

DIRECTORS' REPORT

For the Year Ended 31 December 2018

Dear Shareholders,

On behalf of the Board of Directors and Management, I welcome you all to the 22nd Annual General Meeting (AGM) of Grameenphone Ltd. We have the pleasure to place herewith the Directors' Report and the Auditor's Report, together with the Audited Financial Statements of the Company, for the year ended 31 December 2018 for your valued consideration, approval and adoption.

2018: A year of Solidifying Market Leadership

In 2018, Grameenphone reached the 72 million subscribers milestone, a true testament of the trust the people of Bangladesh have in the Company. Grameenphone was the first operator to launch a 4G network in 2018. This is a result of Grameenphone's determination to serve its customers in the best possible way, ushering in new avenues for empowering societies by building and strengthening the country's communication and connectivity with the rest of the world. Despite the fiercely competitive market, Grameenphone continued to contribute to its iconic status in the Bangladesh communications industry.

Overall, the year was marked by significant changes in the industry. Among these, Grameenphone closed 2018 with 3.4% year-on-year revenue growth over 2017. Strong drive in all segments of the business recorded consolidated revenue of BDT 132.8 billion for 2018. In the same timeframe, Grameenphone earned a yearly average Daily Subscription & Traffic Revenue of BDT 336.9 million, which is 7.0% up from that of 2017. The Company ended the year with 72.7 million subscribers, which represents a 11.3% sub base growth from last year.

The year 2018 marks another milestone as Grameenphone introduced the new number series "013" in addition to existing "017" series with same portfolio of products and the same quality of services that we are known for.

In the framework of significant investment in new 4G LTE technology, spectrum acquisition and network capacity enhancement, data revenue continued its strong pace during the year to record 21.0% YoY growth. Rapid rollout of 4G data networks, fast proliferating mobile applications along with affordable smartphones in the market enabled internet to enter the customers' everyday lives in newer ways. With more than five thousand LTE sites, Grameenphone received the recognition of the fastest internet network in the country by Ookla, the global leader in internet testing and ended the year with 37.1 million internet subscribers. 2018 also resonates Grameenphone's passion for driving its vision towards inclusive empowerment of communities by leading the growth of technological services that are relevant and affordable to communities.

Telecommunication Industry Scenario

Bangladesh has made significant progress in growing its economy and improving the lives of its people in the last few years. The country is now working to reach upper-middle-income country status by 2021- the year that marks the 50th anniversary of its independence. It has been able to maintain a sustained economic growth rate of 7.86% in the last fiscal year.

Backed by this impressive economic growth, the Telecom sector of the country has made remarkable progress throughout 2018. At the end of 2018, there were 88 million unique mobile subscribers in Bangladesh, making it the fifth largest mobile market in Asia Pacific and ninth largest in the world. With subscribers owning on average 1.8 SIM cards, there were a total of 159 million connections in 2018, representing connection penetration of 94.5%. The Data market has also seen significant growth of around 15% and the total mobile internet connections stood at 87 million. With 45.3% unique mobile internet subscriber, there is still potential for further growth in data services. 2018 was an eventful year for the Telecom Industry in Bangladesh. A lot of initiatives have been taken and implemented by the Government and from the Industry side as well. The Government was very keen to introduce 4G service in Bangladesh and 4G licences were offered in the beginning of 2018. All the Mobile operators launched 4G services in the 1st Quarter of 2018. At the end of the year, the 4G subscriber base reached 5.5 million, with 3G and 2G subscriber base at 61 million and 89 million respectively. The Government released more spectrum through the auction process in the 900,



1800 and 2100 MHz band and the long expected Technology Neutrality was sold to operators across the spectrum band upon payment of a one-time fee. Mobile Number Portability (MNP) was another agenda of Government that has been implemented in the 4th quarter. The country has sent its own satellite into orbit. A test trial of 5G network was also run in 2018.

Telecom Regulatory Environment

Despite tremendous development in the Telecom and ICT sectors in 2018, the licencing regime in Bangladesh remains still unpredictable and highly fragmented. Streamlining the regulations remains a challenge for the overall telecommunication industry. The regulator has revised and introduced many directives sidestepping regulatory modernisation and licence unification.

The regulator has initiated consultations with the industry in many areas including Infrastructure Sharing (Active & Passive Sharing), MVNO (Mobile Virtual Network Operator), ILDTS policy revision, TVAS licencing, Radiation guidelines, Tariff regulation, National Frequency Allocation Plan, and QoS guidelines, to name a few.

In 2018, the regulator published a number of new regulations, directives and guidelines such as QoS guidelines, SMP Regulations, TVAS guidelines, Tower Co. licencing guidelines. Additionally, a unified rate (i.e. no difference between on-net and off-net) for tariff on voice and interconnections was introduced. The newly introduced Tower Co. licences, TVAS licences and plan for additional IGW licence have created further unpredictability in the licencing regime. The BTRC Audits, guidelines on Service Quality and Centralised Monitoring System pose significant risks for future demands or penalties on the industry.

The mobile sector is still being treated as a low-hanging fruit for revenue collection. Therefore, the Spectrum price in 2018 auction remained very high even though a long consultation process took place. As a result, only 33% of available spectrum was sold from 900, 1800 and 2100 MHz band. While BTRC introduced Technology Neutrality in the Spectrum Auctions, mobile operators had to pay an additional fee for this feature. The Government earned around BDT 5,268.51 crore from the Spectrum Auction and as Technology Neutrality fees. The Government may consider releasing more spectrum in the near future from the unsold blocks or from other lower bands. Though Bangladesh has one of the lowest ARPU levels in the world, in 2018, BTRC collected BDT 6,445.36 crore in non-tax revenue, up 58.49% from the previous fiscal year. The lion's share of the income in 2018 came from Spectrum Auction in February, 2018 and launch of 4G by mobile operators. Mobile sector taxes, fees and Spectrum prices are considered as quick source of revenue for the national exchequer.

