

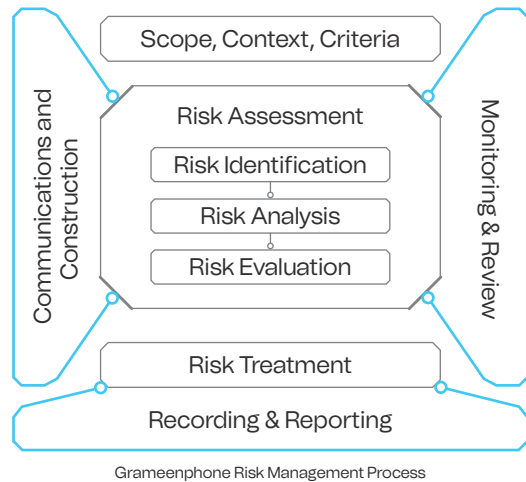
Enterprise Risk Management

Grameenphone Ltd. operates in a dynamic industry that exposes it to various uncertainties, both risks and opportunities, which may impact its business. With the goal of earning competitive returns at acceptable risk levels, the Company maintains a rigorous enterprise risk management (ERM) process. To effectively capture and address enterprise risks, a separate risk function has been established under the Chief Risk Officer (CRO). This process is based on a structured framework comprising policies, procedures, and tools that ensure the identification, assessment, and treatment of risks and opportunities to support the achievement of Grameenphone’s ambitions and goals.

Our Risk Management Process

The ERM framework of Grameenphone is framed broadly on international risk management standard ISO 31000:2018 Risk Management- Guidelines and the COSO ERM Integrated Framework. The Company has drawn upon the experience of different risk management contexts to identify and prioritise risks and create an effective link between strategy formulation and risk mitigation.

Risk management is an ongoing process and is integrated into the business across the organisation. All functions are required to be accountable for risk management within their areas of responsibility and ensure that risk management is embedded in their day-to-day business processes. To increase its effectiveness throughout the process, Risk Management Forums have been established within the Company to ensure ownership and active participation from different functional areas. We regularly conduct forum discussions, rigorously monitor risks and mitigation actions, and report key risks to the Management and the Board.



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

Our Key Risks

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

Below are some key risk areas identified at Grameenphone

| Key Risk Area | Risk Description | Risk Response |
|----------------|---|--|
| Financial Risk | <p>Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks.</p> <p>The Company’s principal financial assets include trade receivables and others, cash and short-term deposits that arise directly from its operations. The Company’s financial liabilities mainly include trade payables and others, lease obligations and loans and borrowings. The main purpose of these financial liabilities is to finance the Company’s operations.</p> | <p>The Company’s financial risk management is governed by Treasury Policy as approved by the Board of Directors.</p> <p>The Company is exposed to credit risk, liquidity risk and market risk related to its financial instruments.</p> <p>Grameenphone’s exposure and responses to the mentioned financial risks are disclosed under note 39 to the financial statements.</p> |

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|---------------------------|--|---|
| Regulatory Risk | <p>Grameenphone's operations are subject to requirements through sector specific laws and regulations. Regulatory developments and regulatory uncertainty could affect the Company's results and business prospects. The introduction of, or increase in, sector specific taxes and levies may impact the business.</p> <p>The Company depends on licences, access to spectrum, and numbering resources to provide telecommunications services. If the Company is not successful in acquiring/renewing spectrum licences or is required to pay higher rates than expected, this might impact our business strategy. Further, unforeseen events may disrupt in roll-out plans, resulting in risks of deterioration of network quality. In a nutshell, every change in regulations may affect the growth and sustainability of the Company as well as the industry either positively or negatively.</p> <p>The risk is particularly high with issues related to regulatory and tax disputes, renewal of licences and general unpredictability in the business environment. Grameenphone still faces regulatory scrutiny of its operations and has several unresolved regulatory and legal cases pending.</p> | <p>The telecom regulatory environment in Bangladesh has remained unpredictable and challenging throughout 2023 and it is likely to continue in this manner in the near future. For the telecom industry to grow and prosper, it needs collaborative and constructive engagement to make the regulatory framework predictable and investment friendly.</p> <p>Grameenphone has been maintaining constructive engagement with the relevant stakeholders to address current and emerging challenges.</p> <p>Regarding updates on the Telecom Industry and Regulatory Environment, please see page 13 of the Annual Report.</p> <p>For further information on tax, legal and regulatory contingencies please see note 45 to the financial statements.</p> |
| Modernisation Risk | <p>The introduction of new technologies, digitalisation and changing consumer behaviours open new business models in the telecom sector, leading to structural changes and new industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the changed dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, will impact the Company's position in the value chain, service offerings and customer relationships.</p> <p>The transformation agenda also includes the risk of not being able to sufficiently acquire; upskill and retain competencies and talents needed for the evolving business dynamics.</p> | <p>Grameenphone has been continuously focusing on innovation, network modernisation and implementation of up-to-date technology and acquired the maximum allowable spectrum to improve service quality further. We have kept customers at the centre of every innovation, from the Alo intuitive app for IoT solutions to industry-first offerings like GP Prime and Tourist SIM.</p> <p>We focus on building a competent, resilient, and forward-thinking resource pool that thrives in driving a technology-driven business, robust organisational capabilities and enabling culture. In 2023 we have continued our journey towards future-fit capabilities and operating model by taking a 360-degree modernisation approach across various functions of the organisation.</p> |
| Operational Risk | <p>Grameenphone operates in a dynamic industry. The quality and reliability of Grameenphone's telecommunications services depend on the stability of its network and the networks of other service providers. Any repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and financial performance.</p> | <p>Grameenphone has been investing significantly in expanding and modernising the network to ensure a substantial increase in coverage and reliability. Our commitment to innovation is evident in advancements in 4G and 5G readiness, increased fibre connectivity and resilient network support during natural disasters.</p> |

