

Corporate Governance

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Overview

Sound corporate governance principles are the foundation upon which the trust of stakeholders is built. At Batelco we believe in sound corporate governance. Our Corporate Governance Framework has been designed to comply with the Commercial Companies Law of the Kingdom of Bahrain (the 'Companies Law'), the Corporate Governance Code of the Kingdom of Bahrain (the Code), as well as with international best practices. Batelco's corporate governance practices have been structured around the following eight principles:

- The Company shall be headed by an effective, collegial and informed Board
- The directors and officers shall have full loyalty to the Company
- Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law
- The Company shall have rigorous procedures for appointment, training and evaluation of the Board
- The Company shall remunerate directors fairly and responsibly
- The board shall establish a clear and efficient management structure
- Company shall communicate with shareholders, encourage their participation, and respect their rights
- The Company shall disclose its corporate governance code and its compliance to it.
- While placing the paramount importance to the code, the board has ensured that the governance framework adopted and implemented across all levels of the organization, exhibits the principles of fair dealings, honesty, environment of effective oversight and strong accountability.

To ensure the above, the Board has delegated some of its responsibilities to specialized committees with a definite mandate to make certain that all facets of good governance are implemented and monitored on an ongoing basis.

The Board of Directors of the Company together with its management undertook measures and ensured that for the year ended 31 December 2014 and to the date of the annual report, Batelco was compliant with the provisions of CBB's Corporate Governance requirements.

The Board has resolved that it shall investigate any non-compliance or deviations from these Corporate Governance Guidelines.

The Executive Committee of the Board is responsible to review the Corporate Governance Guidelines document at least once every two years, or as and when required, in order to comply with the Code or any other relevant legislation in the Kingdom of Bahrain.

The Corporate Governance Guidelines approved by the Board are available on the Company's website. Shareholders of the Company can obtain a copy of the Corporate Governance Guidelines from the Corporate Secretary.

Communication with Investors and Shareholders

To encourage transparency and foster the culture of active communication, the Board strives to maintain an open communication channel with its investors and shareholders at all times.

The Board is committed to communicate its strategy and activities clearly to the stakeholders and, to that end, maintains an active dialogue with stakeholders through planned activities.

By policy, the Company is committed to publicly disclose to all its stakeholders fair, transparent, comprehensive and timely relevant information. To support this principle of transparency, Batelco's financial statements are maintained on its website at all times and ensuring all material facts are made available to shareholders prior to any vote.

The principal communication with investors and shareholders is through the annual report of the Company and the AGM, an occasion which is attended by all directors and at which all shareholders present are given the opportunity to question the Board.

Overall responsibility for ensuring that there is effective communication with investors and to understand the views of major shareholders on matters such as governance and strategy rests with the Chairman, who makes himself available to meet shareholders for this purpose.

Management Statement

The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Company's approach to creating long-term shareholder value. In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management reports to the Audit Committee as well as the Executive Committee who in turn report to the Board on the Company's key risks and the extent to which it believes these risks are being adequately managed.

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The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with identified risks. These include the following:

- Board approval of a strategic plan, which encompasses the Company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Please refer to note 4 of the Financial Statements for further details.

Ownership Structure

Batelco's principle shareholders include institutional investors, Sovereign Wealth Fund Institutes (SWF's) and general public.

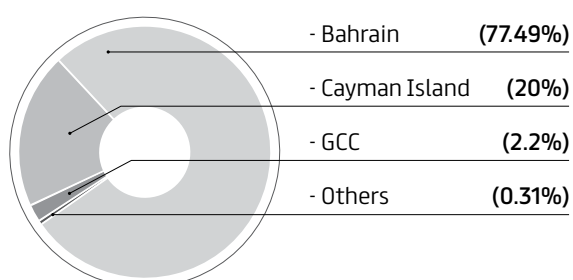
The unique and diversified ownership structure gives Batelco the edge whereby it can seek to pursue the Company's strategies objectively, independently and without bias and as a result aligns interests between Batelco and its shareholders.

