

Directors' Report

For the Year Ended 31 December 2019

Dear Shareholders, on behalf of the Board of Directors and Management, I welcome you all to the 23rd Annual General Meeting (AGM) of Grameenphone Ltd. We have the pleasure to place herewith the Directors' Report and the Auditor's Report, together with the Audited Financial Statements of the Company, for the year ended 31 December 2019 for your valued consideration, approval and adoption.

2019: A Testament to Agility, Challenges and Strong Business Performance

Bangladesh has been on a significant growth trajectory, having become the world's seventh fastest-growing economy by the first quarter of 2019. Grameenphone's communication services have been an integral part of the journey, especially throughout 2019, by exploring innovative and agile ways to support the country's digitalisation ambitions. Through a company-wide focus on customer service, collaboration, co-creation, and innovation, Grameenphone excelled in business performance despite a challenging business environment.

Grameenphone started the year with solid investment plans. However, the challenges kept growing, with the added concern over the erroneous audit demand of BDT 125.8 billion (BDT 12,580 crore), under litigation with the authorities. Grameenphone has approached Bangladesh Telecommunication Regulatory Commission (BTRC) several times to initiate a constructive dialogue towards transparent and amicable resolution to the erroneous audit, however, BTRC did not consider Grameenphone's request and it remained unheeded. This regrettably shows a lack of willingness to find a solution based on the merits of the audit findings. Amid the increasingly challenging regulatory environment, the Company achieved strong business performance through modernisation and execution. New regulations posed some major challenges in the maintenance and expansion of the network.

While there were challenges, the company became more resilient, tested new and more agile ways of work and remained true to its core objective – connecting people to what matters most to them. The Company closed 2019 with 8.15% year-on-year revenue growth over 2018. The business recorded consolidated revenue of BDT 143.66 billion (BDT 14,366 crore) for 2019; earning a yearly average Daily Subscription & Traffic Revenue of BDT 369.21 million (BDT 36.92 crore), a 9.59% increase from that of 2018. Grameenphone's subscriber base grew to 76.46 million subscribers by the end of the year, registering a subscriber base growth of 5.13% from the end of 2018.

Data subscriber growth has been very encouraging as more people are upgrading their handsets to access new digital services and applications over Grameenphone's high-speed 4G/LTE data network. Over 2019, Grameenphone's data customer base hit 40.58 million users, or 53.1% of the total subscriber base. Data revenue has grown at a strong pace and allowed Grameenphone to record 16.98% year-on-year growth from data services.

As with previous years, financial results are underpinned by company-wide focus on operational excellence, customer service, market performance, collaboration and innovation.

Grameenphone continued in its social commitment through the expansion of the Child Online Safety initiative in collaboration with UNICEF and Telenor AS, as well as take more responsibility for the reduction of its carbon emissions from its own operations. We have further strengthened our commitment to establish a sustainable supply chain. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognised standards around human rights, health and safety, labour rights, environment and anti-corruption.

Telecommunication Industry Scenario

Bangladesh is a developing market economy. It's the 39th largest in the world in nominal terms and is classified among the Next Eleven emerging-market, middle-income economies and a frontier market. The Bangladesh economy continues to be among the fastest growing economies in the world and saw strong growth in the last fiscal year thanks to stable macro- and export-oriented industry-led growth. However, private sector investments remain insufficient along with declines in Foreign Direct Investment (FDI). World Bank (WB) has forecasted the Gross Domestic Product (GDP) growth rate of Bangladesh at 7.2 per cent for the fiscal year 2019-20, where the government's projection for the same fiscal year in the national budget was 8.2 per cent.



The Telecom sector of Bangladesh is quite formidable and inarguably has made a significant contribution towards Bangladesh's goal of becoming a middle-income country. At the end of 2019, there were 88.1 million unique mobile subscribers in Bangladesh, while total connection reached 164 million, representing connection penetration of 99.1%. The data market has seen steady growth of around 13% with total mobile internet connections standing at 99 million subscribers. With 50% unique mobile internet subscribers, there is still strong potential for further growth in data services.

In 2019, however, the growth of this sector has been turbulent due to various regulatory challenges as the MNOs and the telecom regulator found themselves entangled with issues like Audit, Tower Co. TVAS, VAT registration for BTRC, QoS of MNOs network, etc.

Telecom Regulatory Environment

The Telecom regulatory environment in Bangladesh has been turbulent throughout the year and is likely to remain challenging for the foreseeable future. The Government still considers the telecom sector as a key revenue source for the national exchequer. In the last budget 2019-20, the taxes for this sector have been increased. Supplementary duty on talk time and data use have been increased from 5% to 10% and taxes on imported smartphones have been increased to 15%. Additionally, a fresh 10% tax on net profit has been imposed if any listed company retains more than 70% of current year's profit while turnover tax has increased from 0.75% to 2%. Finally, SIM tax has been increased from BDT 100 to BDT 200.

BTRC issued claims to both Grameenphone and Robi in the first quarter of 2019 to realise money from a disputed audit claim and subsequently imposed restrictive measures from the second quarter as means to apply pressure on the operators to realise the erroneous audit demand. In the second quarter of the year BTRC reduced internet bandwidth for both operators but later rescinded the order and bandwidth was restored. Since the end of July 2019, the regulator stopped issuing any NOC for equipment import, rollout, and for new products or services, impacting the network expansion plans of the top two mobile operators. These actions by the regulators adversely impacted on network quality and negatively affected customer experience.

The sector has undergone a value chain fragmentation process such as the introduction of the Towerco regime, and TVAS licensing, etc. Network expansion of the mobile operators was hampered by the Towerco regime remaining non-operational due to BTRC's intervention in the bi-lateral agreement process between the Towercos and MNOs. Terms and conditions of TVAS license had carved out the rights of MNOs to some extent. BTRC issued new directives on bulk SMS and corporate SIM sales which again was detrimental to business growth. Furthermore, new IGW and NTTN licenses were issued in the year. The dispute around VAT registration for BTRC came up at the discussion table but the problem is yet to be resolved. In February 2019, BTRC declared Grameenphone as an SMP (Significant Market Power) operator and since then, twice attempted to impose SMP directives, which subsequently did not sustain under legal scrutiny.

The licensing regime in Bangladesh still remains unpredictable and highly fragmented. Streamlining the regulations remains a challenge for the overall telecommunication industry. The regulator has attempted for unification of 2G, 3G and 4G licenses and initiated a consultation process but could not reach an aligned position. The discussions around spectrum pricing too ended without fruitful conclusion. With a view to launch 5G by 2021, BTRC has also initiated another consultation process with the relevant parties in which Grameenphone intends to participate.

Capital Market Overview 2019

The Bangladesh stock market witnessed its second consecutive negative year with the index falling 28.7% in 2019. The liquidity crunch in the banking sector, gloomy macroeconomic outlook and policy alterations were some of the key drivers behind the negative market performance. Foreign turnover contribution dropped to 7.1% in 2019. While the insurance sector posted the highest gain in 2019, MNCs posted 15.4% yearly loss for 2019.

On the Dhaka Stock Exchange (DSEX), the broad and free-float weighted DSEX index dropped by 17.3% due to financial and large-cap stocks. Daily average turnover value decreased by 14.6% in 2019, compared to the preceding year. Grameenphone share price dropped by 22.2%, closing at BDT 285.8 at year-end with a daily average turnover value of BDT 68 million (BDT 6.8 crore). During the year, the highest value of Grameenphone share price was BDT 417.0 and the lowest was BDT 284.2. Grameenphone market capitalisation on 30 December 2019 stood at BDT 385.92 billion (BDT 38,592 crore), representing 11.4% of the DSE's total equity market capitalisation.

*Source: Dhaka Stock Exchange

Product & Services that connect people to what matters most

2019 has been a year for collaboration, innovation and achievements. Grameenphone's core focus was to explore and develop innovative and relevant new products and services that connect people to what matters most to them. However, due to the regulatory impositions, the company was unable to provide innovative services to its customers or invest in network upgradation or maintenance according to plan. Despite imposition of new SMP regulation, increased supplementary duty and SIM tax, and suspension of NOC-approval/intimations, etc. that affected pricing and offers, we focused on remaining transparent and true to our objectives, and providing the best customer experience within our scope.



In line with our strategic objective 'Best in voice and data network,' Grameenphone established a strong nationwide 4G network with 10,000+ BTS – the highest in the industry. 4G campaigns ran throughout the year to bring our customers under the 4G network for a seamless connectivity experience. The company reached deep sea areas with our coverage this year, mainly focusing on the fishermen at sea. On the voice front, the company launched monthly minute packs and a 48 paisa rate cutter to give customers greater convenience and better value. We ended the year with a strong 76.5 million sub-base and 40.6 million data users.

On the digital front, Grameenphone continued to maintain its focus in innovation, relevance and customer engagement. The Grameenphone Payment Orchestration Layer (POL) was launched to connect any gateway or payment processor available in the market and enhance online recharge capability in all digital channels. Grameenphone's self-care app MYGP was enhanced with new features like contextualisation of popular offers, Flexiplan pack gifting, internet loan, as well as 10% data bonus to enhance customer convenience and ensure relevance.

Grameenphone offered live stream services of the ICC World Cup 2019 on Bioscope and MYGP with exclusive Bangla commentary. To create greater affinity with customers we also launched a new point-based loyalty platform that was integrated through MYGP across all relevant channels. The year ended with 11 million active digital users.

Daily, weekly and monthly roaming data and mixed packs for roaming customers at very competitive prices were launched, connecting people beyond national borders through better value and added convenience. 4G handsets were offered at the lowest market price point to give our customers a better data and digital experience. Expanding its portfolio and diving deeper into digital services, Grameenphone launched new IoT products and services such as Smart Home, Smart Surveillance, Smart Attendance, GP Cloud Store, and WTTX routers to cater the connectivity needs of private homes as well as small to large businesses.

In 2019, a device micro-financing programme was initiated, in collaboration with Ferratum & Srijony, to reach rural women and empower them through voice and digital connectivity. As part of regulatory initiatives, changes in data pay-go contract, data campaign validity, supplementary duty, SIM tax and promotional SMS communication in Bangla were implemented across the industry. The company continued to explore new ideas to implement and add value to people's lives, while collaborating with the right partners to support our core objectives.

Grameenphone's quest to connect people to what matters most to them has not only driven financial performance, but also strengthened our brand equity. We received the Ookla Speed Test Award for the second consecutive year as the fastest data network in Bangladesh, and were presented with the Bangladesh Brand Forum Award as the best mobile phone service provider.

Customer Experience

Grameenphone is committed to provide the best in class experience to its customers. In 2019, Grameenphone continued to digitise and modernise its products and services. The newly introduced online recharge platform has given customers more control and flexibility over their own connections. The MyGP app has been able to maintain a steady user base and continues to grow with the introduction of attractive new features on the platform. The company has been able to maintain its leading position in network quality through the Company's customer feedback system and pain-point reduction initiatives. As a result, customer perception has improved, and the Company has successfully retained its industry-leading position in the Net Promoter Score (NPS).

