

# Directors' Report

For the Year Ended 31 December 2021

This report has been prepared in compliance with Section 184 of the Companies Act 1994 and Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC) and BSEC notification dated 03 June 2018.

## 2021: Committed to delivering value for customers, empowered by digitisation and future-fit capabilities

The year 2021 saw us through the second and third wave of the Covid-19 pandemic which has had a profound impact across the globe as well as in Bangladesh. Bangladesh was put through multiple lockdowns on and off for some parts of the year resulting in prolonged disruption on socio-economic lives. The uncertainty left little for us to do but accept the pandemic as a challenge and drove us to stand by the nation through our connectivity during the times they depended on it the most, be it for their education, work, safety, or staying in touch with family.

Despite the extraordinary events and unprecedented Covid-19 related challenges, we hit some very important strategic milestones that enabled us to maintain our competitive edge in the market. In 2021 Grameenphone reported a total revenue of BDT 143.1 billion for the year, registering a 2.5 % growth from the previous year. In early 2021, Grameenphone participated and secured 10.4 MHz spectrum that has enabled Grameenphone even further in meeting customers' demand for high-speed internet connectivity and enhancing their digital experience. Throughout the year, we executed on our plans with acquiring future-fit capabilities, advanced network operations, and invested in spectrum deployment to serve our customers.

Across 2021, Grameenphone saw a steady growth in new customer acquisition numbers. We focused on acquisition and Gross Add by launching innovative and relevant offers for new users in our product portfolio. The Company acquired 4.2 million new subscribers during the year, ending the year with 83.3 million subscribers, a 5.3% year-over-year growth. 44.6 million subscribers, or 53.5% of total subscribers, are using internet services.

In 2021, Grameenphone invested BDT 37.2 billion to further improve network coverage. Grameenphone's total number of sites stands at 18,301. Our effort in enhancing customer experience and digitalisation resulted in more people choosing Grameenphone and an increase in data usage in 2021. 4G Data users increased by 7.9 million, growing by 39.7% YoY while digital recharge increased by 21.6%. The Company has paid BDT 102.78 billion, equalling 71.83% of its total revenues, to the National Exchequer in the year of 2021.

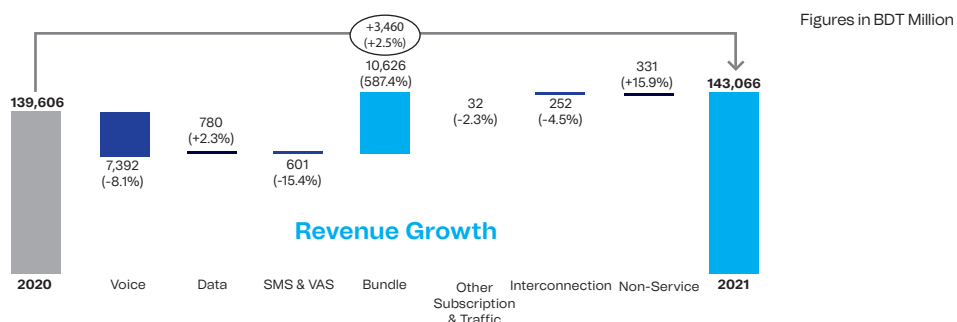
Notably, we have taken a consultative approach with the regulators to address different issues to serve our customers best in the most challenging times. We have undertaken initiatives such as the modernisation of our operating models and integration of automation, developing competent skills for the future, and building partnerships for advanced network capabilities. We believe the right mix of competency, capabilities and tools will contribute to our growth ambition, reinforce our position as a reliable connectivity partner, and help move Bangladesh forward.

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

### ● Segment/Product Wise Performance

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

Grameenphone posted BDT 143.1 billion total revenue for the year 2021 with 2.5% growth compared to the previous year. The increase in total revenue was mainly driven by higher bundle and data revenue, partly offset by lower voice revenue. In 2021, Grameenphone actively promoted its bundle services by launching attractive packs through both own and third-party digital channels to provide better customer value along with enhanced experience. This has resulted into substantial growth in bundle revenue which was seven times compared to last year.



Voice only revenue decreased by 8.1% from last year, while data only packs & pay-go revenue increased by 2.3%. The decrease in voice revenue is mainly attributed to the lower usage due to lockdowns during the second wave of Covid-19 and shifting of usage from voice only packs towards bundle packs. 'SMS and VAS' includes Content service, SMS and MMS revenue, which decreased by 15.4%, being influenced by the implementation of regulatory directives regarding mandatory customer consent. 'Other Subscription & Traffic' includes revenue from outbound roaming services and USSD revenue from mobile-financial services.

Interconnection revenue is generated from incoming traffic which are originated from outside Grameenphone network. Interconnection revenue decreased by 4.5% in 2021 compared to 2020 despite increase in incoming minutes from national and international operators. De-growth in interconnect revenue was mainly due to full year impact of implementation of SMP directives in 2020 (reduction in national call termination rate).

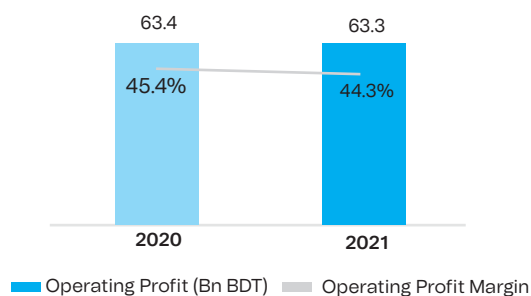
'Non-Service Revenue' segment includes customer equipment, i.e., sale of handsets, internet modems and Vehicle Tracking System, and revenue from telecom infrastructure sharing, commission from financial services, etc.

Grameenphone added 4.2 million subscribers in 2021 despite lockdowns during mid of the year under Covid-19 situation. At the end of 2021, Grameenphone's total subscriber base reached at 83.3 million with 5.3% growth from last year including 53.5% active data users. Grameenphone continued its investment momentum in 2021 with roll-out of more than 3,000 4G sites, acquisition of 10.4MHz new spectrum and deployment of the additional spectrum in more than 10,000 sites along with re-farming of 1800MHz band. In addition, coverage expansion resumed with more than 1,700 new sites after commencement of the Towerco operating model.