Ownership Structure by Nationality

The table and illustration shows the distribution of ownership of Batelco shares by nationality:

Nationality	Number of Shares	% of shares held
1 Bahrain	1,288,790,561	77.49%
2 Cayman Islands	332,736,711	20%
3 GCC	36,559,829	2.2%
4 Others	5,112,899	0.31%

Distribution of shares by Nationality

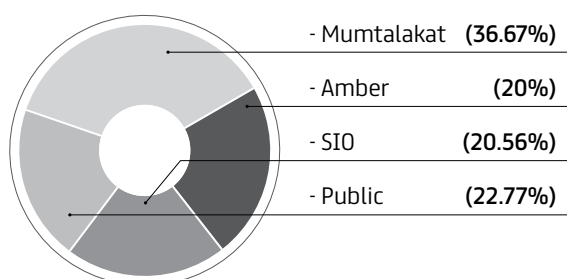


Ownership Structure by Size

The table and illustration shows the distribution of ownership of Batelco shares by size (5% and above):

Owner	Number of Shares	% of shares held
1 Mumtalakat Holding Company	609,493,500	36.67%
2 Amber Holding Company	332,640,000	20%
3 Social Insurance Organization	339,972,849	20.56%
4 Public	381,093,651	22.77%

Distribution of shares by Size



Ownership Structure by Category

The table below shows the distribution of ownership of Batelco shares by the government entity (ies), directors and executive management:

Government Entity(ies)	Number of Shares	% of shares held
Mumtalakat Holding Company	609,493,500	36.67%
Amber Holding Company	332,640,000	20%
Social Insurance Organization	339,972,849	20.56%

Directors	Number of Shares	% of shares held
Mr. Abdul Razak Abdulla Al Qassim	462,315	0.027%
Mr. Abdulrahman Yusif Fakhro	170,752	0.010%
Mr. Ahmed Ateyatalla Al Hujairy	31,470	0.0019%
Mr. Arif Haider Rahimi	31,170	0.0019%
Mrs. Khulood Rashid Al Qattan	30,010	0.0018%
Mr. Raed Abdulla Fakhri	3,710	0.0002%

Executive Management	Number of Shares	% of shares held
Dr. Ghassan Murad	103,950	0.0063%

Directors and Senior Management trading during the year 2014

The details of trading in shares during the year by Directors, senior management and their related parties are as follows:

Name	Type of shares	Purchase/Sale	No. of Shares	Date of Transaction
Mrs. Khulood Al Qattan	Ordinary	Purchase	29,800	31/03/2014
Mr. Ahmed Ateyatalla Al Hujairy	Ordinary	Purchase	30,000	31/03/2014
Mr. Arif Haider Rahimi	Ordinary	Purchase	30,120	03/04/2014
Mr. Abdulrahman Yusif Fakhro	Ordinary	Purchase	40,400	21/05/2014
	Ordinary	Purchase	9,600	22/05/2014

Corporate Governance

Board Structure

The Board has the final responsibility for the overall conduct of the Company's business, providing direction by exercising objective judgment on all matters independent from executive management.

The Board of Directors of the Company is accountable to shareholders for the proper conduct of the business and also for ensuring the effectiveness of and reporting on the corporate governance framework in place.

The Board of the Company comprises of 10 Directors. In addition to the Chairman whose role and responsibilities are separate from the Chief Executive Officer, there are 10 Non-Executive Directors, 7 of which are Independent.

The detailed information about the directors in the Board of Batelco is set out below:

	Shaikh Hamad bin Abdulla Al Khalifa (Non – Executive Independent) – Chairman	Mr. Abdul Razak Abdulla Al Qassim (Non- Executive Independent)
Brief History / Biography	Shaikh Hamad bin Abdulla Al Khalifa obtained a Bachelor degree in Aeronautic Science from the University of King Faisal in 1976 and an MBA in the same field from the US in 1985. He was a founder of the Bahraini Royal Air Force and became the commander of the Royal Air Force before he retired in 2003. He was a member of the TRA Board till his appointment to the current post. He enjoys a wealth of experience, knowledge and professionalism in the business sector	Mr. Abdul Razak Al Qassim holds a Master's degree in Management Sciences and a Sloan Fellowship from MIT (Massachusetts Institute of Technology, USA). Mr. Al Qassim joined NBB in 1977 after seven years with Chase Manhattan Bank and Standard Chartered Bank. Mr. Al Qassim is Chairman of Benefit Company; Chairman of Bahrain Islamic Bank and Chairman of Bahrain Association of Banks. Additionally he is a member of the Board of Umniah, (Jordan) Mobile Company; Dhiraagu, (Maldives); SURE Guernsey Limited; SURE Jersey Limited SURE Isle of Man Limited and Quality Net. He became Chief Executive Officer of National Bank of Bahrain B.S.C. in 2008. Board Member of the Crown Prince International Scholarship Program, Board Member of deposit and Unrestricted Investment Account (URIA) Protection at Central Bank of Bahrain.
Term of Office	Shaikh Hamad was appointed by the shareholders in the AGM in 2014, as a Non-Executive Independent Director in the Board in 03/2014 for a period of 3 Years. Shaikh Hamad has been serving on the Board since 09/2006	Mr. Al Qassim was elected by the shareholders in the AGM in 2014, as a Non-Executive Independent Director in the Board in 03/2014 for a period of 3 Years. Mr. Al Qassim has been serving on the Board since 02/2008
Business Title & Professional experience in years	Chairman of Batelco Board of Directors 38 Years	Chief Executive Officer and Director of National Bank of Bahrain 37 Years
Committee Membership	Nomination and Remuneration Committee Donations Committee Advisory Committee	Executive Committee Nomination and Remuneration Committee Supervisory Committee Advisory Committee

Board Structure (continued)

	Mr. Abdulrahman Yusif Fakhro (Non – Executive Dependent) – Director	Brigadier Khalid Mohammed Al Mannaei (Non – Executive Dependent) - Director
Brief History / Biography	Mr. Abdulrahman Yusif Fakhro studied commerce at the University of Cairo. Mr. Fakhro has served on the board of various companies including Bahrain Kuwait Insurance Company (BSC), BMMI, National Motors, Bahrain Flour Mills and Seef Properties (BSC). He is also a member of the Board of Directors of the SIO, Innovest (BSC) and American Mission Hospital. He has more than 49 years' experience in the business, investment and insurance sector.	Brigadier Khalid Mohammed Al Mannaei holds a Master's degree in Business Administration from Sheffield Hallam University (UK) and joined the Military Pension Fund in February 2011 after working at Bahrain Defense Force. He is one of the founders of the GCC Expanded Military Pension Coverage Committee. Along with Batelco, Brigadier Al Mannaei currently serves on several boards. He is the Deputy Chairman of Bahrain Islamic Bank, Board member at Social Insurance Organization (SIO), Board member at Osool Asset Management and Board Member at Marina Club.
Term of Office	Mr. Fakhro was appointed by the Board of Directors representing Social Insurance Organization (SIO) as a Non-Executive Dependent Director in 04/2012 for the remaining term of his predecessor. Further Mr. Fakhro was re-appointed by the Shareholders in the AGM in 2014. Mr. Fakhro has been serving on the Board since 04/2012	Brigadier Al Mannaei was appointed by the Board of Directors representing Amber Holdings as a Non-Executive Dependent Director in 08/2012 for the remaining term of his predecessor. Further Brigadier Al Mannaei was re- appointed by the shareholders in the AGM in 2014. Brigadier Al Mannaei has been serving on the Board since 08/2012
Business Title & Professional experience in years	Chairman of Bahrain Commercial Facilities Company (BSC) and Yusif bin Yusif Fakhro 49 Years	General Manager of Military Pension Fund 35 Years
Committee Membership	Executive Committee Donation Committee	Nomination and Remuneration Committee Donations Committee

