

Enterprise Risk Management

Grameenphone Ltd. operates in a dynamic industry that exposes it to various uncertainties, both risks and opportunities, which may impact its business. With the goal of earning competitive returns at acceptable risk levels, the company maintains a rigorous enterprise risk management (ERM) process. This process is based on a structured framework comprising policies, procedures, and tools that ensure the identification, assessment, and treatment of risks and opportunities to support the achievement of Grameenphone's ambitions and goals.

The ERM framework of Grameenphone is formulated broadly on ISO 31000:2018 and the COSO ERM Framework. The Company has drawn upon the experience of different risk management contexts to identify and prioritize risks and create an effective link between strategy formulation and risk mitigation. Risk management is an ongoing process and is integrated into the business across the organisation. All functions are required to be accountable for risk management within their areas of responsibility and ensure that risk management is embedded in their day-to-day business processes. To increase its effectiveness throughout the process, Risk Management Forums have been established within the Company to ensure active participation from different functional areas. The governance of the ERM process also empowers the ERM function to monitor risks and report regularly to Management and the Board.

Grameenphone recognises the importance of adapting its ERM process in line with its growth and the rapidly changing world. Factors such as technological advancements, geopolitics, environmental issues, and socio-economic changes can all give rise to emerging risks, which need to be identified and treated appropriately. To address these risks, Grameenphone has been continuously evolving its ERM process. The Company utilises its line of defenses to ensure that emerging risks are detected early and addressed effectively.

During the financial year under review, Grameenphone ERM function reviewed, monitored and reported the significant risks of the Company and the mitigating measures were evaluated by the Management and Board on a regular basis. This is to ensure that the Company's risk management framework continues to effectively promote and enable the identification, monitoring, and mitigation of risks across the organisation.

Below are some key risk areas identified at Grameenphone:

Financial	Regulatory	Modernisation	Operational	Supply Chain Sustainability
Key Risk Area	Risk Description		Risk Response	
Financial Risk	<p>Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks.</p> <p>Company's principal financial assets include trade receivables and others, cash and short-term deposits that arise directly from its operations. Company's financial liabilities mainly include trade payables and others, lease obligation and loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations.</p>		<p>Company's financial risk management is governed by Treasury Policy as approved by the Board of Directors.</p> <p>Company is exposed to credit risk, liquidity risk and market risk in relation to its financial instruments. Grameenphone's exposure and responses to the mentioned financial risks are disclosed under note 39 to the financial statements.</p>	
Regulatory Risk	<p>Grameenphone's operations are subject to requirements through sector specific laws, regulations and national licences. Regulatory developments and regulatory uncertainty could affect the Company's results and business prospects. The introduction of, or increase in, sector specific taxes and levies may impact the business.</p>		<p>The telecom regulatory environment in Bangladesh has remained unpredictable and challenging throughout 2022 and it is likely to continue in this manner in the near future. For the telecom industry to grow and prosper, it needs collaborative and constructive engagement to make the regulatory framework predictable and investment-friendly.</p>	

