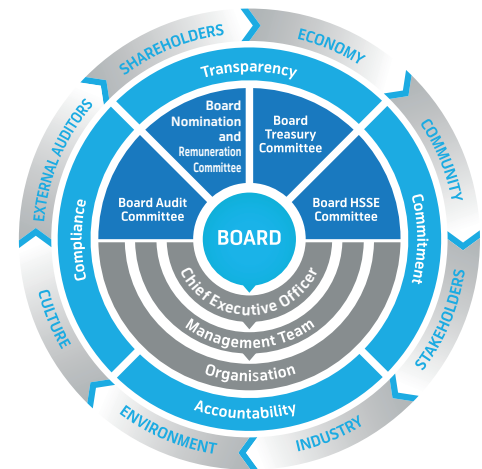


# CORPORATE GOVERNANCE IN GRAMEENPHONE

The Board of Directors (the Board) recognises the importance of good corporate governance and is committed to ensure the sustainability of the company's business and operations by integrating good governance ethics and business integrity into the strategies and operations of the company. The Board believes these practices are key to continue delivering long-term shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence.

## Corporate Governance Framework

Being a technology oriented business entity, Grameenphone emphasises on transparency, accountability and compliance, which are the essence of corporate governance. Grameenphone's high standards of corporate governance plays an important part towards the Company's continued growth and success. The Company has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. Ethical business practices go hand in hand with strong corporate governance, and we believe that running our businesses in an ethical manner will create trust with the public and ultimately create shareholder value for the Company. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and suppliers.



## Corporate Governance Practices

As part of its governance pursuits, Grameenphone is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to make Grameenphone a thoroughly transparent Company.

The Board is of the view that throughout the year ended 31 December 2018, the Company has complied with the applicable conditions set out in the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC). The Board continues to monitor and review the Company's Corporate Governance practices and makes necessary changes at an appropriate time. At Grameenphone, our actions are always governed by our values and principles, which are reinforced at all levels within the Company to ensure sustainable success.

## Board Matters

### a) Role of the Board

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and are accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate monitoring and control. The Board also ensures that Grameenphone Policies & Procedures and Code of Conduct are understood, implemented and maintained at all levels and the Company adheres to the generally accepted principles for good governance and effective control of Company activities.

### b) Rules of Procedure for the Board

In addition to other regulatory guidelines, the Board has also adopted the 'Rules of Procedure for the Board of Directors' for ensuring better governance in the work and administration of the Board. The Board is also guided by a Delegation of Authority that spells out the practices and processes in discharging its responsibilities.

### c) Salient features of the Rules of Procedure for the Board

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Purpose</li> <li>• Matters reserved for the Board</li> <li>• Principal Roles and Responsibility of the Board</li> <li>• Specific focus areas</li> </ul> | <ul style="list-style-type: none"> <li>• Division of work between the Board and CEO</li> <li>• Proceedings of Board Meetings</li> <li>• Conflict of Interest</li> <li>• Chair's Roles &amp; Responsibilities</li> </ul> |
|--|---|



**d) Key Features of our Board**

- All Board Members are Non-Executive Directors;
- Separation of the roles of Chair of the Board and the CEO;
- No Independent Directors have served more than six (6) years;
- Chair of the Audit Committee and NRC Committee are Independent Directors; and
- Management do not sit on the Board.