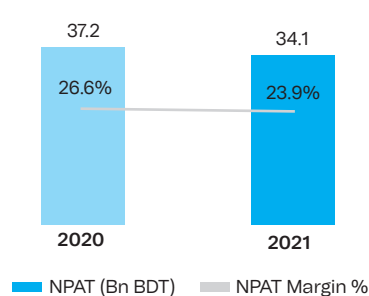
- **Review on Operating Expense, Operating Profit Margin and Net Profit Margin**

Operating expenses consist of cost of material and traffic charges, salaries and personnel cost, operation and maintenance, sales, marketing and commission, revenue sharing, spectrum charges and licence fees, depreciation and amortisation expense, and other expenses. Operating expense for 2021 was BDT 79.7 billion with 4.7% increase compared to last year. The Increase in operating expense mainly came from higher sales, marketing and commission, cost of material and traffic charges and cost from modernisation initiatives. Operating profit for 2021 stood at BDT 63.3 billion, with a margin of 44.3%.

**Operating Profit & Operating Profit Margin**



**NPAT & NPAT Margin**



Net profit after tax for 2021 was BDT 34.1 billion with a margin of 23.9%. BDT 3.1 billion decrease in net profit after tax was mainly due to one-off favourable adjustments in finance cost and tax expenses in 2020. As a result, Earnings Per Share (EPS) for the year 2021 stood at BDT 25.28 as compared to BDT 27.54 for the year 2020, having year-on-year decrease of 8.2%.

- **Significant Variance of Financial Statements**

No significant variations have occurred between quarterly and final financial performances of the Company during the year 2021 except for a growth in revenue which is discussed in "Segment/Product Wise Performance" segment of this report. During the year, Grameenphone participated in that auction and secured 0.4 MHz in 1800 MHz band and 10MHz in 2100 MHz band effective from 9 April 2021 to 10 November 2026.

Besides, the significant increase of net operating cash flow per share (NOCFPS) in 2021 compared to that of 2020 is mainly for the deposit of BDT 20 billion which was a one-off incident resulted in lower net cash generated by operating activities for 2020 which in turn reduced the NOCFPS for that year. However, in current period there has not been any such significant one-off incident. This is the main reason for increase in NOCFPS in current year compared to comparative year. Other variances from business operation are sufficiently disclosed in the relevant segments of this Annual Report.



- **Directors' Declaration on the Financial Statements**

The Board is responsible for presenting an accurate and fair view of the Company's financial performance and position as a part of good governance. To that end, the Directors confirm to the best of their knowledge that:

- a) The Financial Statements, prepared by the Management of the Company, present its state of affairs, the result of its operations, cash flows and changes in equity fairly;
- b) Proper books of account of the Company have been maintained;
- c) 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;
- d) International Financial Reporting Standards (IFRSs) have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;
- e) The system of internal control is sound in design and has been effectively implemented and monitored; and
- f) There is no doubt upon the Company's ability to continue as a going concern.

- **Director Remuneration**

No remuneration is given to the Directors of the Board apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2021, attendance fees in connection with Board and Board Sub-Committee meetings were BDT 1,089,200 (2020: BDT 753,931). Foreign Directors have decided not to receive the attendance fees in connection with Board and Board Sub-Committee meetings.

- **Minority Interest**

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

- **Risks & Concerns**

Managing risk is an integral part of our business activity. The Company's Board and management are fully committed to maintaining sound risk management system to safeguard Company and shareholders' interest. As with other co-existing companies, Grameenphone's business is also exposed to diverse risks that arise both from the internal and external fronts. Apart from uncertainties stemming from a dynamic regulatory regime, the Company has always been prepared for issues such as competing markets, operational challenges, legal knots, interest and exchange rate volatilities, and potential changes in policies at the national or global level. However, Grameenphone has a befitting risk management policy and a periodic monitoring system to address the concerns and uncertainties that are likely to hit the Company's business activities, operations, liquidity, and financial position for future performances.

- **Industry Outlook and Possible Future Developments**

The telecom sector in Bangladesh is still growing and projected to grow further by connecting the unconnected communities and enabling accelerated digitalisation needs due to Covid-19 lately.

While the number of unique mobile subscriber and internet users have grown steadily, the annual growth rate for data consumption, however, is quite high (around 11.4%) when compared to voice traffic growth. Despite declining voice revenue trend against increased growth in data and new & adjacent businesses, voice traffic remains the main revenue driver; and is expected to remain so over the next few years.

Sudden surge in data traffic during the Covid-19 crisis put pressure on the country's existing mobile networks. To manage capacity, we have acquired additional spectrum in the 1800MHz and 2100MHz bands to enhance and expand 4G/LTE services and improve quality of services. The demand for digital connectivity will only grow further as the country celebrates 50<sup>th</sup> birthday and set out to realise full potential of Least Developed Country (LDC) graduation and even bolder ambition to become a middle-income economy by 2031 and self-sustained knowledge based digital economy by 2041 where digitalisation will be the key enabler. The Government has signed deals with World Bank to fund fibre connectivity projects in rural areas. Funds have also been allocated to expand and modernise the state-owned Mobile operator Teletalk and trail of 5G. However, to best utilise 4G and to commercially launch 5G, amendment of the BTRA Act; revision of the investment-related clauses in the Licences; broadband policy; spectrum pricing, data tariff directives; Quality of Service (QoS) guidelines etc. will be critical.



