

Enterprise Risk Management

No undertaking is free from risks and concerns that might arise both from internal as well as external fronts. While operating in a dynamic industry and highly competitive market, Grameenphone is also exposed to a range of risks that may affect its business. Apart from the ever uncertainties stemming from an unstable regulatory regime, Grameenphone has always to remain prepared for highly fluctuating policy decisions at the national or global levels, operational issues, legal knots, interest and exchange rate volatilities etc. 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 and augment 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 with a view to ensuring that the Company's risk management framework continues to effectively promote and enable the identification, management and monitoring of risks across the organisation.

The key risks that are identified in the Company are as follows :

Financial Risk

Financial risk includes credit risks, liquidity risks, currency risks and exchange and interest rate risks. The Company's exposure to financial risks is disclosed in detail under note 36 of the financial statements.

Regulatory Risk

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 licenses, access to spectrum and numbering resources in order to provide telecommunications services. If the Company is not successful in acquiring spectrum licenses 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 behavior open up for new business models in the telecom sector, leading to structural changes and increased industry dynamics. Grameenphone has started embarking on a vital transformation agenda to adapt accordingly. Failure to respond to the dynamics, and to drive a change agenda to meet mature and developing demands in the market and society will impact the Company's position in the value chain, service offerings and customer relationships.

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 depends on the stability of its network. Repeated, prolonged or catastrophic network or IT system failures could damage the Company's reputation and ability to attract and retain subscribers.

Grameenphone handles substantial volumes of confidential information. Loss, mismanagement or unauthorized disclosure of such information, may adversely affect the Company's business, reputation as well as sustainability.

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

In short, Grameenphone's business continuity, network reliability and overall sustainability are all dependent on its effective risk identification and management and on which the Company pays great importance, attention and emphasis.