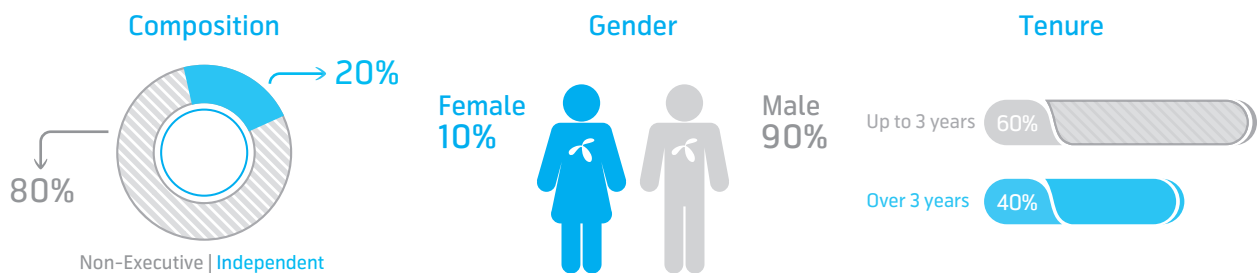
**e) Board Composition**

As at the date of this Annual Report, the Grameenphone Board is comprised of ten (10) Directors, with eight (8) Non-Executive Directors and two (2) Independent Directors. The Non-Executive Directors contribute diversified qualifications and experience to the Company by expressing their views in an independent, constructive and informed manner, and actively participating in Board and Committee meetings. The Directors provide independent judgment and advice on issues relating to the Company's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management processes, with the shareholders' interests being the utmost important factor. The Company has also received from each Independent Director a confirmation annually of his/her independence taking into account the independence guidelines set out in BSEC Corporate Governance Code.

**f) Board Diversity**

The Board recognises the importance of diversity in deliberations and decision-making and has established its efforts to establish a diverse Board. We believe that our Board has optimum knowledge, composure and technical understanding about the Company's business, which, combined with its diversity of culture and background, stands as the perfect platform to perform and deliver.

A list of Directors and their respective biographies are set out on pages 32 to 36 of this Annual Report.



**g) Board Meetings**

The Articles of Association (AoA) of the Company requires the Board to meet at least four (4) times in a year or when duly called in writing by any Board member. The Board accordingly met fourteen (14) times during the year 2018. Dates for Board Meetings in a year are decided in advance and notice of each Board Meeting is served in writing well ahead of the meeting. The notice contains the detailed statement of business to be transacted at each meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention.

A record of the Directors' attendance at Board meetings during 2018 is set out on page 84 of this Annual Report.

**h) The Chair and the Chief Executive Officer (CEO)**

The Chair of the Board is a Non-Executive Director. The Chair and the CEO of Grameenphone are separate persons. The roles of the Chair and Chief Executive Officer are clearly established, set out in writing and agreed by the Board to ensure transparency and better governance. To that end, Grameenphone has also adopted 'Rules of Procedure for Chief Executive Officer'. The Chair leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the CEO is the authoritative head for day-to-day management in the Company. He acts to reasonably ensure that Grameenphone operates its business as per the Articles of Association. Decisions are made by the Board and Shareholders, as well as according to Grameenphone Policies and Procedures and applicable regulatory laws and legislations.

**i) Delegation of authority**

Responsibility or authority is assigned through the delegation of authority framework. The Board approves the Company's delegation of authority which ensures that delegated authority levels flow through the proper governance channels. The delegation of authority framework for the Company is continuously reviewed and updated as circumstances change to ensure relevance and applicability. Amendments to these documents are reviewed and approved by the Board.

## j) Code of Conduct

The Board adopted the Code of Conduct for the Chair of the Board, other Board members and Chief Executive Officer of Grameenphone to support Company's objectives, vision and values. This Code of Conduct is in compliance with the requirement of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC). The Code is available on the Company's website at [www.grameenphone.com](http://www.grameenphone.com).

