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CONTRIBUTORS

Editor
Fouzia Fariha

Research Intern
Provat Bala

Research Assistant
Nabila Akter

Research Intern
Achia Akter

Research Intern & Graphics Designer
Abdullah Al Motrood Yeasir

Environmental, Social, and Governance (ESG) Compliance and Corporate Accountability

Introduction:

Environmental, social, and governance (ESG) compliance is now a key necessity for international trade and investment, rather than a purely optional corporate practice. Global investors, lenders, and buyers now demand strong ESG disclosures to ensure that business operations are sustainable, ethical, and socially responsible. For Bangladesh, a major ready-made garment exporter which is heavily investing in energy and infrastructure, ESG compliance is a strategic necessity[1]. Bangladeshi companies are facing pressure to adhere to internationally recognized ESG standards due to new global frameworks, such as the European Union's Corporate Sustainability Reporting Directive (CSRD), and a stronger focus on supply chain responsibility[2].

Key Discussion:

Environmental, Social, and Governance (ESG) refers to a set of criteria that investors, stakeholders, and organizations use to assess the sustainability and ethical impact of a company's operations and practices. The ESG lens helps determine how an organization manages the risks and opportunities created by changing conditions, such as shifts in environmental, economic, and social systems[3].

The Bangladesh Securities and Exchange Commission (BSEC) has made ESG reporting mandatory in annual reports for listed companies[4]. As of 2020, only 49 companies in Bangladesh submitted sustainability reports, with just 11 meeting Global Reporting Initiative (GRI) guidelines, which reflects low disclosure rates in South Asia[5]. In Bangladesh, the RMG sector has faced criticism regarding corporate social responsibility (CSR) practices, with concerns about workers' well-being and ethical gaps[6]. Even though compliance has improved since tragedies like Rana Plaza, more research and attention to CSR issues are still required to keep the sector viable in cutthroat international marketplaces. In the energy sector, transparent and sustainable practices are acknowledged as being necessary[7].

The corporate culture within Bangladesh would be improved in many ways by mandatory ESG reporting. Firstly, it would secure market access for export-oriented sectors, such as RMG, where major brands now require suppliers to meet sustainability and human rights benchmarks. Non-compliance could result in the loss of lucrative orders, particularly in the EU and North American markets[8]. Secondly, ESG transparency can attract responsible investment. Global investors are increasingly factoring sustainability metrics into their decision-making processes[9].Thirdly, standardized ESG reporting strengthens risk management. Corporation can identify and mitigate environmental and social risks before they escalate into reputational or financial crises[10].

Bangladesh would need to establish, amend or strengthen a number of legal documents in order to implement mandatory ESG reporting effectively. A single, national, and codified law governing ESG would be beneficial, as India currently lacks one, which indicates the need for a comprehensive framework in countries like Bangladesh[11]. It should also establish a standardized framework for environmental disclosure, which moves beyond the current voluntary and qualitative practices, especially in the manufacturing sector, where disclosures are often poor. Legal instruments could integrate ESG principles with existing corporate laws and international standards. For example, aligning with the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) could be considered.

Concluding Remarks:

In the evolving global marketplace, ESG compliance is not merely a corporate responsibility; it is a competitive advantage. Mandatory ESG reporting can help Bangladesh to maintain its place in high-value export markets, attract sustainable investment, and protect the environment and society. However, the legal framework needs to be transparent, fair and supported by strong enforcement mechanisms for such regulations to be successful.

Source: The Daily Star

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Regulatory Challenges in Cross-Border Mergers & Acquisitions in Bangladesh

Introduction:

Growing foreign interest in sectors like telecom, fintech, and pharmaceuticals is a sign of increased investor confidence and the changing dynamics of the local corporate landscape. Any domestic or foreign organization interested in conducting a successful Mergers & Acquisitions in Bangladesh must have a thorough understanding of the existing legal framework. However, legal experts face ambiguity around cross-border Mergers & Acquisitions due to lack of a dedicated, consolidated framework for cross-border M&A, requiring parties to navigate multiple approvals from Bangladesh Securities and Exchange Commission (BSEC)[1] and Bangladesh Bank. The legal framework to operate M&A in Bangladesh is governed by several central laws and institutions in the absence of a specific dedicated statute. Since the economy of Bangladesh is on the upsurge, the use of M&A may has greater significance. Companies looking to grow, reorganize, or grow in new regions can derive immense advantage through M&A operations, if only they have knowledge and remain well-informed about the law[2].