| Key Risk Area | Risk Description | Risk Response |
|----------------------------|---|--|
| | <p>Cyber-attacks may disrupt services and damage critical infrastructure. This may have a severe impact on the Company's reputation and financial performance. Technological development and complexity continue to drive the risk of cyber-attacks, and especially of advanced cyber threats.</p> <p>Grameenphone handles substantial volumes of confidential information. Loss, alteration or unauthorised disclosure of such information, may adversely affect the Company's business and reputation.</p> <p>Political instability and violence, including social unrest, terrorist attacks etc., may prevent the Company from operating its business effectively.</p> | <p>A huge amount of fibre connectivity is now a core part of Grameenphone network topology that is exposed to be accidentally damaged or interrupted due to road expansion activities. Grameenphone has invested in redundant connections and increased proactive activities significantly to reduce the probability of incident.</p> <p>Grameenphone continuously focuses on providing security awareness for employees as well as partners. We are promoting security-first culture as one of our strategic initiatives. Grameenphone continues to invest in people, organisation, partners and technology to uplift the security posture even further. For more information, please refer to the Cyber Security part of the Annual Report (page 27). For other operational risks, we have implemented necessary controls and monitoring system where needed.</p> |
| Strategic Risk | <p>Strategic risk refers to the events or decisions that could potentially stop an organisation from achieving its objectives and strategic goals. Poor strategic decision, changes in key management, shift of customer needs, reputational damage, failure to adopt changes, etc. can have a severe impact in the long term for an organisation.</p> <p>Grameenphone operates in a highly complex environment. New technologies, increasing modernisation, and evolving customer demands create risks that can disrupt operations, weaken cyber security, and harm the organisation's reputation or financial position and above all, leave the organisation unable to achieve its business objectives.</p> | <p>In 2023, Grameenphone performed a comprehensive risk assessment exercise and identified some strategic risks during the strategy formulation phase, which are being continually monitored and addressed through our risk management process. We are increasingly focusing on anticipating and proactively mitigating any risks that may arise during the strategy period.</p> <p>Grameenphone continues to invest in its technology and digital capabilities to become a telco-tech Company enabling a digitally connected society. Through strategic partnerships, innovation, and collaboration, we have established a firm foundation for sustained growth and success, positioning ourselves to tackle emerging challenges and seize new opportunities.</p> |
| Sustainability Risk | <p>Grameenphone is committed to doing business in a responsible way that helps create value for its people, shareholders and society as well as keeping the planet habitable for future generations.</p> <p>The challenges related to climate change, health and safety, social security and welfare, data privacy and human rights may impact the progress of Grameenphone's long term value creation.</p> <p>Further, challenges in supply chain sustainability may impact our long-term business success. Grameenphone believes that partnership and cooperation with suppliers and industry peers are vital to achieving its ambitions within supply chain sustainability.</p> | <p>Sustainability is at the core of our strategy and operations. It focuses on our entire value chain and how we are practising sustainability across it. We will continue to take a socially responsible position through climate management programme, strengthening digital inclusion, youth upskilling, and expanding online safety at the national level and across new and digital businesses.</p> <p>Grameenphone will continue to strive for its supply chain sustainability efforts to have a positive impact on the business as a whole, and in the societies in which it operates and is committed to maintaining responsible business practices throughout its entire supply chain, ensuring that its partners maintain the same standards.</p> <p>In 2023, Grameenphone has been recognised locally and globally for sustainability initiatives through esteemed awards such as the Sustainability Award from Daily Star and CSR Window and also by Bloomberg as the highest ESG scorer among Bangladeshi firms. For more information, please refer to the ESG part of the Annual Report (page 20).</p> |