## k) Access to Information

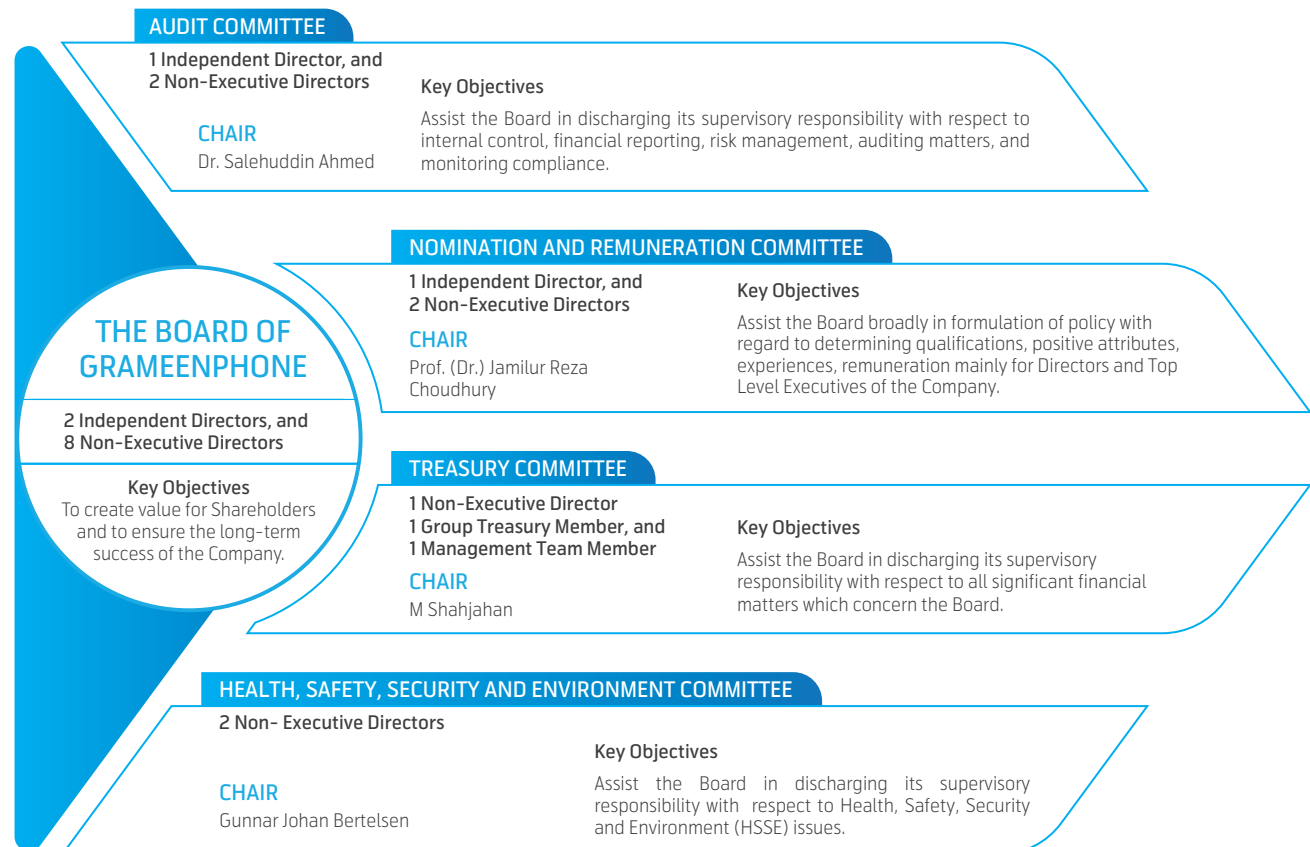
The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. Throughout their tenure in office, the Directors are continually updated on the Company's business and the regulatory and industry specific environments in which it operates. These updates are transmitted to them by way of written briefs and meetings with Senior Executives and, where appropriate, external sources.

## l) Evaluation of the Board

To establish and improve the operating effectiveness of the Board, the Board shall carry out an evaluation once a year of its work, functions, performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets. The Board evaluation was performed in March 2018 and the result was dealt by the Board at its Board Meeting in April 2018.

## Board Committees

For better, quicker and furnished flow of information and thereby exercising effective governance, the Board has also constituted four (4) sub-committees, viz: Audit Committee; Nomination and Remuneration Committee; Treasury Committee; and Health, Safety, Security & Environment Committee and has delegated certain responsibilities to the Committees to assist the Board in the discharge of its responsibilities. The role of Board Committees is to review and appraise in the respective areas and then to advise and make recommendations to the Board. Each Committee operates in accordance with the Charter/Terms of Reference (ToR) approved by the Board. The Board reviews the ToR of the Committees time to time. The Board appoints the members and Chair of each Committee. A brief description of each Committee is presented below:



**a) Audit Committee**

The Audit Committee was established in late 2008 as a sub-committee of the Board and has jurisdiction over all the Company. The Audit Committee is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as required under the BSEC Corporate Governance Code. The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit are permanent invitees to the Audit Committee meetings.

The Audit Committee assists the Board in discharging its supervisory responsibilities with respect to internal control, financial reporting, risk management, auditing matters and Grameenphone's processes of monitoring compliance with applicable legal & regulatory requirements and the Code of Conduct. The Audit Committee Charter, as approved by the Board, defines the purpose, authority, composition, meetings, duties and responsibilities of the Audit Committee.

The detailed activities of the Audit Committee during 2018 are given on page 55 of this Annual Report.

