

## 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:

### (Report under Condition No. 9)

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors (BoD)</b>			
1(1)	Board's Size (number of Board members – minimum 5 and maximum 20)	√		There are 10 (Ten) members in the Company Board
<b>1(2)</b>	<b>Independent Directors</b>			
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
<b>1(2)(b)</b>	<b>Independent Director means a Director:</b>			
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) ; and	√		-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)	√		a) Prof. (Dr.) Jamilur Reza Choudhury, in his 1 <sup>st</sup> term, already approved at AGM b) The Board appointed Dr. Salehuddin Ahmed on 11 December 2018 to be approved at the upcoming 22 <sup>nd</sup> AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		The term of Ms. Rokia Afzal Rahman, Independent Director was expired on 05 December 2018. The Board appointed Dr. Salehuddin Ahmed as new Independent Director on 11 December 2018
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
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
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
<b>1(3)(b)</b>	<b>Independent director shall have following qualifications:</b>			
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 5 <sup>th</sup> 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)	√		

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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
<b>1(4)</b>	<b>Duality of Chair of the Board of Directors and Chief Executive Officer</b>			
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 did not hold the same position in another 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
<b>1(5)</b>	<b>The Directors' Report shall include the following additional statements</b>			
1(5)(i)	Industry outlook and possible future developments in the industry	√		Included in the Directors' report on Page 67 of the Annual Report
1(5)(ii)	Segment-wise or product-wise performance	√		Included in the Directors' report on Page 67 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 69 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 68 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 69 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 69 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 69 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 69 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 69 of the Annual Report
1(5)(x)	Statement of remuneration paid to the directors including independent directors	√		Included in the Directors' report on Page 70 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 69 of the Annual Report

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xii)	Proper books of account of the issuer company have been maintained	√		Included in the Directors' report on Page 69 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 judgment	√		Included in the Directors' report on Page 69 of the Annual Report
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 69 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 69 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 69 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 69 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 69 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 58 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	None		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	√		Included in the Directors' report on Page 70 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 84 of the Annual Report
<b>1(5)(xxiii)</b>	<b>Pattern of shareholding and name wise details (disclosing aggregate number of shares):</b>			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	√		Included in the Directors' report on Page 85 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 85 of the Annual Report
1(5)(xxiii)(c)	Executives	√		Included in the Directors' report on Page 85 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 85 of the Annual Report
<b>1(5)(xxiv)</b>	<b>In case of the appointment/re-appointment of a director, disclose:</b>			
1(5)(xxiv)(a)	A brief resume of the director	√		Given on Page 32 of the Annual Report
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas	√		Given on Page 32 of the Annual Report

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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 35 of the Annual Report
<b>1(5)(xxv)</b>	<b>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:</b>			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		Included in the Management's Discussion and Analysis on Page 87 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	√		-do-
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)	√		Given on Page 86 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	√		Given on Page 92 of the Annual Report
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
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	√		
<b>1(7)</b>	<b>Code of Conduct for the Chair, other Board members and Chief Executive Officer</b>			
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 and the Chair, other Board members & the CEO are obliged to comply with

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		Complied	Not Complied	
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 is available on the website of the Company
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
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-
<b>3</b>	<b>Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
<b>3(1)</b>	<b>Appointment</b>			
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)	None		No such case in the reporting year
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
	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
<b>3(3)</b>	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
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

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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-
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	√		Given on Page 86 of the Annual Report
<b>4</b>	<b>Board of Directors' Committee</b>			
	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
<b>5</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee 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
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
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	√		The profiles of the members given on page 32 of the Annual Report demonstrate their capabilities as such
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	√		The term of Ms. Rokia Afzal Rahman expired on 05 December 2018 and the Board appointed Dr. Salehuddin Ahmed in her place on 11 December 2018

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		Complied	Not Complied	
5(2)(e)	The Company Secretary shall act as the secretary of the Committee	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least one (1) independent director	√		
<b>5(3)</b>	<b>Chair of the Audit Committee</b>			
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)	√		The Chair of the Audit Committee attended in the 21 <sup>st</sup> AGM held on 19 April 2018
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
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	√		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
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-
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-



