Index Agro Industries Limited

Policy on

Board Diversity,

Nomination and Remuneration for Directors and Top Level Executives

and

Evaluation of Performance of Independent Directors and the Board

[As per requirement of the Corporate Governance Code 2018 of the BSEC]

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POLICY ON BOARD DIVERSITY

1. Introduction

This policy sets out the framework for promoting diversity within the Board of Directors and for the nomination, remuneration, and evaluation of Directors and top-level executives of Index Agro Industries Limited. The goal is to ensure that the Company's leadership team reflects a range of backgrounds, experiences, and perspectives that will enhance its decision-making processes and drive sustainable growth.

2. Purpose of this Policy

This Policy outlines the approach of the Company to fostering diversity within its Board of Directors (the "Board") and has been developed in consultation with the Nomination and Remuneration Committee (the "Committee") of the Board. The Policy is designed to ensure a broad range of perspectives, experiences, and backgrounds in the Board's composition, supporting effective decision-making and governance.

3. Scope and Objectives of this policy

- To establish principles for appointing directors and executives based on merit, while recognizing the value of diversity.
- To define a transparent process for remuneration based on market standards, company performance, and individual contributions.
- To ensure a rigorous, fair, and transparent evaluation process for independent directors and the Board as a whole.

4. Scope of Application

The Policy applies to the Board of Index Agro Industries Limited (the "Company").

5. Board Diversity

- **Policy Statement:** Index Agro Industries Limited is committed to promoting diversity across the Board in terms of gender, age, educational background, professional experience, and ethnicity.
- **Criteria:** Selection of directors will be based on merit, taking into account the skills, experience, independence, and knowledge of the candidates, as well as diversity considerations.
- **Target:** The Board will seek to have a balanced representation of genders and diverse professional backgrounds that align with the strategic needs of the business.
- **Experience:** The Company encourage a balance of skills on the Board appropriate for the requirements of the business of the Company with considerable experience in a range of activities including varied industries, education, government, banking, investment and the professions.

6. Review of the Policy

The Board and the Committee will review this Policy to ensure its continued effectiveness and alignment with the applicable provisions of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC), as amended or updated.

NOMINATION AND REMUNERATION POLICY FOR DIRECTORS AND TOP LEVEL EXECUTIVES.

1. Purpose of this Policy:

Index Agro Industries Limited (the "Company") has adopted this "Policy on Nomination and Remuneration for Directors and Top Level Executives" (the "Policy") as required by provisions of the Corporate Governance Code 2018 of the BSEC.

2. Objectives of this Policy:

- To establish a transparent and fair process for the nomination of Directors and top-level executives.
- To ensure that the remuneration structure is competitive, performance-driven, and aligned with the Company's long-term goals and shareholder interests.
- To ensure compliance with relevant laws, regulations, and corporate governance practices.
- To attract, retain, motivate, and promote qualified Directors and top-level executives, ensuring the long-term sustainability of skilled leadership, fostering a competitive advantage, and driving the successful operation of the Company.

The Board/Committee shall ensure that the level and structure of remuneration is fair and adequate to attract, retain, and motivate Directors and top-level executives with the necessary qualifications to effectively lead the Company. Additionally, the relationship between remuneration and performance must be clearly defined, aligning with appropriate performance benchmarks.

3. Definitions:

'Act' means the Companies Act, 1994;

'Board' means the Board of Directors of Index Agro Industries Limited;

'Committee' means the Nomination and Remuneration Committee of the Company, constituted and re-constituted by the Board from time to time;

'Company' means Index Agro Industries Limited;

'Directors' means the directors of the Company;

'Independent Director' means a director referred to the provisions of the Corporate Governance Code 2018 of the BSEC, and as amended from time to time;

'Top Level Executives' shall means top level executives of the Company as determined by the Board from time to time;

"Nomination and Remuneration Committee," or any equivalent designation, refers to a Committee of the Board of Directors of the Company, formed in compliance with the provisions of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC).

'Other employees' means all the employees of the company other than the Directors and Top Level Executives;

"Remuneration" refers to any monetary compensation or its equivalent provided to an individual for services rendered, including any perquisites as defined under the Income Tax Act 2023.

Words and expressions used but not defined in this Policy shall have the meanings assigned to them in the Act, or any rules formulated under the Act, or in the rules and regulations of the Bangladesh Securities and Exchange Commission (BSEC), or the applicable Accounting Standards.