Grameenphone driving new Technology in Bangladesh

2019 was a tremendous year of growth amidst intense regulatory challenges. Import of equipment was restricted from July 2019, however, Grameenphone managed to implement and rollout almost all of its growth drivers. In 2019, Grameenphone became the 4G network leader in Bangladesh, rolling out more than 10,000 LTE sites as well as being recognised as the fastest data network in the country. Within two years of launch, almost 50% of the total national data volume is now over our 4G network. This achievement signifies the prioritisation of 4G rollout in this increasingly data savvy and high LTE handset penetration market. In addition to 10,000 LTE sites in the 1800 band, Grameenphone has further launched LTE in 3 MHz of the 900 band in the Divisional Cities. This has ensured good indoor 4G coverage in the major cities.

Capacity of more than 3,200 3G sites was also enhanced to cater to the growing demand for 3G data volumes on the Grameenphone network. At the beginning of 2019, we successfully implemented a 100% data network across the country, meaning all of our base stations are equipped with 3G, 4G or both. Traffic steering and optimisation between 2G, 3G and 4G Technology has ensured that our subscribers receive the best voice and data experience on Grameenphone network.

As a further development VoLTE (Voice over LTE) is at the brink of launch. With all testing and network optimisation completed, the service is now awaiting regulatory clearance. With the launch of VoLTE, customers will be able to enjoy best in class voice calls with HD voice quality and reduced 1-2 second call set up time.



Grameenphone customers now enjoy superior video streaming on the 4G network. This has helped us enhance our very own video streaming service, Bioscope. Other digital services such as MyGP3.0, Tonic, Gpay, Flexiplan, GPMusic, Shoparu, and Shoparu logistics have all been revamped with new architecture and User Interface leading to an improved user experience. MyGP capacity has been enhanced to cater for eight million Monthly Active Users (MAU).

2019 has also seen significant demand for cross service bundling (i.e. telco + non-telco service bundles), which drove Grameenphone to derive and implement the required IT architecture into the system. Design and implementation of IT transformation and agile processes have helped in smooth service operations and product delivery. A Big Data-based Analytics Enabler Platform (AEP) was implemented to fulfil Grameenphone's ambition for personalisation. In accordance with regulatory requirements, Grameenphone has delivered on new VAT SRO directives and corporate on-boarding processes.

Grameenphone has started to transform from IT to Digital Technology. Our IT systems are API-enabled and we have adopted an 'API first' policy for any kind of application development. Cloud platforms are chosen as an enabler for scalability and robustness. Grameenphone has modernised its Information Security systems and processes, and as a part of that change a Defendable Architecture (DA) has been implemented in 2019.

Due to massive construction projects led by the Government, the whole telecom industry has faced a significantly higher number of fibre cuts in 2019 than ever in previous years, which has led to great challenges in maintaining network availability. However, armed with strong surveillance and field teams, the company has managed to be resilient in and reduced network downtime.

Altogether, 2019 was a year of strong network growth and great technological advancement, in line with the business success against a challenging regulatory environment.

Staying Relevant through Modernisation, Agility and Workforce Diversity

Grameenphone is enroute to becoming a dynamic technology company through sustainable innovation by focusing on its agility and capability. The company is continuously up-skilling our resources with relevant skillsets to stay ahead of the curve in the market. The ICT and digital space continue to be our focus to catalyse our growth as the customers' preferred technology partner. An Agile Way of Work has already been applied in Skitto, Shoparu, MyLife, and in five other projects. Digital employee experiences through enhanced HR self-services continues to encourage and drive agility within Grameenphone.

Grameenphone's guiding principles continue to be strengthened through 'Telenor Behaviours' as part of our cultural initiatives. The company has championed Gender Diversity as a top priority in 2019. Female representation across all Divisional Management teams, involvement of promising females in critical projects are some of the key steps the company has undertaken. In 2019, we recruited 79.2% female employees externally including an exclusively female team of Territory Managers in the salesforce, for the first time in the history of Grameenphone – a feat that is also a national benchmark. We have also seen an inspiring 19% improvement in our Employee Engagement Index.

As part of our modernisation, Grameenphone has explored future-fit organisational-design leading to a de-layered organisation with optimised Span of Control, thus empowering the decision makers who are closer to the action. 2019 ended with a permanent headcount of 2,160.

Grameenphone has had one of its best performance relays in 2019. This has only been possible thanks to a capable and engaged workforce driving towards targets closely aligned with company's vision of Empowering Societies.

Sustainability Initiatives toward Reducing Inequalities

Grameenphone continues to leverage its digital services and connectivity in innovative ways to address social and environmental challenges. The company is committed to partnering with responsible and impactful social partners to reduce inequalities and empower societies within our field of expertise. The core focus remains on the UN SDG #10 – Reduced Inequalities, and responsible business practices.

In 2019, the company continued on its journey to reduce inequalities through our Child Online Safety program, in partnership with UNICEF and Telenor. The programme aims to create a safer online experience for children. In 2019, the programme directly trained over 590,000 children in over 375 schools and over 1,600 adolescent clubs; the programme also sensitised over 200,000 parents, teachers and guardians. The Child Helpline 1098 with UNICEF continues to play a vital role in providing support to children and adolescents in need of counselling. Significantly, the company's social advocacy campaign on online safety reached over 13 million viewers on social media. The programme also initiated 100 Safe Clubs in 100 schools with an ambition to ensure that online safety practices become a part of daily life.

The company has further bolstered our commitment to establish a sustainable supply chain by ensuring 100% supplier code endorsement, over 800 supply chain inspections and more than 8,000 man-hours of capacity building through on-site and

classroom training. Grameenphone's Supplier Conduct Principles (SCP) are based on internationally recognised standards around human rights, health and safety, labour rights, environment and anti-corruption.

Moving toward a reduction in Carbon Footprint

Grameenphone continually strives to reduce the environmental impact of its operations and services and aims to promote a low-carbon emission society. The company's first priority has been to reduce CO₂ emissions generated from our own operations by improving system efficiency and reducing of overall energy consumption. Grameenphone aims to optimise energy consumption by: i) reducing the dependency on diesel generators, ii) increasing the use of solar energy, and iii) reducing operational travel time. Grameenphone actively works on limiting the use of valuable resources by creating greater environmental awareness among employees and stakeholders.

As a part of its journey towards de-carbonisation, Grameenphone has also initiated several green initiatives to reduce its carbon footprint individually and collectively. Detailed information on the initiatives of the Company towards climate initiatives is provided in the Climate Change section of the Annual Report.

Health, Safety and Security

Grameenphone continuously focuses on improvement of HS&S to facilitate a congenial work environment for its stakeholders i.e. own employees, business partners, vendors and visitors, etc. as an integral part of Grameenphone's core business value. Grameenphone promotes proactive behaviour alongside relevant precautionary practices among its employees and relevant stakeholders to uphold the HS&S culture.

HS&S values are applied consistently from the designing phase of any infrastructure/installation to implementation of safe systems and procedures across the organisation. To evaluate existing conditions and devise a risk-free environment, Grameenphone conducts routine risk assessments and implements control mechanism in the workplace to mitigate any hazards or risks, as per international guidelines, local laws and best practices.

Considering the high risk posed by the transport sector, preventive measures have been incorporated into Grameenphone's transport management system through reinforcement of safety rules such as mandatory seatbelt usage in vehicles, helmet usage for motor bikes, lifejacket usage during waterway travel, and remote limiting of vehicle speeds within a safe range. Different levels of monitoring mechanism have been introduced and checked round the clock on a daily basis.

OneGP, a mobile application for our employees, has also been integrated for employees to proactively address potential hazards and mitigate them on time. Parallel to that, a 24/7 HS&S hotline continues to support employees in order to offer first response in case of breach or detection of hazardous conditions. Ninety training and awareness sessions, covering 1,317 employees and 940 partner resources across the country, were conducted in 2019. A comprehensive annual health check-up was conducted covering 992 employees. Quarterly awareness on psychosocial well-being was carried out to educate employees on healthy lifestyle choices. The Grameenphone fitness & recreation centre is a key component of employee engagement to enhance physical and mental endurance.

Grameenphone Management is committed to improving the HS&S culture and have participated in various HS&S sessions themselves to drive the message across the organisation. The Circle HS&S committee regularly monitors OHS performance in the circles to embed the HS&S culture amongst regional employees and other stakeholders. Moreover, a series of HS&S awareness campaigns were initiated throughout 2019 to maintain the momentum and drive in the importance of the HS&S culture in the Company. Emergency evacuation drills were conducted in all circles. Risk mapping, risk assessment, vehicle inspection, background verification, hazard reporting and mitigation were continued throughout the year. Last but not the least, a HS&S management system review was carried out to re-evaluate and mitigate any new or unaddressed workplace risks.

Corporate Governance

Grameenphone is committed to continually upholding the highest standards of Corporate Governance. We recognise that a robust and sound governance framework is vital in providing a solid foundation for sustainable long-term success of our business and the value creation for GP's stakeholders. The Board of Directors and Management of Grameenphone are pledge bound to continue implementation of the highest standards of Corporate Governance in the Company through a culture of accountability, transparency and well-understood policies and procedures. The Board of Directors of Grameenphone has always played a pivotal role in meeting all stakeholders' interests and is committed to upholding the same in the future as well.

In line with the same, the Company has complied with the conditions as stipulated in the Corporate Governance Code issued on 03 June 2018 by BSEC. In this connection, the status of compliance has been annexed to this report as Annexure-I. Furthermore, a certificate of compliance from ACNABIN, Chartered Accountants, confirming compliance of conditions of Corporate Governance Code, as stipulated under condition 9(i) of the BSEC Code is also annexed to this report as Annexure-VI.



Disclosure/Statements Pursuant to the Provisions of the BSEC's Corporate Governance Code 2018

● **Industry Outlook and Possible Future Developments**

The mobile market value is expected to continue to grow in 2020. Voice continues to be a major player in the market revenue growth, however, current trends indicate that the over the top (OTT) usage will also be growing significantly in the coming months and years. Judging by the steady growth of data usage, the mobile industry will play a pivotal role in transforming the lifestyle of the citizens of Bangladesh. Rapid expansion of mobile broadband and growing smartphone penetration has already facilitated the development of relevant digital content locally. The emergence of new digital services, convergence of technologies/IoT, increased financial inclusion, and falling smartphones prices have resulted in a huge appetite for high speed data.

Telecom and ICT is a highly focused area for the current Government. By 2021, the Government aims to achieve 100% tele-density, 65% internet penetration, fixed-broadband access to at least 50% of the people, and set up 4,553 unions with optical fibre connectivity. Under the Digital Bangladesh vision, the Government plans to create a knowledge-based economy where the production of goods and services are based on knowledge-intensive activities. All initiatives are focusing on e-governance, connecting citizens, developing IT-based human resources and promoting the ICT industry.