The Audit Committee met nine (9) times during the year 2018 and attendance of the Committee members in the meetings was as follows:

Name	Attendance	Remarks
Dr. Salehuddin Ahmed	0/0	Effective from 12 December 2018
M Shahjahan	9/9	
Oivind Burdal	7/8	Effective from 30 January 2018
Rokia Afzal Rahman	7/8	Term Expired on 5 December 2018
Tore Johnsen	1/1	Retired on 29 January 2018

**b) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (NRC) was established on 11 December 2018 as a sub-committee of the Board in place of earlier Human Resources Committee. The NRC is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as required under the BSEC Corporate Governance Code. The Committee assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top level executives.

Since the NRC was constituted as a sub-committee of the Board on 11 December 2018, no meeting of NRC was held during the reporting period. The detailed activities of the NRC during 2018 are given on page 56 of this Annual Report

**c) Treasury Committee**

This Committee consists of three (3) members who are appointed by the Grameenphone Board. All significant financial matters which concern the Board are discussed in this committee meeting in detail. Upon endorsement of the Treasury Committee, such issues are forwarded to the Board for their final review and approval.

The Treasury Committee met two (2) times during the year 2018 and attendance of the Committee members in the meetings was as follows:

Name	Attendance
M Shahjahan	2/2
Pal Stette	2/2
Karl Erik Broten	2/2

**d) Health, Safety, Security and Environment Committee**

This Committee consists of two (2) members who are appointed by the Grameenphone Board. The Committee meets whenever necessary and supports the Board in fulfilling its legal and other obligations with respect to Health, Safety, Security and Environment (HSSE) issues. The Committee also assists the Board in obtaining assurance that appropriate systems are in place to mitigate HSSE risks in relation to the general environment, Company, employees, vendors, etc.

The HSSE Committee met two (2) times during the year 2018 and attendance of the Committee members in the meeting was as follows:

Name	Attendance	Remarks
Gunnar Johan Bertelsen	1/1	Effective from 11 June 2018
M Shahjahan	2/2	
Hans Martin Hoegh Henrichsen	1/1	Retired on 10 June 2018

### Company Secretary

To ensure effective assimilation and timely flow of information that is required by the Board and to maintain necessary liaison with internal organs as well as external agencies, the Board has appointed a Company Secretary. The Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC), also requires a listed Company to appoint Company Secretary. In pursuance of the same, the Board of Directors has appointed the Company Secretary and defined his roles & responsibilities. In Grameenphone, among other functions, the Company Secretary:

- Performs as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions.
- Acts as a quality assurance agent in all information streams towards the Shareholders and the Board.
- Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.
- Acts as the Disclosure Officer of the Company and monitors the compliance of the acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders.

### Management Team

The Management Team is the Executive Committee of Grameenphone. Headed by the CEO, the Management Team is responsible for managing and running the affairs of the Company. All other key Managers across the Company are members of the Management Team. The Management Team works to achieve the strategic goals & mission of the Company set by the Board of Directors. In discharging its assigned responsibilities, the Management Team meets on a weekly basis to monitor the business performance of the Company.

### The Control Environment in Grameenphone

In implementing and ensuring good governance in Grameenphone, the Board and Management Team ensure the following:

#### a) Beyond Budgeting Management Model

Grameenphone employs a Beyond Budgeting Strategic Management model ensuring a more agile organisation which gives the flexibility to adapt to dynamic business environments. Each year, the Company reviews its long term strategy which ranges from 3 to 5 year plan; and sets annual and quarterly targets on key KPIs for the upcoming year. The quarterly targets are subject to rigorous monitoring thereby ensuring a performance driven culture focused on attaining the targets and steering the Company towards fulfilling its strategic ambitions.

Furthermore, every quarter, the Company also prepares a realistic rolling forecast for the next five quarters providing management guidance on future direction for the organisation. The Company continually assesses performance, forecasts, gap with yearly ambitions while also focusing on initiatives to minimise the gap between the targets (KPIs) and forecasts.

The corporate level initiatives are cascaded down to divisional as well as individual levels. The resource allocations are dynamic and are based on the intended actions linked with the target and strategy. It aims to build a culture of freedom through responsibility and thereby leading to increased responsiveness to surrounding changes.