Capital Market Overview 2018

The Bangladesh stock market witnessed a negative year in 2018 following good performances over the previous two years. Total turnover decreased significantly by 36.9% from 2017. The fuel and power, textile and life insurance sectors were among the sectors that posted the highest returns. In 2018, foreign turnover decreased by 13.8% from 2017, witnessing the lowest amount of foreign turnover in the last three years.

On the Dhaka Stock Exchange (DSE), the broad and free float weighted index DSEX dropped by 13.75% driven by financial and large-cap stocks. Daily average turnover value decreased by 37.45% compared to the preceding year.

Grameenphone share price dropped by 29.6%, closing at BDT 361.0 at year-end with a daily average turnover value of BDT 89.2 million (BDT 8.92 crore). During the year, the highest value of Grameenphone share price was BDT 513.1 and the lowest was BDT 350.6. Grameenphone market capitalisation on 26 December 2018 stood at BDT 487.46 billion (BDT 48,746 crore), representing 14.7% of the DSE's total equity market capitalisation.

*Source: Dhaka Stock Exchange

Innovative Product & Services

Grameenphone continued its efforts to develop innovative, useful new products and services to meet customer needs. The core strengths of Grameenphone's products are simplicity and relevance. We offer the most relevant products to our customers and the easiest way for them to manage their mobile needs. As a further boost, the Company continued its focus on digital self-care apps. MyGP, the online self-care app, has taken digitising self-care to new heights and has been downloaded over 13 million times. Our Digital lifestyle app, WowBox, has also crossed 14 million downloads. WowBox allows customers to enjoy telecom products, lifestyle products and benefits, as well as to participate in trending discussions and activities. FlexiPlan; the first app in the industry where users can design their own core product has crossed more than 12 million downloads already.

Since the inception of the industry, there were different voice tariffs for on-net & off-net calls. This voice regime was inherent to Grameenphone's valued subscriber base for the past 15 years. However, in 2018 there was a change to unified floor tariff, executed overnight, where call rates were made equal for both on-net & off-net calls. The industry then saw the onset of Mobile Number Portability (MNP) where customers could switch network carriers with their phone number unchanged. In data, there were statutory changes in Value Added Tax for data which affected the Company's strong data sub base.

Directors' Report

Grameenphone continued to innovate and transform itself to strengthen its leadership as the best digital service provider in Bangladesh, serving the escalating demand for data amongst customers. During the year, Grameenphone made significant investment in new 4G technology and capacity building; capitalising on which, the Company recorded 37.1 million active internet users, which is 51.0% of the total subscriber base, and is 19.0% higher from the number of active internet users in 2017. Grameenphone's journey to simplify digitalisation initiatives and offering relevant products and services have not only driven the financial performance but also strengthened the brand equity.

Customer Experience

Grameenphone always strives to provide better customer experience, emphasising customer value and investing in enhanced quality of services. Grameenphone continued to honour this commitment in 2018 and strove to achieve excellence. Simplifying and digitising the customer facing processes, allowed the customers to enjoy simplified customer journey through self-service over assisted channels. MyGP app, the fastest growing app with a consistent user base, fulfils customer's day-to-day needs. MyGP Enterprise, an automated service aggregator, has made enterprise clients' lives faster and simpler. Throughout the year Grameenphone continues to upgrade service quality by eliminating customer pain points and further simplifying the product portfolio. All these activities have resulted in an industry-leading Net Promoter Score (NPS), along with increasing customer satisfaction rates and the lowest complaint rates.

Technology towards a new era in 2018

In 2018, we launched our high-speed 4G LTE network. Data consumption has almost doubled since 2017 and 20%+ of our data volume is now being carried on the 4G network. 7 million unique users latched onto 4G LTE, which has an average speed of ~10 Mbps.

Grameenphone acquired new spectrum, a 4G licence and Tech neutrality on existing spectra. It was the first to launch 10MHz LTE immediately after licence was awarded by the regulator. By the end of 2018, Grameenphone rolled out ~ 5,009 LTE sites all across the country which has led the rapid growth in data consumption.

Along with the above 4G numbers, 1400+ new 2G sites have been aired this year and 2300+ new 3G sites have been also delivered ensuring the highest number of 3G sites across the country and the widest mobile broadband coverage.

Grameenphone users are now enjoying superior video streaming on the 4G network. This has helped us enhance our very own video streaming service, Bioscope. Other digital services such as MyGP3.0, Tonic, Gpay, Flexiplan, GPMusic, Shoparu etc. are also enriched with different features and capabilities. IT transformation and agile processes have helped in smooth service operations and product delivery. The Information Security uplift program and cyber security awareness/initiatives were promoted to employees and stakeholders.

In accordance with regulatory requirements, we had delivered Mobile Number Portability (MNP) and the Electronic Subscriber Application Form (eSAF). We were also able to secure and introduce our new number series "013" this year.

We are moving many elements of our IT and Telecom infrastructure into virtual or cloud platforms that help reduce our physical footprint and make the network future ready to cope with fast data growth, build network resilience and ensure faster time to market for service incorporation and efficient operations. All our subscriber profiles and 50% of our data core have been migrated to the cloud platform.

The whole telecom industry has faced a significantly higher number of fibre cuts than previous years, which has led to great challenges in maintaining network availability. However, armed with strong surveillance and field teams, the Company has managed to keep the network up and running amidst such severe challenges.

Altogether, 2018 had been a year of strong network growth and great technological advancement, in line with the business success and the changing environment

GP Accelerator: A Major Enabler of Digital Growth

Empowering societies is what Grameenphone believes in and has been working to do over the last two decades in Bangladesh. In this era of digitalisation, it is important for us to step up and be a part of, and a catalyst for, the inevitable change. In that light, Grameenphone has been working closely with the local community of developers, innovators and startups outside through a platform called 'GP Accelerator' and inside, through 'Whiteboard'.