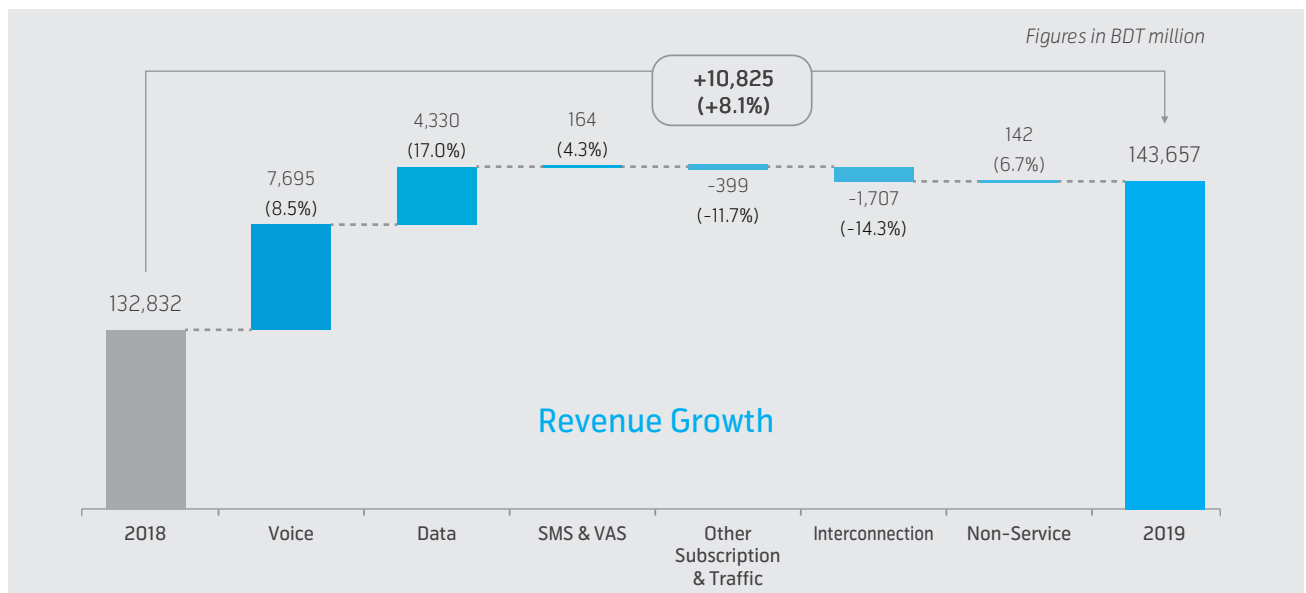
The Government has already established 5,275 digital centres across country to provide 200 types of service to 120 million citizens, starting from birth registration to an online grievance redress system. The Government also aims to boost income from the ICT outsourcing industry up to USD 5 billion by 2020 and has undertaken large scale projects for IT infrastructure, including the establishment several ICT/Hi-tech parks and a tier-IV data centres.

Given the current scenario of Bangladesh Telecom market and Government's ambition of Digital Bangladesh, both the Government and the mobile telecom industry have exciting opportunities for collaboration to accelerate digital transformation for millions of citizens. In order for that to happen, Government, Industry players and all the value chain partners would need to work together. At the moment there are worrying signs with respect to the Government's ability to facilitate the necessary conducive environment for such a transformation.

● **Segment/Product Wise Performance**

Grameenphone essentially provides similar products and services to customers across the country; and reviews revenue performance of its services. A relevant disclosure is provided in the notes to the Financial Statements.

Grameenphone posted BDT 143.7 billion of total revenue for the year 2019 with 8.1% increase compared to the previous year. The growth in total revenue was mainly driven by voice and data services partly offset by lower revenue from interconnection.



Voice revenue has increased by 8.5% from 2018 owing to eight (8) months of favourable impact from the unified tariff implementation in August 2018, partly offset by seven (7) months of unfavourable impact from additional 5% Supplementary Duty implementation in June 2019. Grameenphone added 3.7 million subscribers in 2019 despite increased SIM tax since July 2019 and has seen no dilution in blended Service ARPU (average revenue per user).

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Data revenue has increased by 17.0% from 2018 mainly driven by 9.5% growth in the number of data users and 77.2% growth in data volume in 2019. Data user penetration in Grameenphone's sub-base reached 53.1% in 2019, which was achieved through rolling-out more than 10,000 4G sites, focused investment for network capacity & coverage expansion as well as bringing competitive product & market offers.

'SMS and VAS' includes Content service, SMS and MMS revenue, which grew by 4.3% in 2019.

'Other Subscription & Traffic' mainly includes revenue from bundled services, outbound roaming services and USSD revenue from mobile-financial services. Bundled services revenue was lower, mainly due to a modality change, which was partly offset by growth in USSD revenue in 2019.

Interconnection revenue is generated from the incoming traffic which are originated from outside Grameenphone network. Interconnection revenue was lower by 14.3% in 2019 compared to 2018 following a decrease in incoming minutes from international operators owing to global trend of increased proliferation of OTT services. Additionally, the new domestic interconnection call termination rate introduced by BTRC in the latter part of 2018 had 8 months impact in 2019 and led to only 0.8% growth in domestic interconnection revenue.

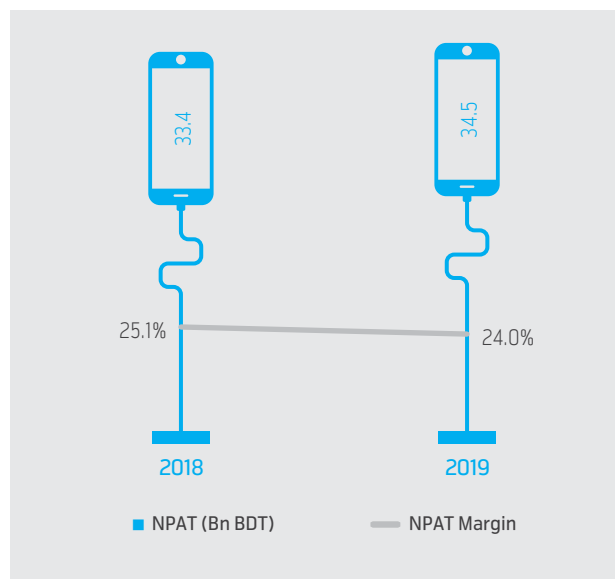
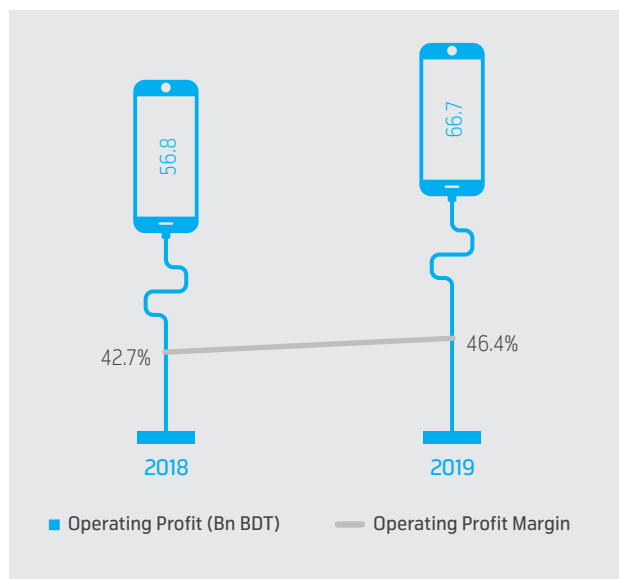
'Non-Service Revenue' segment includes customer equipment, i.e. sales of handsets, internet modems and Vehicle Tracking Systems, and revenue from telecom infrastructure sharing, commission from financial services, etc.

● **Review on Operating Expense, Operating Profit Margin and Net Profit Margin**

Operating expenses consist of cost of material and traffic charges, salaries and personnel cost, operation and maintenance, sales, marketing and commission, revenue sharing, spectrum charges and license fees, depreciation and amortisation expense, and other expenses. Operating expense for 2019 was BDT 77 billion with 1.2% increase compared to last year. The growth in operating expense mainly came from cost of material and traffic charges, commissions, revenue sharing and depreciation, which was mostly offset by robust control over other operating expenses, resulting into growth in operating profit of BDT 9.9 (+17.4%) billion from last year.

In 2019, Grameenphone transitioned from IAS17 to IFRS16, and thereby recognised right-of-use assets and lease liabilities for the leases. This favourably impacted operating profit as BDT 1.1 billion was recognised as Finance cost under IFRS16.

Net profit after tax for 2019 was BDT 34.5 billion with a margin of 24.0%. BDT 1.2 billion growth in net profit after tax came from BDT 9.1 billion growth in profit before tax, which was partly offset by higher tax expense of BDT 7.9 billion, mainly due to higher profit before tax, tax provision for non-deductible expenses and adjustments during the year. As a result, Earnings Per Share (EPS) for the year 2019 stood at BDT 25.56 as compared to BDT 24.71 (restated) for the 2018.



* 2018 figures are restated



● Risks & Concerns

Every business faces uncertainties or risks in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives but may also cause losses that could result in financial and reputational loss as well. As with other co-existing companies, Grameenphone's business is also exposed to diverse risks that arise both from internal as well as external fronts. Apart from uncertainties stemming from an unstable regulatory regime, the Company has always been prepared for issues such as competing markets, operational issues, legal knots, interest and exchange rate volatilities, and potential changes in policies at the national or global level. However, Grameenphone has a befitting risk management policy and a periodic monitoring system to address the concerns and uncertainties that are likely to hit the Company's business activities, operations, liquidity and financial position for future performances. This aspect is discussed in the "Enterprise Risk Management" section of the Annual Report on page 57.

● Extraordinary gain or loss

As per IAS 1 Presentation of Financial Statements, no items of income and expenses are to be presented as 'extraordinary gain or loss' in the financial statements. Accordingly, no 'extraordinary gain or loss' has been recognised in the Financial Statements.

● Related Party Transactions

All transactions with related parties have been made on a commercial basis. Details of related parties and related party transactions have been disclosed in note 41 to the Financial Statements 2019 as per the requirements of relevant IFRS.

● Utilisation of Proceeds from IPO

The Grameenphone Initial Public Offering (IPO) was made in 2009 and the fund raised thereby has already been utilised by 30 June 2010 as reported to the regulators. No further equity instrument has been issued since then.

● Significant Variance of Financial Statements

No significant variations have occurred between quarterly and final financial performances of the Company during 2019 except for the capitalisation of Right-of-use assets for the initial application of IFRS 16 Leases for the first time in 2019. This aspect is discussed in Note 3.17 and Note 6 on the Financial Statements 2019.

● Director Remuneration

No remuneration was given to the Directors of the Board apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2019, attendance fees in connection with Board and Board Sub-Committee meetings were BDT 865,161, which includes the attendance fees to the Local Directors only (2018: BDT 1,325,562, which included payment to Local Directors and amount provisioned for the Foreign Directors). Foreign Directors have decided not to receive the attendance fees of the past and future periods and accordingly, the amount that was provided for in the accounts so far against the attendance fees of the Foreign Directors is reversed this year.

● Directors' Declaration on the Financial Statements

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance; and to that end the Directors confirm to the best of their knowledge that:

- The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgements;
- International Financial Reporting Standards (IFRSs) have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There is no doubt upon the Company's ability to continue as a going concern.