#### b) Financial Reporting

Grameenphone has strong financial reporting procedures. Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Commission Rules 1987 and other applicable financial reporting regulations. All the financial transactions are recorded in the Oracle Enterprise Resource Planning (ERP) systems. Financial reports extracted from ERP are then used to produce the financial statements. These financial statements, once prepared, are reviewed initially by Head of Reporting, Head of Financial Accounting and Reporting, CFO and CEO respectively and then by the Board Audit Committee on a quarterly basis. In each quarter, the

external auditors review the quarterly financial statements. The annual audit is conducted by the external auditors, who are appointed by the Board of Directors followed by the Shareholders' approval at the Annual General Meeting. Details of Internal Control over Financial Reporting are described on page 51 of the Annual Report.

**c) Operational Excellence (OE)**

In the pursuit of operational excellence, Grameenphone sustains a dual focus on cost-efficiency and Business transformation. Within our framework, we ensure that all operational improvement initiatives are conceived and measured in terms of their direct business contribution.

In 2018, Grameenphone brought additional focus on structural change to Modernise its way of doing business which has a sustainable efficiency impact. Operational excellence now being run under 'Office of Strategic Initiative' department that deals with both regular business operation excellence programs along with top strategic initiatives of Grameenphone related to Business Model change and Transformation. This combines innovation and sustainability while targeting maximisation of value. The Company follows a structured yet dynamic approach for smart spending; ensuring faster time to market, enhancement of service quality with resource efficiency.

Operational Expenditure effectiveness, on Network Operation, Market spend, Capital Expenditure Efficiency, efficiency in admin & other overhead spend, Business Process Efficiency, Smart Spend Management, Functional Cost benchmarking are some of the corner stones of the scope of work. The concerted effort from these streams has enabled Grameenphone to meet the business targets. The team works together with empowered cross functional teams to analyse and review the need and expected outcome of spending in detail to ensure the priority of business needs and optimise results. Progress of the milestones and efficiency are subject to assessment by Management and reflection in the financial results. The progress of the efficiency initiatives are also reported to the Board of Directors and Management Team on a regular basis.

**d) Business Reviews and Financial Reviews**

Business reviews and financial reviews are conducted on a quarterly basis. The purpose of business reviews is to monitor progress of strategic initiatives versus longer term strategic plans and objectives, whilst also taking into consideration the changing market and regulatory environment. The purpose of the financial review is to monitor the financial performance and position of the company versus its annual financial targets.

In addition to quarterly business and financial review, the CEO and CFO review financial results on a monthly basis to ensure Grameenphone is on track to deliver its annual financial targets or to identify corrective action required, if and when required.

**e) Management of Assets**

Grameenphone, in its pursuit of best quality network for its subscribers, has been investing in cutting-edge telecom technology since its inception. Transparency and accountability are ensured at all stages from acquisition to disposal to protect the interest of Shareholders. Internationally accepted safety measures have been implemented and periodic physical verification is undertaken on a test basis to safeguard the assets and to ensure accuracy and authenticity of the reported number of assets. All the critical assets are adequately insured against industrial risks with local and international insurance companies.

**f) Statutory Audit and Certification**

Auditing of the Company is governed by the Companies Act, 1994 and Bangladesh Securities and Exchange Commission Rules 1987 and conducted in accordance with International Standards on Auditing (ISA). As per these regulations, auditors are appointed by Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per Corporate Governance best practices to ensure their independence. Statutory auditors cannot be appointed for a consecutive period exceeding three years in compliance with the order of Bangladesh Securities and Exchange Commission (BSEC). Statutory auditors are not engaged in non-audit services as this may compromise auditor independence, unless otherwise required by the regulators. The Board Audit Committee reviews the Financial Statements before submission to the Board of Directors for approval. Auditors also have access to the Board Audit Committee and the Board for communication of any issues. In addition to the audit of annual financial statements, the auditors also carry out audit of half-yearly financial statements of the Company.

Further, to ensure adequate regulatory discharge, a Compliance Certificate is obtained from licenced practicing professional who certify that the Company has duly complied with all the regulatory requirements as stipulated by the Bangladesh Securities and Exchange Commission (BSEC).

Moreover, for remittance of technical assistance fees and consultancy fees, auditors also certify payable amount and calculation for each remittance.

