

Annual Report 2020

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2020 Annual Report online

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**His Majesty
King Hamad bin Isa
Al Khalifa**

The King of
the Kingdom of Bahrain



**His Royal Highness
Prince Salman bin Hamad
Al Khalifa**

Crown Prince, Deputy Supreme
Commander and Prime Minister
of the Kingdom of Bahrain

INTRODUCTION

• Always
connected





Serving our customers and the community is embedded in our corporate values, and throughout the past extraordinary year, we took steps to continue serving our customers in the best ways possible, while supporting national initiatives in the fight against the Coronavirus pandemic.

To continue delivering to our customers with convenience and ease, we fast-tracked our digital transformation journey and activated new initiatives. A big part of delivering a great experience is to have excellent systems and processes, and during 2020 we completed crucial IT system upgrades, designed to help us serve our customers better, leading to faster transaction times and a superior customer experience.

To help with the increased dependence on remote learning and working Batelco boosted the internet speeds for fiber customers, by up to 5 times from July 2020. The benefit delighted customers and also contributed to Bahrain's improved ranking by over 30 places, for fixed internet speed, according to Ookla, the global leader in fixed broadband and mobile network testing applications.

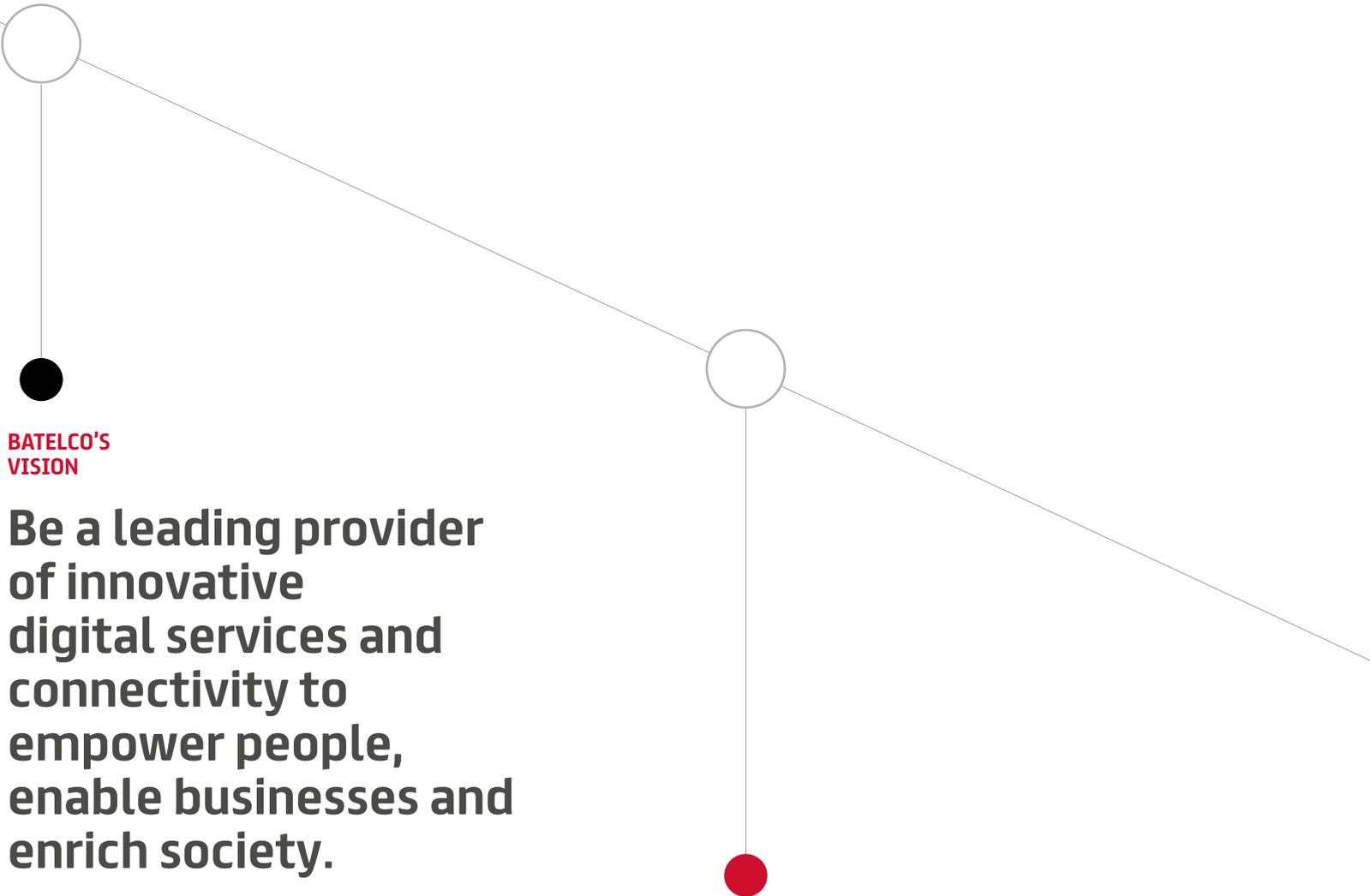
Batelco built on its successful 5G journey and achieved a great "first" with the announcement of national 5G coverage, reaching 95% of Bahrain's population across all 4 governorates and positioning Bahrain among the leading countries in the world for national 5G coverage.

Among Batelco's initiatives to support the community, was a contribution of BD3.5M to the Feena Khair nation-wide efforts to combat the Coronavirus and the provisioning of 6000 face masks for distribution in the local community through a collaboration with Bahraini Productive Families.

Batelco's efforts throughout the year have contributed to market confidence, which is reflected in increased share prices from the middle of 2020 ongoing, with the Company's share price reaching its highest levels since 2011. This is particularly gratifying given the extraordinary times that we have experienced during 2020 due to COVID-19.

2020 was an extraordinary year which challenged all our previous experience and plans; however, we are very pleased with all that we achieved while delivering strong financial results and improved value for shareholders.

VISION, MISSION & VALUES



**BATELCO'S
VISION**

Be a leading provider of innovative digital services and connectivity to empower people, enable businesses and enrich society.

**BATELCO'S
MISSION**

To serve and inspire our customers by building, operating and investing in digital services, forefront technology and connectivity.

VALUES
- ICARE

Our values define how we work together as a team, how we serve our customers and guides our behaviour as well as decision making.



ANNUAL HIGHLIGHTS

Batelco announced a 10% increase in net profit, reaching BD56.7M for the full year 2020, as compared to BD51.6M in 2019



Batelco ended 2020 with solid financial results.

Operating Profit

BD81.1m

(2019: BD75.5m)

Consolidated Net Profit

BD56.7m

(2019: BD51.6M)

Gross Revenue

BD387.3m

(2019: BD401.5M)

EBITDA

BD154.7m

(2019: BD141.7M)

Net Assets

BD512.1m

(2019: BD513.4M)

Cash & Bank Balance

BD195.3m

(2019: BD175.5M)

Earnings Per Share

34.2fils

(2019: 31.2 FILS)

EBITDA Margin

40%

(2019: 35%)

Net Profit Margin

15%

(2019: 13%)

BOARD OF DIRECTORS



Shaikh Abdulla bin Khalifa Al Khalifa
Chairman



Mr. Raed Abdulla Fakhri
Deputy Chairman



Mr. Abdulla Abdulhameed Alhammadi
Director



Mr. Abdulla Abdulrazak Bukhowa
Director

Batelco's share price which during 2020 reached its highest level since 2011 remains strong and reflects the confidence that the market and investors have in Batelco.

Profiles of the Board of Directors are on pages 41-44 Corporate Governance.



Mr. Ahmed Abdulwahed Abdulrahman
Director



Shaikh Ali bin Khalifa Al Khalifa
Director



Major General Ali Saqer AlNoaimi
Director



Ms. Fatema Ghazi Alarayedh
Director



Mr. Jean Christophe Durand
Director



Mr. Khalid Hussain Taqi
Director

* The below members have served until 25 March 2020
Rear Admiral Yousif Malallah AlSabt - Deputy Chairman
Mrs. Khulood Rashid Al Qattan - Director
Mr. Arif Haider Rahimi - Director
Mr. Ahmed Ateyatalla Al Hujairy - Director
Mr. Oliver Finn McFall - Director



● A modern workplace

Work is no longer confined to the office. The latest communication technologies ensure work commitments are met, regardless of location.

● Powering a connected world.



CHAIRMAN'S STATEMENT

DELIVERING VALUE FOR OUR SHAREHOLDERS REMAINED CENTRAL IN 2020



BD56.7m

**Consolidated
Net profit**



We are committed to applying best practice corporate governance to support Batelco's strategy and achieve its vision while ensuring that shareholder value is maximised."

Abdulla bin Khalifa Al Khalifa
Chairman of the Board

On behalf of the Board of Directors, it gives me great pleasure to present the 39th Annual Report of the Bahrain Telecommunications Company BSC and its subsidiaries and affiliates (Batelco), for the year ended 31st December 2020.

Batelco achieved strong financial results for 2020 with a 10% year-over-year increase in net profit attributable to equity holders of BD56.7M (US\$150.4M).

The 2020 results reflect the company's commitment to achieve its strategic objectives and effective cost management while adapting quickly to the challenges faced during the year. Whilst gross revenues of BD387.3M (US\$1,027.3M) are 4% below 2019, the company reduced its operating costs by 10% resulting in EBITDA of BD154.7M (US\$410.3M), 9% above the prior year and with a healthy margin of 40%.

Batelco's balance sheet remains strong with total assets of BD992.2M (US\$2,631.8M) and net assets of BD512.1M (US\$1,358.4M) as of

31 December 2020. The Company ended the year with substantial cash and bank balances of BD195.3M (US\$518.0M) and a robust Net Debt to EBITDA ratio of 0.7x.

In line with increasing shareholder value and delivering excellent returns, Batelco increased its interim dividend by 35% from 10 fils to 13.5 fils earlier this year. 2020 also marked significant increases in Batelco's share price, which reached its highest level since 2011.

Proposed Appropriations

Based on the financial results, the Board of Directors has recommended for the approval of shareholders, the following appropriations for the year 2020.

BD millions	2020	2019
Final cash dividends proposed	27.44	29.11
Interim cash dividends paid	22.36	16.55
Donations	4.39	1.29
Transfer to statutory reserve	-	0.23

Batelco is committed to consistently delivering attractive returns to its shareholders. Accordingly, the Board of Directors has recommended a full year cash dividend of BD49.8M (US\$132.1M), at a value of 30.0 fils per share to be agreed at the Annual General Meeting, of which 13.5 fils per share was already paid during the third quarter of 2020 with the remaining 16.5 fils to be paid following the AGM in March 2021.

Batelco swiftly adapted to the unprecedented circumstances of 2020 to achieve the strategic objectives of the core strategy, which include a focus on cost containment, resulting in 10% YoY decrease in operating costs and contributing to a 10% increase in net profits over 2019. The efforts are also reflected in the improvements in Operating Profits and EBITDA which increased by 7% and 9% respectively, year on year.

During the year key investments were made in the further development of 5G, which we activated across all four governorates of Bahrain covering 95% of the nation's population. We

CHAIRMAN'S STATEMENT (CONTINUED)

also launched our latest Tier III Data Center, which is the largest enterprise Data Center in Bahrain. Going forward, Batelco will continue to play its part in providing innovative digital services. This is in line with our vision and being a proud member of Team Bahrain, following the directives of the Kingdom's fifth National Telecommunication Plan, and supporting the telecom sector in accordance with the Kingdom's vision for the digital economy.

Batelco places importance on supporting team members and the corporate culture, as a healthy work environment reflects on the team's performance. We have directed the management to launch several programmes which are focused on developing the work environment and a high-performance culture, such as the Chairman's Award.

As a result of these efforts, Batelco has been ranked the number 1 certified organization in the telecommunication sector across the Middle East in 2020 as a great workplace, by Great Place to Work® Institute Middle East, and we are immensely proud of this achievement.

I take this opportunity to express my sincere gratitude to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and Prime Minister, for the government's tremendous support towards the telecoms sector which has been instrumental in our ongoing success.