● Declaration of the CEO and the CFO on the Financial Statements

As required under BSEC's Corporate Governance Code, the declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on Financial Statements 2019 to the Board as prescribed is annexed to this report as Annexure-IV on page 92.



- **Minority Interest**

Grameenphone believes that good Corporate Governance involves open and trusting cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders while promoting integrity, transparency and accountability. The Board of Directors shall at all times act in a manner that will be in the best interest of the Company.

- **Management’s Discussion and Analysis**

Management’s Discussion and Analysis signed by the CEO presenting detailed analysis of the Company’s position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code is disclosed in Annexure-V of this report on page 93.

- **Other Disclosure**

- The financial results of the Company have continued to improve since the IPO in 2009 as reflected in the yearly Financial Statements.
- All significant deviations from the previous year in the operating results of the Company have been highlighted and reasons thereof have been explained.
- The key operating and financial data for the last six years have been disclosed under Financial Analysis section of this Annual Report on page 64.
- Grameenphone has declared interim dividend and recommended final dividend for the year 2019.
- Grameenphone has not declared Bonus Share as Interim and Final Dividend in 2019.
- During 2019, a total of 13 (thirteen) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-II of this report on page 91.
- Shareholding pattern of the Company as on 31 December 2019 is shown in Annexure-III of this report on page 91.

Annual Results and Allocations

The Directors take pleasure in reporting the financial results of the Company for the year ended 31 December 2019 and recommended the appropriation as mentioned in the ‘Appropriation of Profit’ table below:

Figures in BDT million

| | 2019 | 2018 Restated |
|---|---------------|----------------|
| Profit available for Appropriation | | |
| Profit/ (Loss) after tax | 34,517 | 33,363 |
| Other comprehensive income (loss), net of tax | 77 | (211) |
| Un-appropriated profit brought forward from previous year | 15,477 | 13,762 |
| Adjustment on initial application of IFRS 15 as at January 2018 | - | 2,678 |
| Impact of correction of errors* | - | (3,733) |
| Total Amount available for Appropriation | 50,070 | 45,859 |
| Appropriation | | |
| Final Dividend Paid for Previous Year | (20,930) | (13,503) |
| Interim Dividend Paid for Current Year | (12,153) | (16,879) |
| Closing Retained Earnings at year end (before Proposed Final Dividend) | 16,988 | 15,477 |
| Proposed Final Dividend for the year (2019: 40% cash and 2018: 155% cash) | 5,401 | 20,930 |
| Retained Earnings after Proposed Dividend | 11,587 | (5,453) |

* There was an adjustment in the opening balance of retained earnings for the year 2018 for correction of errors of BDT 3,733 million which has reduced the available amount for appropriation. A disclosure regarding the correction of errors is given in note 3.18 to the Financial Statements.

Contribution to the National Exchequer

Being one of the largest contributors to the National Exchequer for the last several consecutive years, the collective contribution of Grameenphone from inception up to December 2019 was BDT 754.5 billion. During 2019 alone, the Company contributed BDT 85.05 billion to the national exchequer which represents about 59.2% of Grameenphone’s total revenue of 2019. Grameenphone has paid BDT 30.7 billion corporate taxes during 2019.



Dividend

For the year ended 31 December 2019, the Board of Directors of the Company has paid an Interim Cash Dividend @ 90% of the paid-up capital amounting to BDT 12,152,700,198 which was BDT 9.00 per share of BDT 10 each. Now, the Directors are pleased to recommend a Final Cash Dividend @ 40% of the paid-up capital amounting to BDT 5,401,200,088 which is BDT 4.00 per share of BDT 10 each for the year 2019 out of the divisible profits of the Company for consideration and approval of the Shareholders for distribution. Inclusive of the Interim Dividend of 90% paid already, this would make a cumulative total dividend @ 130% of the paid-up capital of the Company which represents 50.86% of the Profit After Tax for the year 2019 amounting to BDT 17,553,900,286.

The above recommendation of dividend is as per the Board approved dividend policy

Board of Directors

The composition of the Board of Directors who held office during the year was as below:

1. Mr. M Shahjahan, Grameen Telecom, Director
2. Mr. Md. Ashraful Hassan, Grameen Telecom, Director
3. Mr. Haakon Bruaset Kjoel, Telenor Mobile Communications AS, Director
4. Ms. Parveen Mahmud, Grameen Telecom, Director
5. Mr. Oivind Burdal, Telenor Mobile Communications AS, Director
6. Prof (Dr.) Jamilur Reza Choudhury, Independent Director
7. Mr. Petter Boerre Furberg, Telenor Mobile Communications AS, Director and Chair
8. Dr. Salehuddin Ahmed, Independent Director
9. Mr. Irfan Wahab Khan, Director [effective from 30 June 2019]
10. Mr. Lars Erik Tellmann, Director [effective from 11 December 2019]

Changes in the Board

During the period under review, there were a number of changes in the Board. Mr. Irfan Wahab Khan joined the Board in June 2019 in place of Mr. Witold Sitek and Mr. Lars Erik Tellmann joined the Board in December 2019 in place of Mr. Gunnar Johan Bertelsen. The Board welcomes Mr. Irfan Wahab Khan and Mr. Lars Erik Tellmann to the Board and looks forward to their enriching contribution to the governance of the Company.

The Board of Directors would also like to take this opportunity to deeply thank and bid farewell to two esteemed Board members for their invaluable contribution to the Board over the years and helping the Board discharge its governance responsibilities towards the Company. The Board wishes them the very best for their future.

Directors' Appointment & Re-Appointment

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at this Annual General Meeting. They are, however, eligible for re-appointment:

1. Mr. M Shahjahan
2. Mr. Oivind Burdal
3. Mr. Lars Erik Tellmann

As per the Corporate Governance Code 2018, the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term. Accordingly, Prof. (Dr.) Jamilur Reza Choudhury, Independent Director is in his 2nd term of office and we will place this in the upcoming AGM for approval by the shareholders. Dr. Salehuddin Ahmed, Independent Director is in his 1st term of office.

Brief profiles of the Directors being proposed for re-appointment are given on page 31 of the Annual Report, which fulfil condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

Appointment of New Chief Executive Officer (CEO)

The Board has appointed Mr. Yasir Azman as the Chief Executive Officer of Grameenphone, with effect from 01 February 2020 in place of Mr. Michael Patrick Foley, who served the Company since May 2017. On this occasion, the Board of Directors would like to thank Mr. Michael Patrick Foley for his valuable contributions to the Company. Mr. Michael Foley has delivered strong financial results in the years he has served as the CEO and led the digital transformation of Grameenphone.

Appointment of Auditors

As per the Companies Act 1994 and the Articles of Association of Grameenphone, the statutory auditors of the Company, A Qasem & Co, Chartered Accountants, shall retire at this AGM. The Firm, being eligible, has offered their willingness to be re-appointed. The Board recommends their re-appointment for the year 2020 and continuation till the next AGM at the fee of BDT 3.0 million plus VAT.

Outlook 2020: Agility towards continuing growth

Looking at the new year we are confident that the Company will move forward and achieve new heights. 2020 will probably see similar regulatory challenges and perhaps new asymmetrical directives aimed at slowing down Grameenphone's progress in the market. However, the company has amply demonstrated the agility within the company to face very disadvantage head-on and find a way to grow. As we build for the future, we continue to focus on running our Company with the same rigour and discipline that is expected from us. We believe we have the right assets and long-term strategy in place for sustainable growth.

The telecommunication market in Bangladesh continues to have immense potential for all MNOs and we will do our part to secure our share. In this rapidly evolving and challenging marketplace protecting the interest of our shareholders, providing value to our customers, and continuing to build a strong network in the country remains our priority in 2020. We are committed to our focus on acquiring quality subscribers, while continuing to invest in our strong network and distribution ecosystem to ensure connectivity and access to all the people of Bangladesh.

Appreciation

The Board of Directors expresses its appreciation to all stakeholders in the company for their support. We would like to particularly thank our shareholders, the management team and employees for the trust bestowed on the Board. The members of the Management Team and the employees have demonstrated their commitment to the Company in the face of a turbulent year; their actions at mitigation and pivoting has enabled Grameenphone to prosper, innovate, collaborate and grow despite occasional setbacks.

In over 22 years of operations in Bangladesh, 2019 has the most turbulent for Grameenphone but the Company has proven its resilience to sustain and grow. Our more than 76 million valued subscribers also deserve our gratitude for the trust that they have bestowed on us. We are confident that with the strengths and resources we possess, we can overcome any new challenges ahead and bring even greater innovation into the fold.

We hope to continue to play a role in the Bangladesh economy and create value for our Shareholders.

For and on behalf of the Board of Directors of Grameenphone Ltd.



Petter Boerre Furberg

Chair

27 January 2020



Annexure I

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/ Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|----------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 1 | Board of Directors (BoD) | | | |
| 1(1) | Board's Size (number of Board members – minimum 5 and maximum 20) | √ | | Grameenphone Board is comprised of 10 (Ten) Directors |
| 1(2) | Independent Directors | | | |
| 1(2)(a) | At least one-fifth (1/5) of the total number of directors shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s) | √ | | There are 2 (Two) Independent Directors (ID) out of total 10 (Ten) Directors |
| 1(2)(b) | Independent Director means a Director: | | | |
| 1(2)(b)(i) | who either does not hold any share in the Company or holds less than one percent (1%) shares of the total paid-up shares of the Company | √ | | The IDs have submitted declarations about their compliances |
| 1(2)(b)(ii) | who is not a sponsor of the Company or is not connected with the Company's any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the Company | √ | | -do- |
| 1(2)(b)(iii) | who has not been an executive of the Company in the immediately preceding 2 (two) financial years | √ | | -do- |
| 1(2)(b)(iv) | who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated companies | √ | | -do- |
| 1(2)(b)(v) | who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange | √ | | -do- |
| 1(2)(b)(vi) | who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market | √ | | -do- |
| 1(2)(b)(vii) | who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code | √ | | -do- |
| 1(2)(b)(viii) | who is not independent director in more than 5 (five) listed companies | √ | | -do- |
| 1(2)(b)(ix) | who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI) | √ | | -do- |
| 1(2)(b)(x) | who has not been convicted for a criminal offence involving moral turpitude | √ | | -do- |

| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|----------------|---|--|--------------|---|
| | | Complied | Not Complied | |
| 1(2)(c) | The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM) | √ | | The appointment of IDs are duly approved at AGM |
| 1(2)(d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and | √ | | No such case in the reporting year |
| 1(2)(e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only | √ | | The IDs are in their regular term of office |
| 1(3) | Qualification of Independent Director | | | |
| 1(3)(a) | Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business | √ | | The qualification and background of IDs justify their abilities as such |
| 1(3)(b) | Independent director shall have following qualifications: | | | |
| 1(3)(b)(i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of BDT 100 million or any listed company or a member of any national or international chamber of commerce or business association; or | Not applicable | | |
| 1(3)(b)(ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of BDT 100 million or of a listed company; or | Not applicable | | |
| 1(3)(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of Bachelor degree in economics or commerce or business or law | √ | | |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law | √ | | |
| 1(3)(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification | Not applicable | | |
| 1(3)(c) | The independent director shall have at least 10 (ten) years' experiences in any field mentioned in clause (b) | √ | | |
| 1(3)(d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission | None | | No such case in the reporting year |



| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|---|
| | | Complied | Not Complied | |
| 1(4) | Duality of Chair of the Board of Directors and Chief Executive Officer | | | |
| 1(4)(a) | The positions of the Chair of the Board and the Chief Executive Officer (CEO) of the Company shall be filled by different individuals | √ | | The Chair and the CEO are different individuals with clearly defined roles and responsibilities |
| 1(4)(b) | The Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company | √ | | The CEO does not hold the same position in any other listed company |
| 1(4)(c) | The Chair of the Board shall be elected from among the non-executive directors of the company | √ | | All Board members are non-executive director. The Chair of the Board is non-executive director |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the Chair and the Chief Executive Officer | √ | | The Board clearly defined roles and responsibilities of the Chair and the CEO |
| 1(4)(e) | In the absence of the Chair of the Board, the remaining members may elect one of themselves from non-executive directors as Chair for that particular Board's meeting; the reason of absence of the regular Chair shall be duly recorded in the minutes | None | | No such case in the reporting year |
| 1(5) | The Directors' Report shall include the following additional statements | | | |
| 1(5)(i) | Industry outlook and possible future developments in the industry | √ | | Included in the Directors' report on Page 73 of the Annual Report |
| 1(5)(ii) | Segment-wise or product-wise performance | √ | | Included in the Directors' report on Page 73 of the Annual Report |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(iv) | Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable | √ | | Included in the Directors' report on Page 74 of the Annual Report |
| 1(5)(v) | Discussion on continuity of any extraordinary activities and their implications (gain or loss) | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(vi) | Detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(vii) | Statement of utilisation of proceeds raised through public issues, rights issues and/or any other instruments | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(viii) | Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc. | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(ix) | Explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(x) | Statement of remuneration paid to the directors including independent directors | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(xi) | Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(xii) | Proper books of account of the issuer company have been maintained | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(xiii) | Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement | √ | | Included in the Directors' report on Page 75 of the Annual Report |

| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|--------------------|---|--|--------------|---|
| | | Complied | Not Complied | |
| 1(5)(xiv) | International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(xv) | The system of internal control is sound in design and has been effectively implemented and monitored | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress | √ | | Included in the Directors' report on Page 76 of the Annual Report |
| 1(5)(xvii) | There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(xviii) | Explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained | √ | | Included in the Directors' report on Page 75 of the Annual Report |
| 1(5)(xix) | Key operating and financial data of at least preceding five (5) years shall be summarised | √ | | Given on Page 64 of the Annual Report |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year | Not applicable | | No such case in the reporting year |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend | √ | | Stated in the Directors' report on Page 76 of the Annual Report |
| 1(5)(xxii) | The total number of Board meetings held during the year and attendance by each director | √ | | Included in the Directors' report on Page 91 of the Annual Report |
| 1(5)(xxiii) | Pattern of shareholding and name wise details (disclosing aggregate number of shares): | | | |
| 1(5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties | √ | | Included in the Directors' report on Page 91 of the Annual Report |
| 1(5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children | √ | | Included in the Directors' report on Page 91 of the Annual Report |
| 1(5)(xxiii)(c) | Executives | √ | | Included in the Directors' report on Page 91 of the Annual Report |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the Company | √ | | Included in the Directors' report on Page 91 of the Annual Report |
| 1(5)(xxiv) | In case of the appointment/re-appointment of a director, disclose: | | | |
| 1(5)(xxiv)(a) | a brief resume of the director | √ | | Given on Page 31 of the Annual Report |
| 1(5)(xxiv)(b) | nature of his/her expertise in specific functional areas | √ | | Given on Page 31 of the Annual Report |
| 1(5)(xxiv)(c) | names of Companies in which the person also holds the Directorship and the membership of committees of the Board | √ | | Given on Page 34 of the Annual Report |



| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|------------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 1(5)(xxv) | Management's Discussion and Analysis signed by CEO presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: | | | |
| 1(5)(xxv)(a) | Accounting policies and estimation for preparation of financial statements | √ | | Stated as Annexure -V (Management's Discussion and Analysis) of the Directors' Report on Page 95 of the Annual Report |
| 1(5)(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes | √ | | -do- |
| 1(5)(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof | √ | | -do- |
| 1(5)(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario | √ | | Stated as Annexure -V (Management's Discussion and Analysis) of the Directors' Report on Page 97 of the Annual Report |
| 1(5)(xxv)(e) | Briefly explain the financial and economic scenario of the country and the globe | √ | | -do- |
| 1(5)(xxv)(f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and | √ | | -do- |
| 1(5)(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM | √ | | -do- |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) | √ | | Stated as Annexure -IV of the Directors' Report on Page 92 of the Annual Report |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed | √ | | The Certificate regarding compliance of the conditions is disclosed on page 99 of the Annual Report |
| 1(6) | Meetings of the Board of Directors | | | |
| 1(6) | The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code | √ | | Company conducts its Board meetings and record the minutes of the meetings as well as keep required books and records as per provisions of Bangladesh Secretarial Standards (BSS) as adopted by ICSB |
| 1(7) | Code of Conduct for the Chair, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chair of the Board, other board members and Chief Executive Officer of the Company | √ | | There is a written Code of Conduct for the Chair of the Board, other board members and CEO of the Company, which was recommended by the NRC and approved by the Board |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency | √ | | The Code of Conduct as recommended by the NRC and approved by the Board is available on the website of the Company |

| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 2 | Governance of Board of Directors of Subsidiary Company | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company | Not applicable | | Grameenphone does not have any subsidiary Company as on reporting date |
| 2(b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company | Not applicable | | -do- |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company | Not applicable | | -do- |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also | Not applicable | | -do- |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company | Not applicable | | -do- |
| 3 | Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS) | | | |
| 3(1) | Appointment | | | |
| 3(1)(a) | The Board shall appoint a Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) | √ | | The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance have been appointed by the Board |
| 3(1)(b) | The positions of the Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals | √ | | The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance are different individuals and their roles and responsibilities are separately defined |
| 3(1)(c) | The CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other Company at the same time | √ | | The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance do not hold any executive position in any other Company |
| 3(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS | √ | | The roles and responsibilities are separately defined |
| 3(1)(e) | The CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s) | √ | | In practice |
| 3(2) | Requirement to attend Board of Directors' Meetings | | | |
| | The CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board | √ | | The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance attended in the Board Meetings |
| 3(3) | Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | | |
| 3(3)(a) | The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief | √ | | The CEO and CFO have duly certified to the Board and the declaration is disclosed as Annexure-IV on page 92 of the Annual Report |
| 3(3)(a)(i) | these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading | √ | | -do- |



| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|---|
| | | Complied | Not Complied | |
| 3(3)(a)(ii) | these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws | √ | | -do- |
| 3(3)(b) | The CEO and CFO shall also certify that there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members | √ | | -do- |
| 3(3)(c) | The certification of the CEO and CFO shall be disclosed in the Annual Report | √ | | The declaration by the CEO and CFO is disclosed on page 92 of the Annual Report |
| 4 | Board of Directors' Committee | | | |
| | For ensuring good governance in the Company, the Board shall have at least following sub-committees: | | | |
| 4(i) | Audit Committee | √ | | The Board formed the Audit Committee on 10 November 2008 |
| 4(ii) | Nomination and Remuneration Committee | √ | | The Board formed the NRC on 11 December 2018 |
| 5 | Audit Committee | | | |
| 5(1) | Responsibility to the Board of Directors | | | |
| 5(1)(a) | The Company shall have an Audit Committee as a subcommittee of the Board | √ | | Audit Committee is established as per BSEC guidelines |
| 5(1)(b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business | √ | | The Audit Committee discharges as per BSEC guidelines |
| 5(1)(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing | √ | | The duties of the Audit Committee are clearly defined in the Board approved Audit Committee Charter as per BSEC guidelines |
| 5(2) | Constitution of the Audit Committee | | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members | √ | | Audit Committee comprises of 3 (three) members |
| 5(2)(b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chair of the Board and shall include at least 1 (one) independent director | √ | | All members of the Audit Committee are non executive directors, out of which one member is ID. All the members are appointed by the Board. The Chair of the Board is not the member of the Audit Committee |
| 5(2)(c) | All members of the audit committee should be "financially literate" and at least one (1) member shall have accounting or related financial management background and ten (10) years of such experience | √ | | Based on the academic qualifications and professional experience, which provided on page 31 of the Annual Report demonstrate that all the existing members of the Audit Committee are "financially literate" and they have "related financial management" experience as per BSEC notification |

| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|---------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 5(2)(d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of three (3) persons, the Board shall appoint new Committee member to fill up the vacancy immediately or not later than one (1) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee | None | | No such case in the reporting year |
| 5(2)(e) | The Company Secretary shall act as the secretary of the Committee | √ | | In practice |
| 5(2)(f) | The quorum of the Audit Committee meeting shall not constitute without at least one (1) independent director | √ | | In practice |
| 5(3) | Chair of the Audit Committee | | | |
| 5(3)(a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director | √ | | The Chair of the Audit Committee is an Independent Director |
| 5(3)(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes | √ | | The reason for the absence of the Audit Committee Chair was duly recorded in the Minutes |
| 5(3)(c) | Chair of the Audit Committee shall remain present in the Annual General Meeting (AGM) | √ | | Due to unavoidable circumstance the Chair of the Audit Committee was unable to attend in the 22 nd AGM held on 23 April 2019 and the reason was duly recorded in the 22 nd AGM |
| 5(4) | Meeting of the Audit Committee | | | |
| 5(4)(a) | The Audit Committee shall conduct at least four (4) meetings in a financial year | √ | | There were nine (9) meetings held during the reporting period |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must | √ | | In practice |
| 5(5) | Meeting of the Audit Committee | | | |
| 5(5)(a) | Oversee the financial reporting process | √ | | The Audit Committee performs as per BSEC's guidelines |
| 5(5)(b) | Monitor choice of accounting policies and principles | √ | | -do- |
| 5(5)(c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report | √ | | -do- |
| 5(5)(d) | Oversee hiring and performance of external auditors | √ | | -do- |
| 5(5)(e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption | √ | | -do- |



| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|----------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 5(5)(f) | Review along with the management, the annual financial statements before submission to the Board for approval | √ | | -do- |
| 5(5)(g) | Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval | √ | | -do- |
| 5(5)(h) | Review the adequacy of internal audit function | √ | | -do- |
| 5(5)(i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report | √ | | -do- |
| 5(5)(j) | Review statement of all related party transactions submitted by the management | √ | | -do- |
| 5(5)(k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors | √ | | -do- |
| 5(5)(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors | √ | | -do- |
| 5(5)(m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilised as per the purposes stated in relevant offer document or prospectus approved by the Commission | None | | No IPO was made in the year 2019 |
| 5(6) | Reporting of the Audit Committee | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board | √ | | |
| 5(6)(a)(ii)(a) | Report on conflicts of interests | None | | No such event in the reporting year |
| 5(6)(a)(ii)(b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements | None | | No such event in the reporting year |
| 5(6)(a)(ii)(c) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and | None | | No such event in the reporting year |
| 5(6)(a)(ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately | None | | No such event in the reporting year |
| 5(6)(b) | Reporting to BSEC (if any, which has material impact on the financial condition and results of operation, unreasonably ignored by the management) | None | | No such event in the reporting year |
| 5(7) | Reporting to the Shareholders and General Investors of Audit Committee Activities, which shall be signed by the Chair of the Audit Committee and disclosed in the Annual Report | √ | | Activities of the Audit Committee are reported on page 59 of the Annual Report |
| 6 | Nomination and Remuneration Committee (NRC) | | | |
| 6(1) | Responsibility to the Board of Directors | | | |
| 6(1)(a) | The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board | √ | | NRC is established as per BSEC guidelines |



| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive | √ | | The NRC discharges as per given guidelines |
| 6(1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b) | √ | | The duties of the NRC are clearly defined in the Board approved NRC Charter as per BSEC's guidelines |
| 6(2) | Constitution of the NRC | | | |
| 6(2)(a) | The Committee shall comprise of at least three (3) members including an independent director | √ | | NRC comprises of three (3) members, which includes one ID |
| 6(2)(b) | All members of the Committee shall be non-executive directors | √ | | All members of NRC are non-executive directors |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board | √ | | All members of the NRC are appointed by the Board |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the Committee | √ | | In practice |
| 6(2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within one hundred eighty (180) days of such vacancy occurring in the Committee | None | | No such case in the reporting year |
| 6(2)(f) | The Chairperson of the Committee may appoint or coopt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or is valuable for the Committee | None | | No such case in the reporting year |
| 6(2)(g) | The Company Secretary shall act as the secretary of the Committee | √ | | |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an Independent Director | √ | | No such case in the reporting year |
| 6(2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honourarium from the company | √ | | No such case in the reporting year |
| 6(3) | Chair of the NRC | | | |
| 6(3)(a) | The Board shall select 1 (one) member of the NRC to be Chair of the Committee, who shall be an independent director | √ | | The Chair of the NRC is an Independent Director |
| 6(3)(b) | In the absence of the Chair of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes | None | | No such case in the reporting year |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders | √ | | The Chair of the NRC attended in the 22 nd AGM held on 23 April 2019 |



| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|---------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 6(4) | Meeting of the NRC | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year | √ | | There were six (6) meetings held during the reporting period |
| 6(4)(b) | The Chair of the NRC may convene any emergency meeting upon request by any member of the NRC | None | | No such case in the reporting year |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an Independent Director is must as required under condition No. 6(2)(h) | √ | | In practice |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC | √ | | In practice |
| 6(5) | Role of the NRC | | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders | √ | | The NRC performs as per BSEC's guidelines |
| 6(5)(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully | √ | | -do- |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | √ | | -do- |
| 6(5)(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals | √ | | -do- |
| 6(5)(b)(ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality | √ | | -do- |
| 6(5)(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board | √ | | -do- |
| 6(5)(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board | √ | | -do- |
| 6(5)(b)(v) | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria | √ | | -do- |
| 6(5)(b)(vi) | Developing, recommending and reviewing annually the company's human resources and training policies | √ | | -do- |
| 6(5)(c) | The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report | √ | | The policy, criteria and activities of NRC are given on Page 61 of the Annual Report |



| Condition No. | Title | Compliance Status ("√" has been put in the appropriate column) | | Remarks (If any) |
|---------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 7 | External or Statutory Auditors | | | |
| 7(1)(i) | Appraisal or valuation services or fairness opinions | √ | | As declared by the Auditors |
| 7(1)(ii) | Financial information systems design and implementation | √ | | -do- |
| 7(1)(iii) | Book-keeping or other services related to the accounting records or financial statements | √ | | -do- |
| 7(1)(iv) | Broker-dealer services | √ | | -do- |
| 7(1)(v) | Actuarial services | √ | | -do- |
| 7(1)(vi) | Internal audit services or special audit services | √ | | -do- |
| 7(1)(vii) | Any service that the Audit Committee determines | √ | | -do- |
| 7(1)(viii) | Audit or certification services on compliance of corporate governance as required under condition No. 9(1) ; and | √ | | -do- |
| 7(1)(ix) | Any other service that creates conflict of interest | √ | | -do- |
| 7(2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company | √ | | -do- |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders | √ | | The representative of external auditors attended in the 22nd AGM held on 23 April 2019 |
| 8 | Maintaining a website by the Company | | | |
| 8(1) | The Company shall have an official website linked with the website of the stock exchange | √ | | In practice |
| 8(2) | The Company shall keep the website functional from the date of listing | √ | | In practice |
| 8(3) | The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s) | √ | | In practice |
| 9 | Reporting and Compliance of Corporate Governance | | | |
| 9(1) | Obtaining a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report. | √ | | The company obtained the certificate from ACNABIN, Chartered Accountants regarding compliance of conditions of Corporate Governance Code 2018 and such certificate is disclosed on page 99 of the Annual Report. |
| 9(2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | √ | | The Board appointed the Compliance Auditor and their appointment was approved by the Shareholders |
| 9(3) | Directors statement in the directors' report whether the Company has complied with these conditions or not | √ | | Detailed status of compliance is given on page 79 of the Annual Report in the compliance schedule as published with the Directors' Report |



Annexure II

Board Meeting and attendance during the year ended 31 December 2019

| Name of Directors | Board Member Since | Number of meetings attended during 2019 |
|-------------------------------------|--------------------|---|
| Mr. M Shahjahan | 26 June 2006 | 13/13 |
| Mr. Md. Ashrafur Hassan* | 20 January 2010 | 11/13 |
| Mr. Haakon Bruaset Kjoel | 14 September 2011 | 13/13 |
| Ms. Parveen Mahmud* | 17 October 2012 | 11/13 |
| Mr. Oivind Burdal | 18 May 2016 | 13/13 |
| Prof. (Dr.) Jamilur Reza Choudhury* | 15 June 2016 | 09/13 |
| Mr. Petter Boerre Furberg | 26 May 2017 | 13/13 |
| Dr. Salehuddin Ahmed | 12 December 2018 | 13/13 |
| Mr. Irfan Wahab Khan | 14 July 2019 | 06/06 |
| Mr. Lars Erik Tellmann* | 11 December 2019 | 00/01 |
| Mr. Witold Sitek* | 30 January 2018 | 07/08 |
| Mr. Gunnar Johan Bertelsen* | 11 June 2018 | 11/13 |

* Mr. Witold Sitek retired from the Board on 14 July 2019

* Mr. Gunnar Johan Bertelsen retired from the Board on 11 December 2019

*In compliance with the law, the Board granted leave of absence to the members who were unable to attend Board meetings.

Annexure-III

The Pattern of Shareholding as on 31 December 2019

| Name of Shareholders | Status | Shares Held | Percentage |
|--|--------------------------------------|-------------|------------|
| i) Parent/Subsidiary/Associate Companies | | | |
| Telenor Mobile Communications AS | - | 753,408,154 | 55.80% |
| Grameen Telecom | - | 461,766,409 | 34.20% |
| ii) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children | | | |
| Mr. Petter Boerre Furberg | Chair | - | - |
| Mr. Haakon Bruaset Kjoel | Board Member | - | - |
| Mr. Oivind Burdal | Board Member | - | - |
| Mr. Irfan Wahab Khan | Board Member | - | - |
| Mr. Lars Erik Tellmann | Board Member | - | - |
| Mr. M Shahjahan | Board Member | - | - |
| Mr. Md. Ashrafur Hassan | Board Member | - | - |
| Ms. Parveen Mahmud | Board Member | - | - |
| Prof. (Dr.) Jamilur Reza Choudhury | Board Member | - | - |
| Dr. Salehuddin Ahmed | Board Member | - | - |
| Mr. Michael Patrick Foley | Chief Executive Officer | - | - |
| Mr. Jens Becker | Chief Financial Officer | - | - |
| Mr. S M Imdadul Haque | Company Secretary | - | - |
| Mr. Hasan Faisal | Head of Internal Audit | 195 | 0.00% |
| iii) Executives (as explained in the BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012) | | | |
| Mr. Yasir Azman | Deputy CEO & Chief Marketing Officer | 39,783 | 0.00% |
| Mr. Rade Kovacevic | Chief Technology Officer | | |
| Mr. Mahmud Hossain | Chief Business Officer | | |
| Mr. Syed Tanvir Husain | Chief Human Resources Officer | | |
| Mr. Ole Bjorn Sjulstad | Chief Corporate Affairs Officer | | |
| iv) Shareholders holding ten percent or more voting interest | | | |
| Telenor Mobile Communications AS | - | 753,408,154 | 55.80% |
| Grameen Telecom | - | 461,766,409 | 34.20% |

Declaration by the CEO and the CFO

[As per condition No. 1(5)(xxvi) of Corporate Governance Code 2018]

The Board of Directors

Grameenphone Ltd.

Subject: Declaration on Financial Statements for the year ended on 31 December 2019.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207 Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Grameenphone Ltd. for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgements related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- i) We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief;
- ii) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- iii) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws; and
- iv) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Michael Patrick Foley)
Chief Executive Officer (CEO)



(Jens Becker)
Chief Financial Officer (CFO)

27 January 2020

Annexure –V

Management's Discussion and Analysis

As per condition no. 1 (5) (xxv) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis are as follows:

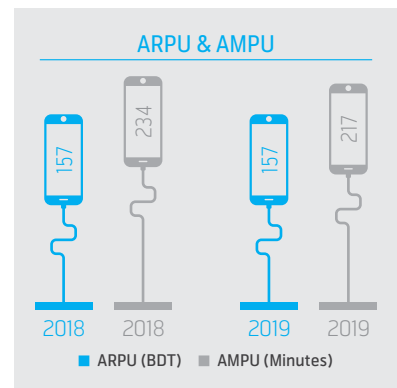
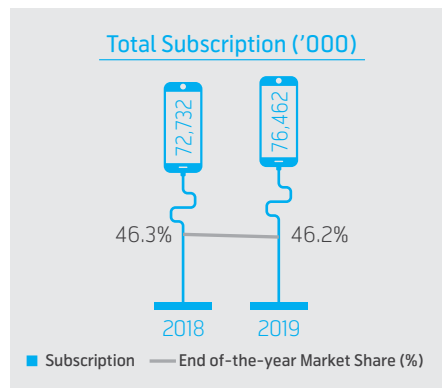
2019 Key Highlights

Grameenphone generated total revenue of BDT 143.7 billion (2018: BDT 132.8 billion), with a growth of 8.1% in year 2019 compared to the previous year. Net profit after tax for 2019 stood at BDT 34.5 billion (2018: BDT 33.4 billion, restated). Grameenphone added 3.7 million subscriptions in 2019 taking the year-end subscription base to 76.5 million, despite doubling of SIM tax from the middle of the year. Total number of Internet users stood at 40.6 million at the end of 2019 registering a strong 9.5% growth. 53.1% of subscribers of Grameenphone were active internet users at the end of 2019, including 11.9 million 4G internet users. Number of 4G sites of Grameenphone reached more than 10,000 by the end of year, while investment on data capacity enhancement & coverage expansion continued in 2019. This has resulted into 99.6% population coverage for Grameenphone including 95.4% coverage with 3G network. Strong revenue growth, along with structural operational efficiency initiatives, resulted into a 17.4% growth in operating profit in the year 2019.