Key Discussion:

The key set of statutes that govern M&A transactions in Bangladesh include the Contract Act 1872; the Companies Act 1994 and the Competition Act 2012. Companies Act form the corporate framework for company business, amalgamation, and winding up[3]. BSEC provides regulatory rules to listed companies[4], the Bangladesh Competition Commission[5] ensures market equity, and Bangladesh Bank in case of cross-border and foreign exchange transactions. M&A procedures vary depending on whether companies are listed or unlisted, but generally involve legal, financial, and tax due diligence as a first step. Advance approval must be obtained from the BSEC under applicable securities laws where any of the parties to the transaction is a listed company. Mergers resulting in significant market shares may interest examination by the Bangladesh Competition Commission to ensure that they do not result in unfair monopolies. Where there is cross-border restructuring or in the case of involving foreign shareholders, approvals from Bangladesh Bank are necessary under the Foreign Exchange Regulations Act, 1947. In large ticket restructuring, clearance from the Bangladesh Investment Development Authority (BIDA) is also required. Despite the existence of an overall regulatory framework, foreign corporations may face actual hindrances in the M&A context. There is lengthy process for approvals from the authorities, unclear taxation policy, lack of cross-border transaction expertise, and resistance from insider stakeholders.

Concluding Remarks:

There is a growing need for a more dedicated and stronger framework for cross-border corporate transactions in Bangladesh. While existing regulations address some aspects, a comprehensive framework would enhance efficiency, transparency, and legal certainty for both domestic and international businesses engaging in cross-border transactions. A dedicated framework can simplify the process of setting up and operating businesses across borders, reducing bureaucratic hurdles and transaction costs. A clear and well-defined framework provides legal certainty for investors, encouraging them to invest more confidently in Bangladesh. A dedicated framework can address various risks associated with cross-border transactions, such as currency fluctuations, legal and regulatory differences, and political instability. The regulatory bodies, therefore must encourage ethical business association and remove procedural barriers. Through compliance with regulations and resilient planning, the M&A process can be an effective way to drive company growth and economic progress of the country as a whole.

Source: Reuters file photo

1. Bangladesh Securities and Exchange Commission Act, 1993
2. Gazi Sirazul Islam, 'Legal process for business mergers, acquisitions in Bangladesh' Daily Observer, (27 April, 2025) <https://www.observerbd.com/news/522882> accessed 16th August 2025
3. Companies Act 1994, s 228 229 230
4. The Bangladesh Securities and Exchange Commission (Substantial Acquisition of Shares and Takeovers) Rule 2018, s 2(c)
5. The Competition Act 2012

The Negotiable Instruments Act, 2021 [DRAFT]

Introduction:
The Negotiable Instruments Act, 2021 (Draft) of Bangladesh has been proposed to modernise and consolidate the laws relating to negotiable instruments such as promissory notes, bills of exchange, and cheques. However, it is not yet in force, and the Negotiable Instruments Act, 1881 continues to govern these matters. The draft seeks to replace the 1881 law by addressing changes in financial practices, banking technology, and commercial needs. It sets out updated definitions, rights, liabilities, transferability rules, and enforcement procedures. While the 1881 Act remains the operative law, the draft 2021 version aims to codify provisions in simpler terms, strengthen legal certainty for financial transactions, facilitate credit operations, and align domestic law with digital banking practices such as electronic and truncated cheque systems.

Key Discussion:
The draft Act begins with sections 1–3, proposing the short title, extent, application, and key definitions. It seeks to cover all negotiable instruments unless excluded by other provisions or special laws. Section 3 provides expanded definitions, including terms such as "accommodation party", "banker", "bearer", "delivery", and "material alteration". These are intended to form a modern interpretative framework compared to the narrower language of the 1881 Act.
Sections 4–6 define the three main instruments:

- Promissory Note (s.4): a written, signed unconditional promise to pay a certain sum of money to a specific person or bearer.
- Bill of Exchange (s.5): a written, signed order by the drawer directing the drawee to pay a certain sum to a specific person or bearer.
- Cheque (s.6): a bill of exchange drawn on a banker and payable on demand, which includes electronic and truncated cheques.