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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 2018
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
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		
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		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	None		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	None		
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		
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 55 of the Annual Report
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
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
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)©	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
<b>6(2)</b>	<b>Constitution of the NRC</b>			
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

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		Complied	Not Complied	
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	√		
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 co-opt 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 honorarium from the company	√		No such case in the reporting year
<b>6(3)</b>	<b>Chair of the NRC</b>			
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	None		No such case in the reporting year. The NRC was formed on 11 December 2018
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year	None		The Board formed NRC on 11 December 2018, thus no meeting was 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)	√		
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	None		The Board formed NRC on 11 December 2018, thus, no meeting was held during the reporting period
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

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>6(5)</b>	<b>Role of the NRC</b>			
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	√		Given on Page 56 of the Annual Report
<b>7</b>	<b>External or Statutory Auditors</b>			
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 21 <sup>st</sup> AGM held on 19 April 2018

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The Company shall have an official website linked with the website of the stock exchange	√		
8(2)	The Company shall keep the website functional from the date of listing	√		
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)	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
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.	√		Given on page 92 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 on 11 December 2018 and their appointment will be approved by the Shareholders in the upcoming AGM in 2019
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 73 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 2018

Name of Directors	Board Member Since	Number of meetings attended during 2018
Mr. M Shahjahan	26 June 2006	14/14
Mr. Md. Ashraful Hassan	20 January 2010	14/14
Mr. Haakon Bruaset Kjoel*	14 September 2011	12/14
Ms. Parveen Mahmud*	17 October 2012	11/14
Mr. Oivind Burdal*	18 May 2016	13/14
Prof. (Dr.) Jamilur Reza Choudhury*	15 June 2016	10/14
Mr. Petter Boerre Furberg	26 May 2017	14/14
Mr. Witold Sitek*	30 January 2018	10/11
Mr. Gunnar Johan Bertelsen*	11 June 2018	05/06
Dr. Salehuddin Ahmed	12 December 2018	00/00
Ms. Rokia Afzal Rahman*	6 December 2012	10/13
Mr. Tore Johnsen*	10 December 2013	03/03
Mr. Hans Martin Hoegh Henrichsen*	22 January 2014	08/08

\* Mr. Tore Johnsen retired from the Board on 29 January 2018

\* Mr. Hans Martin Hoegh Henrichsen retired from the Board on 10 June 2018

\* The term of Ms. Rokia Afzal Rahman as Independent Director expired on 05 December 2018

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

## Annexure-III

The Pattern of Shareholding as on 31 December 2018

Name of Shareholders	Status	Shares Held	Percentage
<b>i) Parent/Subsidiary/Associate Companies</b>			
Telenor Mobile Communications AS	-	753,407,724	55.80%
Nye Telenor Mobile Communications II AS	-	215	0.00%
Nye Telenor Mobile Communications III AS	-	215	0.00%
Telenor Asia Pte. Ltd.	-	215	0.00%
Grameen Telecom	-	461,766,409	34.20%
Grameen Kalyan	-	22	0.00%
Grameen Shakti	-	22	0.00%
<b>ii) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit, Head of Ethics and Compliance and their spouses and minor children</b>			
Mr. Petter Boerre Furberg	Chair	-	-
Mr. M Shahjahan	Board Member	-	-
Mr. Md. Ashraful Hassan	Board Member	-	-
Mr. Haakon Bruaset Kjoel	Board Member	-	-
Ms. Parveen Mahmud	Board Member	-	-
Mr. Oivind Burdal	Board Member	-	-
Prof. (Dr.) Jamilur Reza Choudhury	Board Member	-	-
Mr. Witold Sitek	Board Member	-	-
Mr. Gunnar Johan Bertelsen	Board Member	-	-
Dr. Salehuddin Ahmed	Board Member	-	-
Mr. Michael Patrick Foley	Chief Executive Officer	-	-
Mr. Karl Erik Broten	Chief Financial Officer	-	-
Mr. S M Imdadul Haque	Company Secretary	-	-
Mr. Hasan Faisal	Head of Internal Audit & Investigation	195	0.00%
Mr. Ivan Georgiev Dimitrov	Head of Ethics and Compliance	-	-
<b>iii) Executives (as explained in the BSEC's Corporate Governance Code dated 03 June 2018)</b>			
Mr. Yasir Azman	Deputy CEO & Chief Marketing Officer	37,545	0.00%
Mr. Ole Bjorn Sjulstad	Chief Corporate Affairs Officer	-	-
Mr. Rade Kovacevic	Chief Technology Officer	-	-
Mr. Mahmud Hossain	Chief Business Officer	-	-
Mr. Mustafa Alim Aolad	Deputy Chief Financial Officer	-	-
<b>iv) Shareholders holding ten percent or more voting interest</b>			
Telenor Mobile Communications AS	-	753,407,724	55.80%
Grameen Telecom	-	461,766,409	34.20%