I appreciate the contribution of the members of the Board who represent diverse backgrounds. Their strong commitment has been vital as we have worked together for the benefit of Shareholders and I would like to thank them for their input. On the same note, I offer my thanks to Batelco's

management and all team members who contributed to a successful year.

Delivering value for our shareholders remained central in 2020 and we are proud to announce increased EPS for the year. Batelco's share price which during year 2020 reached its highest level since 2011 remains strong and reflects the confidence that the market and investors have in Batelco. I extend appreciation to our shareholders for putting their trust in Batelco's direction and vision, and going forward it remains a priority for us to achieve the best returns for them.

As we move forward in 2021, we will continue to adapt our plans to remain successful and achieve our goals. We are committed to applying best practice corporate governance to support Batelco's strategy and achieve its vision while ensuring that shareholder value is maximised. We have confidence that Batelco's management will make every effort to achieve the set goals and continue raising the bar to achieve more success for Batelco and the telecommunications sector in Bahrain.

Auditors

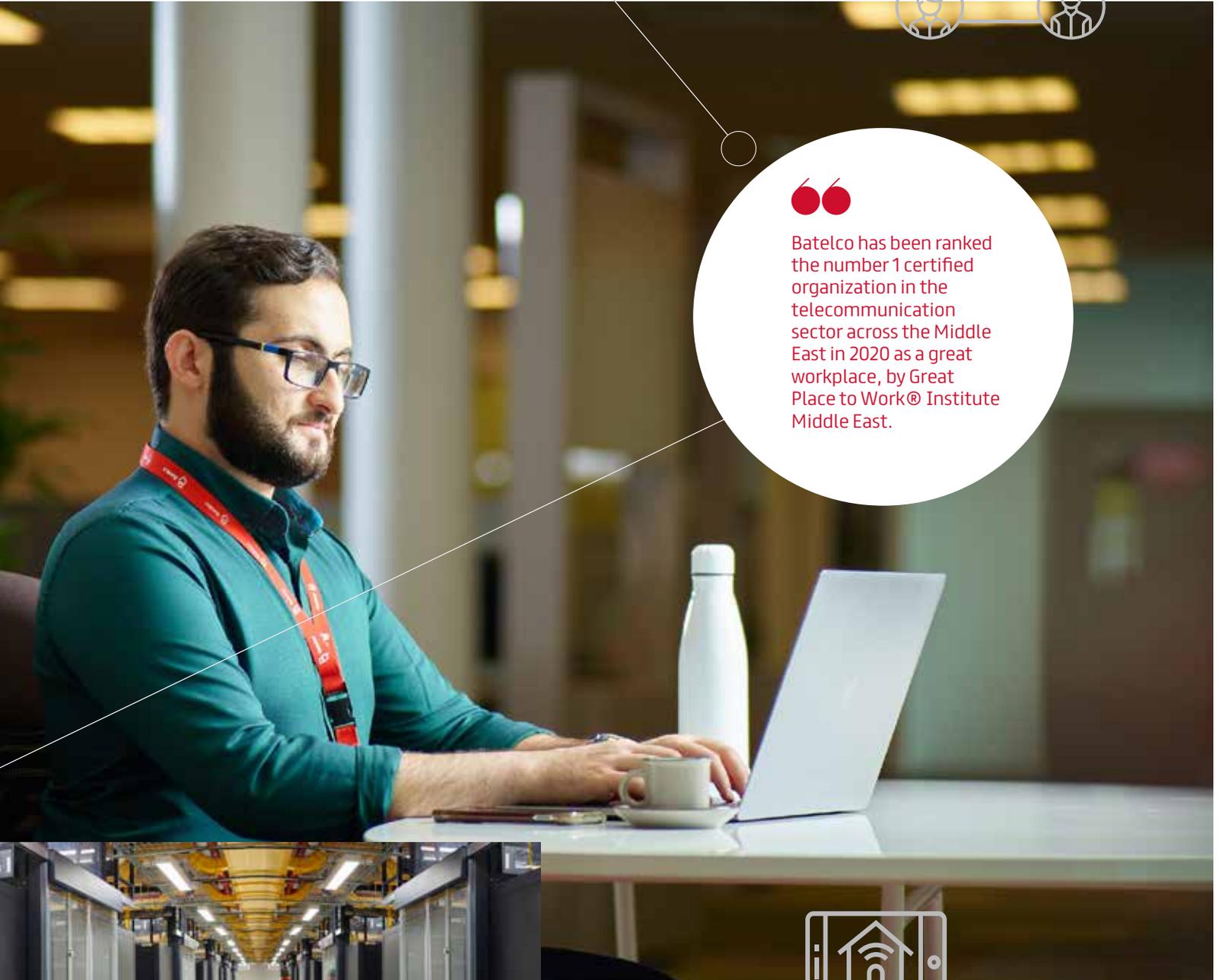
The Board of Directors will recommend the re-appointment of KPMG Fakhro as Batelco's auditors for the financial year ending 31st December 2021.

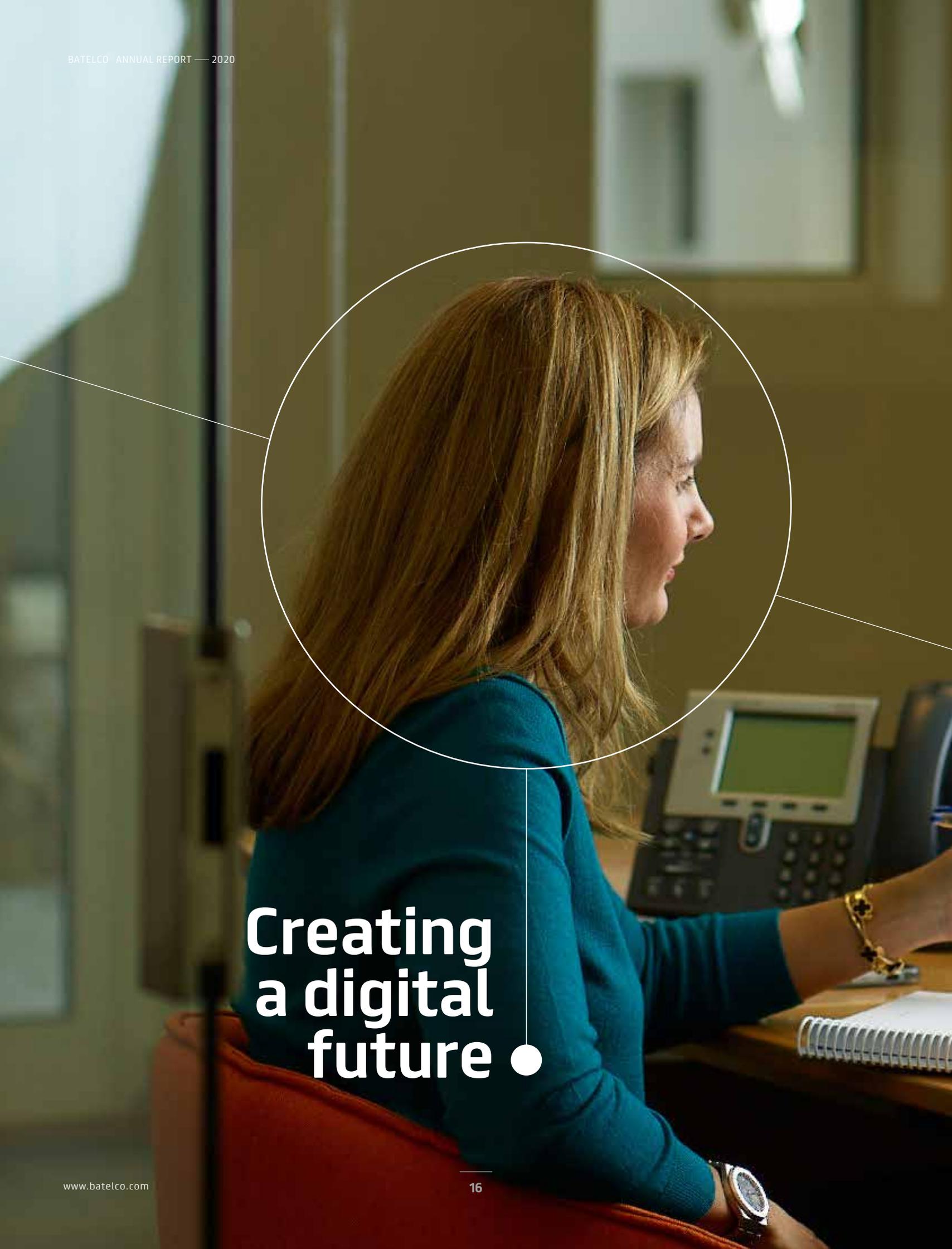
Abdulla bin Khalifa Al Khalifa
Chairman of the Board
Bahrain Telecommunications
Company BSC
February 21st 2021





Batelco has been ranked the number 1 certified organization in the telecommunication sector across the Middle East in 2020 as a great workplace, by Great Place to Work® Institute Middle East.





Creating a digital future ●

Schools of the future

Traditional classrooms are making way for remote learning, allowing education to continue with students interacting one on one with their teachers and collectively with their classmates virtually.

EXECUTIVE MANAGEMENT



Mikkel Vinter
Chief Executive Officer



Faisal Qamhiyah
Chief Financial Officer



Abderrahmane Mounir
General Manager Enterprise Division



Adel Al-Daylami
Chief Global Business Officer



Shaikh Bader bin Rashid Al Khalifa
General Manager Corporate
Communications and CSR



Bilal Adham
Chief Marketing Officer

We maintained our investment in forefront technology, digital services and connectivity and are pleased with the progress made.