**g) Internal Audit**

Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. In order to ensure organisational independence of Internal Audit, the Head of Internal Audit reports functionally to the Board and its Audit Committee and administratively to the Chief Executive Officer. Internal Audit activity is governed by the Internal Audit Charter, which is approved by the Board. Grameenphone Internal Audit is empowered to carry out its assigned activities in all aspects of the Company and have unrestricted access to any relevant information. Grameenphone Internal Audit department discharges its assurance and consulting activities through management of three distinct audit streams: Core Business and Digital, Governance and Third Parties, and IT & Cyber Security. Additionally, the team also performs quality assurance and improvement program, aligned with the Institute of Internal Auditors' Standards. A risk-based annual audit planning process is in place, which takes into consideration the strategic imperatives and major business risks surrounding Grameenphone, while considering pervasive audit needs. Grameenphone Internal Audit also works closely with Telenor Group Internal Audit in sharing knowledge and resources to ensure achievement of internal audit deliverables and objectives.

**h) Internal Control Over Financial Reporting (ICFR)**

Preparing reliable financial information in accordance with applicable accounting standards and relevant laws and regulations is a key responsibility of Grameenphone Management. Grameenphone has implemented necessary Internal Controls to ensure that the financial statements prepared are free from material misstatement, whether due to fraud or error, and the financial statements are compliant with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and Corporate Governance Code 2018.

Grameenphone follows a risk-based approach for designing and implementing effective internal controls. The management has also established appropriate accountability structure with defined roles and responsibilities for control performers, control owners and process owners with overall responsibility lying with CEO and CFO. A dedicated internal control team is also in place for conducting internal control related activities.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting engaging an independent audit firm, using the criteria established in Internal Control - Integrated Framework (2013) issued by the COSO and concluded that the Company maintained effective internal control over financial reporting throughout the year ended 31 December 2018.

**i) Related Party Transactions**

The Board Audit Committee reviews all the related party agreements and payments before submission to the Board of Directors for approval. Abiding by the laws, a Board Director, who has an interest in a transaction, discloses his interest in such transaction and abstains from deliberations and voting on the relevant resolution in respect of the transactions at the Board meetings. Details of significant related party transactions are disclosed in notes of the Financial Statements as per the requirements of IAS 24 Related Party Disclosures.

**j) Dividend Policy**

The Board of Directors has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the Shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of Grameenphone to draw up a long-term and predictable dividend policy. The objective of the policy is to allow the Shareholders to make informed investment decisions.

**k) Enterprise Risk Management & Risk Mitigation**

Risk Management at Grameenphone is concerned with earning competitive returns from the Company's various business initiatives at an acceptable risk level. It supports the Company's competitiveness by developing a culture, practice and structure that systematically recognises and addresses future opportunities whilst managing adverse effects (i.e. threats) by recognising risks and responding appropriately to them. The Company follows well defined risk management manuals and processes to mitigate enterprise level risks. This aspect is discussed more elaborately in the 'Enterprise Risk Management' section of the Annual Report on page 52.



**l) Revenue Assurance and Fraud Management**

Revenue Assurance function is accountable to ensure the accuracy, completeness, integrity and timeliness of all revenue related events, transactions and revenue driving primary cost components. Along with providing support to give assurance on correct revenue recognition and reporting, this function also performs continuous monitoring to prevent revenue leakages. The Fraud Management systems and processes are in place to ensure innovative and effective defense mechanisms to prevent losses from internal/external service frauds.

**m) Compliance with Rules & Regulations of the Country**

In Grameenphone, we believe that compliance is the key towards a sustainable business. Therefore, being respectful and compliant to the laws of the land is a priority for us in Grameenphone.

As the leaders of a compliant Company, the Management Team members of Grameenphone adopted strategies that assure compliance with all legal and regulatory requirements. This ensures that good governance is properly cascaded throughout the Company. Grameenphone is subject to close monitoring of the regulatory bodies that focus on transparency and requires that Grameenphone provides accurate and periodic reporting of issues/events and certification where necessary. In this context, Grameenphone regularly provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Telecommunication Regulatory Commission (BTRC), the Bangladesh Investment Development Authority (BIDA) and all other relevant bodies and authorities. Further, in order to conduct day-to-day business in a compliant manner, Grameenphone renders its best efforts to comply with the laws of the land.

**n) Business Continuity and Crisis Management (BCCM)**

Grameenphone continually strives to improve its Business Continuity Management (BCM) capabilities by identify potential threats, its impact on business operation and takes necessary measures both in terms of process and infrastructure.

