

## 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	
<b>1</b>	<b>Board of Directors (BoD)</b>			
1(1)	Board's Size (number of Board members – minimum 5 and maximum 20)	√		Grameenphone Board is comprised of 10 (Ten) Directors
<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)	√		-do-
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude	√		-do-

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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) Dr. Salehuddin Ahmed, in his 1 <sup>st</sup> term, and his appointment was approved at 22 <sup>nd</sup> AGM b) The Board appointed Mr. Abdul-Muyeed Chowdhury, and the shareholders would approve his appointment at the upcoming 24 <sup>th</sup> AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		The position of Prof. (Dr.) Jamilur Reza Chowdhury, Independent Director was vacant on 28 April 2020 due to his sudden demise. The Board appointed Mr. Abdul-Muyeed Chowdhury as a new Independent Director on 14 September 2020 within the extended time as granted by BSEC
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 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

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		Complied	Not Complied	
<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 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
<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 71 of the Annual Report
1(5)(ii)	Segment-wise or product-wise performance	√		Included in the Directors' report on Page 71 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 73 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 72 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 73 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 73 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 73 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 74 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 73 of the Annual Report
1(5)(x)	Statement of remuneration paid to the directors including independent directors	√		Included in the Directors' report on Page 73 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 73 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 73 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 73 of the Annual Report

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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 73 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 73 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 74 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 73 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 74 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 62 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 74 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 74 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 89 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 89 of the Annual Report
1(5)(xxiii)(c)	Executives	√		Included in the Directors' report on Page 89 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 89 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 29 of the Annual Report
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas	√		Given on Page 29 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 33 of the Annual Report

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<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	√		Stated as Annexure -V (Management's Discussion and Analysis) of the Directors' Report on Page 93 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 94 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	√		Stated as Annexure -V (Management's Discussion and Analysis) of the Directors' Report on Page 95 of the Annual Report
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 90 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 97 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	√		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
<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 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	
<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)	√		In practice
<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 and the declaration is disclosed as Annexure-IV on page 90 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-

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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	√		The CEO and CFO have duly certified to the Board and the declaration is disclosed as Annexure-IV on page 90 of the Annual Report
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 90 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 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
<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	√		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

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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
<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	None		No such case in the reporting year
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 23 <sup>rd</sup> AGM held on 21 April 2020
<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 eight (8) 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
<b>5(5)</b>	<b>Meeting of the 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-



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5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval	√		The Audit Committee performs as per BSEC's guidelines
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 2020
<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		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 57 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

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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
<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
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	√		The position of Prof. (Dr.) Jamilur Reza Chowdhury, Independent Director was vacant on 28 April 2020 due to his sudden demise. The Board appointed Mr. Abdul-Muyeed Chowdhury as new Independent Director on 14 September 2020 within the extended time as granted by BSEC
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	√		In practice
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
<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	√		The reason for the absence of the NRC Chair was duly recorded in the minutes
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 23 <sup>rd</sup> AGM held on 21 April 2020
<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	√		There were seven (7) 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

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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
<b>6(5)</b>	<b>Role of the NRC</b>			
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 59 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-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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 23 <sup>rd</sup> AGM held on 21 April 2020
<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	√		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
<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.	√		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 97 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 77 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 2020

Name of Directors	Board Member Since	Number of meetings attended during 2020
Mr. M Shahjahan	26 June 2006	12/12
Mr. Md. Ashrafal Hassan	20 January 2010	12/12
Mr. Håkon Bruaset Kjøl****	14 September 2011	11/12
Ms. Parveen Mahmud	17 October 2012	12/12
Mr. Øivind Burdal	18 May 2016	12/12
Dr. Salehuddin Ahmed****	12 December 2018	11/12
Mr. Lars Erik Tellmann	11 December 2019	12/12
Mr. Jørgen C. Arentz Rostrup	9 June 2020	05/05
Mr. Abdul-Muyeed Chowdhury	14 September 2020	02/02
Ms. Tone Ripel	18 October 2020	02/02
Prof. (Dr.) Jamilur Reza Choudhury*	15 June 2016	04/06
Mr. Petter Boerre Furberg**	26 May 2017	08/08
Mr. Irfan Wahab Khan***	14 July 2019	10/11