Section 13 explicitly defines "negotiable instrument" as a promissory note, bill of exchange, or cheque, either payable to order or bearer, and includes instruments endorsed in blank. Sections 14–16 explain "negotiation" and "endorsement" procedures, differentiating between blank and full endorsements.
The Act modernises timelines and maturity rules in sections 19–25, dealing with instruments payable on demand, at sight, or after a certain period, and recognising post-dated and anti-dated instruments (s.21(C). Section 21(A) deals with instruments payable in future upon the occurrence of an event, even if the event is uncertain in timing.
Liability provisions are detailed:
Drawer's liability (s.30): The drawer of a bill of exchange or cheque is bound to compensate the holder upon dishonour, provided due notice is given.

- Drawee's liability in case of cheques (s.31): A banker must honour cheques if there are sufficient funds, failing which the banker may be liable.
- Maker and acceptor's liability (s.32): The maker of a promissory note and the acceptor of a bill are primarily liable according to its tenor.

Additional provisions cover material alteration (s.3 draft), incomplete stamped instruments (s.20 draft), and validity of instruments in electronic form (s.6 draft). These digital features are absent in the 1881 Act, showing the draft's focus on modern banking practices.

Pros
The draft Negotiable Instruments Act 2021, if enacted, would modernise Bangladesh's legal framework by replacing the outdated 1881 Act and introducing recognition of electronic and truncated cheques (s.6 draft). Its detailed definitions (s.3 draft) would reduce disputes and provide legal clarity. The provisions bridge paper-based and digital banking, set clearer maturity rules (s.22–25 draft), and align Bangladesh with international practices. By clarifying the liabilities of drawers, drawees, and bankers, the draft could enhance consumer protection and promote confidence in financial operations.

Cons
Implementation challenges remain significant. Provisions on electronic cheques would require strong IT infrastructure, which may not be uniform across the country. Transition from the 1881 Act would require retraining of bankers, lawyers, and businesses. The complex drafting may be difficult for small business owners, and overlaps with other banking laws (e.g., the Bangladesh Bank Order 1972) could create confusion. Court delays would still hinder enforcement, and digital provisions increase cybercrime risks unless supported by robust safeguards. Public awareness of such reforms is also limited.

Concluding Remarks
The Negotiable Instruments Act, 1881 remains the governing law in Bangladesh. However, the draft Negotiable Instruments Act, 2021 represents an important legislative attempt to modernise the system. By introducing digital-friendly provisions, clearer definitions, and updated procedures, it seeks to bring Bangladesh in line with global practices. Its effectiveness, if enacted, will depend on careful implementation, investment in secure digital infrastructure, and training of professionals. Harmonisation with other laws will also be necessary to avoid overlaps. While still a draft, the 2021 Act illustrates Bangladesh's readiness to reform its financial law to meet the demands of the 21st century.

Mahtab Uddin Ahmed vs. Robi Axiata Limited and Others

Subject Matter: employment dispute termination, outstanding dues, and court hearing delays.
Court: Supreme Court of Bangladesh (High Court Division)
Judgment Date: 15 January 2025
Presiding Judges: Justice Md. Mozibur Rahman Miah, Justice Md. Bashir Ullah

Summary:
This case of a former MD and CEO, his dismissal on grounds of grievance and delay in the trial process. The plaintiff, Mahtab Uddin Ahmed, alleged that he was not given all the benefits due to him even after leaving the job and that he was unfairly dismissed. The case was pending in the trial court, and a long date was given, which is against the earlier direction of the High Court for speedy disposal. The High Court held that the trial court's long delay was unlawful and directed that the hearing be concluded expeditiously.

Fact of the Case:
Mahtab Uddin Ahmed joined Robi Axiata Limited on 2 September 2010 as Chief Financial Officer (CFO). Over the years, his responsibilities and rank increased, and on 1 November 2016, he was appointed as the Managing Director (MD) and Chief Executive Officer (CEO) of the company. His employment contract was renewed several times. The last renewal was on 31 October 2019 for two years, which was scheduled to expire on 31 October 2021. Later, on 2 August 2021, Mahtab submitted his resignation letter with a three-month notice as per the contract. The resignation took effect from 31 October 2021 and was approved by the company's board. He was promised to pay all his salary, bonus and other dues before the end of his employment, but the money was not paid on time. Later, on 6 December 2021, a partial payment of around 34 million takas was made, which Mahtab accepted "with objections" as the remaining amount was still not paid. Before the end of his employment, the company sent him a show-cause notice on 7 October 2021 with some allegations.He denied the allegations in a written response on October 14, 2021. The company then conducted an internal investigation for about seven months. Mahtab alleged that he was not given a proper opportunity to present his views during the investigation. Finally, on May 22, 2022, the company's board decided that he would be considered expelled from the company with effect from October 31, 2021, due to the allegations. Due to this expulsion and non-payment of the dues, Mahtab filed a case in the court, Title Suit No. 568 of 2022. On the other hand, the company claims that Mahtab violated the rules, breached the contract and committed misconduct while performing his duties.