Despite facing significant challenges from increase in supplementary duty, doubling of SIM tax and imposition of NOC restrictions by regulatory bodies, Grameenphone continued its growth momentum, while maintaining its superior positioning as data & digital service provider.

Customers and Average Revenue/Minutes per User (ARPU & AMPU)

The subscription base of Grameenphone stood at 76.5 million at the end of 2019 with a growth of 5.1%. Increased SIM price, as a result of BDT 100 increase in SIM tax, had a negative impact in subscription growth in the second half of the year. Grameenphone's subscription market share stood at 46.2% at the year-end.

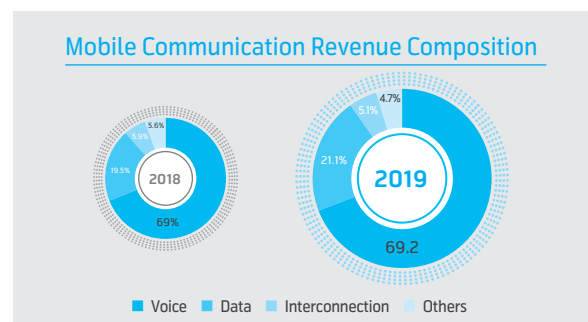
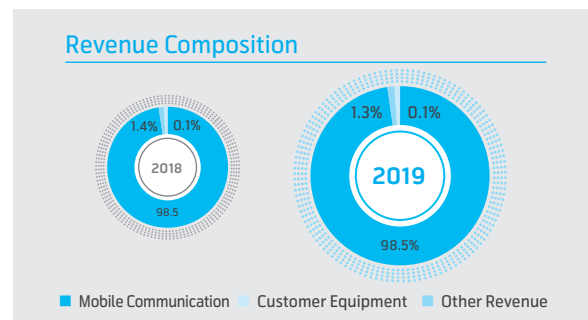


ARPU of Grameenphone remained flat at BDT 157 in year 2019 (2018: BDT 157), as higher contribution from voice & data services were offset by lower contribution of interconnect & other revenue segments. In 2019, AMPU was 217 minutes (2018: 234 minutes) with decrease of 7.1%, mainly owing to usage adjustment by subscribers from the two major events: unified tariff implementation (introduced in August 2018) and 5% additional supplementary duty (introduced in June 2019).

Revenue Performance

Grameenphone reported total revenue of BDT 143.7 billion for the year 2019 (2018: BDT 132.8 billion), with 8.1% growth. The growth in total revenue mainly came from growth in mobile communication revenue, which was driven by voice and data services partly offset by lower revenue from interconnection.

Revenue from voice service had a strong growth of 8.5%, enabled by 5.1% growth in subscription base along with no dilution in voice ARPU in year 2019.



- Overview
- Sustainability
- Business Performance
- Governance
- Financial Analysis
- Additional Information

Data revenue increased by 17.0%, driven by 9.5% growth in active internet user base and 2.0% growth in data ARPU in 2019. BDT 29.8 billion Data revenue in 2019 accounts for 21.1% (2018: 19.5%) of mobile communication revenue for Grameenphone. Roll-out of 5,013 new 4G sites (total 4G sites by the end of 2019: 10,000+), focused investment in data capacity enhancement and coverage expansion, along with competitive, relevant and exciting product offers in the market enabled the aforesaid growth in data revenue in 2019.

Interconnection revenue decreased by 14.3% in 2019 which is a continuation of declining trend in interconnection revenue for the last 5 years; this can be attributed to increasing proliferation of OTT services (e.g. Whatsapp, Viber, IMO, Facebook Messenger, etc.). Additionally, the new domestic interconnection call termination rate introduced by BTRC in the latter part of 2018 had eight (8) months impact in 2019 and led to only 0.8% growth in domestic interconnection revenue.

Cost and Margin Review

Total operating expense of Grameenphone stood at BDT 77.0 billion (2018: BDT 76.1 billion, restated) with 1.2% increase compared to last year. The growth in operating expense mainly came from cost of material and traffic charges, commissions, revenue sharing and depreciation, which was mostly offset by robust control over other operating expenses. BDT 10.8 billion growth in total revenue and BDT 0.9 billion growth in operating expense resulted into a strong growth of BDT 9.9 billion (+17.4%) in operating profit for Grameenphone in 2019. Operating profit margin of Grameenphone improved to 46.4% in 2019 from 42.7% (restated) in 2018.

In 2019, Grameenphone transitioned from IAS17 to IFRS16, and thereby recognised right-of-use assets and lease liabilities for the lease contracts. This favourably impacted operating profit as BDT 1.1 billion was recognised as Finance cost under IFRS16.

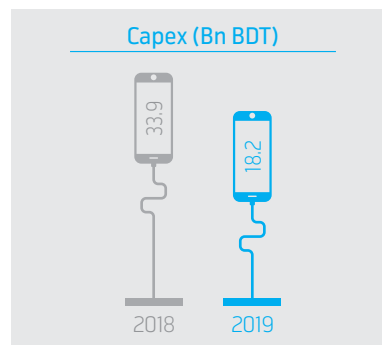
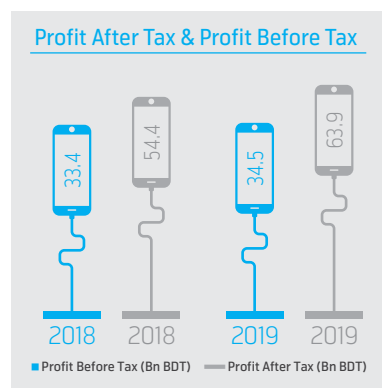
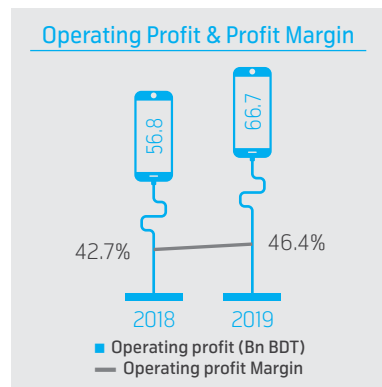
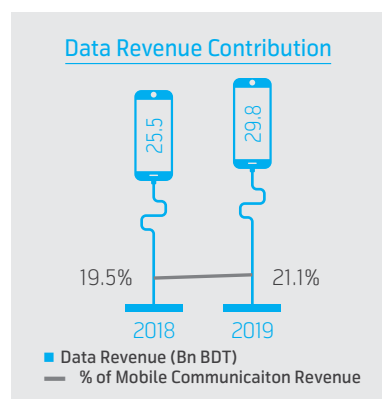
If compared using the same accounting standard of IAS17, Grameenphone's EBITDA in 2019 increased by 10.0% with a margin of 61.1% (2018: 60.0%, restated), including 1.1pp margin improvement from last year.

Profit after Tax

Net profit after tax for 2019 was BDT 34.5 billion (2018: 33.4 billion, restated) with a margin of 24.0%. BDT 1.2 billion growth in net profit after tax came from BDT 9.1 billion growth in profit before tax, which was partly offset by higher tax expense of BDT 7.9 billion, mainly due to higher profit before tax, tax provision for non-deductible expenses and adjustments during the year.

Capital Expenditure (Capex) and Network Updates

In 2019, Grameenphone reported BDT 18.2 billion as capital expenditure (2018: BDT 34.0 billion, including acquisition of 4G license, additional 5 MHz spectrum and 2G technology neutrality) with a 'total capex to sales' ratio of 12.7%. Majority of the investment in 2019 was related to rolling out of 4G sites, capacity increase for data traffic and coverage expansion - all in order to provide superior voice and data experience for customers. Grameenphone rolled-out 5,013 new 4G sites taking the total number of 4G sites to 10,022 in 2019. Also, Grameenphone rolled-out 1,023 new 3G sites in 2019 increasing the 3G population coverage to 95.4% (2018: 95.2%). With 16,506 sites across the country, Grameenphone currently provides telecommunication services covering 99.6% of the total population of the country.



Balance Sheet

Total asset base increased to BDT 148.7 billion (2018: BDT 138.7 billion) mainly for the increase in Right-of-use assets for implementation of IFRS 16 and increase in current assets from cash and cash equivalents.

Total liabilities increased during 2019, mainly for the increase in lease liability for implementation of IFRS 16 partly offset by payments of 8th and 9th installment of long-term loan from IFC.

Total equity increased to BDT 38.3 billion (2018: BDT 36.8 billion) due to increased profit. The net profit generated from operations during the year 2019 was BDT 34.5 billion (2018: BDT 33.4 billion). The equity is reduced by payment of final dividend for the year 2018 and interim dividend for the year 2019. There was also an adjustment in the opening balance of retained earnings for the year 2018 for correction of errors of BDT 3.7 billion.

This correction of errors relates to some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses for prior periods. Consequently, its sales, marketing and commission expenses and associated non-deductible costs were understated. The errors were identified during 2019 and Grameenphone proactively corrected those by restating each of the affected financial statements line items. A detailed disclosure regarding the correction of errors is given in note 3.18 of the Financial Statements.

Other Disclosure/Statements Pursuant to the Provisions of the BSEC's Corporate Governance Code 2018

Accounting policies and estimation for preparation of financial statements

The financial statements of Grameenphone have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. Detail of the accounting policies and estimation used for preparation of the financial statements of the Company are disclosed in the notes 2 to 3 of the financial statements.

Changes in accounting policies and estimation

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new accounting standard as described in the note 3.17 of the Financial Statements.