\* Prof. (Dr.) Jamilur Reza Choudhury passed away on Tuesday, 28 April 2020

\*\* Mr. Petter Boerre Furberg retired from the Board on 09 June 2020

\*\*\* Mr. Irfan Wahab Khan retired from the Board on 18 October 2020

\*\*\*\* 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 2020

Name of Shareholders	Status	Shares Held	Percentage
<b>i) Parent/Subsidiary/Associate Companies</b>			
Telenor Mobile Communications AS	-	753,408,154	55.80%
Grameen Telecom	-	461,766,409	34.20%
<b>ii) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children</b>			
Mr. Jørgen C. Arentz Rostrup	Chair	-	-
Mr. M Shahjahan	Board Member	-	-
Mr. Md. Ashrafal Hassan	Board Member	-	-
Mr. Håkon Bruaset Kjøl	Board Member	-	-
Ms. Parveen Mahmud	Board Member	-	-
Mr. Øivind Burdal	Board Member	-	-
Dr. Salehuddin Ahmed	Board Member	-	-
Mr. Lars Erik Tellmann	Board Member	-	-
Mr. Abdul-Muyeed Chowdhury	Board Member	-	-
Ms. Tone Ripel	Board Member	-	-
Mr. Yasir Azman	Chief Executive Officer	39,783	0.00%
Mr. Jens Becker	Chief Financial Officer	-	-
Mr. S M Imdadul Haque	Company Secretary	-	-
Mr. Hasan Faisal	Head of Internal Audit	195	0.00%
<b>iii) Executives (as explained in the BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012)</b>			
Mr. Solaiman Alam	Chief Digital & Strategy Officer	-	-
Mr. Mohammad Sajjad Hasib	Chief Marketing Officer	2000	0.00%
Mr. Syed Tanvir Husain	Chief Human Resources Officer	-	-
Mr. Kazi Mahboob Hassan	Chief Business Officer	-	-
Mr. Hossain Sadat	Director Public and Regulatory Affairs	376	0.00%
<b>iv) Shareholders holding ten percent or more voting interest</b>			
Telenor Mobile Communications AS	-	753,408,154	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 2020.**

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 2020 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 2020 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,



**(Yasir Azman)**  
Chief Executive Officer (CEO)



**(Jens Becker)**  
Chief Financial Officer (CFO)

27 January 2021

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:

## 2020 Key Highlights

Grameenphone generated total revenue of BDT 139.6 billion (2019; BDT 143.7 billion), with a growth of -2.8% in year 2020 compared to previous year. Net profit after tax for 2020 stood at BDT 37.2 billion (2019; BDT 34.5 billion). Grameenphone added 2.6 million subscriptions in 2020 taking the year-end subscription base to 79.0 million, despite number series scarcity in the beginning of the year and retail closure during general holidays triggered by Covid-19. Total number of internet users stood at 41.3 million at the end of 2020 which was 52.2% of the Company's total subscriber base. This also includes 19.8Mn 4G data user which was 65.6% higher than last year. Number of 4G sites of Grameenphone reached more than 14,000 by the end of year, while investment on data capacity enhancement and coverage expansion continued in 2020. This has resulted into 99.6% population coverage for Grameenphone including 91.1% coverage with 4G network. Grameenphone's growth momentum in 2020 was mainly hampered by Covid-19, resulting into a 4.8% decrease in operating profit in year 2020.

In addition to Covid-19, despite facing significant challenges from increased supplementary duty, NOC restrictions and imposition of SMP directives by regulatory bodies, Grameenphone continued its profitability, while maintaining its superior positioning as a data & digital service provider.

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

The subscription base of Grameenphone stood at 79.0 million at the end of 2020 with a growth of 3.4% from last year. Number series scarcity followed by general holidays and retail closure due to Covid-19 had a negative impact on subscription growth in the first half of the year. Grameenphone's subscription market share stood at 46.5% at the year-end, with 0.3pp improvement from last year.

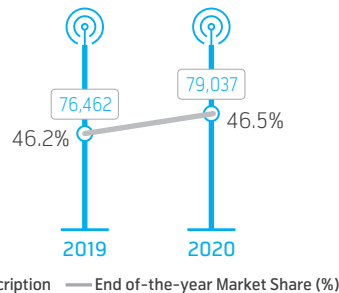
ARPU of Grameenphone decreased at BDT 150 in year 2020 (2019: BDT 157), as lower contribution from voice & interconnect segment were partly offset by data services. In 2020, AMPU was 210 minutes (2019: 217 minutes) with a decrease of 3.1%, mainly attributed to lower usage due to Covid-19 pandemic and usage adjustment by subscribers after imposition of 5% additional supplementary duty (introduced in June 2020).

