

# Our Key Risks and Risk Mitigation

While operating in a dynamic industry and highly competitive market, Grameenphone is exposed to a wide range of risks that may affect its business. The Company aims to earn competitive returns at acceptable risk levels. Risk management is a continuous process and an integrated part of business throughout the entity. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes. The Risk Management Forum established within the Company ensures active participation from different functional areas to increase its effectiveness.

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

Below are some key risk areas identified at Grameenphone:

| Financial              | Regulatory  | Modernisation | Operational | Supply Chain Sustainability  |
|------------------------|---|---------------|-------------|--|
| Key Risk Area          | Risk Description  |               |             | Risk Response  |
| <b>Financial Risk</b>  | <p>Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks.</p> <p>Company's principal financial assets include trade receivables and others, cash and short-term deposits that arise directly from its operations. Company's financial liabilities mainly include trade payables and others, lease obligation and loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations.</p>  |               |             | <p>Company's financial risk management is governed by Treasury Policy as approved by the Board of Directors.</p> <p>Company is exposed to credit risk, liquidity risk and market risk in relation to its financial instruments. GP's exposure and responses to the mentioned financial risks are disclosed under note 39 to the financial statements.</p>  |
| <b>Regulatory Risk</b> | <p>Grameenphone's operations are subject to requirements through sector specific laws, regulations and national licences. Regulatory developments and regulatory uncertainty could affect the Company's results and business prospects. The introduction of, or increase in, sector specific taxes and levies may impact the business.</p> <p>The Company depends on licences, access to spectrum, and numbering resources in order to provide telecommunications services. If the Company is not successful in acquiring/renewing spectrum licences or is required to pay higher rates than expected, this might impact our business strategy. Further, unforeseen events may cause disruption in roll-out plans, resulting in risks of deterioration of network quality. In a nutshell, every change in regulations may affect growth and sustainability of the Company as well as the industry either positively or negatively.</p> <p>The risk is particularly high with issues related to high spectrum prices, 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>We have taken a consultative approach with the regulators to address different issues to serve our customers best in the most challenging times. We look forward to continuing collaborative and consultative work with the regulators to address prevailing industry challenges while strengthening network leadership.</p> <p>Regarding updates on Telecom Industry and Regulatory Environment, please see page 9 of the Annual Report.</p> <p>For further information on tax, legal and regulatory contingencies please see note 45 to the financial statements.</p> |



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|----------------------------------|---|---|
| <p><b>Modernisation Risk</b></p> | <p>The introduction of new technologies, digitalisation and changing consumer behaviours open up new business models in the telecom sector, leading to structural changes and new industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the changed dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, will impact the Company's position in the value chain, service offerings and customer relationships.</p> <p>The transformation agenda also includes risk of not being able to sufficiently acquire; upskill and retain competencies and talents needed for the evolving business dynamics.</p>  | <p>We have undertaken initiatives such as the modernisation of our operating models and integration of automation, developing competent skills for the future, and building partnerships for advanced network capabilities.</p> <p>We believe the right mix of competency, capabilities and tools will contribute to our growth ambition, reinforce our position as a reliable connectivity partner, and help move Bangladesh forward.</p>  |
| <p><b>Operational Risk</b></p>   | <p>The quality and reliability of Grameenphone's telecommunications services depend on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions, including interruptions or data breaches coming from targeted cyber-attacks. Repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and financial performance, including its ability to attract and retain subscribers. Grameenphone depends on key suppliers and third-party providers for supply and maintenance of equipment and services. Problems that manifest in relation to the supply chain may adversely affect the Company's business and results of operations.</p> <p>Cyber-attacks may cause disruption in services and damage critical infrastructure. This may have a severe impact on the Company's reputation and financial performance. Technological development and complexity continue to drive the risk of cyber-attacks, and especially of advanced cyber threats.</p> <p>Grameenphone handles substantial volumes of confidential information. Loss, alteration or unauthorised disclosure of such information, may adversely affect the Company's business and reputation.</p> <p>Political instability and violence, including social unrest, terrorist attacks etc., may prevent the Company from operating its business effectively.</p> | <p>We have witnessed changing customer behaviour during this time, more digital centric interaction and usage patterns. In order to sustain ourselves, and keep pace with our customers' changing demands, we have acquired advanced capabilities, pivoted on our operating model, and built a partnership based eco-system to understand our customers' needs and serve them better.</p> <p>We look forward to the expected growth momentum as we have significantly invested in network, spectrum and onboarded network operating partners with advanced and future-fit capabilities.</p> <p>Grameenphone's updated security strategy focused on safeguarding customer data, critical infrastructure and business information. Our Business Security vision is that we always protect society and people in their digital life, and that security is the foundation of everything we do. For more information, please refer to Cyber Security part of the Annual Report (page 21).</p> <p>For other operational risks, we have implemented necessary controls and monitoring system where needed.</p> |

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|---|---|--|
| <p><b>Supply Chain Sustainability</b></p> | <p>A responsible and sustainable supply chain is a foundational element of Grameenphone's long-term value creation. Grameenphone believes that partnership and cooperation with suppliers and industry peers is vital to achieving its ambitions within supply chain sustainability.</p> <p>Supply Chain Sustainability continues to be one of Grameenphone's strategic priorities and a key for long-term business success through the Agreement on responsible Business Conduct (ABC), Grameenphone's Supplier Conduct Principles (SCP) are applicable for most supplier categories and contracts (based on risk assessments). The Supplier Conduct Principles are based on internationally recognised standards, including requirements on the respect for human rights, health and safety, labour rights, working conditions, conflict and other unsustainably mined minerals, environment, privacy and freedom of expression and prohibited business practices.</p> <p>Challenges in supply chain sustainability may impact the progress of Grameenphone's long term value creation.</p> | <p>Effective risk management in Grameenphone's supply chain will remain a priority in 2022.</p> <p>Grameenphone will continue to strive for its supply chain sustainability efforts to have a positive impact on the business as a whole, and in the societies in which it operates and is committed to maintaining responsible business practices throughout its entire supply chain, ensuring that its partners maintain the same standards.</p> <p>For more information, please refer to Supply Chain Sustainability part of the Annual Report (page 18).</p> |