## Other statutory Disclosure

- The Company's financial results have continued to improve since the IPO in 2009 as reflected in the yearly Financial Statements.
- All significant deviations from the previous year in the Company's operating results have been highlighted and reasons thereof have been explained.
- The key operating and financial data for the last six years have been disclosed in Annexure -V of this report on page 62.
- All transactions with related parties have been made on a normal course of business. Details of related parties and related party transactions have been disclosed in note 41 to the Financial Statements 2021 as per the relevant IFRS requirements.
- As per IAS 1 Presentation of Financial Statements, no items of income and expenses are to be presented as 'extraordinary gain or loss' in the financial statements. Accordingly, no 'extraordinary gain or loss has been presented in the Financial Statements.
- The Grameenphone Initial Public Offering (IPO) was made in 2009, and the fund raised thereby has already been utilised by 30 June 2010 as reported to the regulators. No other equity instrument has been issued since then.
- Management's Discussion and Analysis signed by the CEO is disclosed in Annexure-V of this report on page 59.
- The declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on Financial Statements 2021 to the Board as prescribed is annexed to this report as Annexure-IV on page 58.
- Grameenphone has declared interim dividend and recommended final dividend for the year 2021. Grameenphone has not declared Bonus Share as Interim and Final Dividend in 2021.
- During 2021, a total of 7 (seven) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-II of this report on page 57.
- Shareholding pattern of the Company as on 31 December 2021 is shown in Annexure-III of this report on page 57.

## Annual Results and Allocations

The Directors take pleasure in reporting the financial results of the Company for the year ended 31 December 2021 and recommended the appropriation as mentioned in the 'Appropriation of Profit' table below:

Figures in BDT million

	2021	2020
<b>Profit available for Appropriation</b>		
Profit/ (Loss) after tax	34,129	37,187
Other comprehensive income (loss), net of tax	100	(470)
Un-appropriated profit brought forward from previous year	30,750	16,988
<b>Total Amount available for Appropriation</b>	<b>64,979</b>	<b>53,705</b>
<b>Appropriation</b>		
Final Dividend Paid for Previous Year	(19,579)	(5,401)
Interim Dividend Paid for Current Year	(16,879)	(17,554)
<b>Closing Retained Earnings at year end (before Proposed Final Dividend)</b>	<b>28,521</b>	<b>30,750</b>
Proposed Final Dividend for the year (2021: 125% and 2020: 145% cash)	(16,879)	(19,579)
<b>Retained Earnings after Proposed Dividend</b>	<b>11,642</b>	<b>11,171</b>

## Dividend

For the year ended 31 December 2021, the Board of Directors of the Company has paid an Interim Cash Dividend @ 125% of the paid-up capital amounting to BDT 16,878,750,275 which was BDT 12.50 per share of BDT 10 each. Now, the Directors are pleased to recommend a Final Cash Dividend @ 125% of the paid-up capital amounting to BDT 16,878,750,275 which is BDT 12.50 per share of BDT 10 each for the year 2021 out of the divisible profits of the Company for consideration and approval of the Shareholders for distribution. Inclusive of the Interim Dividend of 125% paid already, this would make a cumulative total dividend @ 250% of the paid-up capital of the Company which represents 98.91% of the Profit After Tax for the year 2021 amounting to BDT 33,757,500,550.

The above recommendation of dividend is as per the Board approved dividend policy which is disclosed in the "Dividend Distribution Policy" section of the Annual Report 2021 on page 38.

### Corporate Governance Approach

Grameenphone is committed to maintaining high standards of corporate governance in the Company through a culture of accountability, transparency and well-understood policies and procedures. In line with the same, the Company has complied with the conditions as stipulated in the Corporate Governance Code issued by BSEC. In this connection, compliance status has been annexed to this report as Annexure-I on page 47. Furthermore, a certificate of compliance from M/S Al-Muqtadir Associates, Chartered Secretaries, confirming compliance of conditions of Corporate Governance Code, as stipulated under condition 9(i) of the BSEC Code is also annexed to this report as Annexure-VI on page 65.

### Directors' Appointment & Re-Appointment

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

1. Mr. Jørgen C. Arentz Rostrup
2. Mr. M Shahjahan
3. Ms. Tone Ripel

As per the Corporate Governance Code 2018, after the extension of tenure of Independent Director for a second term of three (3) years by the Board, the Shareholders will approve the said extension in the Annual General Meeting. Accordingly, Dr. Salahuddin Ahmed's extension is to be vetted and confirmed at the Company's ensuing 25<sup>th</sup> AGM.

Brief profiles of the Directors being proposed for re-appointment are given on page 24 and 132 of the Annual Report, which fulfils condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

### Acknowledgement

The Board of Directors expresses their deep appreciation to all the Company's shareholders, investors, regulators, customers and partners for their trust and support over the years. Moreover, the Board of Directors thanks Grameenphone employees for their dedication and invaluable contributions during this challenging period, which has forced them to adopt a new way of working and increased virtual collaboration, contributing to the digitalisation journey of Bangladesh and winning the Digital Bangladesh Award 2021.

Our focus for the year ahead will be to ensure Grameenphone's long-term sustainability as we continue to adapt to the challenges and opportunities of the Covid-19 environment. As we advance, our priorities are the health and wellbeing of our employees; ensuring safe working practices; supporting our communities and meeting the evolving needs of our customers and suppliers; as well as preserving our financial strength so that we are well-placed to best capitalise on new opportunities for products, services, or market applications, as they arise.