## Annexure –IV

**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 2018.**

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 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments 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 2018 and that to the best of our knowledge and belief;
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) 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
- (ii) There are, to the best of 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)



**(Karl Erik Broten)**  
Chief Financial Officer (CFO)

27 January 2019

Annexure –V

# MANAGEMENT’S DISCUSSION AND ANALYSIS

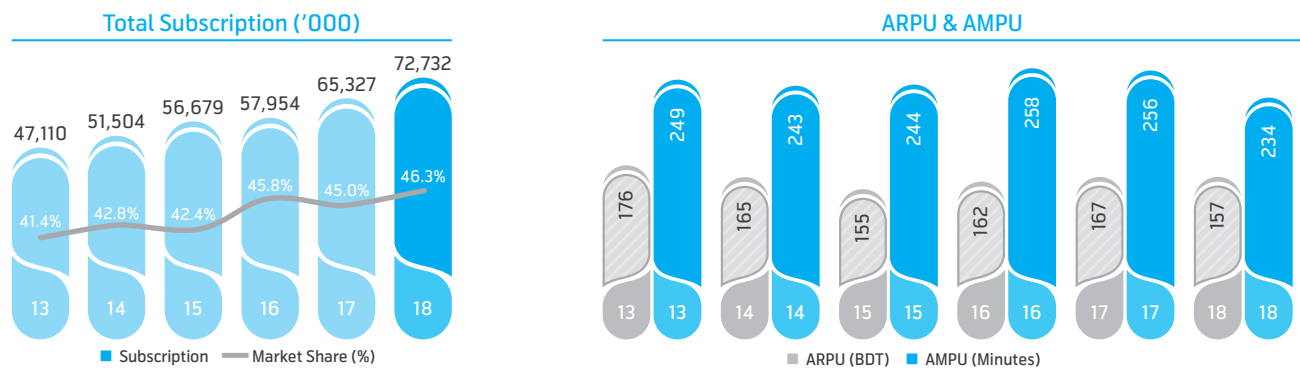
As per condition no.1 (5) (xxv) of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission, the Management’s Discussion & Analysis are as follows:

## 2018 Key Highlights

In 2018, Grameenphone generated revenue of BDT 132.8 billion (2017: BDT 128.4 billion), representing growth of 3.4%, and delivered net profit after tax of BDT 35.2 billion (2017: BDT 27.4 billion). Grameenphone ended the year with 72.7 million active subscriptions registering a 11.3% growth compared to the previous year. During the year Grameenphone also acquired 5.9 million internet users increasing the total internet user to 37.1 million at the end of 2018. Grameenphone invested BDT 12.7 billion for 5MHz spectrum, 4G licence acquisition and 2G technology neutrality and another 21.3 billion for network coverage growth. Currently we have 95.2% population coverage for 3G and another 5,009 4G enabled sites were also rolled out during 2018. Strong revenue growth, along with continued focus on Operational Excellence, resulted in a 5.5% growth in EBITDA with a robust margin of 60.5%.