## Revenue Performance

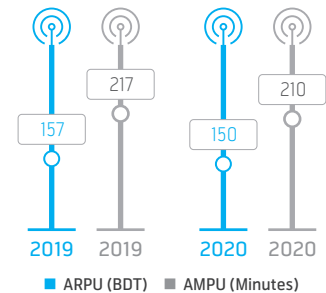
Grameenphone reported total revenue of BDT 139.6 billion for the year 2020 (2019: BDT 143.7 billion), with -2.8% growth. The decrease in total revenue mainly came from lower mobile communication revenue, which was driven by lower voice & interconnect, partly offset by higher revenue from data services.

Revenue from voice service decreased by 7.2% against 3.4% growth in subscription base while interconnect revenue decreased by 16.1%.

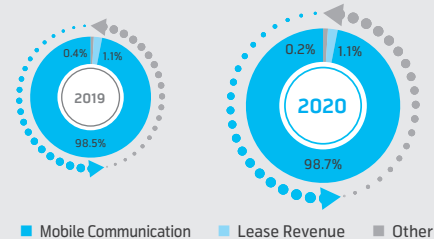
Total Subscription ('000)



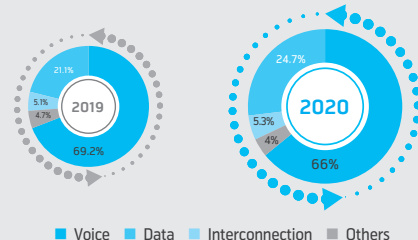
ARPU & AMPU



Revenue Composition



Mobile Communication Revenue Composition



Data revenue increased by 14.0%, driven by 9.4% growth in data ARPU and 1.7% increase in active internet users in 2020. BDT 34.0 billion data revenue in 2020 accounts for 24.7% (2019: 21.1%) of mobile communication revenue for Grameenphone. Roll-out of 4,058 new 4G sites (total 4G sites by the end of 2020: 14,000+), focused investment in data capacity enhancement & coverage expansion, along with competitive, relevant and exciting product offers in the market enabled the aforementioned growth in data revenue in 2020.

Interconnection revenue continued to be on a declining trend in 2020 with a growth of -16.1%. In addition to the increasing proliferation of OTT services (e.g. WhatsApp, Viber, IMO, Facebook Messenger, etc.), interconnect revenue in 2020 was further impacted by reduced international call termination rate from first quarter, along with imposition of SMP directives from the third quarter

## Cost and Margin Review

Total operating expense of Grameenphone stood at BDT 76.2 billion (2019: BDT 77.0 billion) with 1.1% decrease compared to last year. The de-growth in operating expense mainly came from lower sales, marketing and commission cost, partly offset by higher cost of material and traffic charges and higher CSR cost for Covid-19 and flood. Lower sales, marketing and commission cost was mainly driven by lower revenue, efficient market spending and increased share of digital sales. BDT 4.1 billion decrease in total revenue and BDT 0.8 billion decrease in operating expense resulted into BDT 3.2 billion decrease in operating profit for Grameenphone in 2020. Operating profit margin of Grameenphone stood at 45.4% (2019: 46.4%).

## Profit after Tax

Net profit after tax for 2020 was BDT 37.2 billion (2019: 34.5 billion) with a strong margin of 26.6%, which was 2.6pp higher compared to last year. BDT 2.7 billion growth in net profit after tax came in combination of BDT 1.1 billion lower profit before tax and BDT 3.8 billion lower tax expense. The decrease in tax expense was mainly due to favourable impact from provision adjustment during the year, along with lower profit before tax in 2020.

