



ENTERPRISE RISK MANAGEMENT

While operating in a dynamic industry and highly competitive market, Grameenphone is exposed to a wide range of risks that may affect its business. The Company aims to earn competitive returns at acceptable risk levels. Risk management is a continuous process and an integrated part of business throughout the entity. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business processes. The Risk Management Forum established within the Company ensures active participation from different functional areas to increase its effectiveness.

During the financial year under review, the significant risks in the Company's business were reviewed, monitored and reported through Risk Management Forum and mitigating measures were evaluated by the Board and Management on a regular basis. This is to ensure that the Company's risk management framework continues to effectively promote and enable the identification, management and monitoring of risks across the organisation.

Below are the key risk areas identified at Grameenphone:

Financial Risk

Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks. The company's exposure to financial risks is disclosed in detail under note 39 of the financial statements.

Regulatory Risk

Grameenphone's operations are subject to requirements through sector specific laws, regulations and national licences. Regulatory developments and regulatory uncertainty could affect the Company's results and business prospects. The introduction of, or increase in, sector specific taxes and levies may impact the business.

The Company depends on licences, access to spectrum and numbering resources in order to provide telecommunications services. If the Company is not successful in acquiring spectrum licences or is required to pay higher rates than expected, this might impact our business strategy. Further, unforeseen events may cause disruption in roll-out plans, resulting in risks of deterioration of network quality. In a nutshell, every change in regulations will affect growth and sustainability of the company as well as the industry either positively or negatively.

Transformation Risk

The introduction of new technologies and changing consumer behaviour open up new business models in the telecom sector, leading to structural changes and new industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the changed dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, will impact the Company's position in the value chain, service offerings and customer relationships.

Grameenphone competes on several dimensions, e.g. product portfolio, price, network quality, network coverage, reliability, sales, distribution and brand. The Company's ability to differentiate through these dimensions largely impact the ability to attract and retain customers and drive usage.

Further, revenue growth is partly dependent on the development and deployment of new products, services, technologies and applications. If such new releases are not technically or commercially successful, or if limitations in existing or new services and products affect the customer experience, Grameenphone's ability to attract or retain customers may be impaired.

Operational Risk

The quality and reliability of Grameenphone's telecommunications services depend on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions, including interruptions or data breaches coming from targeted cyber-attacks. Repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and ability to attract and retain subscribers. Grameenphone depends on key suppliers and third-party providers for supply and maintenance of equipment and services. Problems that manifest in relation to the supply chain may adversely affect the Company's business and results of operations.

Grameenphone handles substantial volumes of confidential information. Loss, mismanagement or unauthorised disclosure of such information, may adversely affect the Company's business and reputation.

Political instability and violence including social unrest, terrorist attacks etc. may prevent the company from operating its business effectively.

Safety, Sustainability and Compliance

Grameenphone strives for high standards and continuous improvement in its own operations and throughout the entire supply chain to ensure responsible business conduct where there are risks for breach of internationally recognised standards related to health and safety, human rights, labour rights, environment and anti-corruption. Engaging with and monitoring of suppliers to ensure long term risk reduction is a priority.

The market in which Grameenphone operates, however, is an emerging economy with potentially complex and sensitive political and social contexts. Risks such as corruption, human rights and other issues will continue to stay high on the Company's agenda.