2018 has been a tremendous year for Grameenphone with growth in voice and data supported by substantial savings in operating expenses, simplified customer centric offers and services along with strengthening its data positioning through introduction of 4G and expansion of 3G and 4G coverage.

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



On an annual basis, the subscription base increased by 7.4 million (2017: 7.4 million). The continued acquisition drive in the market throughout the year resulted in a total subscription base of 72.7 million (2017: 65.3 million) and the subscription market share stood at 46.3% at the end of the year.

In 2018, ARPU decreased by 5.6% to BDT 157 (2017: BDT 167), mainly due to decrease in average voice minutes per user by 8.9% to 234 minutes (2017: 256 minutes). Lower revenue from VAS as a result of net revenue recognition also attributed to lower ARPU. In 2018, higher subscription acquisition from the low usage segment continues to drive lower AMPU.

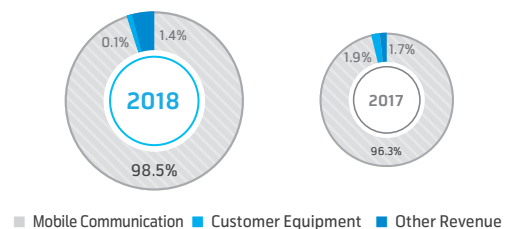
## Revenue Performance

Total revenue reported in 2018 was BDT 132.8 billion (2017: BDT 128.4 billion), with 3.4% growth. This was mainly driven by growth in voice and data revenue partly offset by revenue from customer equipment and VAS. In 2018, Grameenphone changed the business model for Handset and VAS from gross to net recognition of revenue. Adjusting this effect for the year 2017, the normalised growth for revenue is 6.3%.

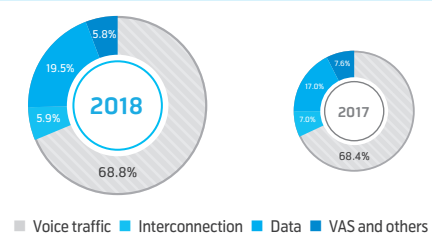
Revenue from mobile communication grew by 5.7% in 2018 to BDT 130.8 billion (2017: BDT 123.7 billion). The growth was mainly driven by Voice and Data partly offset by VAS and interconnection revenue compared to 2017.

Data revenue increased by 21% in 2018 to BDT 25.5 billion (2017: BDT 21.1 billion). At the end of 2018, Data revenue accounted for 19.5% (2017: 17.0%) of mobile communication revenue. The growth in data revenue is mainly driven by 18.9% increase in internet users and higher contribution from 82.9% higher data volume usage. This was driven by rapid expansion of 4G enabled sites, along with our continued investment in 3G network coverage and increased smartphone penetration in our subscriber base, where Grameenphone sold 246,693 smartphones through 2018.

## Revenue Composition



## Mobile Communication Revenue Composition



Voice revenue experienced 6.6% increase in 2018 mainly due to 11.3% growth in subscription base.

Grameenphone observed a decline in interconnection revenue in 2018 compared to last year due to a decrease in incoming minutes from international operators and lower interconnection call termination rate introduced by BTRC.

### Cost and Margin Review

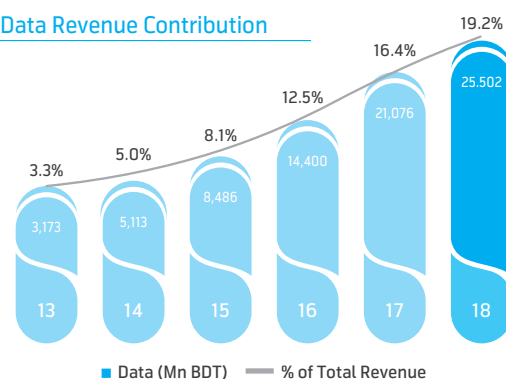
For the year 2018, total cost base of Grameenphone significantly decreased by 3.9% to BDT 75.4 billion (2017: BDT 78.5 billion), mainly due to lower cost of material and traffic charges, other operating expenses, salary and personnel cost, depreciation and partly offset by higher operation, maintenance, sales, marketing and commission cost. Like previous years, Grameenphone continued its focus on Operational Excellence in 2018 which resulted in savings of BDT 4.3 billion.