Comparative analysis of financial performance, financial position and cash flows

Major areas of financial performance, financial position as well as cash flows (including effects of inflation) with immediate preceding five years are as follows:

| Reported numbers | 2019 | 2018 Restated | 2017 Adjusted | 2016 Adjusted | 2015 Adjusted | 2014 Adjusted |
|---|----------|------------------|------------------|------------------|------------------|------------------|
| Financial Performance (in million BDT) | | | | | | |
| Revenue | 143,656 | 132,832 | 128,436 | 114,862 | 104,754 | 102,663 |
| Operating Profit | 66,652 | 56,777 | 49,340 | 40,950 | 36,538 | 36,445 |
| Profit before tax | 63,899 | 54,848 | 46,419 | 37,127 | 34,091 | 33,864 |
| Net Profit after tax | 34,517 | 33,363 | 26,146 | 21,721 | 19,046 | 18,813 |
| Financial Position (in million BDT) | | | | | | |
| Paid-up Capital | 13,503 | 13,503 | 13,503 | 13,503 | 13,503 | 13,503 |
| Shareholders' equity | 38,347 | 36,836 | 31,388 | 31,116 | 28,974 | 30,374 |
| Total assets | 148,734 | 138,713 | 130,220 | 130,500 | 132,450 | 130,673 |
| Total liabilities | 110,387 | 101,877 | 98,832 | 99,384 | 103,476 | 100,299 |
| Current assets | 20,999 | 13,369 | 20,658 | 10,941 | 11,928 | 14,865 |
| Current liabilities | 90,426 | 82,963 | 78,274 | 70,536 | 69,276 | 62,393 |
| Non current assets | 127,735 | 125,345 | 109,562 | 119,558 | 120,522 | 115,808 |
| Non current liabilities | 19,961 | 18,914 | 20,558 | 28,848 | 34,199 | 37,906 |
| Cash Flows (in million BDT) | | | | | | |
| Net cash generated from operating activities | 57,393 | 60,413 | 57,771 | 46,152 | 38,791 | 31,255 |
| Net cash used in investing activities | (14,263) | (30,200) | (12,944) | (19,839) | (19,907) | (20,069) |
| Net cash used in financing activities | (35,308) | (36,699) | (35,336) | (27,553) | (19,491) | (10,972) |

| Reported numbers | 2019 | 2018 Restated | 2017 Adjusted | 2016 Adjusted | 2015 Adjusted | 2014 Adjusted |
|--|--------|------------------|------------------|------------------|------------------|------------------|
| Financial Ratios | | | | | | |
| Current Asset to Current Liability | 0.23 | 0.16 | 0.26 | 0.16 | 0.17 | 0.24 |
| Debt to Equity | 0.62 | 0.50 | 0.63 | 0.87 | 1.19 | 1.12 |
| Operating Profit Margin | 46% | 43% | 38% | 36% | 35% | 35% |
| Net Profit Margin | 24% | 25% | 20% | 19% | 18% | 18% |
| Return on Equity | 92% | 98% | 84% | 72% | 64% | 61% |
| Return on Total Assets | 24% | 25% | 20% | 17% | 14% | 14% |
| Ordinary Shares Information | | | | | | |
| Ordinary Shares outstanding (in million) | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 |
| Face Value per share | 10 | 10 | 10 | 10 | 10 | 10 |
| Cash Dividend on paid up capital ¹ | 130% | 280% | 205% | 175% | 140% | 160% |
| Dividend payout ¹ | 50.86% | 113% | 106% | 109% | 99% | 115% |
| NAV per Share ² | 28.40 | 27.28 | 23.25 | 23.04 | 21.46 | 22.49 |
| Net Operating Cash Flow per Share ³ | 42.50 | 44.74 | 42.78 | 34.18 | 28.73 | 23.15 |
| Earnings Per Share ³ | 25.56 | 24.71 | 19.36 | 16.09 | 14.11 | 13.93 |

*Gain/loss on disposal of property, plant and equipment has been included in operating profit

¹Including proposed dividend

²Based on BDT 10 equivalent ordinary share outstanding at 31 December

³Based on weighted average number of shares of BDT 10 each

*During 2019, Grameenphone discovered some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses which affected reported numbers till 2014. To give the accurate reflection of the correction, we have adjusted the above-mentioned numbers accordingly

| Inflation Adjusted numbers | 2019 | 2018 Restated | 2017 Adjusted | 2016 Adjusted | 2015 Adjusted | 2014 Adjusted |
|---|----------|------------------|------------------|------------------|------------------|------------------|
| Financial Performance (in million BDT) | | | | | | Base Year |
| Revenue | 108,339 | 105,666 | 108,074 | 101,910 | 98,444 | 102,663 |
| Operating Profit | 50,266 | 45,165 | 41,518 | 36,333 | 34,337 | 36,445 |
| Profit before tax | 48,190 | 43,631 | 39,060 | 32,940 | 32,038 | 33,864 |
| Net Profit after tax | 26,031 | 26,539 | 22,001 | 19,272 | 17,899 | 18,813 |
| Financial Position (in million BDT) | | | | | | |
| Paid-up Capital | 13,503 | 13,503 | 13,503 | 13,503 | 13,503 | 13,503 |
| Shareholders' equity | 28,920 | 29,303 | 26,412 | 27,607 | 27,229 | 30,374 |
| Total assets | 112,169 | 110,344 | 109,575 | 115,784 | 124,471 | 130,673 |
| Total liabilities | 83,249 | 81,041 | 83,163 | 88,177 | 97,242 | 100,299 |
| Current assets | 15,837 | 10,635 | 17,383 | 9,707 | 11,209 | 14,865 |
| Current liabilities | 68,195 | 65,996 | 65,865 | 62,582 | 65,103 | 62,393 |
| Non current assets | 96,332 | 99,709 | 92,192 | 106,077 | 113,262 | 115,808 |
| Non current liabilities | 15,054 | 15,045 | 17,299 | 25,595 | 32,139 | 37,906 |
| Cash Flows (in million BDT) | | | | | | |
| Net cash generated from operating activities | 43,283 | 48,057 | 48,612 | 40,947 | 36,454 | 31,255 |
| Net cash used in investing activities | (10,757) | (24,023) | (10,892) | (17,602) | (18,708) | (20,069) |
| Net cash used in financing activities | (26,628) | (29,193) | (29,734) | (24,446) | (18,316) | (10,972) |
| Inflation Rate | 5.48% | 5.78% | 5.44% | 5.92% | 6.41% | |

*Inflation Rate Source: Bangladesh Bureau of Statistics

*Since inflation rates are only available for fiscal years, they have been applied for the financial years

*During 2019, Grameenphone discovered some erroneous omissions with regards to sales, marketing and commission payments and associated costs relating to non-deductible expenses which affected reported numbers till 2014. To give the accurate reflection of the correction, we have adjusted the above-mentioned numbers accordingly



Comparison of financial performance, financial position and cash flows with the peer industry scenario

Grameenphone is the only listed entity in the telecommunication industry of Bangladesh. Information about financial performance, financial position and cash flows of other major operators in the industry are not publicly available. Hence, comparative analysis with the peer industry could not be presented.

Financial and economic scenario of Bangladesh and the globe

Bangladesh continues to be a country with strong macroeconomic fundamentals reflected in GDP growth in excess of 8.13% in 2018-19¹, higher than the growth of 7.86 percent in the preceding fiscal year. This places it among the five fastest growing economies in the world². The per capita national income reached USD 1,909 in FY2018-19 from USD 1,751 a year earlier. The average inflation rate stood at 5.44 percent with moderate food inflation. High growth of the remittance flow reduced the deficit in the current account balance. During this period there has been a moderate depreciation in exchange rate of Taka against the US dollar. Foreign exchange reserve remained steady at USD 31.72 billion as of 30 November 2019³.

Strong private consumption buoyed by a recovery in remittances and public investment contributed to robust GDP growth, reflecting substantial progress in implementing large infrastructure projects, notably the Padma Bridge and Dhaka's metro rail project. Going forward, the economy is likely to slow, partly due to weak global trade. In addition, downside risks include threats from a banking system under strain from a high number of non-performing loans.

From a regional perspective Bangladesh has posted the highest growth not only in South-East Asia, but also in South Asia, outperforming both India, Pakistan, Sri Lanka as well as economies such as Vietnam and China⁴. Neighbouring India will continue to be a fast-growing big economy which is expected to positively impact regional growth. While growth in the South Asia region has softened to 5.7% in 2019 and is expected to decline further, Bangladesh will continue to perform above-average during this period.

Globally, 2019 was characterised as a tug-of-war between political conflict and macroeconomic policy. Geopolitical tensions weighed on business sentiment and prompted support from policymakers. There are growing worries about the state of the world economy especially related to the trade war between US and China. Looking ahead to 2020, global growth is still slowing, but the case for a rebound is building⁵.

Risks and Concerns related to the financial statements

Grameenphone has a structured process to identify Financial Statement risks and implement mitigating controls to ensure Financial Statement gives true and fair view of the events and transactions occurred during the period.

Grameenphone has an integrated process to review the risks arising from transaction, process, people, external and regulatory environment. Every year, Financial Statement risks are reviewed involving control and process owners to identify risks effectively so that Financial Statement assertions are met. Grameenphone follows a risk based approach where both standard and local risks are addressed. Standard Risk are those risks common to all Telenor Business Units and Local risk are Grameenphone specific risks that arises due to business process, people and the regulatory environment we operate in. Each risk is evaluated through probability and impact matrix and categorised into a four point rating scale (Very High, High, Medium and Low).

Appropriate controls are designed and embedded in the process to mitigate the identified risks to an acceptable level. 'Risk coverage' is performed every year to update the control description and enhance the control capabilities to ensure effectiveness and efficiency of risk management. Risk mitigation status is monitored through two control testing methods i.e. self-assessment and direct testing, twice a year (Interim and Year-end). Details of ICFR activity is described in the Internal Control over Financial Reporting (ICFR) section of the Annual report on page 56.

Future Plan of Grameenphone 2020

We believe that connectivity can empower societies while driving economic growth and reducing inequalities, driving the national vision of a Digital Bangladesh. Grameenphone's future plan is designed to drive us to outgrow the market with a modern, full coverage data network and personalised offers for our 75.5 million strong customer base, leveraging our strong brand built on technology leadership offering key data and digital service differentiation. We have identified the following four key priorities for 2020:

- (1) Drive revenue growth leading with voice, 4G data and digital experience, driven by 4G conversion, while scaling in B2B and ICT
- (2) EBITDA growth through structural initiatives, modernisation of distribution and scaled digital distribution

¹Bangladesh Bureau of Statistics provisional forecast

²World Bank Report 'The Bangladesh Development Update April 2019: Towards Regulatory Predictability', published April 2019, as quoted in The Daily Star

³Bangladesh Economic Review 2018-19 as published by the Ministry of Finance

⁴Regional GDP Outlook, Asian Development Bank

⁵Economist Intelligence Unit and J.P Morgan forecast

- (3) Getting the workforce future ready by up-skilling as well as re-skilling; setting key trends as one of the top employers in the market by driving a lean and responsive organisation structure
- (4) Focus on long- and short-term advocacy as well as reputation and awareness building platforms to responsibly and proactively manage the business environment

Grameenphone is well positioned and has the ability to continue contributing growth for the Bangladesh economy and our shareholders, despite challenging business environment and strong competition. We aim to deliver on our plans and ambitions with continued focus on excellence as well as smart investments.



Michael Patrick Foley
Chief Executive Officer

27 January 2020



Report to the Shareholders of Grameenphone Ltd.

(As required under the BSEC Corporate Governance Guidelines)

We have examined the compliance status to the Corporate Governance Code by Grameenphone Ltd. for the year ended on 31 December 2019. This Code relates to the Notification No, BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the Company is satisfactory.

This is also no endorsement about quality of contents in the Annual Report of the Company for 2019.

Abu Sayeed Mohammad Nayeem, FCA

Partner
ACNABIN
Chartered Accountants

27 January 2020