Key Risk Area	Risk Description	Risk Response
Regulatory Risk	<p>The Company depends on licences, access to spectrum, and numbering resources in order to provide telecommunications services. If the Company is not successful in acquiring/renewing spectrum licences or is required to pay higher rates than expected, this might impact our business strategy. Further, unforeseen events may cause disruption in roll-out plans, resulting in risks of deterioration of network quality. In a nutshell, every change in regulations may affect growth and sustainability of the Company as well as the industry either positively or negatively.</p> <p>The risk is particularly high with issues related to regulatory and tax disputes, renewal of licences and general unpredictability in the business environment. Grameenphone still faces regulatory scrutiny of its operations and has several unresolved regulatory and legal cases pending.</p>	<p>Grameenphone has been maintaining constructive engagement with the relevant stakeholders to address current and emerging challenges.</p> <p>Regarding updates on Telecom Industry and Regulatory Environment, please see page 11 of the Annual Report.</p> <p>For further information on tax, legal and regulatory contingencies please see note 45 to the financial statements.</p>
Modernisation Risk	<p>The introduction of new technologies, digitalisation and changing consumer behaviours open up new business models in the telecom sector, leading to structural changes and new industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the changed dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, will impact the Company's position in the value chain, service offerings and customer relationships.</p> <p>The transformation agenda also includes risk of not being able to sufficiently acquire; upskill and retain competencies and talents needed for the evolving business dynamics.</p>	<p>Grameenphone has been continuously focusing on innovation, network modernisation and implementation of up-to-date technology and acquired the maximum allowable spectrum to improve service quality further. In 2022, the Company was the first to introduce e-SIM technology in Bangladesh, successfully conducted a 5G trial over the 2.6 GHz band and increase significant fiberisation to enhance customer experience.</p> <p>Last year we set a foundation to future-fit our capabilities and operating model; in 2022 we have continued in that same vein by taking a 360-degree modernisation approach across various functions aiming touch free operations.</p> <p>Grameenphone is following win-win partnership model with strong governance to ensure expected capability & competency upliftment for customer betterment.</p>
Operational Risk	<p>The quality and reliability of Grameenphone's telecommunications services depend on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions, including interruptions or data breaches coming from targeted cyber-attacks. Repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and financial performance.</p>	<p>At its core Grameenphone is a connectivity provider. A huge amount of fiber connectivity is now core part of Grameenphone network topology that is exposed to be accidentally damage or interrupt due to road expansion activities. Grameenphone has invested on redundant connections and increased proactive activities significantly to reduce the probability of incident.</p>



Key Risk Area	Risk Description	Risk Response
<p>Operational Risk</p>	<p>Cyber-attacks may cause disruption in services and damage critical infrastructure. This may have a severe impact on the Company's reputation and financial performance. Technological development and complexity continue to drive the risk of cyber-attacks, and especially of advanced cyber threats.</p> <p>Grameenphone handles substantial volumes of confidential information. Loss, alteration or unauthorised disclosure of such information, may adversely affect the Company's business and reputation.</p> <p>Political instability and violence, including social unrest, terrorist attacks etc., may prevent the Company from operating its business effectively.</p>	<p>Grameenphone continuously focus on providing awareness for employees as well as partners. "We are Security", promoting security-first culture, measured and followed up as one of our strategic KPIs. GP continues to invest in people, organisation, partners and technology to even further uplift the security posture.</p> <p>For more information, please refer to Cyber Security part of the Annual Report (page 27).</p> <p>For other operational risks, we have implemented necessary controls and monitoring system where needed.</p>
<p>Supply Chain Sustainability</p>	<p>A responsible and sustainable supply chain is a foundational element of Grameenphone's long-term value creation. Grameenphone believes that partnership and cooperation with suppliers and industry peers is vital to achieving its ambitions within supply chain sustainability.</p> <p>Supply Chain Sustainability continues to be one of Grameenphone's strategic priorities and a key for long-term business success through the Agreement on responsible Business Conduct (ABC), Grameenphone's Supplier Conduct Principles (SCP) are applicable for most supplier categories and contracts (based on risk assessments). The Supplier Conduct Principles are based on internationally recognised standards, including requirements on the respect for human rights, health and Safety, labor rights, working conditions, conflict and other unsustainably mined minerals, environment, privacy and freedom of expression and prohibited business practices.</p> <p>Challenges in supply chain sustainability may impact the progress of Grameenphone's long term value creation.</p>	<p>Effective risk management in Grameenphone's supply chain will remain a priority in 2023.</p> <p>Grameenphone will continue to strive for its supply chain sustainability efforts to have a positive impact on the business as a whole, and in the societies in which it operates and is committed to maintaining responsible business practices throughout its entire supply chain, ensuring that its partners maintain the same standards.</p> <p>For more information, please refer to ESG part of the Annual Report (page 25).</p>