The impact of revenue growth and efficient cost management resulted in a 5.5% growth in EBITDA to BDT 80.4 billion (2017: BDT 76.2 billion) and with a robust EBITDA margin of 60.5% (2017: 59.2%).

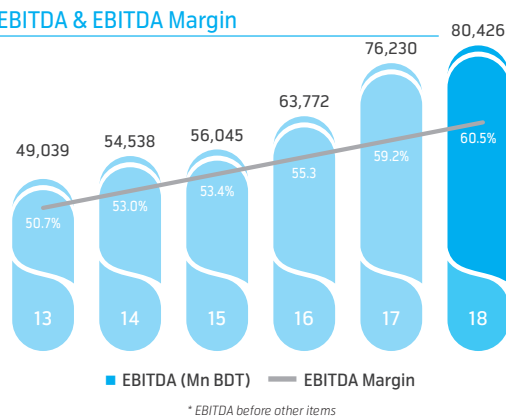
### Profit after Tax

Profit after Tax for 2018 stood at BDT 35.2 billion (2017: BDT 27.4 billion) which increased by BDT 7.7 billion due to higher EBITDA and lower foreign exchange loss, partly offset by higher tax and finance expense. Net profit margin for 2018 stood at 26.5% (2017: 21.4%).

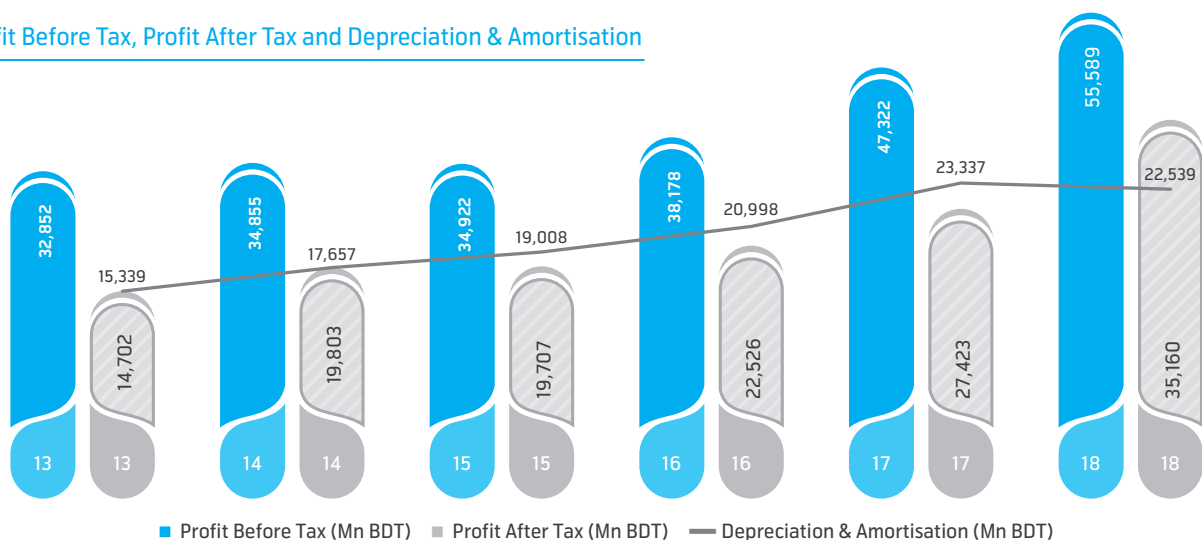
### Data Revenue Contribution



### EBITDA & EBITDA Margin



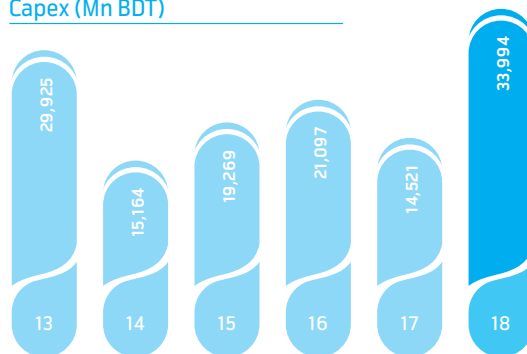
### Profit Before Tax, Profit After Tax and Depreciation & Amortisation