## Capital Expenditure (Capex) and Network Updates

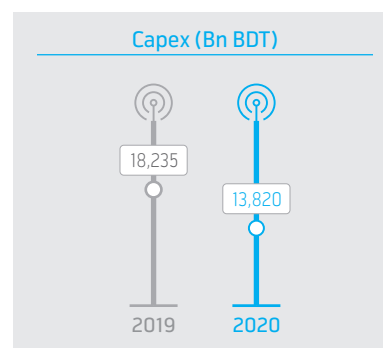
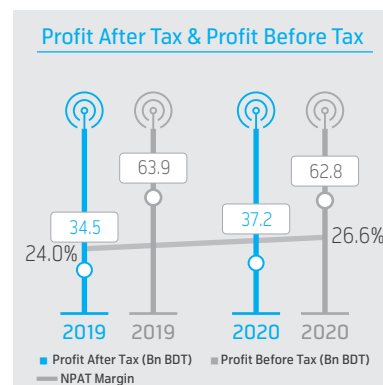
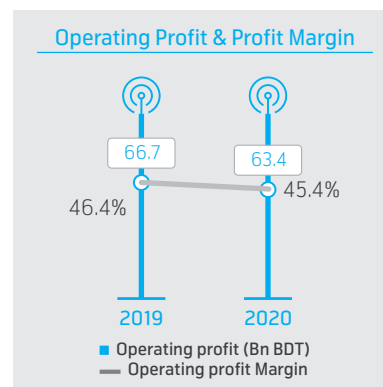
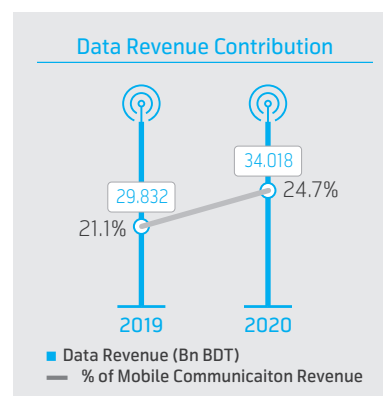
In 2020, Grameenphone reported BDT 13.8 billion as capital expenditure (2019: BDT 18.2 billion, with a 'total capex to sales' ratio of 9.9%). Majority of the investment in 2020 was related to rolling out of 4G sites, capacity increase for data traffic & coverage expansion - all in order to provide superior voice & data experience for the customers. In 2020, Grameenphone rolled out 4,058 new 4G sites taking the total number of 4G sites to 14,080, covering 91.1% population under 4G network (2019: 74.5%). With 16,547 sites across the country, Grameenphone currently provides its telecommunication services covering 99.6% of the total population of the country.

## Balance Sheet

Total asset base decreased to BDT 148.2 billion (2019: BDT 148.7 billion) mainly for the decrease in current assets from cash and cash equivalents partly offset by increase in total non-current assets.

Total liabilities decreased during 2020, mainly for the payment of dividends to foreign shareholder which was unpaid at the end of 2019, decrease in provisions as a result of dispute settlement and repayment of IFC loans.

Total equity increased to BDT 52.1 billion (2019: BDT 38.3 billion) resulted from profit generated and dividend declared during the year 2020. The net profit generated from operations during the year 2020 was BDT 37.2 billion (2019: BDT 34.5 billion) which was partly offset by the final dividend for the year 2019 and interim dividend for the year 2020.





## 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.

### 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	2020	2019	2018 Restated	2017 Adjusted	2016 Adjusted	2015 Adjusted
<b>Financial Performance (in million BDT)</b>						
Revenue	139,606	143,656	132,832	128,436	114,862	104,754
Operating Profit	63,440	66,652	56,777	49,340	40,950	36,538
Profit before tax	62,801	63,899	54,848	46,419	37,127	34,091
Net Profit after tax	37,187	34,517	33,363	26,146	21,721	19,046
<b>Financial Position (in million BDT)</b>						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	52,108	38,347	36,836	31,388	31,116	28,974
Total assets	148,184	148,734	138,713	130,220	130,500	132,450
Total liabilities	96,077	110,387	101,877	98,832	99,384	103,476
Current assets	9,931	20,999	13,369	20,658	10,941	11,928
Current liabilities	76,656	90,426	82,963	78,274	70,536	69,276
Non current assets	138,253	127,735	125,345	109,562	119,558	120,522
Non current liabilities	19,420	19,961	18,914	20,558	28,848	34,199
<b>Cash Flows (in million BDT)</b>						
Net cash generated from operating activities	33,572	57,393	60,413	57,771	46,152	38,791
Net cash used in investing activities	(11,217)	(14,263)	(30,200)	(12,944)	(19,839)	(19,907)
Net cash used in financing activities	(33,517)	(35,308)	(36,699)	(35,336)	(27,553)	(19,491)
<b>Financial Ratios</b>						
Current Asset to Current Liability	0.13	0.23	0.16	0.26	0.16	0.17
Debt to Equity	0.42	0.62	0.50	0.63	0.87	1.19
Operating Profit Margin	45%	46%	43%	38%	36%	35%
Net Profit Margin	27%	24%	25%	20%	19%	18%
Return on Equity	82%	92%	98%	84%	72%	64%
Return on Total Assets	25%	24%	25%	20%	17%	14%
<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>	275%	130%	280%	205%	175%	140%
Dividend payout <sup>1</sup>	99.86%	50.86%	113%	106%	109%	99%
NAV per Share <sup>2</sup>	38.59	28.40	27.28	23.25	23.04	21.46
Net Operating Cash Flow per Share <sup>3</sup>	24.86	42.50	44.74	42.78	34.18	28.73
Earnings Per Share <sup>3</sup>	27.54	25.56	24.71	19.36	16.09	14.11

\*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 shares of BDT 10 each.