The GP Accelerator initiative is a structured approach to help early stage tech startups through a curriculum-based program that provides seed funding, expert mentors, top-notch training, curated access to Grameenphone assets, investor access and more. The GP Accelerator program, stepping into its third year, is now seen as a credible platform and a source of inspiration for many as we have performed well in empowering the selected startups. The alumni of the program have been able to quadruple the value of their companies in just six months with two of the portfolio companies already crossing the USD 5 million valuation mark. Whiteboard, on the other hand, has been engaging and enabling the innovation community at large and providing Grameenphone access to a huge league of talented coders, designers and ideators.

Staying Relevant with Sharpened Focus and Agility

Grameenphone is on a journey of becoming dynamic digital organisation with continuous innovation, collaboration, and agility. We are continuously upskilling our existing resources and onboarding required skill sets to stay relevant in the market. The ICT and Digital arena continues to be our focus area on our journey to becoming our customers' preferred digital partner. The Agile Way of Work has already been applied into Skitto, Shoparu, Bioscope and in different other projects. The Company also focuses on digital employee experiences by introducing HR self-services.

We have introduced the "4 Behaviours" as part of our continuous cultural initiatives. Gender Diversity has been a top priority agenda in 2018. We ensured female representation in majority of the divisional management teams, along with involving promising females in Company's critical projects. We have continued exploring the best fit operating models across the divisions and we ended 2018 with a regular headcount of 2,313.

Grameenphone has seen one of its best performances in the year 2018. This has only been possible due to the capable and engaged workforce driving clear targets towards achieving our vision of Empowering Societies.

Sustainability Initiatives toward Reducing Inequalities

Bangladesh has entered the digital era and we have just started to reap the benefits of digitalisation and connectivity. At Grameenphone, we want to utilise the internet's role in bridging the digital divide and enabling empowerment of our people. Leveraging on our strength of connectivity, our services have introduced endless opportunities to communities. Our pledge is to reduce inequalities by providing digital services that uplift the many, not just the few. Thus, Grameenphone's vision of empowering societies remains at the core of our Sustainability initiatives. In this light, our efforts continue toward sustainability, with focus on Social Development Goals (UN SGS) and responsible business practices.

In 2018, our commitment continues to remain on reducing inequalities by providing a safe digital learning experience for our young minds. In this endeavour, we have educated over 400,000 school children across the country through Online Safety trainings and sensitised more than 70,000 parents, teachers and guardians. The Child Helpline 1098 services have been expanded to provide counselling support for issues related to child online safety. Our social advocacy campaign on online safety reached over 10 million viewers on social media. We have further strengthened our supply chain sustainability by ensuring 100% supplier code endorsement, unannounced inspections and capacity building through training.

Moving toward Green

Grameenphone understands that its business has an impact on the environment and climate. This is why Grameenphone is committed to a long-term sustainable approach to caring for and safeguarding the environment and its climate impact. Grameenphone has been conducting its business in such a way so to prevent pollution, minimise, as far as is appropriate, the adverse impact on the environment by its activities, continually improve its performance against targets associated with its significant environmental aspects and comply with all applicable environmental legislation. The Company has taken a lot of green initiatives to reduce its carbon footprint individually and collectively. Since 2008, successful initiatives have helped Grameenphone reduce its carbon intensity and consumption of valuable resources, such as fuel, paper, and electricity. Detailed information on the initiatives of the Company is provided in the Climate Change section of the Annual Report on page 22.

Health, Safety and Security

Grameenphone focuses on continuous improvement of Health, Safety and Security (HS&S) to establish a safe and healthy work environment. Keeping "People First" in consideration, Grameenphone puts utmost priority on promoting a HS&S culture. Special emphasis is given on designing each establishment and with adequate placement of safe, healthy & secure systems and procedures. Routine risk assessment is conducted to identify workplace hazards, and control mechanisms are enforced as per international guidelines and best practices. Grameenphone aspires to lead in the HS&S area within the country through proactive approach towards implementation of HS&S management systems. In order to drive this agenda, management commitment, line management ownership and employee responsibility are the key contributing factors in embedding a strong HS&S culture in the organisation.

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In the year 2018, extensive focus has been given to road traffic safety through training and awareness, proactive and reactive monitoring, e-communication and campaigns. Safety rules have been incorporated in the policy and in relevant manuals to reinforce road traffic safety. Proactive transport safety awareness is made prior to any business travel and vehicle movements have been monitored. HS&S training and awareness have been carried out with special focus on managerial role-responsibilities to encourage ownership. Apart from employees, in-house contractors too have participated in various training and awareness sessions. Safety rules have been incorporated in local manual and Management Team members have engaged themselves in campaigns. Circle HS&S awareness including training for high risk segments have been being carried out. Emergency evacuation drills have been conducted in all circles. HS&S committee meetings have been conducted and the results have been shared in the monthly business reviews. Risk mapping, risk assessment, vehicle inspection, background verification, hazard report and mitigation have been carried out to uphold the HS&S culture.

Corporate Governance

Our goal has always been to enhance our corporate value, maintain our sustainable long-term development and generate greater returns for our shareholders. In order to achieve the above objectives, the Board of Directors and Management of Grameenphone are pledge bound to continue implementation of the highest standards of Corporate Governance in the Company through a culture of accountability, transparency and well-understood policies and procedures. The Board of Directors of Grameenphone has always played a pivotal role in meeting all stakeholders' interests and is committed to upholding the same in future as well.

In line with the same, the Company has complied with the conditions as stipulated in the Corporate Governance Code issued on 03 June 2018 by BSEC. In this connection, the status of compliance has been annexed to this report as Annexure-I. Further, a certificate of compliance from ACNABIN, Chartered Accountants, 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.