### Capital Expenditure (Capex) and Network Updates

In 2018, Grameenphone invested BDT 34.0 billion (2017: BDT 14.5 billion) with capex to sales at 25.6% (2017: 11.3%). The majority of the investment was mainly related to acquisition of 4G licence, expansion of 3G and 4G coverage along with additional 5 MHz spectrum and 2G technology neutrality to support higher data and voice traffic and to drive superior customer experience. Grameenphone rolled out 5,009 4G sites, 2,355 3G sites and 1,527 2G sites in 2018, increasing the 3G population coverage to 95.2% (2017: 92.6%). With 14,521 sites across the country, Grameenphone currently provides its telecommunication services covering 99.5% of the total population of the country.

### Capex (Mn BDT)





## Balance Sheet

Total asset base increased to BDT 138.7 billion (2017: BDT 130.2 billion) mainly for the increase in intangible assets (acquisition of 5MHz spectrum, 4G licence and 2G technology neutrality) and recognition of contract cost as an impact of adopting IFRS 15. This was partly offset by decrease in current assets from cash and cash equivalents.

Total liabilities increased slightly during 2018, mainly for the liability of spectrum acquisition partly offset by payments of 6<sup>th</sup> and 7<sup>th</sup> installment of long term loan from IFC.

Total equity increased to BDT 42.4 billion (2017: BDT 35.1 billion) due to increased profit. The net profit generated from operations during the year 2018 was BDT 35.2 billion (2017: BDT 27.4 billion), partly offset by payment of final dividend for the year 2017 and interim dividend for the year 2018. There was also a favourable impact in retained earnings of BDT 2.6 billion from opening balance adjustment on initial application of IFRS 15.

## 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 and other applicable laws in Bangladesh. Detail description of 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 standards as described in the notes 3.8, 3.13 and 3.18 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	2018	2017	2016	2015	2014	2013
<b>Financial Performance (in million BDT)</b>						
Revenue	132,832	128,436	114,862	104,754	102,663	96,624
Operating Profit	57,379	49,954	41,566	36,964	36,896	33,199
Profit before Tax	55,589	47,322	38,178	34,922	34,855	32,852
Net Profit after Tax	35,160	27,423	22,526	19,707	19,803	14,702
<b>Financial Position (in million BDT)</b>						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' Equity	42,367	35,121	33,572	30,625	31,365	31,141
Total Assets	138,713	130,220	130,500	132,450	130,673	135,221
Total Liabilities	96,346	95,099	96,927	101,824	99,308	104,080
Current Assets	13,369	20,658	10,941	11,928	14,865	16,993
Current Liabilities	77,433	74,541	68,079	67,625	61,402	78,580
Non current Assets	125,345	109,562	119,558	120,522	115,808	118,227
Non current Liabilities	18,914	20,558	28,848	34,199	37,906	25,500
<b>Cash Flows (in million BDT)</b>						
Net cash Generated from Operating Activities	60,411	57,771	46,152	38,791	31,255	37,081
Net cash used in Investing Activities	(30,200)	(12,944)	(19,839)	(19,907)	(20,069)	(28,111)
Net cash used in Financing Activities	(36,698)	(35,336)	(27,553)	(19,491)	(10,972)	(7,727)
<b>Financial Ratios</b>						
Current Asset to Current Liability	0.17	0.28	0.16	0.18	0.24	0.22
Debt to Equity	0.43	0.56	0.81	1.12	1.08	0.80
Operating Profit Margin	43%	39%	36%	35%	36%	34%
Net Profit Margin	26%	21%	20%	19%	19%	15%
Return on Equity	91%	80%	70%	64%	63%	44%
Return on Assets	26%	21%	17%	15%	15%	12%