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



**Jørgen C. Arentz Rostrup**

Chair

26 January 2022

## Annexure I

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

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	<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
1(2)	<b>Independent Directors</b>			
1(2)(a)	At least one-fifth (1/5) of the total number of directors shall be independent directors (ID);	√		There are 2 (Two) IDs out of total 10 (Ten) Directors
1(2)(b)(i)	Independent Director does not hold any share in the Company or holds less than one percent (1%) shares of the total paid-up shares	√		The IDs have submitted declarations about their compliances
1(2)(b)(ii)	Independent Director 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)	Independent Director has not been an executive of the Company in the immediately preceding 2 (two) financial years	√		-do-
1(2)(b)(iv)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated companies	√		-do-
1(2)(b)(v)	Independent Director is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	√		-do-
1(2)(b)(vi)	Independent Director 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)	Independent Director 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)	Independent Director shall not be independent director in more than 5 (five) listed companies	√		-do-
1(2)(b)(ix)	Independent Director 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 (NBF)	√		-do-
1(2)(b)(x)	Independent Director has not been convicted for a criminal offence involving moral turpitude	√		-do-
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) The Board extended the tenure of Dr. Salehuddin as an Independent Director for a second term of three (3) years, and the shareholders would approve his extension at the upcoming 25 <sup>th</sup> AGM b) Mr. Abdul-Muyeed Chowdhury, in his 1 <sup>st</sup> term, and his appointment was approved at 24 <sup>th</sup> AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		No such case in the reporting year
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	√		The IDs are in their regular term of office



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<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
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	√		
1(3)(b)(iii)	Independent Director shall be 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)	Independent Director shall be university teacher who has educational background in Economics or Commerce or Business Studies or Law	√		
1(3)(c)	Independent Director shall have at least 10 (ten) years' experiences in any field mentioned in clause (b) of the Code	√		
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 CEO 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 CEO	√		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 44 of the Annual Report
1(5)(ii)	Segment-wise or product-wise performance	√		Included in the Directors' report on Page 42 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 44 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 43 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 45 of the Annual Report

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 45 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 45 of the Annual Report
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO)	√		Included in the Directors' report on Page 45 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 43 of the Annual Report
1(5)(x)	Statement of remuneration paid to the directors including independent directors	√		Included in the Directors' report on Page 44 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 44 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 44 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 44 of the Annual Report
1(5)(xiv)	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 44 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 44 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 44 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 44 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 45 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 45 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 57 of the Annual Report
<b>1(5)(xxiii)</b>	<b>Pattern of shareholding and name wise details</b>			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	√		Included in the Directors' report on Page 57 of the Annual Report





Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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 57 of the Annual Report
1(5)(xxiii)(c)	Executives	√		Included in the Directors' report on Page 57 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 57 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 24 of the Annual Report
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas	√		Given on Page 24 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 133 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	√		Stated as Annexure -V (Management's Discussion and Analysis) of the Directors' Report on Page 59 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	√		Stated as Annexure -IV of the Directors' Report on Page 58 of the Annual Report
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code shall be disclosed	√		The Certificate regarding compliance of the conditions is disclosed on page 65 of the Annual Report
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)	√		Company conducts its Board meetings and record the minutes of the meetings as well as keep required books and records as per provisions of the Companies Act, 1994 and Bangladesh Secretarial Standards (BSS) as adopted by ICSB

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), 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	√		The Code of Conduct as recommended by the NRC and approved by the Board is available on the website of the Company
2	Governance of Board of Directors of Subsidiary Company	N/A		Grameenphone does not have any subsidiary Company as on reporting date
3(1)(a)	The Board shall appoint a 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 CEO, CS, CFO and HIAC shall be filled by different individuals	N/A		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
3(2)	The CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance attended in the Board Meetings
3(3)(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 58 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-
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		-do-
3(3)(b)	The CEO and CFO shall also certify that there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		-do-
3(3)(c)	The certification of the CEO and CFO shall be disclosed in the Annual Report	√		The declaration by the CEO and CFO is disclosed on page 58 of the Annual Report
4(i)	There shall be a Audit Committee as a sub-committee of the Board	√		The Board formed the Audit Committee on 10 November 2008



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
4(ii)	There shall be a Nomination and Remuneration Committee as a sub-committee of the Board	√		The Board formed the NRC on 11 December 2018
5(1)(a)	The Company shall have an Audit Committee	√		Audit Committee is established as per BSEC guidelines
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		The Audit Committee discharges as per BSEC guidelines
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	√		The duties of the Audit Committee are clearly defined in the Board approved Audit Committee Charter as per BSEC guidelines
5(2)(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)(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 24 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
5(2)(d)	The Board shall appoint new Committee member to fill up the casual vacancy immediately or not later than one (1) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	None		No such case in the reporting year
5(2)(e)	The Company Secretary shall act as the secretary of the Committee	√		In practice
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least one (1) independent director	√		In practice
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chair of the Audit Committee, who shall be an independent director	√		The Chair of the Audit Committee is an Independent Director

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chair for that particular meeting 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 24 <sup>th</sup> AGM held on 19 April 2021
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 guidelines
5(5)(b)	Monitor choice of accounting policies and principles	√		-do-
5(5)(c)	Monitor Internal Audit and Compliance process, 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-
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 and evaluate the performance of external auditors	√		-do-
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) 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 2021
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	√		
5(6)(a)(ii)(a)	The Audit Committee shall report on conflicts of interests	None		No such event in the reporting year



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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 30 of the Annual Report
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC)	√		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)(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 guidelines
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)	The Board shall fill the casual 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	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
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

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(3)(b)	In the absence of the Chair of the NRC, the remaining members may elect one of themselves as Chair for that particular meeting, the reason of absence of the regular Chair shall be duly recorded in the minutes	None		No such case in the reporting year
6(3)(c)	The Chair 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 24 <sup>th</sup> AGM held on 19 April 2021
6(4)(a)	The NRC shall conduct at least one meeting in a financial year	√		There were five (5) meetings held during the reporting period
6(4)(b)	The Chair of the NRC may convene any emergency meeting upon request by any member of the NRC	None		No such case in the reporting year
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must	√		In practice
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	√		In practice
6(5)(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	√		-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 32 of the Annual Report



Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>7(1)</b>	<b>Statutory auditors not be engaged in the following services</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	√		-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 24 <sup>th</sup> AGM held on 19 April 2021
8(1)	The company shall have an official website linked with the website of the stock exchange	√		In practice
8(2)	The company shall keep the website functional from the date of listing	√		In practice
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	√		In practice
9(1)	The company shall obtain 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 M/s Al-Muqtadir Associates, Chartered Secretaries and such certificate is disclosed on page 65 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 65 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 2021

