Ali FCS, is the Company Secretary of Index Agro Industries Limited. He is a qualified Chartered Secretary and Fellow of the Institute of Chartered Secretaries of Bangladesh (ICSB). Mr. Ali has over 19 years of experience in the relevant field. He is responsible for ensuring compliance with statutory and regulatory requirements. The Board of Directors clearly defined respective roles, responsibilities and duties of the Company Secretary.

15. Head of Internal Audit and Compliance

Index Agro Industries Limited has an internal audit department headed by Mr. Md. Ayub Ibne Baquer, who serves as the Head of Internal Audit and Compliance. He has over 30 years of experience in the relevant field. Mr. Ayub is responsible for overseeing the company's internal controls and ensuring compliance with regulations. The internal audit department regularly reports its activities to the Audit Committee of the Board. The Board of Directors has clearly defined the roles, responsibilities, and duties of the Head of Internal Audit and Compliance.

16. Statutory Auditors

The statutory auditors of the company are appointed by shareholders at the Annual General Meeting, where shareholders also determine their remuneration. The statutory auditor's role involves conducting a systematic examination of the company's books and records to verify, report on, and provide assurance regarding the financial operations and results of the company.

To comply with the corporate governance code 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.

17. Code of conduct

The Board of Directors of Index Agro has established a code of conduct for the Chairperson, other Board members, and the Managing Director and/or Chief Executive Officer. Compliance with this code is reviewed and recorded annually. The Company Secretary serves as the Compliance Officer for the Code and is responsible for monitoring adherence to it.

18. 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. 73 of this annual report.

19. Compliances

Index Agro is committed to comply with all the requirements of corporate governance as set forth by the Bangladesh Securities and Exchange Commission. The certificate on compliance of conditions of corporate governance code of the Company is disclosed on page no. 90 of this annual report.

20. Conclusion

Index Agro Industries Limited is committed to maintaining the highest standards of corporate governance. The company's governance practices are continually reviewed and updated to reflect the evolving regulatory landscape and global best practices. The Board remains dedicated to ensuring that the company operates with integrity, transparency, and accountability, creating value for all stakeholders.