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

• Industry Outlook and Possible Future Developments

The mobile industry continues to transform the lifestyle of Bangladeshis. Societies become more connected, enabling seamless interaction between all aspects of an individual's digital life. Moreover, rapid expansion of mobile broadband and falling smartphone prices accelerated rapid development of locally relevant digital content, which are vital to the progress of a digital society. The mobile industry dynamic in Bangladesh has also changed significantly over the last decade. The emergence of new digital services, convergence of technologies/IoT, increased financial inclusion, and falling smartphones prices have resulted in a huge appetite for high speed data. The number of mobile internet users in Bangladesh has reached 86 million and is increasing, which already accounts for half of the country's population (median age 27 years).

Both the Government and the mobile telecom industry have exciting opportunities to unlock digital transformation for millions of citizens. Grameenphone has already started enabling future products and operating models with successful launches of new apps, digital services, personalised customer experience, IoT and M2M platforms to capitalise on their future potential. Additionally to support the Digital Bangladesh vision, the Government commenced several schemes like National satellite project, rural fibre access, electronic registration process, building national data center, ICT parks, and an early test launch of 5G service for promoting mobile broadband adoption and accelerating the information technology sector.

• Segment/Product Wise Performance

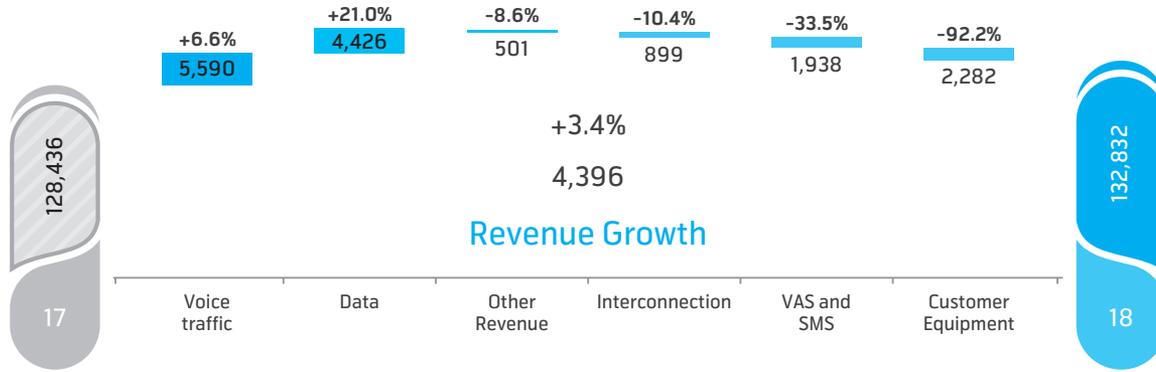
Grameenphone essentially provides similar products and services to customers across the country. Grameenphone reviews revenue performance of different services which have been disclosed under notes to the Financial Statements.

Grameenphone posted BDT 132.8 billion of total revenue for the year 2018 with 3.4% increase compared to the previous year. The growth in revenue was mainly driven by voice and data revenue partly offset by lower revenue from customer equipment and VAS. In 2018, Grameenphone changed the business model for Handset and VAS from gross to net recognition of revenue. Adjusting this effect for the year 2017, the normalised growth for revenue is 6.3%.

Voice revenue has increased by 6.6% from 2017 due to a 2.6% increase in outgoing minutes driven by promotional activities and higher customer acquisition.



Figures in BDT million



Data revenue has increased by 21.0% from 2017 mainly driven by 18.9% growth in the number of data users and 82.9% growth in data usage volume in 2018. This data growth was enabled through introduction of 4G network and coverage expansion by adding 5,009 4G sites and effective campaigns in 2018.

Revenue from customer equipment mainly includes sale of mobile devices, i.e. handsets, branded internet modems and VTS. Customer equipment revenue was lower mainly for net recognition of Handset revenue in 2018.

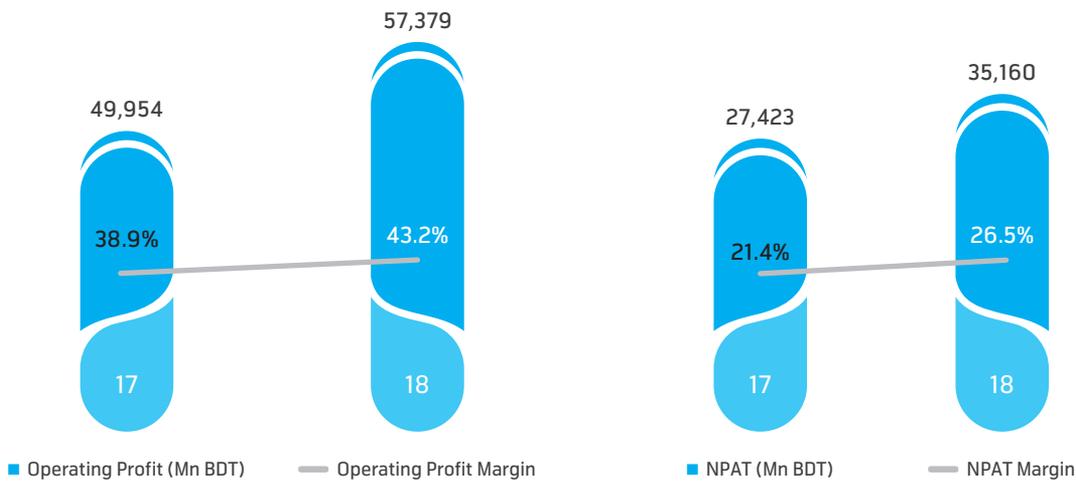
Other mobile revenue includes revenues mainly from telecom infrastructure sharing, commission from mobile financial services etc.