Name of Directors	Board Member Since	Number of meetings attended during 2021
Mr. M Shahjahan**	26 June 2006	06/07
Mr. Md. Ashraful Hassan	20 January 2010	07/07
Mr. Håkon Bruaset Kjøl**	14 September 2011	05/07
Mr Øivind Burdal	18 May 2016	07/07
Dr. Salehuddin Ahmed	12 December 2018	07/07
Mr. Lars Erik Tellmann**	11 December 2019	06/07
Mr. Jørgen C. Arentz Rostrup	09 June 2020	07/07
Mr. Abdul-Muyeed Chowdhury	14 September 2020	07/07
Ms. Tone Ripel	18 October 2020	06/07
Ms. Nurjahan Begum	16 December 2021	00/00
Ms. Parveen Mahmud*	17 October 2012	03/07

\* Ms. Parveen Mahmud retired from the Board on 15 December 2021

\*\* 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 2021

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. Ashraful Hassan	Board Member	-	-
Mr. Håkon Bruaset Kjøl	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	-	-
Ms. Nurjahan Begum	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	500	0.00%
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) (The following list is prepared based on executive joining date)</b>			
Mr. Hossain Sadat	Chief Corporate Affairs Officer (Acting)	376	0.00%
Mr. Mohammad Sajjad Hasib	Chief Marketing Officer	-	-
Mr. Syed Tanvir Husain	Chief Human Resources Officer	-	-
Mr. Kazi Mahboob Hassan	Chief Business Officer	-	-
Mr. Solaiman Alam	Chief Digital & Strategy Officer	-	-
<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 2021.**

**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 2021 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 2021 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)

26 January 2022

## Annexure V

### Management's Discussion and Analysis

Management's Discussion and Analysis is designed to provide you with a narrative explanation through the eyes of our leadership on how we performed and information about our financial condition and prospects. As the Management's Discussion and Analysis is intended to supplement and complement our financial statements, we recommend that you read this in conjunction with our financial statements for the year ended 2021.

#### The Financial and Economic Scenario of Bangladesh and the Globe

Despite being hit by multiple waves of the Covid-19 pandemic, quick and decisive actions by the local authorities, supported by the external environment, led to a much faster rebound than regional peers<sup>1</sup>. Bangladesh continues to be among the fastest-growing economies globally over the past decade. While the real GDP growth rate declined from 8.2% to 3.5% in 2020, the IMF (International Monetary Fund) expects that GDP growth will rebound to 4.6% in 2021 and 6.6% in the fiscal year of 2021-2022 (July 2021-June 2022)<sup>2</sup>. To recover fully and achieve its growth ambitions of upper-middle-income country status, Bangladesh needs to address the challenge of containing Covid-19.

This context offers a favourable macroeconomic backdrop for the telecoms market in Bangladesh. There remain sizable opportunities to monetise mobile and fixed data connectivity demand<sup>3</sup>. Data users, both new and existing subs to migrate to 4G, will be a crucial driver of revenue growth, and hence, LTE network expansions will remain the priority for the operators in the short term.

Global economic recovery continues even as the pandemic resurges; however, vaccine access and early policy support remain principal drivers for faster recovery. While the global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022, the uncertainty of new Covid-19 mutations throw shadows on how quickly the pandemic can be expected to overcome<sup>4</sup>.

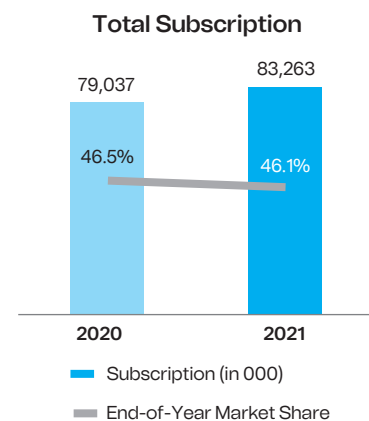
#### Covid-19 Impact on the Business

2021 marked the second and third waves of Covid-19 in Bangladesh, triggering the authorities to impose several bouts of lockdowns and restrictions to contain the spread of the virus. The lockdowns and subsequent limits on movement greatly impacted the country's socio-economic activities, adversely affecting top-line growth for Grameenphone. The first year of the pandemic had already left many challenges that had an extremely unfavourable effect on the livelihoods of many people; it also brought about a paradigm shift in our customer behaviour. The economic impact has had a prolonged effect on the population's spending capacity and income level at large.

As a designated emergency service provider, Grameenphone stood steadfast in its commitment to connecting people to what matters most and contributing to society's greater good. The Company continued strengthening its network by changing its operating model, acquiring advanced capabilities from the partners, rolling out new towers and deploying additional spectrum throughout the year. Regional team members have completed extensive market drives to rejuvenate pump energy into the entire physical distribution and managed retail touchpoints. With a strong business continuity plan in place, Grameenphone is strengthening collaboration internally and among the ecosystem partners to drive growth through experience and innovative services safely and responsibly.

#### Overall Operating Performance in 2021

Grameenphone generated total revenue of BDT 143.1 billion (2020: BDT 139.6 billion), with a growth of 2.5% in year 2021 compared to the previous year. Operating profit marginally decreased in 2021 due to higher direct cost, market expense and restructuring cost, which was partially offset by topline growth, resulting into 0.2% decrease from last year. Net profit after tax for 2021 stood at BDT 34.1 billion (2020: BDT 37.2 billion). Grameenphone added 4.2 million subscribers in 2021 taking the year-end subscription base to 83.3 million, despite lockdowns during mid of the year triggered by the second wave of Covid-19.