3. Appointment and removal of Directors and Top Level Executives:

3.1. Appointment criteria and qualification

The Committee shall assess and verify the integrity, qualifications, expertise, and experience of individuals being considered for appointment as Directors, in line with the Board's Diversity Policy, and recommend their appointment to the Board.

For the appointment of top-level executives, the candidate must have the necessary qualifications, expertise, and experience relevant to the position under consideration. For administrative convenience, the Managing Director is authorized to identify and appoint suitable candidates for these positions. However, if required, the Managing Director may consult with the Committee or the Board for further guidance or direction.

3.2. Term

The term of the Directors, including the Managing Director and Independent Directors, shall be governed by the provisions of the Act, the rules established thereunder, and the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC), as amended from time to time.

In contrast, the term of top-level executives shall be governed by the Company's prevailing HR policies.

3.3. Evaluation of performance

The Committee shall conduct a performance evaluation for each Director. It will establish evaluation criteria that assess Directors based on their knowledge and ability to fulfill their roles, the time and level of participation, performance of duties, oversight capabilities, professional conduct, and independence. The appointment, re-appointment, or continuation of Directors on the Board will be contingent upon the results of this annual evaluation process.

The framework for evaluating the performance of Independent Directors and the Board is detailed in **Annexure A** of this Policy.

The Committee shall assess the performance of top-level executives based on individual Key Performance Indicators (KPIs). Decisions regarding promotions or the continuation of top-level executives will be contingent upon the results of the annual evaluation process, which will be based on relevant performance benchmarks.

4. Remuneration Structure:

The remuneration policy is designed to reward Directors and top-level executives fairly and competitively, taking into account individual performance, Company performance, and market practices.

Fixed Compensation: This includes the base salary or fees, which will be determined based on the roles, responsibilities, and the experience of the individual. It will be reviewed annually and adjusted based on performance and industry standards.

Variable Compensation: Top-level executives may be eligible for performance-based bonuses linked to the Company's financial and operational performance. These bonuses will be aligned with both short-term and long-term goals of the Company.

Equity Compensation: Where appropriate, Directors and top executives may be granted stock options or other forms of equity-linked incentives to align their interests with those of the shareholders and foster long-term commitment to the Company's success.

Non-Monetary Benefits: These may include benefits such as health insurance, retirement benefits, and other perquisites as per Company policy.

4.1. Directors

Besides the above Criteria, the Remuneration/Compensation/Commission etc. to be paid to Directors shall be governed as per provisions of the Companies Act, 1994 and rules made there under or any other enactment for the time being in force and as also by Company policy.

4.2. Non-Executive Directors/ Independent Directors

The Non-Executive/Independent Directors may receive sitting fees for attending meetings of the Board or its Committees, with the fee amount determined by the Board of Directors or shareholders from time to time.

Additionally, Independent Directors shall be entitled to receive any other benefits permitted under the Act and the provisions of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC), as amended from time to time.

4.3. Top Level Executives

The remuneration for top-level executives shall be determined in accordance with the Company's remuneration policy, taking into account the experience, qualifications, and expertise of the individuals involved. This decision will be made by the Managing Director or the Board, following the established internal processes.

4.4. Other Employees

The authority to determine the remuneration structure for other employees is outlined in the remuneration policy, and its implementation will be overseen by the Managing Director/CEO or any other individual designated by the MD/CEO.

5. Disclosure of this Policy:

This Nomination and Remuneration Policy shall be disclosed in the annual report of the Company as required under the provisions of the Corporate Governance Code 2018 of the BSEC.

6. Amendments to the Policy:

The Committee will review this policy and recommend amendments to the Board as necessary to ensure its continued relevance and alignment with the Company's objectives, regulatory changes, and industry best practices.

FRAMEWORK FOR EVALUATION OF PERFORMANCE OF INDEPENDENT DIRECTORS AND THE BOARD

As per the provisions of the Corporate Governance Code 2018 of the BSEC, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organize the evaluation process and act on its outcome;

2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:

Par1:-1: Board Self Evaluation form

Part-2: Chairpersons Assessment form and

Part-3: Individual Director Assessment form

3. The Board/ Independent Directors shall be asked to complete the evaluation fonms and submit the same to the Chairman.

4. The Annual Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

Evaluation of Performance of Independent Directors and the Board

(Rating Scale: 5. Strong 4. Satisfactory 3. Fair 2. Weak 1. Critical)

Sl. No.	Evaluation Factor	Ratings					Comments
		1	2	3	4	5	
Part-1: BOARD SELF EVALUATION FORM							
A	**Board and Strategy Effectiveness: The Board,..**						
1	Has developed a strategic plan and is planning adequately for the future.						
2	Evaluates the strategic plan periodically to assess the Company performance, considers new opportunities and responds to unanticipated external developments.						
3	Focuses its attention on long-term policy issues rather than short-term administrative matters.						
4	Discusses thoroughly the annual budget of the Company and its implications before approving it.						