Inflation Adjusted numbers	2020	2019	2018 Restated	2017 Adjusted	2016 Adjusted	2015 Adjusted
<b>Financial Performance (in million BDT)</b>						
Revenue	106,002	115,284	112,439	115,001	108,442	104,754
Operating Profit	48,169	53,488	48,060	44,179	38,662	36,538
Profit before tax	47,684	51,279	46,427	41,564	35,052	34,091
Net Profit after tax	28,236	27,700	28,241	23,411	20,507	19,046
<b>Financial Position (in million BDT)</b>						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	39,565	30,774	31,181	28,105	29,377	28,974
Total assets	112,515	119,359	117,417	116,599	123,206	132,450
Total liabilities	72,950	88,585	86,236	88,494	93,829	103,476
Current assets	7,541	16,852	11,316	18,497	10,330	11,928
Current liabilities	58,205	72,567	70,226	70,087	66,593	69,276
Non current assets	104,975	102,507	106,101	98,102	112,876	120,522
Non current liabilities	14,746	16,018	16,010	18,408	27,236	34,199
<b>Cash Flows (in million BDT)</b>						
Net cash generated from operating activities	25,491	46,058	51,138	51,728	43,572	38,791
Net cash used in investing activities	(8,517)	(11,446)	(25,563)	(11,590)	(18,730)	(19,907)
Net cash used in financing activities	(25,450)	(28,334)	(31,065)	(31,640)	(26,013)	(19,491)
<b>Inflation Rate</b>						
	5.69%	5.48%	5.78%	5.44%	5.92%	6.41%

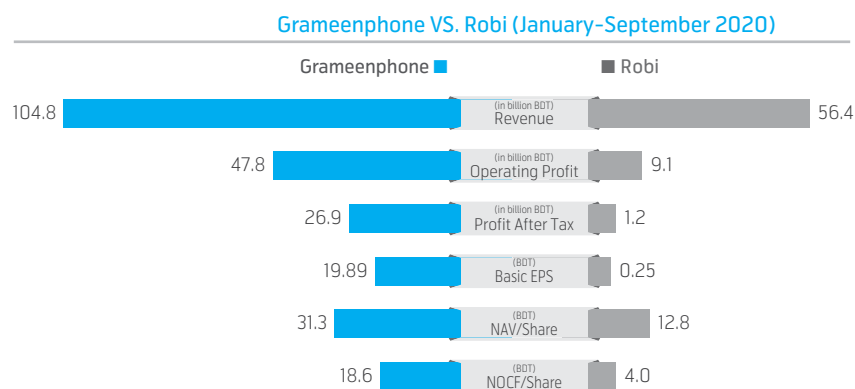
\*Inflation Rate Source: Bangladesh Bureau of Statistics

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

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

Peer companies of Grameenphone in telecommunication industry in Bangladesh include Robi Axiata Limited (Robi), Banglalink Digital Communications Limited and Teletalk Bangladesh Ltd. (Teletalk). Among these three companies, Robi Axiata Limited (Robi) has recently been enlisted with Dhaka Stock Exchange and Chittagong Stock Exchange on 24 December, 2020 and thus enable for a comparative benchmarking.

Following is the comparative peer review with Robi Axiata Limited and its subsidiary, based on its 3<sup>rd</sup> Quarter/9 Months un-audited Financial Statements 2020:



### Financial and economic scenario of Bangladesh and the globe

Bangladesh remains a very attractive market for telecom with significant potential to grow fuelled by a young and evolving population heavily reliant on the cellular network as their primary means of voice and data connectivity. The youth, comprising of 46% of the total population of the country<sup>1</sup>, are moving into the metro cities in increasing numbers looking for greater economic opportunities.

<sup>1</sup>Youth = 0 - 24 years old. UN World Prospectus

With continuous effort from the government and relevant entities, secondary school enrolment in Bangladesh currently stands at 67% which is higher in comparison to similar markets<sup>2</sup>. Roughly 50% of the population, ages 15+, have account ownership in a financial institution or with a mobile-money service provider<sup>3</sup>. Collectively these statistics account for a GDP growth rate of 8% in 2019.