Reported numbers	2018	2017	2016	2015	2014	2013
<b>Ordinary Shares Information</b>						
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 <sup>1</sup>	280%	205%	175%	140%	160%	140%
Dividend Payout <sup>1</sup>	108%	101%	105%	96%	109%	129%
Net Asset Value per Share <sup>2</sup>	31.38	26.01	24.86	22.68	23.23	23.06
Net Operating Cash Flow per Share <sup>3</sup>	44.74	42.78	34.18	28.73	23.15	27.46
Earnings Per Share <sup>3</sup>	26.04	20.31	16.68	14.59	14.67	10.89

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

<sup>1</sup>Including proposed dividend

<sup>2</sup>Based on BDT 10 equivalent ordinary share outstanding at 31 December.

<sup>3</sup>Based on weighted average number of share of BDT 10 each.

Inflation Adjusted	2018	2017	2016	2015	2014	2013
<b>Financial Performance (in million BDT)</b>						<b>Base Year</b>
Revenue	98,431	100,674	94,932	91,704	95,634	96,624
Operating Profit	42,519	39,157	34,354	32,359	34,370	33,199
Profit before Tax	41,193	37,094	31,554	30,572	32,469	32,852
Net Profit after Tax	26,054	21,495	18,618	17,252	18,447	14,702
<b>Financial Position (in million BDT)</b>						
Paid-up Capital	10,006	10,584	11,160	11,821	12,578	13,503
Shareholders' Equity	31,395	27,530	27,747	26,810	29,217	31,141
Total Assets	102,789	102,073	107,857	115,949	121,726	135,221
Total Liabilities	71,394	74,543	80,109	89,139	92,509	104,080
Current Assets	9,906	16,193	9,043	10,442	13,847	16,993
Current Liabilities	57,379	58,429	56,267	59,200	57,198	78,580
Non current Assets	92,883	85,880	98,814	105,507	107,879	118,227
Non current Liabilities	14,015	16,114	23,842	29,939	35,311	25,500
<b>Cash Flows (in million BDT)</b>						
Net cash Generated from Operating Activities	44,766	45,284	38,144	33,958	29,115	37,081
Net cash used in Investing Activities	(22,378)	(10,146)	(16,397)	(17,427)	(18,695)	(28,111)
Net cash used in Financing Activities	(27,194)	(27,698)	(22,773)	(17,062)	(10,220)	(7,727)
<b>Inflation Rate</b>	5.78%	5.44%	5.92%	6.41%	7.35%	

\*Inflation Rate Source: Bangladesh Bureau of Statistics

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

### 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

2018 saw the GDP growth reach a record high 7.86%<sup>1</sup> riding on buoyant exports, robust agricultural output as well as boost from the industrial sectors and strong domestic and external demand. Per capita income rose to USD 1,751 in FY 2017-18, up from USD 1,610 in FY 2016-17<sup>2</sup>. The broad-based pick-up in economic activity continued in Q4 of FY 2017-18<sup>3</sup>. This broadly matches the trend in recent years, where the rate of growth has matched or exceeded adjacent economies. The macroeconomic fundamentals remain strong with real GDP growth expected to continue<sup>4</sup>. On the supply side, the growth momentum received support from the industry and the service sectors, while the agricultural sector also remained solid. The growth was aided by favourable financial conditions and fiscal policy support, resulting in a pickup of both public and private investment as reflected in the strong growth of investment related imports.