Buddhadeb Samanta
Head of Internal Audit



Christopher Hild
Chief Strategy Officer



Faisal Al-Jalahma
Chief Human Resources Officer



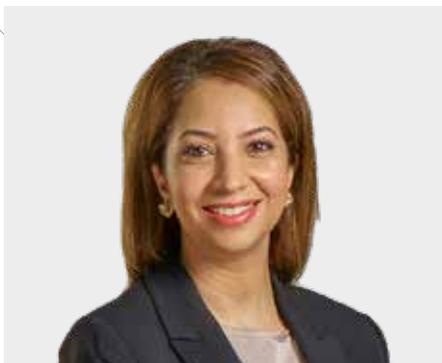
Karel Staněk
General Manager IT



Maitham Abdulla
General Manager Consumer Division



Shaikh Mohamed bin Khalifa Al Khalifa
Chief Digital Growth Officer



Noora Sulaibeekh
General Counsel and Board Secretary



Rashid Mohamed
General Manager Network

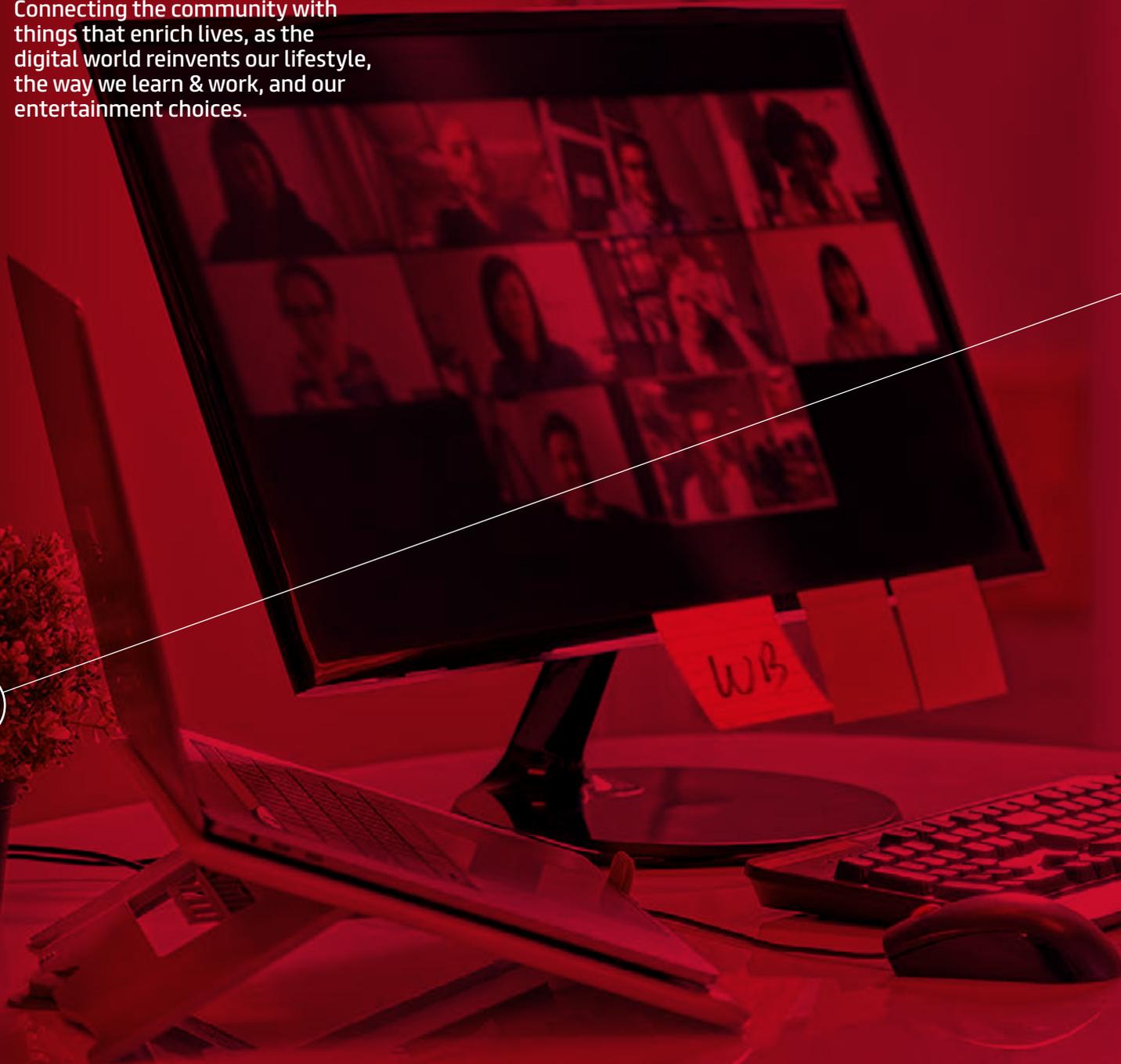


Saurabh Gupta
Chief Technical and Information Officer

* Maha Abdulrahman served as GM Consumer Division until 1 April 2020.

● Enriching lives

Connecting the community with things that enrich lives, as the digital world reinvents our lifestyle, the way we learn & work, and our entertainment choices.





keeping the
community
● close

CEO MESSAGE

During 2020, we changed the way we operate to address the unprecedented challenges due to COVID-19, including fast-tracking digital initiatives to elevate the way customers are served, and enabling them to complete their daily tasks remotely.

Business Overview

We maintained our investment in forefront technology, digital services and connectivity and are pleased with the progress made. We continued to grow technologically with achievements such as National 5G activation across Bahrain, covering 95% of the nation's population.

We achieved another milestone with our Data Center plans, by launching the largest certified enterprise Tier III Data Center in Bahrain. We look forward in 2021 to welcoming companies onboard, enabling them to focus on their core business while we provide reliable, secure solutions, combined with round-the-clock customer support.

Among other achievements, Batelco signed a partnership agreement with e-Boks, a Nordic provider of secure platforms and digital post-boxes to provide companies and public authorities with a user-friendly platform for digital communications.

Among the enhancements to meet our customers' changing priorities, our new Batelco App was launched leading to over 100% growth in the number of

customers using the App. Additionally, as customers turned to digital channels, digital payments and refills showed double digit growth rates.

To accommodate the increased demand on internet services, we upgraded fiber speeds, by up to five times our customer package speeds, at no additional cost, with this initiative contributing towards Bahrain being highly ranked for fixed internet speeds by Ookla, the global leader in fixed broadband and mobile network testing applications.

Commitment to Customers and Community

In addition to our role in providing communication solutions for all customer sectors in Bahrain, Batelco continued to reach out to the community during 2020 through a well-balanced CSR programme, with initiatives developed to support the changing needs within the community.

5G
coverage is available
across 95% of Bahrain's
population



We changed the way we operate to address the unprecedented challenges due to COVID-19, including fast-tracking digital initiatives."

Mikkel Vinter
Chief Executive officer

OUR STRATEGIC PLANS INCLUDE GROWING OUR REVENUES BEYOND OUR CORE CONNECTIVITY



CEO MESSAGE
(CONTINUED)



“
Driving digital growth
will remain central
to our plans moving
forward, to meet the
evolving requirements of
consumer and business
customers.”





Early in the year as the Coronavirus pandemic unfolded, we remained committed to stand with the government and the community, and as a proud member of Team Bahrain, Batelco supported the 'There is Good in Us' campaign with a contribution of BD3.5M.

Our projects included enabling Bahraini Productive Families to produce 60,000 face masks to support the families during these difficult times, with the masks distributed by the authorities where most needed. We also supported virtual educational programmes, in collaboration with partners such as INJAZ and Brinc Batelco. Furthermore, we took the needs of small businesses into consideration, and provided 500 of our SME customers with financial support towards their fixed internet costs for three months during 2020.

Our People

We place great emphasis on the needs of our team members and during 2020, we invested much effort in keeping everyone engaged and involved in the business and in creating a great work environment, while over 90% of the them worked remotely. One of the initiatives was the introduction of the Chairman's Award, created to

acknowledge and reward Batelco team members who demonstrate exceptional performance and achievement through the year. Three winners were announced by our Chairman Shaikh Abdulla bin Khalifa Al Khalifa and were presented with trophies and cash prizes. We truly appreciate the Chairman's commitment to our people in introducing this prestigious awards programme.

Appreciation for Support

Batelco management and team members rose to meet the challenges of the past year and continued to give their best; I offer my personal appreciation to each of them for their dedication.

I also offer my thanks to our Board of Directors for their ongoing support which has allowed us to push forward with confidence.

On behalf of Batelco's team members, I would like to thank our customers for continuing to choose Batelco products and services. We appreciate their loyalty and will keep their needs foremost in mind during 2021.

Looking Forward

During 2020 we have learned the true meaning of a digital world by navigating the challenges of COVID-19 and driving digital growth will remain central to our plans moving forward, to meet the evolving requirements of consumer and business customers.

Our strategic plans include the further digitization of the customer journey and increasing sales through our digital channels, and additionally, growing our revenues beyond our core connectivity, in digital sectors such as FinTech and GovTech.

Our efforts are designed to support Bahrain's telecommunications sector and the ongoing growth and development of a digital economy in line with Bahrain's 2030 vision.

Mikkel Vinter
Chief Executive Officer





● Enabling everyday tasks

Keeping everyone connected to each other to maintain their social bonds, safely and securely and to enable them to carry on with their daily lives



Transforming the customer ● experience

BNET CEO MESSAGE

BNET MARKS A NEW ERA IN THE TELECOMMUNICATIONS SECTOR





We are keen to use innovative technologies that follow the highest international standards in our operations, in order to maximize the efficiency and effectiveness of services we provide to our clients”.

Mohamed Bubashait
Chief Executive Officer, BNET

2020 was an eventful year at Bahrain’s National Broadband Network BNET and marked many achievements as we progressed in the separation process from our mother company “Batelco”. September saw the complete separation of BNET’s information systems technologies from Batelco’s with the successful launch of both the Operations Support System (OSS) and the Business Support System (BSS) powered by Amazon Web Services (AWS) cloud technology. This was in line with the requirements of the National Telecommunication Plan and a significant milestone in the legal separation stage, establishing BNET as an independent entity with its own customer services and operations process management and reinforcing our role as the primary entity responsible for the Kingdom’s national broadband network operations, as well as enhancing the quality and effectiveness of the services we provide to our customers.

Since our inception, our goal has been to contribute to accelerating the Kingdom’s digital growth and the resilience of its telecommunications sector and support our government’s futuristic vision to position Bahrain as a strategic regional hub for information technology. We aim to achieve this by developing National broadband connectivity to the highest standards and enabling a resilient digital telecommunications infrastructure built on secure foundations.

We are also keen to use innovative technologies that follow the highest international standards in our operations, in order to maximize the efficiency and effectiveness of services we provide to our clients. This helps us on our mission to facilitate for sustainable and effective competition and encourage market adaptability. We are focused on customer experience; our priority is to always cultivate strong and meaningful relationships with our customers to ensure their continuous satisfaction.

Moving forward

BNET is working tirelessly on its NBN roll-out plan, to achieve the goal of fiber coverage for 100% of all businesses and 95% of all households across the Kingdom of Bahrain. We have big plans for 2021, and as we prepare to finalize our legal and operational separation from Batelco, we are also devoting our efforts to launch major centres of excellence that meet world-class solutions and standards. These include a service management centre to provide customer services support to licensed service providers in Bahrain, a networks operations centre to ensure the delivery of reliable and stable network services, and a cybersecurity operations center to protect our digital infrastructure.

A note of appreciation

On behalf of the BNET team, I extend our gratitude and appreciation to Batelco Chairman Shaikh Abdulla bin Khalifa Al Khalifa and our own Chairman Shaikh Ali bin Khalifa Al Khalifa and BNET Board of Directors. Their guidance and direction were instrumental to our success in 2020.

I take great pride in every single one of our employees at BNET, as they are the pillars of our success. And I look forward to continue working with the team to build BNET as a key contributor to the Kingdom of Bahrain’s transformation into a robust and resilient digital economy.

Mohamed Bubashait
Chief Executive Officer BNET

INTERNATIONAL INVESTMENTS

BATELCO'S OPERATIONS OUTSIDE OF BAHRAIN INCLUDE DIRECT AND INDIRECT INVESTMENTS ACROSS 12 GEOGRAPHIES, NAMELY JORDAN, MALDIVES, GUERNSEY, JERSEY, ISLE OF MAN, DIEGO GARCIA, ST. HELENA, ASCENSION ISLAND, FALKLAND ISLANDS, SAUDI ARABIA, EGYPT, AND YEMEN.

In 2020, the International operations contributed 53% to the Company's revenues and 53% to EDITDA



 <p>UMNIAH Jordan</p>	 <p>DHIRAAGU Maldives</p>	 <p>SURE GROUP</p>
 <p>SABAFON Yemen</p>	 <p>ETIHAD ATHEEB TELECOM Saudi Arabia</p>	 <p>BATELCO Egypt</p>

SUBSIDIARIES AND AFFILIATES



Jordan Umniah



Ziad Shatara
Chief Executive Officer

In 2020 Umniah launched the UWallet app and its Virtual Desktop Infrastructure (VDI), a cloud-based computer service that provides its corporate clients with a virtual working space that offers more flexibility than the traditional computer workstation.

Umniah, a 96% subsidiary of Batelco has established a strong presence in the Jordanian telecommunications market offering high quality mobile, internet and enterprise solutions. The Company continues to drive innovation and digital transformation offering its customers a comprehensive suite of products and solutions. 2020 marked the 15th anniversary of Umniah's launch.

As a result of mandatory lockdowns and the surge in network usage, Umniah expanded its network and infrastructure, increasing the number of towers. The company also continues to expand its fiber optic services and has reached more than 250,000 households.

In 2020 Umniah launched the UWallet App and its Virtual Desktop Infrastructure (VDI), a cloud-based computer service that provides its corporate clients with a virtual working space that offers more flexibility than the traditional computer workstation. The company also updated its cloud offerings with Private Server (VPS) and B2B services targeting SMEs on an even more secure, reliable and highly competitive Internet hosting platform. In another first for Jordan, Umniah

launched exclusive self-service kiosk machines that allow customers to make payments, renew subscriptions and settle bills for their mobile and Internet plans.

During the year, Umniah obtained ISO 10001:2018 Quality Management – Customer Satisfaction certification, becoming the first company in Jordan to receive this accreditation. The company also received the international ISO 22301:2012 certification for managing business continuity.