\* Market share based on BTRC published information

<sup>1</sup> IMF Staff Team Projection, Dec 19 – Press Release

<sup>2</sup> World Bank, IMF – Bangladesh Economic Outlooks

<sup>3</sup> Analysis Mason Emerging Asia-Pacific telecoms market: trends and forecasts 2021-2026

<sup>4</sup> IMF Global Economic Outlook October 2021



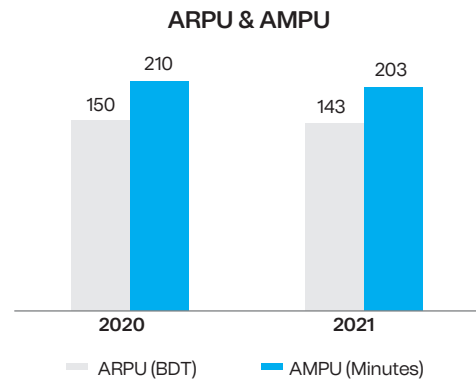
Total number of internet users stood at 44.6 million at the end of 2021 which was 53.5% of its total subscriber base. This also includes 27.6 million 4G data user which was 39.7% higher than last year. Number of 4G sites of Grameenphone reached more than 17,000 while coverage expansion continued in 2021. This has resulted into 96.8% 4G network population coverage for Grameenphone. To facilitate the growing demand of customers, Grameenphone acquired 10.4MHz spectrum at the end of first quarter which was deployed in more than 10,000 sites along with re-farming of 1800MHz band.

Amidst restrictions due to Covid-19, Grameenphone regained top line growth momentum through growth in bundle & data services, supported by deployment of new spectrum and site roll-out in 2021.

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

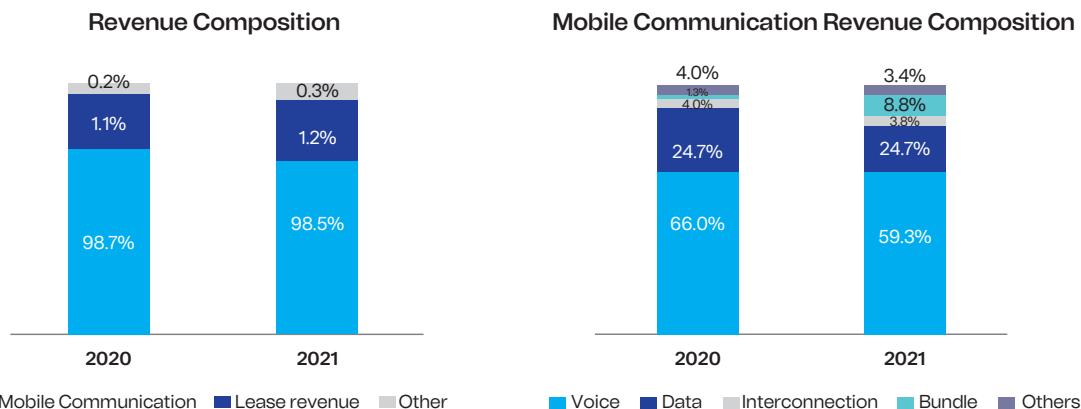
The subscription base of Grameenphone stood at 83.3 million at the end of 2021 with a growth of 5.3% from last year. According to BTRC published information, Grameenphone's subscription market share stood at 46.1% at the year-end, with 0.4pp decrease from last year.

ARPU of Grameenphone decreased at BDT 143 in year 2021 (2020: BDT 150), mainly due to lower contribution from voice & interconnect segment which was partly offset by higher contribution from bundle services. In 2021, AMPU was 203 minutes (2020: 210 minutes) with a decrease of 3.6%, mainly attributed to Covid-19.



### Revenue Performance

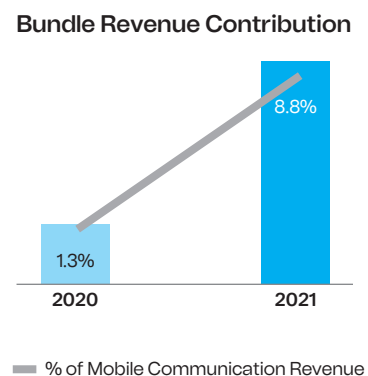
Grameenphone reported total revenue of BDT 143.1 billion for the year 2021 (2020: BDT 139.6 billion), with 2.5% growth. The increase in total revenue mainly came from higher mobile communication revenue, which was driven by higher bundle & data only services, partly offset by lower voice only revenue.



With continued drive through attractive bundle packs, bundle services revenue grew by seven times compared to last year. As a result, bundle revenue mix in mobile communication revenue increased to 8.8% compared to 1.3% in last year.

Revenue from voice only services decreased by 8.1%, while data only revenue increased by 2.3%. Total subscription base grew by 5.3%, along with 8% growth in active internet user.

Interconnection revenue continued to decrease in 2021 with a de-growth of 4.5%. In addition to the increasing proliferation of OTT services (e.g., WhatsApp, Viber, IMO, Facebook Messenger, etc.), interconnect revenue growth in 2021 was further impacted by imposition of SMP directives from third quarter of last year (reduction in national call termination rate).



## Cost and Margin Review

Total operating expense of Grameenphone stood at BDT 79.7 billion (2020: BDT 76.2 billion) with 4.7% increase compared to last year. The growth in operating expense mainly came from higher sales, marketing and commission, salaries & personnel and cost of material and traffic charges, partly offset by lower other operating expenses and depreciation. Higher sales, marketing and commission cost was mainly driven by higher revenue and enhanced market drive to regain growth momentum, which was partly offset by increased share of digital sales. BDT 3.5 billion increase in total revenue and BDT 3.6 billion increase in operating expense resulted into BDT 0.1 billion decrease in operating profit for Grameenphone in 2021. Operating profit margin of Grameenphone stood at 44.3% (2020: 45.4%).