While mobile usage at the individual level has seen significant increases over the years with AMBPU currently stands at 2,236 MB and AMPU at 160 Minutes<sup>4</sup>, room remains for the industry to grow as real SIM penetration in the country currently stands at 59.79%<sup>5</sup> with Multi-SIM usage still being a prevalent behaviour. Significant room for growth in internet usage is predicted as the current smartphone penetration stands at 38.76%<sup>6</sup> of mobile users.

Bangladesh was impacted by the pandemic from March 2020 which directly affected Grameenphone's business. The country's economy comprised of a large population of daily wage earners who were suddenly out of jobs. The economy also relied heavily on revenue from RMG export which saw also a significant decline<sup>7</sup>.

Globally, Covid-19 had triggered the deepest global recession in decades. While the ultimate outcome is still uncertain, the pandemic is expected to trigger major contractions across all the economies. The aftermath of Covid-19 will also have lasting impact on productivity and potential output. While the bounce-back rate and its timing will depend on a multitude of factors it is expected to be strongest in the Asian countries that have already shown better resilience during the pandemic.<sup>8</sup>

### 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 during the period.

The Company has an integrated process to review the risks arising from transactions, processes, and people, as well as from the 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 Risks are risks common to all Telenor Business Units and Local Risks are Grameenphone specific risks that arise due to local business processes, people and the regulatory environment we operate in. Each risk is evaluated through a 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 processes to mitigate the identified risks to an acceptable level. 'Risk coverage' is carried out every year to update the control description and enhance control capabilities to ensure the effectiveness and efficiency of risk management. Risk mitigation status is monitored using two control-testing methods i.e. self-assessment and direct testing, twice a year (Interim and Year-end). Details of the ICFR activity is presented in the Internal Control over Financial Reporting (ICFR) section of the Annual Report on page 56.

### Future Plan of Grameenphone 2021

Grameenphone has been at the forefront of Bangladesh's development, and the Company is optimistic that its role will be strengthened as it moves ahead. Grameenphone's strategic ambition is to be the leading technology service provider that will unleash the potential of Bangladesh and continue growing in shareholder value. The overarching ambitions in the Company's strategy is broken down into the following four key areas:

- 1. Differentiate Data Network Experience:** Focusing towards ensuring the right experience to its high value base by making granular investment choices, implementing a customer-centric operating model and setting up for sustainable future success.
- 2. Grow Revenue:** Focusing on maintaining leadership, growing ARPU and scaling up growth segments. For the high-profile group, the Company will focus on the best experience, and service bundling. For the mid-profile group focus is on 4G handset, USIM conversion, and segmented pricing. For the largest group, focus is on coverage and granular distribution.

<sup>2</sup>Average of 59% for Asian Telenor BU's

<sup>3</sup>Demirguc-Kunt et al., 2018, Global Financial Inclusion Database, World Bank

<sup>4</sup>Internal BU Data Analysis

<sup>5</sup>GSMA Intelligence and Internal BU data

<sup>6</sup>Internal BU Data Analysis

<sup>7</sup>World Bank, BBS

<sup>8</sup>Based on analysis from World Bank, IMF and OECD

3. **Drive Modernisation:** To support its growth ambition, Grameenphone is working towards developing a digital-focused operating model with modernised capabilities in the form of scaling up digital channels, retail transformation and service modernisation.
4. **Responsible Business:** Grameenphone's responsible business strategy is built around enabling growth and supporting modernisation. There is increased focus on long- and short-term advocacy as well as reputation and awareness building platforms to responsibly and proactively manage the business environment.

A strong emphasis on Customer-Focused Data-Driven Decisioning will enable the Company to achieve the above.

Grameenphone faces continued uncertainties related to the global Covid-19 pandemic, slower economic growth, a fragmented value chain governed by a complex regulatory regime, a business environment adversely impacted by the global trade slowdown as well as strong competition. While proactively managing these uncertainties and with strong execution on its strategic ambitions, Grameenphone will continued to position itself for sustainable growth in the future.



**Yasir Azman**  
Chief Executive Officer

27 January 2021

## Annexure –VI



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**Report to the Shareholders of  
Grameenphone Ltd.  
on Compliance with the Corporate Governance Code**  
(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 2020. 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 2020.

**Abu Sayed Mohammed Nayeem, FCA**  
Partner  
ACNABIN  
Chartered Accountants

27 January 2021