

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) in GP

Grameenphone (GP) as part of its commitment to transparent and reliable financial reporting has established seamless internal controls over financial reporting. Internal controls over financial reporting is part of GP's overall corporate governance structure and are very much embedded in the business processes affecting the financial reporting. GP follows a risk-based approach in designing and implementing the internal controls and monitors the effectiveness of the control performance regularly. A prescribed communication structure is in place for effective functioning of the entire internal control system.

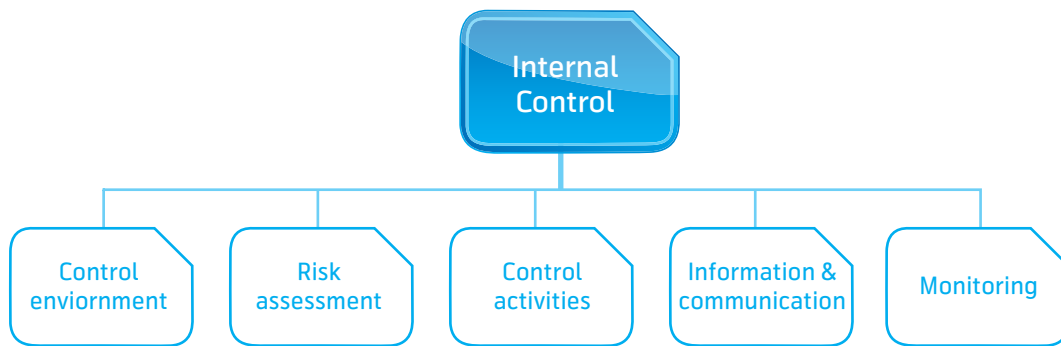


Fig: Components of internal control system (COSO Internal Control Framework)

The entire financial reporting environment is subdivided into 12 individual processes. Risks are identified and assessed for each individual process. Risks are assessed on a three-point ordinal scale (High, Medium, Low) and controls are primarily targeted towards mitigating the high risks elements.

Operating effectiveness of the control mechanism is monitored throughout the year on test basis. A yearly exercise is performed to evaluate the risks and to rectify/modify the controls accordingly.

There is a separate team responsible for coordinating the activities related to internal controls over financial reporting. The team is adequately resourced and empowered to discharge its responsibilities.

Controls are embedded in the processes by establishing ownership and through regular communication and training across the organization. Commitment at the top of the organization underpins a strong culture of internal control in Grameenphone.

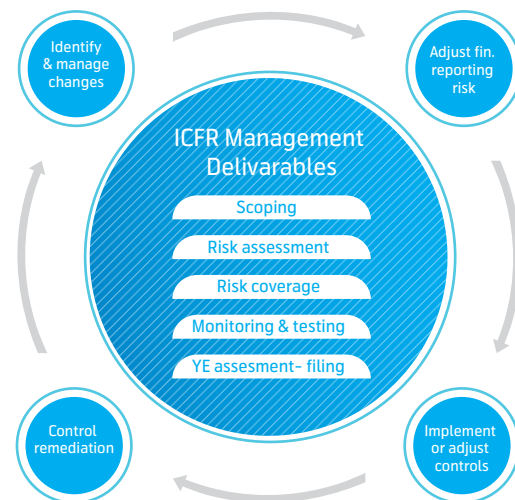


Fig: ICFR Cycle in GP