Moving into 2021, Umniah will continue to build on its achievements by maintaining its unwavering commitment to digital transformation, innovation and cutting-edge technologies that cater to the ever-changing needs of its customers.



Maldives Dhivehi Raajjeyge Gulhun Plc (DHIRAAGU)



Ismail Rasheed
Chief Executive Officer &
Managing Director

The Sri Lanka Cable (MSC) landing in the Maldives was celebrated in late 2020, which will enhance network diversity and provide increased internet capacity for the future needs of the people in the Maldives.

Dhivehi Raajjeyge Gulhun PLC (Dhiraagu), incorporated in the Maldives in 1988 and listed on the Maldives Stock Exchange, is the leading digital services and telecommunications provider in the Maldives. The company offers a comprehensive range of mobile, internet, data and fixed line, TV and other services throughout the country. Batelco acquired 52% shareholding of the company in 2013.

The outbreak of COVID-19 global pandemic emphasised Dhiraagu's role in enabling communities, people and businesses more than ever. With most people confined to their homes, and businesses having to limit their operations, the dependency and demand for reliable communication services, and digital applications have increased. The company enhanced customer experience by further strengthening digital touch points and enriching Dhiraagu's digital portfolio for consumers, businesses and communities.

As a result of continued investment, high-speed fibre broadband is now available to 80% of Maldivian national households making Dhiraagu's fibre broadband network the largest high-

speed data network in the country. DhiraaguTV as the first IPTV services provider in the Maldives extended its service to 77% of national households.

The Sri Lanka Cable (MSC) landing in the Maldives was celebrated in late 2020, which will enhance network diversity and provide increased internet capacity for the future needs of the people in the Maldives.

Dhiraagu remained committed to aligning its services to meet customer needs with robust contingency and business continuity plans in place. Extensive benefits across all services were offered such as extra data allowances, discounts, payment flexibility and many more to support the country. The company assisted the Government and authorities in their emergency response in relation to the pandemic with setting up the required services for quarantine and isolation facilities and donating COVID-19 sampling kiosks.

SUBSIDIARIES AND AFFILIATES (CONTINUED)



CIIM and SADG Sure Group



Ian Kelly
Chief Executive Officer

Reflecting the Sure Group strategy, 2020 was another strong year for the Enterprise segment across the Group with accelerating revenue growth driven by strong double-digit increases in cloud, security and data centre services.

The Sure Group comprises of a number of geographically diverse operations which are wholly owned subsidiaries of Batelco, acquired in 2013. Head quartered in Guernsey, the Group provides telecommunications and related services across the Channel Islands, the Isle of Man and in the British Overseas Territories of the islands of Ascension, Falklands, Saint Helena and Diego Garcia.

In Guernsey, Sure is the leading full service operator with market-leading positions in fixed voice, mobile, broadband and Cloud services and the prime competitor in both Jersey and Isle of Man. In the British Overseas Territories, Sure operates under exclusive licenses with full feature networks delivering voice, broadband data services and in certain markets TV.

2020 was a year dominated by the impact of the COVID-19 pandemic on the seven island communities Sure serves. Sure's investment in resilient and high capacity networks ensured that the company could meet customer demand which rose by more than 40%. With reliance on telecommunications networks more important than ever, Sure has continued to invest in its market leading capability. The company's investment in its 100 Gigabit subsea network, which is set to more than triple internet capacity is on track

to complete by mid 2021. Additionally, Sure conducted a Fibre To The Home (FTTH) trial in Guernsey, a 5G trial in the Channel Islands and Isle of Man and saw the 4G services on the new network in Diego Garcia becoming highly adopted. FTTH investments in Guernsey will be accelerated over coming years.

Reflecting the Sure Group strategy, 2020 was another strong year for the Enterprise segment across the Group with accelerating revenue growth driven by strong double-digit increases in cloud, security and data centre services. To further emphasise its Enterprise credentials Sure maintained its extended ISO27001 security standard accreditation, the strongest in this respect in the Channel Islands and maintained ISO22301 for business continuity.

In partnership with the Falkland Islands Government Sure has executed an upgrade to residential broadband with a doubling of backhaul capacity enabling a significantly improved customer experience. In Diego Garcia Sure's newly launched 4G services were highly adopted by customers who enjoyed the faster network and flexibility provided by mobile data.

YEMEN
SABAFON


Sabafon, in which Batelco has a minority shareholding of 26.94%, is a GSM operator in Yemen offering national coverage across the country. The company started its operations in 2001 with the vision to establish a strong, dynamic and flexible organization to serve and benefit the people of Yemen with the latest GSM technology and services.

Sabafon has been operating in a challenging environment due to the existing political instability. Nonetheless, Batelco continues to believe that Sabafon has solid business fundamentals and will be in a leading position to seize opportunities once the geopolitical position improves.

SAUDI ARABIA
ETIHAD ATHEEB TELECOM


Etihad Atheeb Telecommunications Company (Atheeb) was established in 2008 and is a publicly listed company in the Kingdom of Saudi Arabia, in which Batelco holds a 15% stake.

The company operates under the "GO" brand and has a broad portfolio of products and services for both business and retail customers including but not limited to VOIP communication solutions, high-speed data services, wireless broadband internet, fixed line telephony, hosting cloud solutions and enterprise connectivity services.

EGYPT
BATELCO EGYPT
COMMUNICATIONS (S.A.E.)


Batelco Egypt is wholly owned by Batelco Group. The company was established in 2003 with a focus on providing end-to-end worldwide data communication solutions to corporates, multinational customers and global telecommunication providers.

Over recent years Batelco's global connectivity to Egypt has been upgraded significantly to accommodate the increasing demand to and from Egypt, allowing Batelco to secure several global contracts. Through partnerships and alliances with other leading providers Batelco is gaining strength in Egypt's enterprise sector among local and multinational companies.

Batelco Egypt is contributing towards Batelco's strategy of building a cloud centric platform by introducing relevant services and enhancing its infrastructure. Such initiatives are serving to broaden the company's portfolio, boost its competitiveness and enrich its service offerings in and out of Egypt.

Elevated services for business

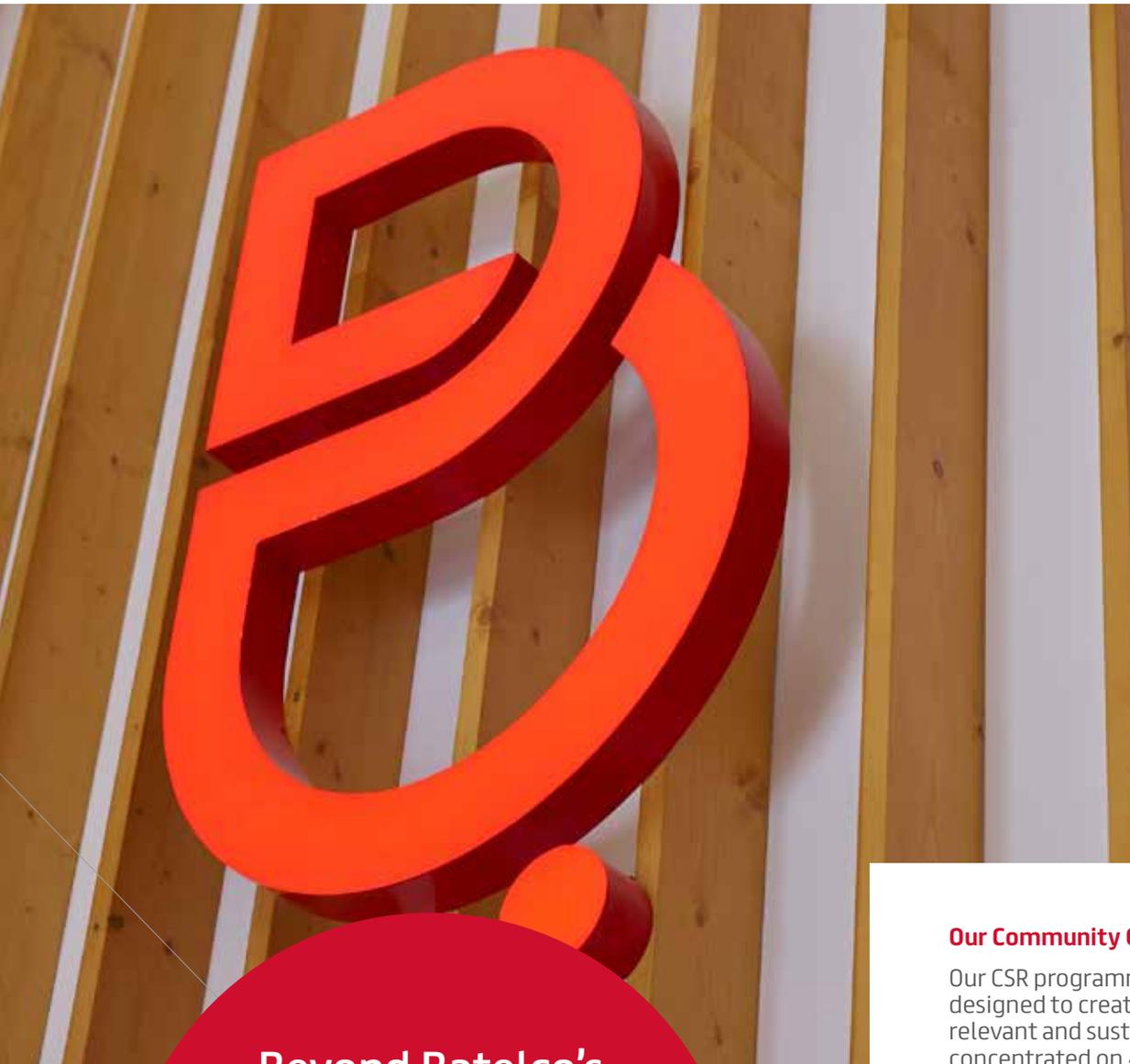
Businesses are becoming increasingly more reliant on digitisation, with access to the latest integrated solutions a priority to remain agile and competitive





**Driving
innovative
solutions for
businesses**

CORPORATE SOCIAL RESPONSIBILITY



Beyond Batelco's focus on business and financial performance, the Company is committed to its role as a responsible corporate citizen.

Our Community Our Home

Our CSR programme, NASNA, is carefully designed to create an impact that is relevant and sustainable. Our efforts are concentrated on 4 key pillars - Education, Health, Sports and Community, which are aligned with the United Nation's Sustainability Development Goals, in the areas of Sustainable Cities & Communities, Quality Education, and Good Health & Well-Being, so that we contribute to a global campaign that is supported by many countries including Bahrain.

We are very proud of our achievements during 2020 and are pleased to highlight some of our initiatives in the following pages.



Batelco started to take serious steps in 2020 to address sustainability while contributing to the community to create a positive impact. A number of initiatives were put in place that contributed to 28% reduction in energy consumption at Batelco Headquarters in Hamala. Furthermore, total water consumption decreased by 3.6% in 2020 while the volume of recycled waste-water has increased almost four-fold.

Batelco always works closely with the community and during 2020 engaged with strategic partners to contribute positively to the lives of people, as we realised the importance of supporting the community during COVID-19.

In the beginning our biggest contribution was BD3.5 million to the Feena Khair campaign, launched by the Royal Humanitarian Foundation to support the national efforts under the leadership of His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and Prime Minister, and in response to the directives of His Highness Shaikh Nasser bin Hamad Al Khalifa, His Majesty's Humanitarian Works and Youth Affairs representative, National Security Advisor and Royal Humanitarian Foundation (RHF) Board of Trustees Chairman. As a national company, we are committed to give something back to the Kingdom of Bahrain, which gave us a lot over the years.

An agreement was signed with the Ministry of Sports to contribute to the 100 Playgrounds Initiative that aims to establish 100 playgrounds for various sports activities throughout the Kingdom. The worthwhile programme is the initiative of His Highness Shaikh Nasser bin Hamad Al Khalifa, Representative of His Majesty the King for Charity Work and Youth Affairs, Chairman of the Supreme Council for Youth and Sports.