B	Board Structure and Committees						
1	The Company has an appropriate board size and structure.						
2	The board currently contains a sufficient range of expertise to make it an effective governing body.						
3	The composition of the board complies with the provisions of the Companies' Act, 1994, and other applicable laws.						
4	The board has the proper number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements.						
5	The Committees (Such as: Audit Committee, Nomination and Remuneration Committee) are appropriately constituted.						
C	**Board/Committee Meetings and Procedures**						
1	The number of board/committee meetings during the year is adequate,						
2	Board/committee members receive accurate minutes, written agendas and meeting **notices;** and relevant material to prepare in advance of meetings.						
3	Non-committee members are kept informed as to various board committee actions.						
4	All proceedings and resolutions of the board/committee are recorded accurately, adequately and on a timely basis.						
5	Board/committee meetings are conducted in a manner that encourages open communication and meaningful participation.						
6	Sufficient time is provided during board/committee meetings for thoughtful discussion in addition to management dialogue.						
7	All board decisions, other than those that have been delegated to the committee(s), are made in the board.						
D	**Board and Management Relations: The Board...**						
1	Sets the overall tone and direction of the Company and establishes guidelines on the nature and amount of risk the Company may take.						
2	Has approved comprehensive policies and procedures for all material activities and risks in the Company.						
3	Has a range of appropriate performance indicators that are used to monitor the performance *of* management.						
4	Is well informed on all issues (short and long-term) facing by the Company.						
5	Ensures that information adequately flows between the board and management, on ongoing basis.						

E	**Succession Planning and Training**						
1	The Company induction and on-going training program assist board members in the execution of their duties.						
2	The Board has a succession plan for the Chairperson and the Chief Executive Officer/ Managing Director.						
3	The board has effective mechanisms that allow for taking corrective action against staff and management						
Part-2: CHAIRPERSON ASSESSMENT FORM							
A	**Managing Relationship: The Chairperson ...**						
1	Actively manages shareholder, board, management and employee relationships and interests.						
2	Meets with potential providers of equity and debt capital.						
3	Manages shareholder meetings effectively and promotes a sense of participation in all shareholders and promotes shareholder confidence in the board.						
B	**Leadership: The Chairperson ...**						
1	Is an effective leader.						
2	Promotes effective participation of all board members in the decision making process.						
3	Takes action to correct deficiencies noted.						
4	Promotes the image of the Company.						
5	Is involved in determining board information packages.						
6	Promotes continuing training and development of directors.						
Part-3: INDIVIDUAL DIRECTOR ASSESSMENT FORM							
A	**Corporate Governance: The Director...**						
1	Has ability to remain focused at a governance level in board meetings.						
2	Contributes to the strategic planning process.						
3	Understands governance, regulatory, legal, financial, fiduciary and ethical requirements of the board.						
4	Adheres to high standards of personal integrity and gives high priority to ethical standards.						
5	Practices confidentiality.						
B	**Commitment and Competence: The Director...**						
1	Adds good value to the Company.						
2	Has ability to see the implications of broad organizational issues.						
3	Keeps abreast with latest developments in the ector.						
4	Has adequate knowledge of the Company k -Y						

	activities, financial condition and key developments.						
5	Communicates convincingly yet diplomatically.						
6	Contributes to board deliberations or committee work.						
7	Comes prepared for meetings.						

NOTE: Definition of Rating Scales:

"Strong" means the performance consistently far exceeds the requirements needed to fulfill the principal duties, responsibilities, objectives and expectations of the position. Performance is exceptional.

"Satisfactory" means the performance clearly and consistently exceeds the criteria and standards required to fulfill the principal duties, responsibilities, objectives and expectations of the position.

"Fair" means the performance consistently meets the requirements needed to fulfill the principal duties, responsibilities, objectives and expectations of the position.

"Week" m.eans the performance usually meets the normal requirements in most of the job areas but occasionally fails to meet minimum criteria and standards to fulfill the principal duties, responsibilities, objectives and expectations of the position.

"Critical" means failed to meet expectations of the position.

For Index Agro Industries Limited

Md. Mazherul Quader
Chairman