Interconnection revenue is generated from the incoming traffic through the calls generated from outside Grameenphone network. Interconnection revenue was lower in 2018 compared to 2017 following a decrease in incoming minutes from international operators. Also, the new interconnection call termination rate introduced by BTRC led to the decrease in interconnection revenue.

VAS and SMS includes Content service, SMS and MMS revenue. VAS and SMS revenue fell by 33.5% from 2017 mainly due to net recognition of VAS revenue in 2018.

• 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 2018 was BDT 75.4 billion with 3.9% decrease compared to last year. The decrease is mainly due to lower cost of material and traffic charges, other operating expenses, salaries and personnel cost, depreciation and licence fees, and partly offset by higher operation and maintenance expense and sales, marketing and commissions cost.



As an effect of the higher revenue growth along with savings in operating expenses, operating profit for the year 2018 increased by BDT 7.4 billion from last year. Profit before tax for 2018 also increased by BDT 8.3 billion from last year mainly because of lower finance cost of BDT 842 million.

Net profit margin for the year 2018 was 26.5% compared to 21.4% in previous year. Net profit after tax in 2018 increased by 28.2% due to significant saving in operating expenses of BDT 3.0 billion and higher revenue growth in 2018. As a result, Earnings Per Share (EPS) for the year 2018 stood at BDT 26.04 compared to BDT 20.31 of 2017.

• Risks & Concerns

Every business faces uncertainties or risks in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives but may also cause losses that could result in financial and reputational loss as well. As with other co-existing companies, Grameenphone's business is also exposed to diverse risks that arise both from internal as well as external fronts. Apart from uncertainties stemming from an unstable regulatory regime, the Company has always been prepared for issues stemming from competing markets, operational issues, 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. This aspect is discussed in the "Enterprise Risk Management" section of the Annual Report on page 52.

• Directors' Responsibilities for Financial Statements

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance; and 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 fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- 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 judgments;
- 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.

• Declaration of the CEO and the CFO on Financial Statements

As required under BSEC's Corporate Governance Code, the declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on Financial Statements 2018 to the Board as prescribed is annexed to this report as Annexure-IV on page 86.

• 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 at all times act in a manner that will be in the best interest of the Company.

• Management's Discussion and Analysis

Management's Discussion and Analysis signed by the CEO presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code is disclosed in Annexure-V of this report on page 87.

• Other Disclosure

- No items of income and expense are presented as 'extraordinary gain or loss' in the Financial Statements.
- All transactions with related parties have been made on a commercial basis. Details of related parties and related party transactions have been disclosed in note 41 to the Financial Statements as per the requirements of relevant IFRS.
- 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 further equity instrument has been issued since then.
- The financial results of the Company have continued to improve since the IPO in 2009 as reflected in the yearly Financial Statements.
- No significant variations have occurred between quarterly and final financial performances of the Company during 2018.

- No remuneration was given to the Directors of the Board apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2018, attendance fees in connection with Board and Board Sub-Committee meetings were BDT 1,325,562 (2017: BDT 1,296,122). However, payments to Foreign Directors, not remitted as yet, have been provided for in the accounts of the relevant year.
- The key operating and financial data for the last five years have been disclosed under Financial Analysis section of this Annual Report on page 58.
- Grameenphone has declared interim dividend and recommended final dividend for the year 2018.
- Grameenphone has not declared Bonus Share as Interim and Final Dividend in 2018.
- During 2018, a total of 14 (fourteen) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-II to this report.
- Shareholding pattern of the Company as on 31 December 2018 is shown in Annexure-III of this report.

Annual Results and Allocations

The Directors take pleasure in reporting the financial results of the Company for the year ended 31 December 2018 and recommended the appropriation as mentioned in the 'Appropriation of Profit' table below:

Figures in BDT million

	2018	2017
Profit available for Appropriation		
Profit/ (Loss) after Tax	35,160	27,423
Other Comprehensive Income (Loss), Net of Tax	(211)	457
Un-appropriated Profit brought Forward from Previous Year	13,762	12,213
Adjustment on Initial Application of IFRS 15 as at 1 January 2018	2,678	-
Total Amount available for Appropriation	51,389	40,093
Appropriation		
Final Dividend Paid for Previous Year	(13,503)	(12,153)
Interim Dividend Paid for Current Year	(16,879)	(14,178)
Closing Retained Earnings at year end (before Proposed Final Dividend)	21,008	13,762
Proposed Final Dividend for the Year (2018: 155% cash and 2017: 100% cash)	20,930	13,503
Retained Earnings after Proposed Dividend	78	259

Contribution to the National Exchequer

Being one of the largest contributors to the National Exchequer for the last several consecutive years, the collective contribution of Grameenphone from inception up to December 2018 was BDT 669.5 billion. During 2018 alone, the Company contributed BDT 84.2 billion to the national exchequer which represents about 63.4% of Grameenphone's total revenue of 2018. Grameenphone has paid BDT 20.9 billion corporate taxes during 2018.

Dividend

For the year ended 31 December 2018, 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 12.5 per share of BDT 10 each. Now, the Directors are pleased to recommend a Final Cash Dividend @ 155% of the paid-up capital amounting to BDT 20,929,650,341 which is BDT 15.5 per share of BDT 10 each for the year 2018 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 @ 280% of the paid-up capital of the Company which represents 108% of the Profit After Tax for the year 2018 amounting to BDT 37,808,400,616.

The above recommendation of dividend is as per the Board approved dividend policy.