Grameenphone has a robust and protected network where its optical fibre transmission is protected by redundant links and its switching centres are distributed. Moreover, due to increase vulnerability in fibre links, numbers of redundant path for tertiary level protections have been introduced to secure fibre connectivity. We always incorporate new technologies and utilise its advantages for increasing the network resilience. Recently we have upgraded core network to virtualised platform and distributed it in two different seismic zones to have higher resilience in telecommunication services.

Bangladesh is prone to many natural calamities like thunderstorm, nor'wester storm, cyclone, heavy rainfall and flood etc. Each and every year mobile operations are impacted during these disasters due to severe power crisis and transportation. Having a capable organisation in circles, collaborations with partners and by proper infrastructure dimensioning Grameenphone managed several crises throughout the year and took the advantage of quick recovery by utilising the effective BCM processes in place. We also perform exercises for enhancing the Crisis Management capabilities in situation like data breach and other areas where employee safety and security are in concern. This preparedness helps the Company to also ensure uninterrupted telecommunication services under unforeseen circumstances, which is a very important tool for managing disasters.

**o) Supply Chain Sustainability**

Supply Chain Sustainability is a part of business strategy of Grameenphone that strives for high labour standards and continuous improvement in its own operations and throughout its entire supply chain. The focus of Grameenphone is to ensure ethical and responsible business practices in its supply chain through structured risk based sustainability operations that include supplier code endorsement, supply chain capacity building and periodic audits and inspections. All suppliers and parties having a direct contractual relationship with Grameenphone must comply with Grameenphone's Supplier Conduct Principles (SCP). In addition, all suppliers are obliged to extend the supplier requirements further down in their own supply chain. Considering the local market context and long-term risk reduction, Grameenphone emphasises on Supply Chain Capacity Building and enhancement of skills. Grameenphone believes that decent working conditions, respect for human rights and the environment, as well as willingness to improve standards amongst our suppliers, is the only viable route forward. Grameenphone also carries out systematic inspections and audits in order to monitor compliance with the requirements on responsible business conduct. Any identified gaps are shared with the respective suppliers for the purpose of development. Grameenphone believes supply chain sustainability is a journey to empower and reduce inequalities in the supply chain.



## p) Ethics and Behaviour

### i. Code of Conduct

Code of Conduct is a baseline and foundation for us. It is the basis for how we behave as guardians of Grameenphone's integrity. This year Grameenphone has adopted a new Code of Conduct approved by the Board of Directors. It promotes four key principles and those are 1. We play by the rules; 2. We are accountable for our actions; 3. We are transparent and honest; 4. We speak up. The four Code principles are designed to set clear expectations regarding our business conduct and to help us deal with dilemmas and challenges we may face in our day to day work. The Code provides clear rules and guidance, with further reference to relevant policy areas. It provides precise direction on conducting business and interacting with the competitors, business partners and public officials. It also includes guidance on disclosure of conflict of interest situations, maintaining confidentiality, information handling, privacy, human rights and labour rights. The Code further emphasises on the duty to speak up whenever there is a potential breach of the legislation or the Code itself. Grameenphone has a web-based reporting channel named "Integrity Hotline" that is operated by an international independent company which is designed to protect the privacy of individuals who report a concern, and individuals who are the subject of a reported concern.

In 2018, Grameenphone also conducted a mandatory e-learning course for all employees to enhance employee knowledge to abstain from any kind of ethical misconduct. In addition all employees signed the new Code of Conduct electronically. This process reminds the employees of their rights and obligations as personnel of Grameenphone.

### ii. Restrictions on dealings in Grameenphone Shares by Insiders

The Company has established a detailed policy relating to trading in Grameenphone shares by Directors, Employees and other Insiders. The securities laws also impose restrictions on similar transactions. All the Insiders are prohibited from trading in Grameenphone shares, while in possession of unpublished price sensitive information in relation to the Company during prescribed restricted trading periods.

### iii. Supplier Conduct Principles

The Supplier Conduct Principles (SCP) outline the standards for ethical and business conduct expected from suppliers and contractors in their relationship with the Company. The SCP are binding on the Company's suppliers through the confirmation and signing of the Agreement on Responsible Business Conduct to ensure high standards of business ethics amongst all suppliers of the Company.