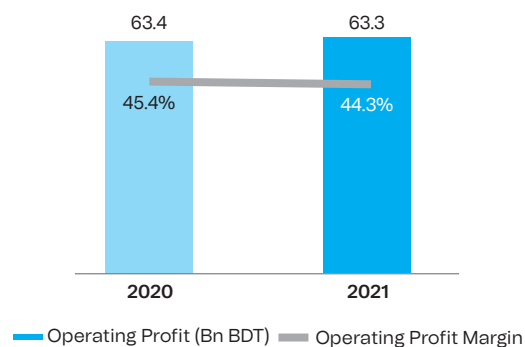
## Profit after Tax

Net profit after tax for 2021 was BDT 34.1 billion (2020: 37.2 billion) with a margin of 23.9%, which was 2.8pp lower compared to last year. BDT 3.1 billion decrease in net profit after tax mainly came from 2.0 billion lower profit before tax and 1.1 billion higher tax expenses. The decrease in profit before tax and increase in tax expense in 2021 was mainly due to favourable one-off impact from provision adjustment in 2020.

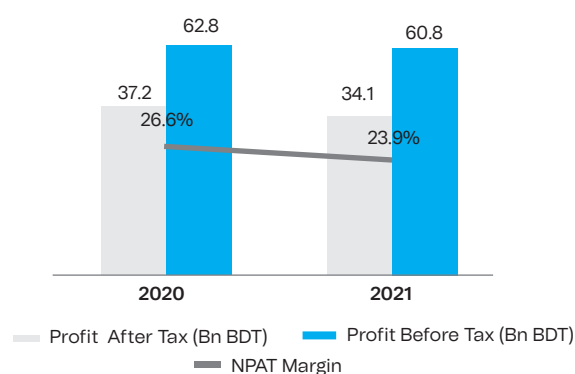
## Capital Expenditure (Capex) and Network Updates

In 2021, Grameenphone reported BDT 37.2 billion as capital expenditure including BDT 11.0 billion for 10.4MHz spectrum acquisition (2020: BDT 13.8 billion), with a 'total capex to sales' ratio of 26.0%. Majority of the investment in 2021 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 2021, Grameenphone rolled out 3,000+ new 4G sites taking the total number of 4G sites at 17,000+, covering 96.8% population under 4G network (2020: 91.1%). With 1,700+ new coverage sites in 2021, Grameenphone's total site locations reached more than 18,000 sites across the country and thus currently providing its telecommunication services covering 99.6% of the total population of the country.

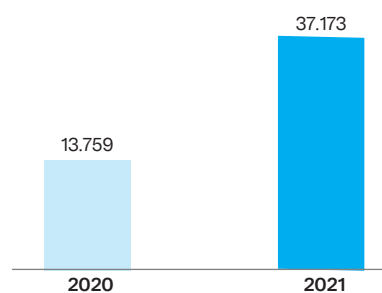
## Operating Profit & Operating Profit Margin



## Profit After Tax & Profit Before Tax



## Capex (Bn BDT)



### 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 (Table – 2)] with immediate preceding five years are as follows:

Table – 1:

Reported numbers	2021	2020	2019	2018 Restated	2017 Adjusted	2016 Adjusted
<b>Financial Performance (in million BDT)</b>						
Revenue	143,066	139,606	143,656	132,832	128,436	114,862
Operating Profit	63,336	63,440	66,652	56,777	49,340	40,950
Profit before tax	60,821	62,801	63,899	54,848	46,419	37,127
Net Profit after tax	34,129	37,187	34,517	33,363	26,146	21,721
<b>Financial Position (in million BDT)</b>						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	49,879	52,108	38,347	36,836	31,388	31,116
Total assets	163,007	148,184	148,734	138,713	130,220	130,500
Total liabilities	113,128	96,077	110,387	101,877	98,832	99,384
Current assets	9,868	9,931	20,999	13,369	20,658	10,941
Current liabilities	85,236	76,656	90,426	82,963	78,274	70,536
Non current assets	153,139	138,253	127,735	125,345	109,562	119,558
Non current liabilities	27,892	19,420	19,961	18,914	20,558	28,848
<b>Cash Flows (in million BDT)</b>						
Net cash generated from operating activities	57,814	33,572	57,393	60,413	57,771	46,152
Net cash used in investing activities	(18,786)	(11,217)	(14,263)	(30,200)	(12,944)	(19,839)
Net cash used in financing activities	(38,878)	(33,517)	(35,308)	(36,699)	(35,336)	(27,553)
<b>Financial Ratios</b>						
Current Asset to Current Liability	0.12	0.13	0.23	0.16	0.26	0.16
Debt to Equity	0.75	0.42	0.62	0.50	0.63	0.87
Operating Profit Margin	44%	45%	46%	43%	38%	36%
Net Profit Margin	24%	27%	24%	25%	20%	19%
Return on Equity	67%	82%	92%	98%	84%	72%
Return on Total Assets	22%	25%	24%	25%	20%	17%
<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>	250%	275%	130%	280%	205%	175%
Dividend payout <sup>1</sup>	98.91%	100%	51%	113%	106%	109%
NAV per Share <sup>2</sup>	36.94	38.59	28.40	27.28	23.25	23.04
Net Operating Cash Flow per Share <sup>3</sup>	42.82	24.86	42.50	44.74	42.78	34.18
Earnings Per Share <sup>3</sup>	25.28	27.54	25.56	24.71	19.36	16.09

\*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 on 31 December

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

Table – 2:

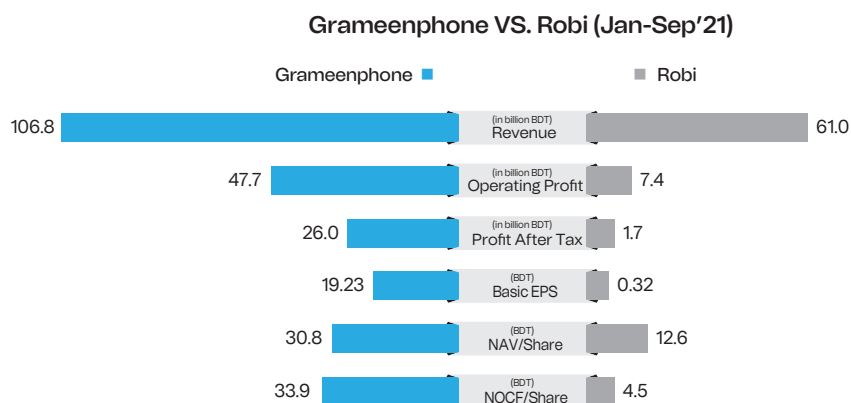
Inflation Adjusted numbers	2021	2020	2019	2018 Restated	2017 Adjusted	2016 Adjusted
<b>Financial Performance (in million BDT)</b>						
Revenue	109,020	112,277	122,108	119,095	121,809	114,862
Operating Profit	48,263	51,021	56,654	50,905	46,795	40,950
Profit before tax	46,347	50,507	54,314	49,176	44,024	37,127
Net Profit after tax	26,007	29,907	29,339	29,912	24,797	21,721
<b>Financial Position (in million BDT)</b>						
Paid-up Capital	10,290	10,860	11,478	12,107	12,806	13,503
Shareholders' equity	38,009	41,907	32,595	33,027	29,769	31,116
Total assets	124,215	119,176	126,425	124,368	123,502	130,500
Total liabilities	86,207	77,269	93,829	91,341	93,733	99,384
Current assets	7,519	7,987	17,849	11,986	19,593	10,941
Current liabilities	64,952	61,650	76,863	74,384	74,236	70,536
Non current assets	116,696	111,189	108,575	112,382	103,909	119,558
Non current liabilities	21,254	15,619	16,967	16,958	19,497	28,848
<b>Cash Flows (in million BDT)</b>						
Net cash generated from operating activities	44,056	27,000	48,784	54,165	54,791	46,152
Net cash used in investing activities	(14,315)	(9,021)	(12,124)	(27,076)	(12,276)	(19,839)
Net cash used in financing activities	(29,626)	(26,956)	(30,012)	(32,904)	(33,513)	(27,553)
<b>Inflation Rate</b>						
	5.54%	5.69%	5.48%	5.78%	5.44%	5.92%

\*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 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 latest available 3<sup>rd</sup> Quarter/9 Months Un-audited Financial Statements:



### 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 2020, 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 & 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.

#### Risks and concerns related to the financial statements

Grameenphone has a structured process in place to identify Financial Statement risks and implement mitigating controls. The Company has an integrated process that review risks arising from transactions, processes, and people, as well as from the external and regulatory environment. Each year, the Financial Statement risks are reviewed, involving control and process owners, to ensure that Financial Statement assertions are met.

Grameenphone follows a risk-based approach where both standard risks, common to all Telenor Business Units, and local risks, arising from local business processes, people, and regulatory environment, are addressed. Each risk is evaluated against 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.

#### Future Plan of Grameenphone 2022

Grameenphone will continue to capitalise on the data revolution by providing a greater customer experience and providing users more beneficial reasons to use the services. We will continue to invest in our technological capabilities, which will enable us to bring minds and ideas together. One of our focus areas going ahead is to grow responsibly with our partners and within our ecosystems; we will focus on managing our value chain ecosystem while at the same time make a big impact on Bangladesh. Grameenphone has been a partner of Bangladesh's development journey for more than the last two decades and going forward we see our role being strengthened in realising Bangladesh Govt.'s vision of becoming a digital economy and digitally connected society.

These ambitions in our strategy are broken down into the following four key Value Drivers:

1. **Grow Revenue:** Our focus is to continue as a strong customer-focused brand that empowers people with superior connectivity. This means increased focus on digital services made accessible through our growing digital channels, while continuing to focus on a high quality, consistent voice, and data experience across Bangladesh.
2. **Differentiate Data Network Experience:** We are focused on keeping our position as the best voice and data experience provider. This will be achieved through focused site rollout and supporting activities. Increasing readiness for new services within core and beyond and 5G will also enable us to maintain this perception for the future.
3. **Drive Modernisation:** To support our growth and network ambitions, we will continue to drive initiatives that focus on organisational leadership, culture and competence development, alongside continued modernisation in the Technology and Commercial areas.
4. **Responsible Business:** Grameenphone's responsible business strategy will be focused on further strengthening its social impact in the country while facilitating constructive dialogue on the relevant issues. We will drive this with an ambition to be recognised as a socially responsible, caring, modern technology services leader.

The key value drivers outlined above will be driven with a strong emphasis on developing a culture and mindset across the value chain that will establish safety as an integral part of the business.

We have been at a crossroads in tackling the prolonged Covid effect while building our future-ready capabilities to address leapfrogged customer behaviours. As we continue to face a fragmented value chain governed by a dynamic regulatory regime, we will remain proactive to address regulatory and industry issues and deliver on our strategic ambitions through strong market execution, adding more value to our customers lives.



**Yasir Azman**  
Chief Executive Officer

26 January 2022

## Annexure VI



efforts umpteenth: প্রধান অফিস

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g-mail: akamuqtadir@gmail.com  
VAT Reg : 19041063900  
BIN No : 000179575-0202

## Report to the Shareholders of Grameenphone Ltd. on compliance with the Corporate Governance Code

[As required under code 1(5) (xxvii) of the BSEC Code of Corporate Governance]

We have examined the compliance status to the Corporate Governance Code by Grameenphone Limited for the year ended on 31<sup>st</sup> December 2021. This code relates to the gazette notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3<sup>rd</sup> June 2018 of Bangladesh Securities and Exchange Commission (BSEC).

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 Corporate Governance Code. This is a scrutiny and verification and an independent audit on compliance of the conditions of Corporate Governance Code as well as 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 Corporate Governance Code.

We state that we have obtained all the information and explanations or representations, which we have required, and after due scrutiny and verification thereof, we report that in our opinion and subject to the remarks and observations as reported in the connected Compliance Statement :

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

This report, however, is no endorsement about quality of contents in the Annual Report of the Company for the year 2021.

**Al-Muqtadir Associates**  
Chartered Secretaries & Consultants

A.K.A. Muqtadir FCS  
CEO & Chief Consultant



Dhaka, January 26, 2022