

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

In order to be a sustainable business organisation, Grameenphone is committed to maintain a high standard of ethics and transparency as well as continue to earn stakeholders trust and confidence. To uphold its commitment, Grameenphone has instituted internal controls over financial reporting and provide assurance on the accuracy of financial statements.

Grameenphone follows a risk-based approach in designing and implementing effective internal controls and monitors the effectiveness on regular basis. The entire financial reporting structure is divided into 19 individual processes and annual risk assessment exercise is performed for each of the processes. Considering the probability and the impact on financial reporting, each process is evaluated and categorised into a three-point ordinal scale (High, Medium, and Low). Based on risk assessment exercise, internal controls are established accordingly.

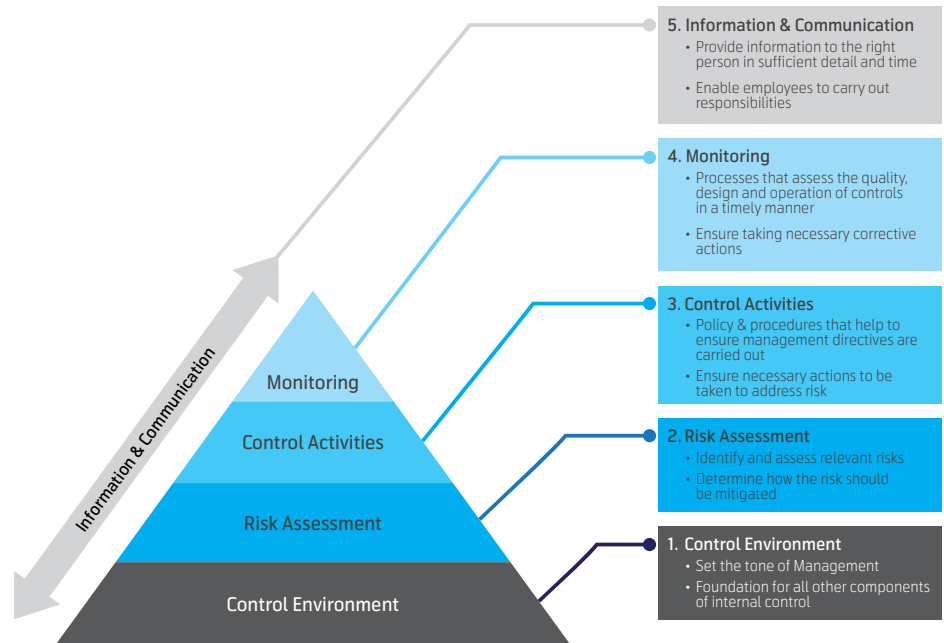


Figure 1: Components of Internal Control System (COSO Internal Control Framework)

Operating effectiveness of all controls is monitored throughout the year on sampling basis. Control monitoring activities takes place in two different approaches – Self Assessment and Direct Testing.

For self-assessment, respective control owners provide their assertions on control performance through Positive Assurance System on monthly basis. Direct testing is also divided into two phases – Interim Testing and Year end Testing. External consultants from local reputed audit firms is engaged for independent review of the control environment.

Grameenphone has a dedicated Internal Control Team accountable for conducting the monitoring activities related to internal control over financial reporting. The team is adequately resourced and empowered to deliver its responsibilities.

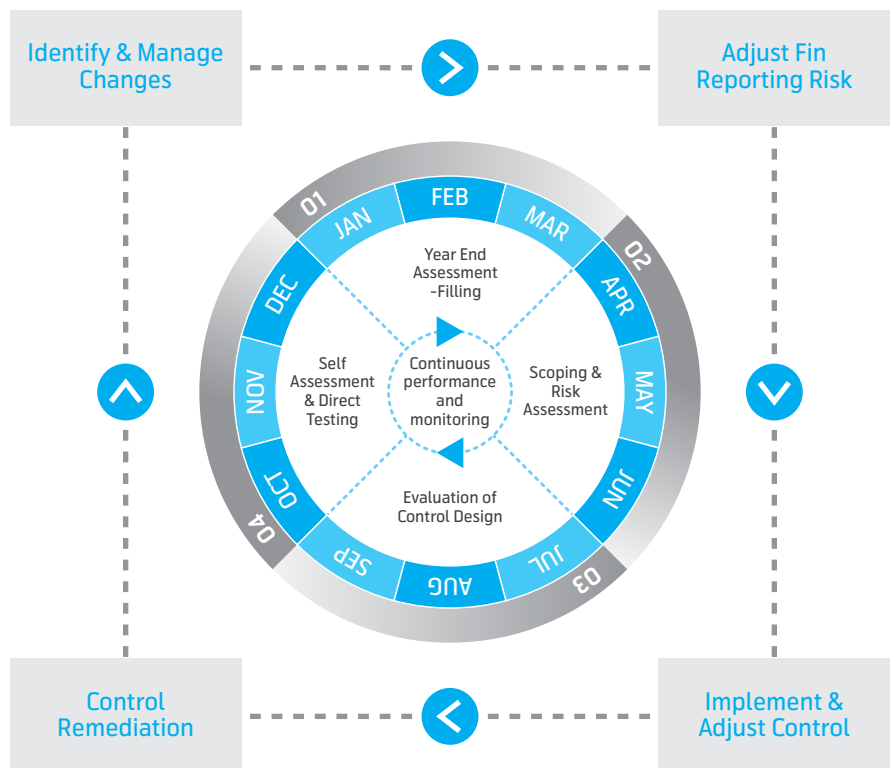


Figure 2: ICFR Routine in Grameenphone