Batelco also worked closely with the Ministry of Works & Social Affairs to support 30 Productive Families by enabling them to contribute to the national campaign to combat the Coronavirus, through producing 60,000 face masks for people in need, creating a shared value in the community.

**CORPORATE SOCIAL RESPONSIBILITY
(CONTINUED)**

The small business sector was heavily impacted due to the pandemic; therefore, Batelco stood by its customers and provided 500 SME's with financial support towards their internet bills for three months, with an aim to lessen their financial burdens and provide them sufficient time to adapt to the new challenges.

Batelco team members also played their part in supporting the community and in 2020 our volunteers focussed on initiatives related to children. A fundraising Walkathon was held at Batelco campus in Hamala, on Bahrain Sports Day and the team raised an amount of BD4,480 which was gifted to Al Sanabel Orphan Care Society.

The team also provided smartphones and data chips to some children under the Dream Care Society's umbrella, to enable them to enjoy their favourite

programmes and be in touch with their families during COVID-19, as they were receiving medical treatment in hospital.

Education is at the heart of our CSR programme and we have enhanced our initiatives in this area in 2020 to meet the unexpected challenges.

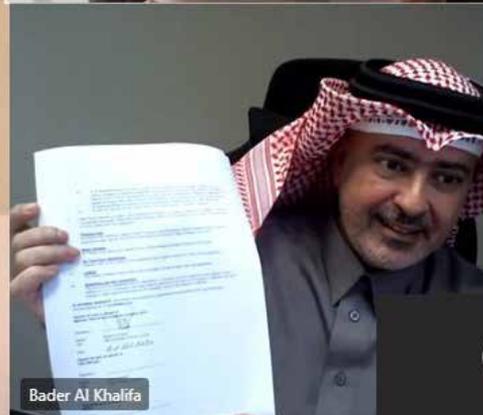
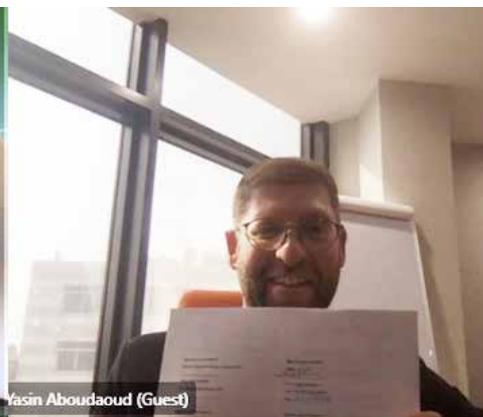
Batelco supported its customers in times of high dependency on the internet by providing unlimited internet usage and free web browsing on several educational sites. Fiber speeds were also upgraded by up to five-times customers' regular speeds, to help with remote learning and working from home.

To develop the talents of outstanding Bahraini students, Batelco continued with its support for the Crown Prince International Scholarship

Programme (CPISP), which provides top educational, training, and cultural opportunities at leading universities across the world.

In realising the importance of core subjects, across the fields of science, technology, engineering, and mathematics, Batelco in collaboration with BRINC Batelco and Clever Play launched the STEM Leadership Summer Camp. The programme, which was held virtually, aimed at developing young leaders aged 15 to 22, and equipping them with the relevant skills, knowledge, and the required mind-set, to excel in the future business landscape.

Batelco's most recent initiative to support youth development, Elevator to Success, was launched in collaboration with INJAZ Bahrain, Brinc, and Clever Play to prepare



students for the Kingdom’s labour market. The programme, which aims at closing the skills gap between graduates and employers, begins with early engagement when the students are in Grade 12 before they begin their university education journey, and focusses on entrepreneurial and IOT skills, providing mentorship, professional certification, and on-job training.

A major project that was completed in 2020 is the construction of a state-of-the-art medical centre for the Ministry of Health that shall serve the community and enable access to free health care, helping to support the aims of the government for the health sector.

Batelco also continued its commitment to national initiatives that aim to enrich the lives of the youth and promote health and culture

in the community while celebrating heritage. Equestrian events are particularly important as they are an integral part of the national identity.

Accordingly, Batelco was proud to support major equestrian events during the year, including the second Bahrain International Trophy which attracted the participation of several of the world’s horse racing elite to the Rashid Equestrian & Horse Racing Club in Sakhir. The annual event highlights the importance of horse racing and its strong connection with the rich heritage of Bahrain.

Additionally, Batelco supported the Bahrain Royal Equestrian & Endurance Federation National Day Endurance Ride Championship which took place over a 120-Kilometre course at the Bahrain International Endurance Village.

Other sports also feature prominently, including football which is one of the most popular sports in Bahrain. Batelco has always been a keen supporter through sponsoring annual football tournaments such as the Shaikh Nasser bin Hamad Premier League & King’s Cup for the 2019/2020 season, as it has a positive impact on the community and the youth in Bahrain.

The sport of cycling has grown enormously in recent years in Bahrain, with cyclists representing Bahrain achieving much success. During 2020 Team Bahrain McLaren become one of the most anticipated teams to enter the UCI World Tour, supported by leading national companies including Batelco.

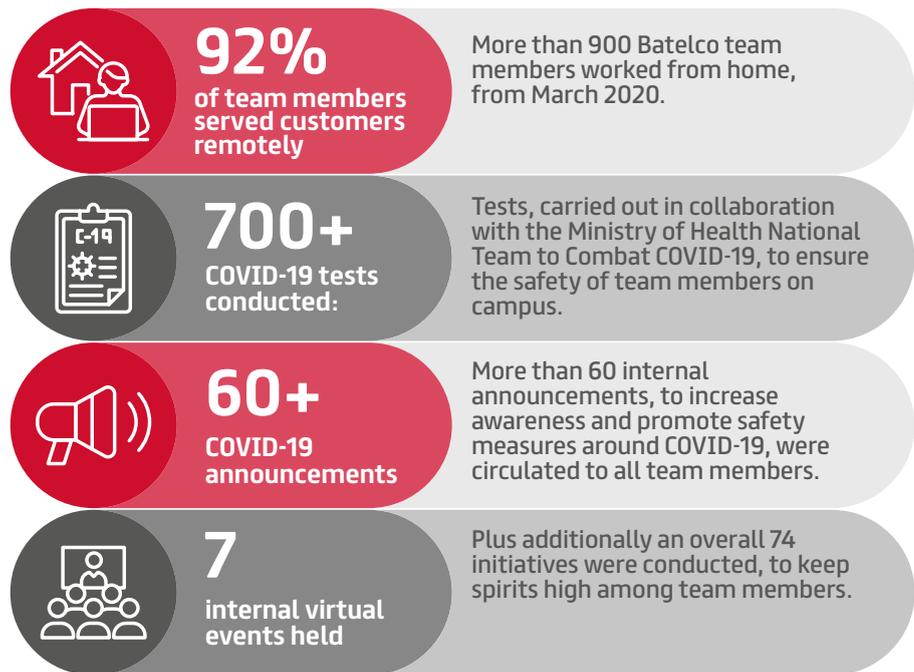


HUMAN RESOURCES REPORT

Our People

Fostering a new mindset and corporate culture

Batelco has continued with its culture transformation journey during 2020 to build on its strong foundation and help team members thrive in a working environment that prioritizes their well-being and continuous development. This is a key driver for Batelco’s ongoing success and growth.



Despite the challenges delivered by the pandemic, there was a strong focus on keeping team members fully engaged and involved in the business. Several key initiatives were re-adjusted to accommodate the new working setup, with 90% of staff working from home; as a result, we were able to achieve the following:

1. Engage Our People:

- Batelco achieved 80% on its annual Employee Engagement Survey, a 12% increase from 2019's scores (KFHG Report), a huge achievement for Batelco.

2. Develop Talent from within

- 50 - Average training hours per team member
- 56,427 Total training hours completed by team members

27 years

Average Age of new joiners in 2020

8 years

Average Years of Service to the Company

35 years

Average Age of Employees in Years

Our Culture & iCARE Values

Batelco's iCARE values shape the culture of Batelco and defines how members work together as a team, how they serve customers and also guides behaviour and decision making. The values are being practiced by all team members and endorsed by Management.

To promote Batelco's values, the iCARE Ambassador Awards were introduced to reward team members that truly project the iCARE values in their daily work and are considered as role model to others.

For 2020
12 iCARE
Ambassadors were
selected based on
set criteria



iCARE Ambassadors with Batelco Chairman

HUMAN RESOURCES REPORT
(CONTINUED)

Chairman's Award

Batelco Chairman, Shaikh Abdulla bin Khalifa Al Khalifa endorsed a unique and prestigious programme, The Chairman's Award, to select 3 individuals from the iCARE Ambassadors to be honored for their demonstration of the iCARE values and principles.

3
winners

were selected for their exceptional performance and remarkable achievements, while practicing the Company's values.



Chairman's Award Winners with Batelco Chairman, CEO and Chief Human Resources Officer

Graduate Trainees Programme:

Batelco believes in investing in the Kingdom's youth and takes an active role in developing future leaders. The Company has continued with its long-established graduate trainee programme in 2020 to develop the skills and knowledge of the younger generation.

Batelco's development programme for graduates offers blended learning initiatives to equip them with in-demand employability skills and the technical training needed to enter the telecom industry. The training programmes are delivered through affiliations with international institutes such as INSEAD, Columbia University and Franklin Covey Institute amongst others.



Graduate Trainees established in full time roles at Batelco in 2020

90%

Investing in Our Future Leaders

In October 2020, Batelco announced the launch of SIMBA, a new programme for Batelco team members that focuses on talent management. The aim of the programme is to provide Batelco with a team of young members with the potential to qualify for the succession plans and fulfil future senior roles.

The selected SIMBA team members will go through a comprehensive development programme that consists of working on strategic projects, mentorship opportunities, Technology Bootcamp, and executive education with an internationally recognized university.

Several rigorous assessments were applied for potential candidates, with

16 team

members, from across all units, qualifying for the programme.

Being Employee Centric: Batelco Certified as a Great Workplace

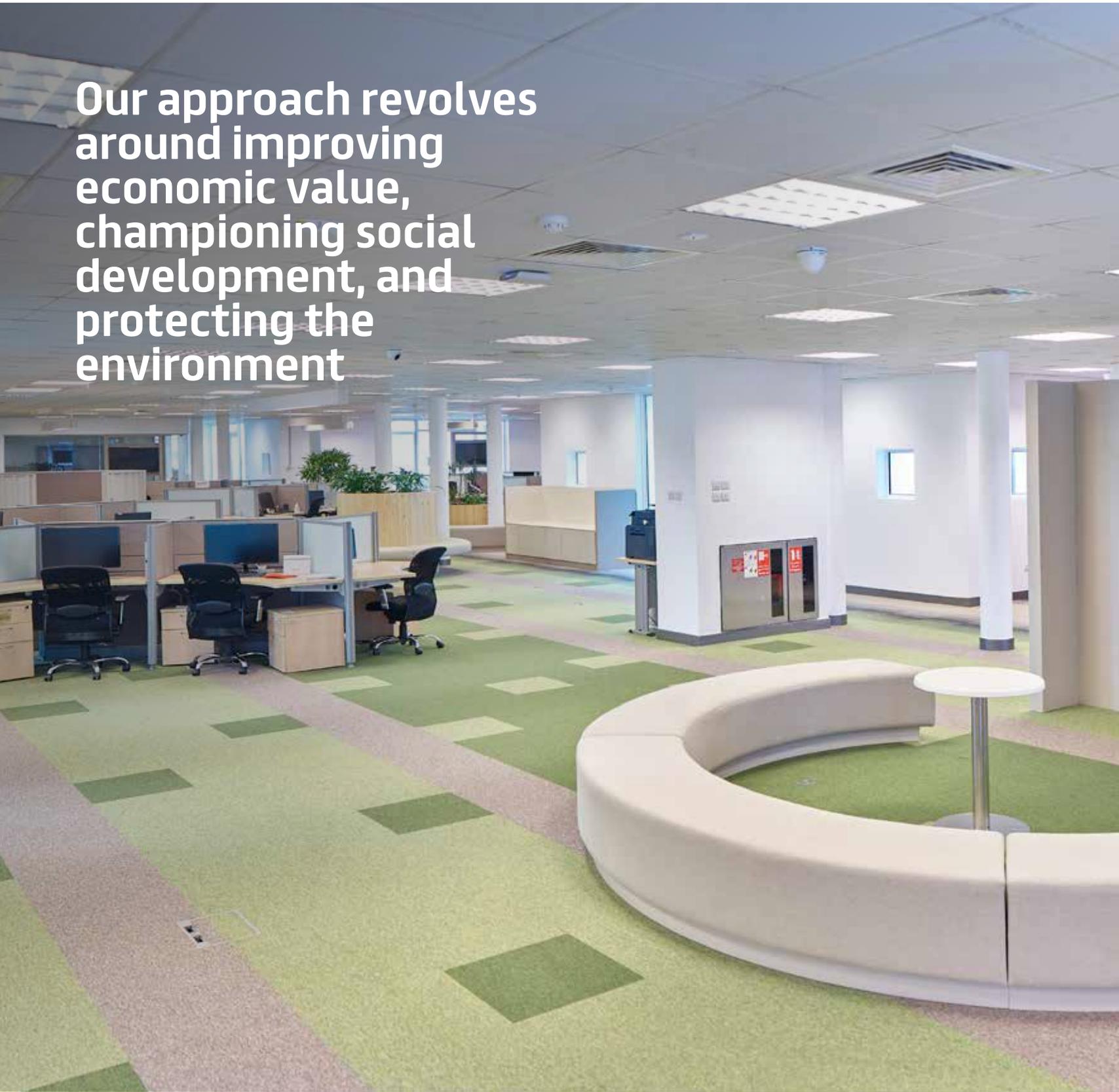
Batelco has been ranked the number 1 certified organization in the telecommunication sector across the Middle East in 2020 as a great workplace, by Great Place to Work® Institute Middle East. Achieving such a prestigious award reflects all the initiatives and commitment by management and team members in transforming the culture at Batelco during 2020 with many accomplishments in spite of the pandemic.