<sup>1</sup>Bangladesh Bureau of Statistics

<sup>2</sup>Planning Ministry, as reported in The Daily Star 18 September 2018

<sup>3</sup>Bangladesh Bureau of Statistics, Grameenphone Strategy team analysis

<sup>4</sup>Data Sources: Bangladesh Bureau of Statistics, UN Population Division, World Bank, Economist Intelligence Unit and Analysis Mason

The country will continue its journey on the path to middle-income economy status along with implementation of the sustainable development goals (SDGs). However, infrastructure, governance, and complexity of doing business remain as major challenges to Bangladesh's vast economic potentials. Strength of the Banking sector remains a concern through FY2019. Looking ahead, delivery on broader development goals, pro-business policy reforms, accelerated resource mobilisation, expanded tax base, improvements in infrastructure, and stabilised banking sector should help Bangladesh continue on a path of inclusive economic growth and sustainable development.

Regionally, inflation performance followed a mixed trend in South Asia, with rates increasing marginally in India (4.9% Q4 FY 2017-18 from 4.3% in Q3<sup>5</sup>) and significantly in Pakistan (5.2% from 3.2%<sup>6</sup>), while it fell in Sri Lanka (2.5% from 2.8%<sup>7</sup>). Commodity prices in the global market continued its rising trend in Q4 of financial year 2017-18, driven by strong supply and demand side activities in both emerging and advanced economies. While accelerated growth lifted demand, geopolitical tensions along with other variables such as production cuts resulted in supply constraints, with oil being a prime example. The final quarter of 2018 was not good for equity markets globally. Investors have had to contend with rising US central bank interest rates, a sharp slowdown in euro zone business confidence, weaker Chinese growth and rising geopolitical concerns (including Brexit, Italian politics and the ongoing trade conflict between the US and China). On the plus side, over the quarter as a whole government bonds at least lived up to their traditional role as the defensive part of a well balanced portfolio<sup>8</sup>.

### Risks and Concerns related to the financial statements

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

Grameenphone has 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 covered. Standard Risk are those risks common to Telenor Group 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 deployed to mitigate the identified risks to an acceptable level. 'Risk coverage' is performed in subsequent years to enhance the control capabilities to ensure particular control is effective and efficient in mitigating the risks. Risk mitigation status is monitored through review of control performance applying control testing method (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 51.

### Future Plan of Grameenphone 2019

Continued focus on winning in voice, coupled with growth in data and digital services and robust personalisation capability in 2018, will establish strong foundations for Grameenphone in 2019 to pursue innovations amid customers' evolving needs in their digital life. We will continue our relentless focus to drive resilient performance and sustainable returns in 2019.

Key priorities in 2019 are to focus on coverage leadership, distribution and challenging red markets while leading 4G conversion with surgical investments and ARPU drive. There will also be a special focus on scaling the business segment by building ICT competency and winning in postpaid and IoT. Grameenphone will also continue to:

- Drive Business Simplification Program supported by institutionalising sustainable and efficient cost structure through a strengthened Cost Office function.
- Build a winning team by ensuring relevance of key competencies, sharpening focus and implementing new way of work in a changing and complex environment.
- Focus on long and short term advocacy as well as reputation and awareness building platforms to responsibly and proactively manage the business environment.

Our persistent focus on products and service innovations, retail experience reforms, and digitisation of core business for future growth will set the stage for us to capitalise on new growth opportunities in 2019.

Grameenphone aims to improve 2019 service revenue growth development and to sustain the strong EBITDA focus, leveraging on sustainable growth, disciplined cost management and innovating on operational efficiencies.



**Michael Patrick Foley**  
Chief Executive Officer

27 January 2019

<sup>5</sup>CPD (2018): State of the Bangladesh Economy in FY2018 (First Reading)

<sup>6</sup>Pakistan Bureau of Statistics

<sup>7</sup>Central Bank of Sri Lanka

<sup>8</sup>J.P. Morgan Economic Research, J.P. Morgan Asset Management



## 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 2018. 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:

- a) 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;
- b) 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;
- c) 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
- d) The Governance of the Company is satisfactory.

This is also no endorsement about quality of contents in the Annual Report of the Company for 2018.

**Abu Sayeed Mohammad Nayeem, FCA**  
Partner  
ACNABIN  
Chartered Accountants

27 January 2019