Board of Directors

The composition of the Board of Directors who held office during the year was as below:

1. Mr. M Shahjahan, Grameen Telecom, Director
2. Mr. Md. Ashraful Hassan, Grameen Telecom, Director
3. Mr. Haakon Bruaset Kjoel, Telenor Mobile Communications AS, Director
4. Ms. Parveen Mahmud, Grameen Telecom, Director
5. Mr. Oivind Burdal, Telenor Mobile Communications AS, Director
6. Prof. (Dr.) Jamilur Reza Choudhury, Independent Director
7. Mr. Petter Boerre Furberg, Telenor Mobile Communications AS, Director and Chair
8. Mr. Witold Sitek, Telenor Mobile Communications AS, Director [effective from 30 January 2018]
9. Mr. Gunnar Johan Bertelsen, Telenor Mobile Communications AS, Director [effective from 11 June 2018]
10. Dr. Salehuddin Ahmed, Independent Director [effective from 12 December 2018]

Changes in the Board and Appointment of New Independent Director

During the period under review, there were a number of changes in the Board. Mr. Witold Sitek joined the Board in January 2018 in place of Mr. Tore Johnsen and Mr. Gunnar Johan Bertelsen joined the Board in June 2018 in place of Mr. Hans Martin Hoegh Henrichsen. In December 2018, one of our Independent Directors Ms. Rokia Afzal Rahman's position fell vacant. The Company was obliged to fill the vacancy within the regulatory timeline and, accordingly, Dr. Salehuddin Ahmed was appointed as Independent Director, with effect from 12 December 2018. The said appointment will be approved by the Shareholder in upcoming Annual General Meeting (AGM). The Board welcomes Mr. Witold Sitek, Mr. Gunnar Johan Bertelsen and Dr. Salehuddin Ahmed to the Board and looks forward for their enriching contribution to the governance of the Company.

The Board of Directors would also like to take this opportunity to deeply thank and bid farewell to three esteemed Board members for their invaluable contribution to the Board over the years and helping the Board discharge its governance responsibilities towards the Company. The Board wishes them the very best for their futures.

Directors' Appointment & Re-Appointment

With regard to 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. Petter Boerre Furberg
2. Mr. Md. Ashraful Hassan
3. Mr. Witold Sitek

Brief profiles of the Directors being proposed for re-appointment are given on page 32 of the Annual Report, which fulfill condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

Appointment of Auditors and Corporate Governance Compliance Auditor

As per the Companies Act 1994 and the Articles of Association of Grameenphone, the statutory auditors of the Company, A Qasem & Co, Chartered Accountants, shall retire at this AGM. The Firm, being eligible, has offered their willingness to be re-appointed. The Board recommends their re-appointment for the year 2018 and continuation till the next AGM at the existing fee of BDT 2.5 million plus VAT.

In compliance with the BSEC Corporate Governance Code, the Board appointed ACNABIN, Chartered Accountants as Compliance Auditor of the Company at a fee of BDT 115,000 per year and the said appointment will be approved by the Shareholders in the upcoming 22nd AGM.

Outlook 2019: Creating the Future

In the past few years, the world has witnessed a digital revolution that ushers in huge change at an accelerated speed. The worldwide shift towards digitalisation will continue to transform the way people communicate, conduct business, socialise and receive healthcare, education and other services. Anticipating these transformations, Grameenphone has strategically prepared to meet the challenges of the future, today.

By seizing the opportunities brought about by the digital economy, Grameenphone is well poised to lead Bangladesh into the digital future where data is a powerful growth vehicle and a key focus area for telecommunication services. Pivoting around that, Grameenphone's outlook for the future includes emerging technologies, such as Internet of Things (IoT), Cloud Platform and virtual business solutions, coming together to transform lives and enterprises as Bangladesh enters into 5G era.

In the coming days, the Company will focus on delivering smarter solutions, leaner business processes and more impactful and meaningful experiences to its customers. Achieving growth and profitability in the challenging environment will remain a top priority, and Grameenphone's strategy for this is clear: to digitise the core and then to introduce relevant digital services to its customers, taking leading positions in selected Business segment and adjacent ICT verticals, and stay unwavering in its commitment to operational and financial discipline. To ensure a sustainable growth, Grameenphone will continue to invest to build a stronger mobile ecosystem, in line with our commitment to the country's economic growth and our trust in the Government and people of the country.

Appreciations

The Board of Directors expresses on record its appreciation to the partners of Grameenphone, shareholders, suppliers, customers, bankers, regulators, media and all other well-wishers for their support and patronage to bring the Company to this level. The members of the management team have also shown unstinted commitment in performing their duties, for which we wish to express our gratitude. We do not forget that it is the hard work and contribution of our wide array of staff and the service they provide that has enabled Grameenphone to prosper and grow.

Grameenphone has gone far in its journey over 22 years. It has faced many adverse circumstances and proven its resilience. We are confident that with the strengths and resources we possess, we can overcome any challenges ahead and go forward to play an even greater role in the economy of the country and continue to create greater value for our Shareholders.

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



Petter Boerre Furberg
Chair

27 January 2019

Annexure I

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

(Report under Condition No. 9)

Condition No.	Title	Compliance Status ("✓" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	Board of Directors (BoD)			
1(1)	Board's Size (number of Board members – minimum 5 and maximum 20)	✓		There are 10 (Ten) members in the Company Board
1(2)	Independent Directors			
1(2)(a)	At least one-fifth (1/5) of the total number of directors shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s)	✓		There are 2 (Two) Independent Directors (ID) out of total 10 (Ten) Directors
1(2)(b)	Independent Director means a Director:			
1(2)(b)(i)	who either does not hold any share in the Company or holds less than one percent (1%) shares of the total paid-up shares of the Company	✓		The IDs have submitted declarations about their compliances
1(2)(b)(ii)	who is not a sponsor of the Company or is not connected with the Company's any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the Company	✓		-do-
1(2)(b)(iii)	who has not been an executive of the Company in the immediately preceding 2 (two) financial years	✓		-do-
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated companies	✓		-do-
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		-do-
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		-do-
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	✓		-do-
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies	✓		-do-
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI) ; and	✓		-do-
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude	✓		-do-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	√		a) Prof. (Dr.) Jamilur Reza Choudhury, in his 1 st term, already approved at AGM b) The Board appointed Dr. Salehuddin Ahmed on 11 December 2018 to be approved at the upcoming 22 nd AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		The term of Ms. Rokia Afzal Rahman, Independent Director was expired on 05 December 2018. The Board appointed Dr. Salehuddin Ahmed as new Independent Director on 11 December 2018
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	√		The IDs are in their regular term of office
1(3)	Qualification of Independent Director			
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)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of BDT 100 million or any listed company or a member of any national or international chamber of commerce or business association; or	Not Applicable		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of BDT 100 million or of a listed company; or	Not Applicable		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	Not Applicable		
1(3)(c)	The independent director shall have at least 10 (ten) years' experiences in any field mentioned in clause (b)	√		