Great Place to Work® is the global authority on high-trust, high-performance workplace cultures. Every company is evaluated by a Trust Index; a questionnaire based on five principles to establish an employee's definition of an ideal working environment. This certification is based on direct feedback from all Batelco team members, provided as part of a survey about the workplace experience. This is a great achievement and a very proud moment for Batelco.



SUSTAINABILITY EXCELLENCE

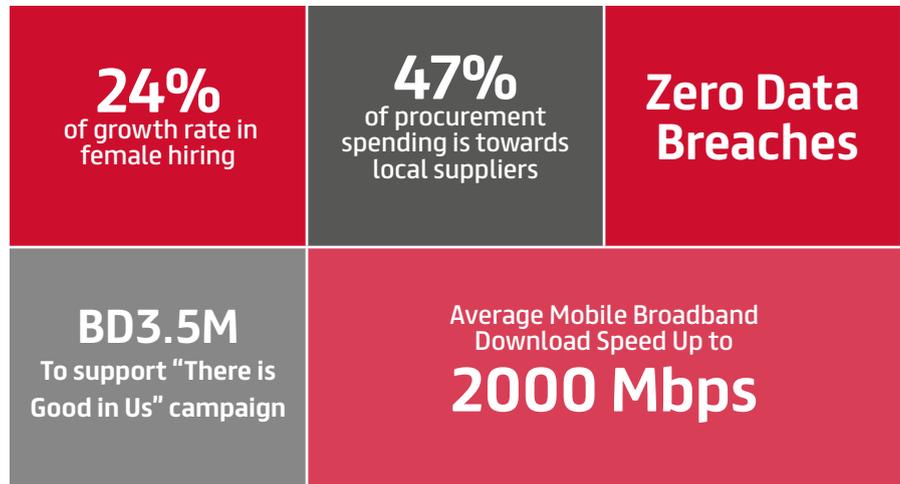
Our approach revolves around improving economic value, championing social development, and protecting the environment





Sustainability at Batelco

Batelco 2020 Highlights



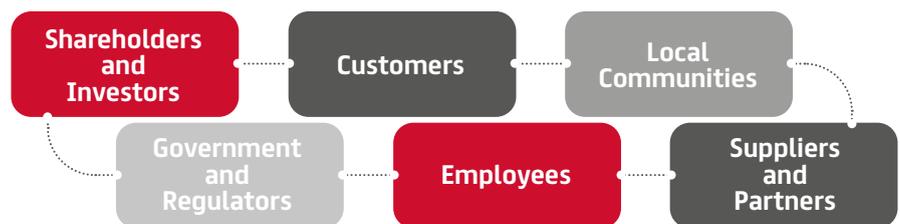
Our Approach to Sustainability

At Batelco, sustainability is embedded within our business model and integrated across various operations. Our approach revolves around improving economic value, championing social development, and protecting the environment.

This Environment, Social and Governance (ESG) insert has been prepared in alignment with the Bahrain Bourse ESG Reporting Guide and references our contributions to the United Nations Sustainable Development Goals (UN SDG).

Our Stakeholders

We value our stakeholders’ perspectives as they guide our strategies. Our stakeholders are:



We use various communication channels to ensure that we receive feedback from all stakeholders. Some examples of the communication channels we use are:

- Annual meetings and evaluation sessions
- Various awareness campaigns including social media campaigns
- Complaints handling team
- Extensive surveys
- Batelco’s Annual Report
- Chatbot, Mobile App, eService, bulk SMS
- Intranet and newsletters

SUSTAINABILITY REPORT
(CONTINUED)

Materiality Assessment

To identify and prioritise the issues that are related to our business and concern our stakeholders, we at Batelco have conducted a materiality assessment, which involved the following steps:

1. Identify a list of potential material issues through desk-based research, including a review of peer companies, industry standards and employee interviews.
2. Prioritize stakeholders (both internal and external) and topics to rate material issues in terms of their perceived importance.
3. Review results internally within Batelco to ensure the list of material issues captures and is inclusive of all stakeholder perspectives.

In 2020, we identified 16 material topics that have been ranked in terms of significance to Batelco and significant to our stakeholders.



Most Important

- 1 Privacy and personal data protection
- 2 Customer relationships
- 3 Corporate governance and business ethics
- 4 Network quality, reliability and availability
- 5 Innovation and transformation

More Important

- 6 Training and development of human capital
- 7 Diversity and equal opportunity
- 8 Anti-competition and anti-corruption
- 9 Corporate social responsibility
- 10 Economic performance

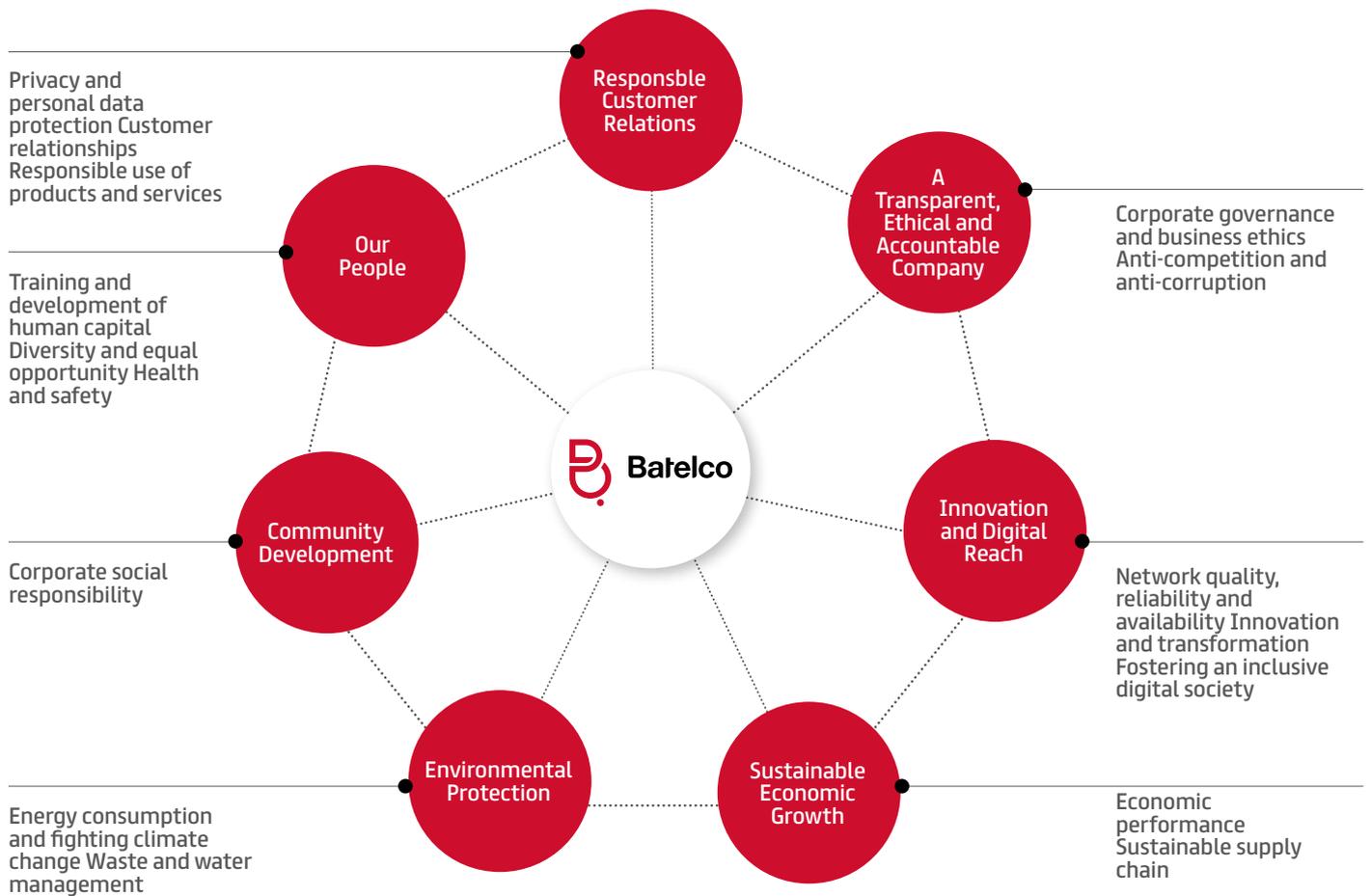
Important

- 11 Fostering an inclusive digital society
- 12 Energy consumption and fighting climate change
- 13 Health and safety
- 14 Responsible use of products and services
- 15 Sustainable supply chain
- 16 Waste and water management

Sustainability Framework

Batelco's sustainability framework outlines seven focus areas that are critical to create a shared value for both Batelco and our stakeholders. Our framework is formed by incorporating the interests of our key stakeholders, and national and international strategic visions, including the Bahrain Vision 2030, as well as the UN SDGs. The Sustainable Development Goals (SDGs) were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The 17 SDGs are interlinked, and it is recognized that action in one area will affect outcomes in others and that development must balance social, economic and environmental sustainability.





SUSTAINABILITY REPORT
(CONTINUED)

A Transparent, Ethical and Accountable Company

As one of Bahrain’s premier publicly traded companies, Batelco is committed to transparency, openness and accountability. We implement a robust governance structure with the highest standards of corporate governance aligned with our core values. We aim to protect the rights of our shareholders and stakeholders. We are guided by a sound risk management framework and work diligently to eliminate all sorts of bribery and corruption, while promoting competitiveness and advocating to advance human rights.

Material Topics Covered :

- Corporate Governance and Business Ethics
- Anti-competition and Anti-corruption



Sustainable Development Goals

Corporate Governance and Business Ethics

The Board implements rigorous controls for financial audit and reporting, internal control, risk management, and compliance with the Bahraini law. There are effective procedures for the appointment, training, and evaluation of the Board of Directors. New Board members are provided with induction training directly upon joining the Board. The Board is responsible for reviewing the Executive remuneration which is also governed by the Board remuneration committee.