### iv. Anti-Corruption Policy

Grameenphone has zero tolerance for any form of corruption. The company has a robust Anti-Corruption Policy that applies to the Board of Directors, the management and all employees. As part of the anti-corruption programme, the company conducts a mandatory yearly assessment of the external and internal corruption risks that might impact its operations. Based on the assessment, Grameenphone implements a structured mitigation plan to prevent any exposure to corruption including, bribery, facilitation of payments or trading in influence. The top management regularly demonstrates a visible and active commitment to its 'zero tolerance' approach against corruption. Grameenphone expects its business partners to meet its anti-corruption standards and exercises due care before engaging any of them. The company organises regular compliance and anti-corruption awareness sessions for both internal and external stakeholders.

## q) Investor Relations (IR)

Grameenphone is one of the largest listed corporate entities in Bangladesh, and therefore places high importance to the investment community both within and outside of the country. With the purpose of establishing the most effective two way communication with financial markets and the Company, there is a dedicated Investor Relations function in practice in Grameenphone Ltd.

The Investor Relations function aims to provide relevant and necessary information to the investment community in order to enable them to make an informed judgement about the fair value of a company's shares. IR as a specialised function maintains close contact with both local and international investors, analysts, market experts and financial community on a proactive basis. Through this, the relevant stakeholders are kept informed about the Company's financial results, regulatory landscape, growth opportunities and strategic ambitions, while objectively sharing the associated risk and reward profile.

This also reflects Grameenphone's commitment towards developing the Capital Market of the country by introducing global best practices and ensuring transparency, accountability and compliance. Notable events that IR conducted during the year were quarterly results release, analyst call conferences, foreign non-deal road shows, participation in frontier market conferences.

## r) Shareholders

### i) Communications with Our Shareholders

We believe good Corporate Governance involves openness and trustful cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. We value the importance of effective communication with our Shareholders and Investors. Information is communicated to the Shareholders regularly through a number of forums and publications. The Company has adopted a detailed policy on information disclosure and communication. In compliance with continuous disclosure requirements, the Company's policy is that Shareholders will be informed in a routine manner of all major developments that impact the business of the Company and also be able to make informed decisions.

### ii) Information Disclosure

In accordance with the disclosure requirements, the Company follows these three main forms of information disclosure:

- Continuous disclosure – which is its core disclosure and primary method of informing the market and Shareholders;
- Periodic disclosure – in the form of quarterly and yearly reporting of financial results and other issues; and
- Event based disclosure – as and when required, of administrative and corporate developments, usually through stock exchanges and press releases.

All information provided to BSEC and Stock Exchanges are immediately made available to the Shareholders and the market on the Company's Investor Relations section of the website: [www.grameenphone.com](http://www.grameenphone.com)

### iii) Annual General Meeting (AGM)

The General Meeting of the Shareholders is the supreme governing forum in Grameenphone. The Company recognises the rights of Shareholders and the Shareholders' interests are primarily ensured through Grameenphone's Annual General Meeting (AGM). The Company also encourages shareholders' active participation in AGM and other General Meetings. The AGM provides a useful forum for our Shareholders to engage directly with Grameenphone's Board of Directors and Management. The Board Members and Statutory Auditors attend AGM to respond to the Shareholders' queries on the result or any other aspect of the Company.

In order to encourage the participation of shareholders at its general meeting, we organised our 21<sup>st</sup> AGM at an easily accessible location in Dhaka, Shareholders are allowed to vote via proxy if they are unable to attend the general meetings. The Company will continue to explore leveraging on technology to facilitate shareholders' participation and enhance proceedings of General Meetings.

### iv) Website

All financial results and key performance indicators as well as other relevant financial and non-financial data are posted on the Investor Relations section of the Company's website: [www.grameenphone.com](http://www.grameenphone.com)

### v) Shareholders' Queries

Whilst the Company aims to provide sufficient information to Shareholders and Investors about the Company and its activities, it also recognises that Shareholders may have specific queries relating to their shareholding. These queries may be directed at +88 01711555888 or mailed to Grameenphone Share Office at [shareoffice@grameenphone.com](mailto:shareoffice@grameenphone.com)

Grameenphone believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime. The Company also believes that Corporate Governance is a journey and not a destination and it needs to be continuously developed, nurtured and adapted to meet the varying needs of a modern business house as well as the justified aspirations of our valued investors, other stakeholders and the society at large.