Issues:
1. Whether the trial court violated the High Court's directive for expeditious disposal of the suit.
2. Whether the 92-day-long adjournment was contrary to Order 17 Rule 1(2) of the CPC.
3. Whether the trial court's exercise of discretion in fixing the hearing date was lawful.

Relevant Provision:
1.Code of Civil Procedure, 1908 (CPC)
Section 1(2): Scope and extent of application of the Code.
2. Order 17, Rule 1(2) (Proviso): Once the hearing of a suit has begun and witness examination has started, it shall be continued from day to day until all witnesses in attendance have been examined, unless the court finds sufficient reason to adjourn, and such reasons must be recorded in writing.

Judgment:
The High Court observed that the trial court had fixed the date of hearing with a long interval of 92 days, which was against Order 17 Rule 1(2) CPC and the earlier direction of speedy disposal. The court held that this order was unreasonable and against the law. Therefore, the order No. 25 dated 28.11.2024 was set aside, and a new date of hearing was fixed on 02.02.2025, and it was directed to dispose of the case expeditiously by taking evidence in a row. Although the rule was granted, no costs were imposed.

Significant judgment
Through this judgment, the High Court has made it clear that the order of the High Court cannot be disobeyed, and the lower court has to follow that order properly. It has shown that once the evidence is taken up as per Order 17 Rule 1(2) CPC, the hearing has to be continued continuously, and it is against the law to give an unreasonable long date. Additionally, the judgment is more significant because it has criticised "non-speaking" or unreasonable orders and emphasized the need to provide reasons in every judicial decision. At the same time, the court has made it clear that although the fixing of the date is a matter of the court's discretion, that discretion must be exercised in accordance with the provisions of law and the directions of the High Court. As a result, this judgment has set an important precedent in expediting the trial process, preventing unreasonable delay & maintaining the spirit of justice.

Concluding Remarks:
The active role of the courts in the establishment of justice is essential, and this case has proven it once again. The High Court has made it clear in its judgment that unreasonable delay in the judicial process defeats the very purpose of justice. Despite previous directions, the trial court failed to properly follow the order for speedy disposal of the case. As a result, the High Court, through this judgment, has not only corrected the legal error but also provided a clear direction for the lower courts.

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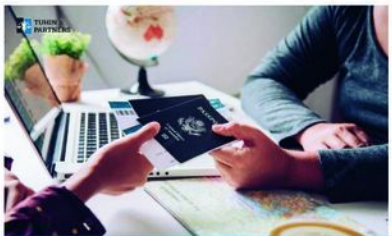

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TUHIN & PARTNERS
NEXUS OF LAW & BUSINESS

Consultancy Firm for Corporate Legal, Tax & Compliance

A Member Firm of International Trade Council

Corporate Office
Flat G2 (6th Floor), House # 94, Road # 10,
Block # D, Niketan, Gulshan-1, Dhaka-1212

Registered Office
Office No. 305 (2nd floor),
3/B, Purana Paltan, Dhaka-1000

Email address:
tuhin@tnp.legal

Website:
www.tnp.legal

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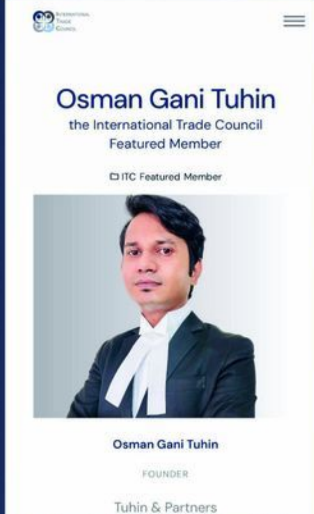
7th SANEM Annual Economists' Conference (SAEC) 2024, held in BRAC Centre Inn, Mohakhali, Dhaka, from 23rd to 25th February 2024.

Commercial Contract Drafting and Review workshop on 17th October, 2024



Tuhin & Partners
The International Trade Council Featured Member on August 2024

Tuhin & Partners' e-Newsletter unveiling ceremony at Tuhin & Partners on 19th April 2025

Tuhin & Partners joined a high-level meeting at the Ministry of Textiles & Jute regarding the corporate restructuring of a key government project on 26th May 2025