In March 2020, the Board of Directors was re-structured due to the end of the term and the departure of some directors and election of new board members. The Board of Batelco currently comprises of 10 Board members and consists of 10% female members and 90% male members.

The restructuring of the Board has reflected some structural changes in the directorship of the Board Committees: Executive Committee, Remuneration, Nomination Donation and Corporate Governance Committee and the Audit committee, to ensure that each committee includes Board members with relevant backgrounds and experience. Each committee consists of four board members. The Remuneration, Nomination Donation and Corporate governance committee includes a 25% female presence. A part of the Board Committees responsibility is to govern projects and initiatives related to economic, environmental, and social aspects.

The Board of Directors always emphasize on the importance of sustainable decision making for the future of Batelco, its employees and to the society. They conduct an annual performance evaluation; the evaluation assesses the board’s performance which mainly tackles the economic and social responsibility towards our stakeholders and to ensure that they are operating within a governed framework.

Human Rights

We believe that human rights are central to good corporate citizenship and to a healthy and trusting company culture. At an international level, Batelco abides to Bahrain’s commitment to the American Statue against human trafficking- Trafficking Victims Protection Act (TVPA). On

national level, Batelco adheres to Bahrain National Law for Child Labour Law (2012) and Human Trafficking Law (1999) which address children’s rights, protection against child labour, modern slavery, and human trafficking.

Anti-competition and Anti-corruption

Batelco complies to the zero-tolerance policy for bribery and corruption while promoting competitiveness. We adhere to all rules and regulations related to anti-competition and do not engage in any anti-competitive practice when launching products and promotions.

Batelco is guided by a Code of Conduct and a Fraud Management Policy. A whistleblowing policy is in place to ensure that incidents of non-compliance are reported. The policy is communicated to all Batelco employees outlining how incidents can be reported via hotlines and direct employee communication channels such as phone call, email and whatsapp. In addition, employees are provided with training courses on anti-competition, anti-corruption fraud management and business ethics.

On an organizational level, the Internal Audit division is responsible for performing audits of processes and procedures to bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes including investigations related to fraud, bribery, and corruption as guided by the Fraud Risk Management Policy. Our risk management processes and procedures are guided by ISO 31000 standards for Enterprise Management System. In 2020, we have performed 31 audits to various divisions such as the Finance, Global business, Legal & Regulatory departments.

A fraud investigation department - under Internal Audit division- inspects fraud and corruption risks. The Risk Management department performs risk assessments which are reported to the Executive Management and Executive Committee twice a year and as and when required. Confirmed fraud cases are logged into the Fraud register and are discussed within the Fraud Investigation Committee.

Sustainable Economic Growth

We aim to continue our financial growth and attract investment by diversifying our sources of income, while maintaining low costs and high operating efficiency. Our supply chain is sustainable, and our procurement processes are performed in a responsible manner with a focus to strengthen the local economy.

Material Topics Covered :

- Economic Performance
- Sustainable Supply Chain



Sustainable Development Goals

Economic Performance

Our financial performance reflects Batelco’s commitment to execute on its strategic objectives. We were able to apply effective cost management approaches and continue to adapt to face the challenges of 2020.

We have successfully achieved ISO 22301 certification for Business Continuity Management System to protect our income streams specifically following an incident or disaster, while reducing the risk of further loss. For details on our financial performance, please refer to our Financial Statements in this Annual Report.

Sustainable Supply Chain

In line with our commitment towards the fulfilment of the Bahrain Vision 2030, Batelco aims at strengthening the economy and promoting societal prosperity. To this end, we will commit to ensure that our supply chain is sustainable, and our procurement processes are performed in a responsible manner.

Batelco develops valuable strategic relationships with our suppliers, which we carefully select after applying screening aspects including health and safety screening. Batelco procurement teams intend to revamp all procedures and policies by 2021 and integrate screening and auditing processes for environmental and social factors.



SUSTAINABILITY REPORT
(CONTINUED)

Responsible Customer Relations

Our customers are central to everything we do, and we value their loyalty and care about their satisfaction. We work to meet our customers' needs for seamless communications, while promoting the responsible use of technology. At Batelco, safeguarding customers' personal data is of utmost importance.

Material Topics Covered :

- Privacy and Personal Data Protection
- Customer Relationships
- Responsible Use of Products and Services



Sustainable Development Goals

Privacy and Personal Data Protection

Data privacy is fundamental to maintain the trust of our customers. Batelco has adopted industry best practices related to data security through information protection tools, encryption of data while in transit and at rest, and other robust processes. Batelco has a transparent Data Privacy Policy and is ISO 27001 certified.

Corporate-wide measures were taken to protect the privacy and security of customer information. An external party was hired to hold engagement sessions across Batelco regarding the Personal Data Protection Law in Bahrain, its impact on the organisation, and the actions required. Batelco performs annual cybersecurity stress tests to evaluate the effectiveness of our security controls. The tests are then repeated to verify that all identified gaps have been sufficiently addressed.

Batelco has a standard emergency response plan to address security incidents. The severity of the incident and the expected time to mitigate

incidents are clearly defined and have been further aligned with the business continuity plans of the company. Regular internal and external audits are conducted on data privacy to ensure Batelco remains fully compliant with the ISO standards.

Although there have been a number of cyberattack attempts, Batelco had no data breaches, nor actual cyberattacks actually occurred, over the past three years.

Customer Relationships

Batelco is guided by a strong mission and vision to serve and inspire its customers by building, operating, and investing in digital services, forefront technology and connectivity to empower people, enable businesses and enrich society.

This supports our aim to be the leading provider of innovative and in-demand services, helping Batelco retain its position as the leading telecommunications company in the Kingdom of Bahrain.

Building and maintaining strong customer relationships is a priority. In 2020 we needed to review our delivery systems to our customers to ensure their continued satisfaction which resulted in applying free home delivery within 24 hours during the mandated shutdown of all shops due to COVID-19. The Coronavirus had a major impact on our customers and their families as the majority were required to work and study from home. We, therefore, implemented a number of initiatives which considered their communications needs. The initiatives included, free browsing on educational websites, unlimited usage for all fixed internet customers from April until the end of July, home delivery for services and devices, enhanced digital support channels and boosted Fiber internet speed with no additional charges from July until August 2021. Additionally, 500 SME's benefitted from financial support towards their internet bills for 3 months.

During 2020, we focused on understanding our customer needs and their behaviour which was impacted by the pandemic. We conducted a survey to better understand their needs and responded to the findings by enhancing our digital channels and enabling smoother transactions.

Furthermore, we conduct periodic surveys to ensure customer satisfaction. One of which is the Net Promotor Score (NPS) which is carried out by an independent and specialised third party.

Batelco has a competent dedicated complaint team that handles various levels of technical complaints and disputes. Customers can raise complaints through different channels including retail, e-services, email, call centre, and chat. Complaints are assessed and analysed by the team to identify and resolve the root cause, compensate genuine customer cases, enhance the overall customer experience, and restore quality of service. We assess and manage faults through our customer experience management tool that helps with first time resolutions and supports the technical team to identify, resolve and manage the faults in a timely manner.

To complement our efforts to resolve issues quickly, we introduced real time customer surveys through all our channels (Call, Chat and Social Media) to measure the overall customer experience. Our customer satisfaction team is set in place to contact customers with low ratings to better understand their concerns and immediately resolve pending issues. Customer feedback and recommendations are also injected back into the business for gap analysis and to improve the quality of our products and services.

Responsible Use of Products and Services

Batelco promotes the responsible use of technology. We provide our employees with products and services awareness sessions, training programmes, and refresher courses. Products and services updates are continuously communicated to all employees including retail staff through various internal communication channels. These

measures are in place to ensure that customers are always being informed not only of Batelco's range of products and services, but also of the responsible use of these products and services.

To ensure that our products and services meet our customer and regulatory requirements:

- Our principles are guided by ISO 9001 for Quality Management.

- Our advertisements adhere to the Telecommunications Regulatory Authority (TRA) consumer protection law, which mandates that all communication is fair, accurate and ethical.
- Our child protection WiFi product enables customers to configure specific parental control rules.

Innovation and Digital Reach

We are committed to providing fast, secure, reliable connectivity to enable digital lives. At Batelco, we believe that innovation and technology can be used as means to create new opportunities that meet the different needs of the society. We remain committed to forefront technology, building reliable networks and delivering high quality services to our customers.

Material Topics Covered :

- Network Quality, Reliability and Availability
- Innovation and Transformation
- Fostering an Inclusive Digital Society



Sustainable Development Goals

Network Quality, Reliability and Availability

Batelco Network is recognized as leading the Bahrain telecommunications sector in terms of speed and coverage for Fixed and Mobile broadband services by multiple 3rd party benchmark companies. As part of Batelco's dedication towards Bahrain and the community it serves, it has exceeded 99.999% up time target of infrastructure availability by utilizing the latest hardware, software, and technology from leading Tier 1 technology providers.

In addition, aligned with the modern era cloud technologies, Batelco has adopted cloud computing in its various investments making services and applications available 24/7 and accessible from anywhere and any device.

Batelco has an advanced Network Management Centre that continuously monitors all network elements, including disruptions. The Network Operations Centre (NOC) and Service Operations Centre (SOC) are responsible for the end-to-end incident management along with any interdepartmental coordination required during emergencies, in alignment with the telecom industry best practices.

Batelco's self-healing networks make use of automation and artificial intelligence to detect and remediate outages, failures, and breaches to ensure best network performance and exceptional customer experience.

Realising its customers' evolving needs for reliable high-speed connectivity, Batelco increased, free of charge, the fixed broadband speed up to 5 times during the COVID-19

pandemic. The broadband speed is backed up with a solid and flexible infrastructure; advanced big data management tools; and Home Wi-Fi management platforms to maintain quality.

Batelco ensures all wireless communication services utilising radio equipment operate within non-ionising radiation limits set out by the International Commission on Non-Ionising Radiation Protection. This is also detailed in Batelco's frequency licence, which states our obligations regarding Electromagnetic Field (EMF) exposure.

The significant increase in 5G coverage in 2020 was due to implementing strategic expansions to position Batelco and Bahrain among the few operators with nationwide 5G coverage and speeds. Our networks' mobile speed growth rate was 150% compared to 2019, reaching over 2,000 Megabits per second (Mbps) in 2020.

In line with the above Batelco has minimized its footprint in 2G technology by 39% compared to other technologies, contributing to spectrum efficiency and major power consumption reduction.

Innovation and Transformation

At Batelco, we believe that innovation and technology can be used to create new opportunities that meet the different needs of the society. We seek to become a key digital enabler in the region by providing services and products in four key clusters: consumer, business, financial services, and e-government. Over the years, Batelco has always worked to position itself amongst the pioneering and leading operators worldwide.

SUSTAINABILITY REPORT
(CONTINUED)

2020 Batelco’s innovation advancements

- The first in Bahrain to launch 5G services with nationwide coverage.
- The first in Bahrain to launch cellular Apple Watch on virtual cloud environment.
- Delivered highly personalised, value-driven customer experience through application of artificial intelligence and big data.
- Evolved our retail self-service experience providing customers with fully digital process for specific prepaid services.
- Utilised remote site acceptance to increase efficiency and security of online storage files.
- Innovative new virtualisation and cloud solutions for Enterprise customers that enabling seamless account management.

Fostering an Inclusive Digital Society

We remain committed to supporting and enabling the digital transformation and advocating digital accessibility for all in contributing towards making digital technology available for all in line with the economic vision 2030 for Bahrain. In 2020, we announced 95% nationwide 5G coverage of areas across the kingdom making Batelco the first operator to have national 5G coverage in Bahrain, which positioned Batelco among the leading operators in the GCC. We also proactively supported customers in overcoming the challenges of the COVID-19 pandemic by boosting the speed of all fiber fixed broadband customers up to 5 times which enabled customers to work from home and provided students with access to online learning.