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission	None		No such case in the reporting year
1(4)	Duality of Chair of the Board of Directors and Chief Executive Officer			
1(4)(a)	The positions of the Chair of the Board and the Chief Executive Officer (CEO) of the Company shall be filled by different individuals	√		The Chair and the CEO are different individuals with clearly defined roles and responsibilities
1(4)(b)	The Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	√		The CEO did not hold the same position in another listed company
1(4)(c)	The Chair of the Board shall be elected from among the non-executive directors of the company	√		All Board members are non-executive director. The Chair of the Board is non-executive director
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chair and the Chief Executive Officer	√		The Board clearly defined roles and responsibilities of the Chair and the CEO
1(4)(e)	In the absence of the Chair of the Board, the remaining members may elect one of themselves from non-executive directors as Chair for that particular Board's meeting; the reason of absence of the regular Chair shall be duly recorded in the minutes	None		No such case in the reporting year
1(5)	The Directors' Report shall include the following additional statements			
1(5)(i)	Industry outlook and possible future developments in the industry	√		Included in the Directors' report on Page 67 of the Annual Report
1(5)(ii)	Segment-wise or product-wise performance	√		Included in the Directors' report on Page 67 of the Annual Report
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable	√		Included in the Directors' report on Page 68 of the Annual Report
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss)	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(vi)	Detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(vii)	Statement of utilisation of proceeds raised through public issues, rights issues and/or any other instruments	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(ix)	Explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(x)	Statement of remuneration paid to the directors including independent directors	√		Included in the Directors' report on Page 70 of the Annual Report
1(5)(xi)	Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		Included in the Directors' report on Page 69 of the Annual Report

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xii)	Proper books of account of the issuer company have been maintained	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xviii)	Explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	√		Included in the Directors' report on Page 69 of the Annual Report
1(5)(xix)	Key operating and financial data of at least preceding five (5) years shall be summarised			Given on Page 58 of the Annual Report
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	None		No such case in the reporting year
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	√		Included in the Directors' report on Page 70 of the Annual Report
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	√		Included in the Directors' report on Page 84 of the Annual Report
1(5)(xxiii)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	√		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children	√		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiii)(c)	Executives	√		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company	√		Included in the Directors' report on Page 85 of the Annual Report
1(5)(xxiv)	In case of the appointment/re-appointment of a director, disclose:			
1(5)(xxiv)(a)	A brief resume of the director	√		Given on Page 32 of the Annual Report
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas	√		Given on Page 32 of the Annual Report

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		Given on Page 35 of the Annual Report
1(5)(xxv)	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:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		Included in the Management's Discussion and Analysis on Page 87 of the Annual Report
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	√		-do-
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	√		-do-
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		-do-
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	√		-do-
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		-do-
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	√		-do-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3)	√		Given on Page 86 of the Annual Report
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed	√		Given on Page 92 of the Annual Report
1(6)	Meetings of the Board of Directors			
1(6)	The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB), in so far as those standards are not inconsistent with any condition of this Code	√		
1(7)	Code of Conduct for the Chair, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chair of the Board, other board members and Chief Executive Officer of the Company	√		There is a written Code of Conduct and the Chair, other Board members & the CEO are obliged to comply with

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency	√		The Code of Conduct is available on the website of the Company
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	Not Applicable		Grameenphone does not have any subsidiary Company as on reporting date
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	Not Applicable		-do-
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	Not Applicable		-do-
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	Not Applicable		-do-
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	Not Applicable		-do-
3	Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance have been appointed by the Board
3(1)(b)	The positions of the Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance are different individuals and their roles and responsibilities are separately defined
3(1)(c)	The CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other Company at the same time	√		The CEO, CFO, CS, Head of Internal Audit and Head of Ethics & Compliance do not hold any executive position in any other Company
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	√		The roles and responsibilities are separately defined
3(1)(e)	The CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	None		No such case in the reporting year
3(2)	Requirement to attend Board of Directors' Meetings			
	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)	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	√		The CEO and CFO have duly certified to the Board

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		-do-
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		-do-
3(3)(b)	The CEO and CFO shall also certify that there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		-do-
3(3)(c)	The certification of the CEO and CFO shall be disclosed in the Annual Report	√		Given on Page 86 of the Annual Report
4	Board of Directors' Committee			
	For ensuring good governance in the Company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee	√		The Board formed the Audit Committee on 10 November 2008
4(ii)	Nomination and Remuneration Committee	√		The Board formed the NRC on 11 December 2018
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee of the Board	√		Audit Committee is established as per BSEC guidelines
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		The Audit Committee discharges as per BSEC guidelines
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	√		The duties of the Audit Committee are clearly defined in the Board approved Audit Committee Charter as per BSEC guidelines
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members	√		Audit Committee comprises of 3 (three) members
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chair of the Board and shall include at least 1 (one) independent director	√		All members of the Audit Committee are non-executive directors, out of which one member is ID. All the members are appointed by the Board. The Chair of the Board is not the member of the Audit Committee
5(2)(c)	All members of the audit committee should be "financially literate" and at least one (1) member shall have accounting or related financial management background and ten (10) years of such experience	√		The profiles of the members given on page 32 of the Annual Report demonstrate their capabilities as such
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of three (3) persons, the Board shall appoint new Committee member to fill up the vacancy immediately or not later than one (1) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	√		The term of Ms. Rokia Afzal Rahman expired on 05 December 2018 and the Board appointed Dr. Salehuddin Ahmed in her place on 11 December 2018