2020 Batelco’s digitalization milestones

- Streamlined customer journey experience on the mobile App which resulted in 250% increase in monthly active users.
- Digitized the customer refill process in the Batelco mobile App and eServices platform resulting in a 400% increase in refills through Batelco owned channels.
- Unified the Retail self-service user interface, simplifying the customer experience and providing new digital payment features.
- Kick-off of the next generation cloud based Digital Enterprise resource planning (ERP) implementation.
- Launched a new Data Center which has achieved Tier III certification for design and build from the Uptime Institute



Our People

Batelco offers a unique and an exceptional employee experience. We believe in continuously growing our human capital by developing our people and equipping them with the latest cutting-edge training resources and tools to enable them to be the next digital age leader. We aim to attract, and retain talented individuals, while increasing the rate of national employees in the workforce. We provide our employees with a safe and inclusive work environment and combat all forms of discrimination.

Material Topics Covered :

- Training and Development of Human Capital
- Diversity and Equal Opportunity
- Health and Safety



Sustainable Development Goals



Training and Development of Human Capital

Our people are the true human intellectual capital of the company. We believe in continuously developing and equipping them with the latest cutting-edge training to enable them to be the next digital age leaders.

Engagement surveys are completed by our employees, providing us with an in-depth insight on how employees feel about Batelco. The results of the surveys help us better understand which units need more attention. Employee engagement stood at 80% in 2020 compared to 68% in 2019.

Due to the pandemic, we have shifted our initiatives towards digital platforms and hosted many successful online events, such as "B-Majlis". It is an online forum to bring employees from different units together to talk openly about important and relevant topics. Awards such as the "Chairman's Award" and the "iCARE Ambassador Award" were introduced to keep our staff motivated.

Batelco Bahrain total workforce at the end of year 2020 numbered 1,141 employees. The percentage of female to male employees was at 33% to 67% respectively.

Workforce Overview	2018	2019	2020
Total number of employees (#)	1,210	1,105	1,141
By gender profile			
Female employees (#)	397	368	379
Male employees (#)	813	737	762

*Total number of employees includes BNET employees

The Human Resource policy dictates our approach to training and development. New employees receive induction training upon joining the Batelco family. We provide our employees with internal and external trainings which are often conducted in-house. E-learning courses are also offered via the internal employee portal. Batelco's training centre is equipped with the latest technology and made available to our staff. Investing in the training of our staff ensures smooth succession planning

and the availability of a pool of well-trained and knowledgeable staff that can assume critical roles in the company.

Bahraini employees are offered a dedicated leadership development programme to improve their skills and prepare future leaders within the organisation. Each year, our employees receive annual performance and career development reviews.

Training and Performance Reviews	2018	2019	2020
Total hours of training for employees (#)	28,086	47,402	56,427
Average hours of training per female employee (#)	30	48	51
Average hours of training per male employee (#)	20	37	49
Average hours of training per employee (#) ¹	23	41	50

¹ Batelco considers total headcount at beginning of the year to compare planned vs. actual training hours

SUSTAINABILITY REPORT
(CONTINUED)

Diversity and Equal Opportunity

Batelco promotes an inclusive work environment, where equal opportunity is realised, and open communication is encouraged.

Batelco has zero tolerance for harassment, bullying, offensive conduct, and victimisation of any kind. Discrimination and harassment based on race, colour, religion, age, gender, nationality, gender identity and expression, national origin, disability, marital status, and citizenship status are strictly prohibited.

A whistleblowing policy is in place to encourage the reporting of misconduct. All complaints are treated on a confidential basis and are promptly investigated. We also conduct Human Resource policy awareness sessions that cover non-discrimination, diversity, and inclusion. There were no known incidents of discrimination or harassment in the workplace during 2020. We have targeted recruitment schemes that focus on hiring female employees across various areas within our business. We encourage female participation in the workforce and regularly aim to increase equality in recruitment.

Reducing the risk of exposure to COVID-19 was our top priority. The offices were sanitized on a weekly basis, enhanced cleaning and disinfecting protocols were made.

Female Employment	2018	2019	2020
Female employees (#)	397	368	379
Female employment rate (%)	33	33	33

Health and Safety

To maintain a resilient culture, we continue to deliver on our commitment to providing our people with a healthy work environment. We have a Health, Safety, and Environment (HSE) policy that is circulated and communicated to all management, operatives, suppliers, and contractors.

Reducing the risk of exposure to COVID-19 was our top priority. The offices were sanitized on a weekly basis, enhanced cleaning and disinfecting protocols were made. We also conducted regular COVID-19 tests at the Batelco headquarters for the majority of staff working at the office.

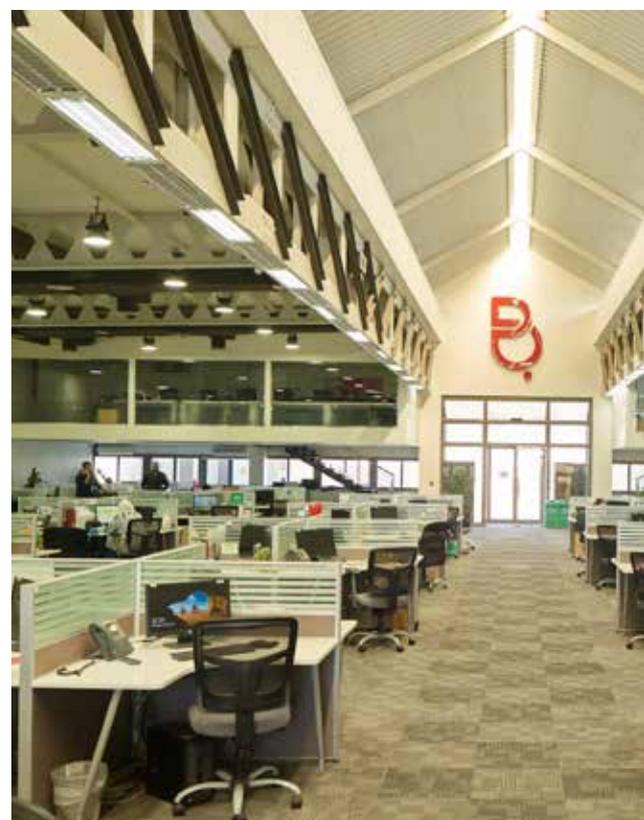
In addition to constantly publishing COVID-19 prevention awareness messages via our internal channels, we held several health awareness campaigns covering topics such as

breast cancer, mental health, and general health in collaboration with well-reputed hospitals and doctors. In cooperation with the Ministry of Health, a dedicated COVID-19 spread awareness session was arranged during the peak of the pandemic.

Training on first aid is provided to Batelco’s “Safety Marshals”, and proactive audits for field operations and service delivery functions are carried out. We are working closely with external consultants to assess our preparedness considering all safety aspects.

Over the past three years, we have proudly maintained zero employee and contractor fatalities. Although we have conducted emergency response drills in previous years, in 2020 we didn’t conduct any; as due to COVID-19, the Bahraini Civil Defence suspended fire and safety drills.

Health and Safety	2018	2019	2020
Total hours of HSE training provided to employees (#)	77	164	396



Environmental Protection

We are committed to managing our environmental footprint. We strive to combat climate change, lower energy consumption from our data centres and across our operations; reduce water consumption and waste generation; and recycling when possible. We seek opportunities to deploy renewable energy, such as solar or wind energy.

Material Topics Covered :

- Energy Consumption and Fighting Climate Change
- Waste and Water Management



Sustainable Development Goals



Energy Consumption and Fighting Climate Change

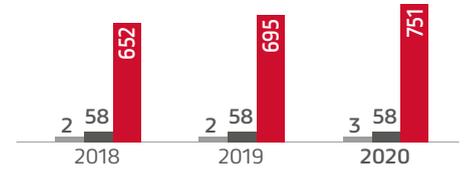
At Batelco, we strive to combat climate change by lowering energy consumption across our operations; specifically, our data centres. Also, we constantly search for opportunities to deploy renewable energy, including planned investments in a Solar Energy Farm to power part of our facilities and infrastructure.

We provide our employees with energy management and climate change awareness sessions. Similarly, we conduct continuous audits of our energy management and monitoring system.

Batelco is targeting to reduce annual energy consumption and introduce clean energy sources as part of the company's main initiatives. In 2020, we have made various efforts to reduce energy consumption -as an example but not limited to- Hamala Headquarter where we saved 28% of energy consumption, driven by several initiatives such as: Introducing power-saving chillers, implementing Power Factor Correction (PFC) equipment and swapping to eco-friendly air conditioners. Nonetheless, there were also other saving actions that all contributed towards the overall achievement.

Moreover, we have expanded the infrastructure of the network across Bahrain. The enhancement included increasing the number of data centres and radio stations owned by Batelco by 8%. However, the total energy consumption only increased by 2% due to our energy saving efforts introduced to date.

Data Centres, Exchanges, and Radio Stations



- Number of data centres owned by Batelco (#)
- Number of exchanges owned by Batelco (#)
- Number of radio stations (#)

Waste and Water Management

We are committed to managing our environmental footprint and reducing water consumption, waste generation and recycling whenever possible.

Employees attend regular environmental awareness sessions that cover water consumption and waste management. Moreover, Batelco conducts audits of its water management and monitoring system. The sewage treatment plant project was launched in 2020, and the treated water is now used for irrigation purposes.

Our total water consumption has decreased by 3.6% compared to our consumption in 2019. In addition to that, our recycled wastewater has vastly increased with a rate of 382% compared to 2019.

Water Consumption	2018	2019	2020
Total water consumption (m ³)	82,967	74,466	71,811
Recycled wastewater (m ³)	4,148	3,723	17,952

**SUSTAINABILITY REPORT
(CONTINUED)**

Community Development

We acknowledge that we play a huge role in the community, which we are dedicated to serve, with our socially responsible initiatives designed to have a positive impact for all inhabitants of Bahrain. We continue to enhance this area with the aim of establishing and strengthening partnerships with other entities in order to play a more beneficial role in the community.

Material Topics Covered :

-Corporate Social Responsibility



Sustainable Development Goals

Corporate Social Responsibility

At Batelco, we understand our role and responsibility towards our community. We are aware that our products and services have an impact on many aspects of people’s lives by enabling people to stay connected through multiple communication and social media platforms.

We take pride in supporting our community and believe in impactful and sustainable initiatives that will address important issues to help the community and have long term benefits that positively impacts the economy, society and the environment.

We have clear Corporate Social Responsibility (CSR) policy and strategy that is implemented through a defined framework and governance. The CSR program in Batelco evolves around four pillars: Education, Youth & Sport, Health, and Community that are aligned with the United Nations Sustainable Development Goals with focus in Good health and well-being, Quality education and Sustainable cities and communities.

In 2020, a total of BD 1.291 million was allocated as donation budget to support the identified pillars. The company spend as average of 26% in Education, 32% in Youth & Sport, 21% in Health and 21% in Community.

Key initiatives under education included the support of the Crown Prince’s International Scholarship Program that aims at developing Bahraini talent for the future, by granting them international scholarships in the best universities around the world such as Yale, Harvard and MIT.

Injaz Bahrain is also a strategic partner and we have worked closely with them to deliver key programs that include the smart home Wi-Fi solution in collaboration with Huawei where we distributed Wi-Fi devices for students to enable distance learning during the COVID-19 pandemic. In addition, we have worked closely with Brinc Batelco on conducting two student camps: the virtual innovation camp and the Batelco STEM “Science, Technology, Engineering, Mathematics” leadership camp both aiming to benefit over 50 students within the entrepreneurial and innovative skills.

One of the biggest initiatives under health pillar is the completion of the construction of a medical center for the Ministry of Health. The facility was built by Batelco to the highest standards and quality to contribute to the health care in Bahrain.

We also continued its support to the national initiatives, especially those that focus on the youth and sport while promoting Bahrain internationally with key programs such as the Shaikh Nasser Premier League, Equestrian events, Ministry of Youth Playgrounds and Bahrain world tour cycling.

Due to the unexpected pandemic in 2020, Batelco allocated an additional BD3.5 million to support “There is Good in Us” campaign which was a nation-wide campaign to fight COVID-19 and support the community to mitigate the impact of the pandemic. As a national company, we are committed to supporting the tremendous efforts of the National Campaign and give back to the Kingdom of Bahrain.