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(2)(e)	The Company Secretary shall act as the secretary of the Committee	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least one (1) independent director	√		
5(3)	Chair of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	√		The Chair of the Audit Committee is an Independent Director
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		The reason for the absence of the Audit Committee Chair was duly recorded in the Minutes
5(3)(c)	Chair of the Audit Committee shall remain present in the Annual General Meeting (AGM)	√		The Chair of the Audit Committee attended in the 21 st AGM held on 19 April 2018
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least four (4) meetings in a financial year	√		There were nine (9) meetings held during the reporting period
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	√		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process	√		The Audit Committee performs as per BSEC's guidelines
5(5)(b)	Monitor choice of accounting policies and principles	√		-do-
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	√		-do-
5(5)(d)	Oversee hiring and performance of external auditors	√		-do-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	√		-do-
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval	√		-do-
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√		-do-
5(5)(h)	Review the adequacy of internal audit function	√		-do-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√		-do-
5(5)(j)	Review statement of all related party transactions submitted by the management	√		-do-

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	√		-do-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	√		-do-
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilised as per the purposes stated in relevant offer document or prospectus approved by the Commission	None		No IPO was made in the year 2018
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	√		
5(6)(a)(ii)(a)	Report on conflicts of interests	None		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	None		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	None		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	None		
5(6)(b)	Reporting to BSEC (if any, which has material impact on the financial condition and results of operation, unreasonably ignored by the management)	None		
5(7)	Reporting to the Shareholders and General Investors of Audit Committee Activities, which shall be signed by the Chair of the Audit Committee and disclosed in the Annual Report	√		Activities of the Audit Committee are reported on page 55 of the Annual Report
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	√		NRC is established as per BSEC guidelines
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive	√		The NRC discharges as per given guidelines
6(1)©	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)	√		The duties of the NRC are clearly defined in the Board approved NRC Charter as per BSEC's guidelines
6(2)	Constitution of the NRC			
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

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	√		All members of the NRC are appointed by the Board
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within one hundred eighty (180) days of such vacancy occurring in the Committee	None		No such case in the reporting year
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or is valuable for the Committee	None		No such case in the reporting year
6(2)(g)	The Company Secretary shall act as the secretary of the Committee	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an Independent Director	√		No such case in the reporting year
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company	√		No such case in the reporting year
6(3)	Chair of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chair of the Committee, who shall be an independent director	√		The Chair of the NRC is an Independent Director
6(3)(b)	In the absence of the Chair of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	None		No such case in the reporting year
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders	None		No such case in the reporting year. The NRC was formed on 11 December 2018
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year	None		The Board formed NRC on 11 December 2018, thus no meeting was held during the reporting period
6(4)(b)	The Chair of the NRC may convene any emergency meeting upon request by any member of the NRC	None		No such case in the reporting year
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an Independent Director is must as required under condition No. 6(2)(h)	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	None		The Board formed NRC on 11 December 2018, thus, no meeting was held during the reporting period
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	√		The NRC performs as per BSEC's guidelines

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(5)	Role of the NRC			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	√		-do-
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		-do-
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	√		-do-
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	√		-do-
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	√		-do-
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	√		-do-
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	√		-do-
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	√		-do-
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report	√		Given on Page 56 of the Annual Report
7	External or Statutory Auditors			
7(1)(i)	Appraisal or valuation services or fairness opinions	√		As declared by the Auditors
7(1)(ii)	Financial information systems design and implementation	√		-do-
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements	√		-do-
7(1)(iv)	Broker-dealer services	√		-do-
7(1)(v)	Actuarial services	√		-do-
7(1)(vi)	Internal audit services or special audit services	√		-do-
7(1)(vii)	Any service that the Audit Committee determines	√		-do-
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1) ; and	√		-do-
7(1)(ix)	Any other service that creates conflict of interest	√		-do-
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		-do-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	√		The representative of external auditors attended in the 21 st AGM held on 19 April 2018

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
8	Maintaining a website by the Company			
8(1)	The Company shall have an official website linked with the website of the stock exchange	√		
8(2)	The Company shall keep the website functional from the date of listing	√		
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	Obtaining a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	√		Given on page 92 of the Annual Report
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		The Board appointed the Compliance Auditor on 11 December 2018 and their appointment will be approved by the Shareholders in the upcoming AGM in 2019
9(3)	Directors statement in the directors' report whether the Company has complied with these conditions or not	√		Detailed status of compliance is given on page 73 of the Annual Report in the compliance schedule as published with the Directors' Report

Annexure II

Board Meeting and attendance during the year ended 31 December 2018

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

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

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

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

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

Annexure-III

The Pattern of Shareholding as on 31 December 2018

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

Annexure –IV

DECLARATION BY THE CEO AND THE CFO

[As per condition No. 1(5)(xxvi) of Corporate Governance Code 2018]

The Board of Directors

Grameenphone Ltd.

Subject: Declaration on Financial Statements for the year ended on 31 December 2018.**Dear Sirs,**

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Grameenphone Ltd. for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief;
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws; and
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Michael Patrick Foley)
Chief Executive Officer (CEO)



(Karl Erik Broten)
Chief Financial Officer (CFO)

27 January 2019