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	Mr. Raed Abdulla Fakhri (Non- Executive – Dependent)	Dr. Ahmed Ebrahim Al Balooshi (Non- Executive – Independent)
Brief History / Biography	<p>Mr. Raed Fakhri joined Mumtalakat as Vice President Investments in March 2013. Mr. Fakhri enjoys more than 20 years of experience in various sectors, mainly in business development and investment. Prior to his current role, Mr. Fakhri co-founded BDI Partners in 2010 and served as Managing Director. He spent 3 years in Capinvest Investment Bank, heading the Investment Department. Prior to that, Mr. Fakhri was with Bahrain Telecommunication Company (Batelco) for 9 years, responsible for business development, start-ups, mergers and acquisitions. Earlier, he spent 3 years with Gulf Petrochemical Industries Company (GPIC) as Control Systems and Project Engineer. Mr. Fakhri holds an Executive MBA from the University of Bahrain, and Bachelor of Science in Electronics Engineering Technology from University of Central Florida, Orlando, Florida, USA.</p> <p>Throughout his career, he served in a number of company boards, i.e. currently a Board Member in Batelco and Investrade.</p>	<p>Dr. Al Balooshi has an MBA and Bsc in Accounting from University of Bahrain.</p> <p>He attained the role of Assistant Professor at the College of Business Administration, UOB in early 2014, having held the post of Undersecretary, Regulatory and Performance Audit, National Audit Office, from 2005 to 2013. He holds a Ph.D in Accounting from the University of Surry, UK and is a Certified Public Accountant (CPA) - USA. With extensive experience in the field of finance, Dr. Al Balooshi's career includes the post of Senior Manager with Ernst and Young, Director of Audit at the Ministry of Finance and Head of Computer Audit, Ministry of Finance.</p> <p>Additionally, Dr. Al Balooshi is Chairman of UOB Alumni, is a Member of AICPA (USA) and Member of the GCC Accounting and Auditing Organization. He is also in the Alba Audit Committee since August 2014. Furthermore, he has extensive lecturing experience in the fields of Accountancy and Auditing.</p>
Term of Office	<p>Mr. Raed Fakhri was appointed by the shareholders representing Mumtalakat at the AGM in 2014, as a Non-executive Dependent Director.</p> <p>Mr. Raed A. Fakhri has been serving on the Board since 03/14.</p>	<p>Mr. Al Balooshi is an Amber Holding representative on the Board and was elected by the shareholders in the AGM in 2014, as a Non-Executive Independent Director.</p> <p>Dr. Ahmed Ebrahim Al Balooshi has been serving on the Board since 03/14.</p>
Business Title & Professional experience in years	<p>Vice President of Investment – Mumtalakat Holdings</p> <p>20 Years</p>	<p>Assistant Professor at the College of Business Administration, UOB</p>
Committee Membership	<p>Executive Committee</p> <p>Nomination and Remuneration Committee</p>	<p>Audit Committee</p>

Board Structure (continued)

	Mr. Arif Haider Rahimi (Non- Executive Independent)	Mr. Ahmed Ateyatalla Al Hujairy (Non- Executive Independent)
Brief History / Biography	<p>Mr. Rahimi serves as a Director and Chairman of the Audit Committee for the Bahrain International Circuit and acts as Vice Chairman for BIW Labor Accommodation, Madaen Al Luzi and Luzi Housing Development Co. He is also the Managing Partner for the Masar Group of Companies and Director for Venture Projects WLL.</p> <p>Mr. Rahimi is a Certified Public Accountant, Board of Accountancy, Oregon, USA and has over 23 years of experience in financial services, working with regional and internationally acclaimed firms and banks such as BDO Jawad Habib, PriceWaterhouseCoopers, Gulf International Bank, Al Baraka Islamic Investment Bank, Arthur Andersen and Deloitte Haskins & Sells. Mr. Rahimi held the post of Managing Partner of BDO Jawad Habib Consulting, leading their corporate finance consulting division before forming the Masar Group of Companies.</p>	<p>Mr. Al Hujairy is Founder and CEO of Gulf Future Business S.P.C. He holds an executive MBA (Distinguished Honours) from DePaul University, Chicago, USA and has extensive experience in a range of fields including Telecommunications, Banking, Government, Information Technology and Business Analysis. He began his career with Riyad Bank, Saudi Arabia and subsequently worked with Batelco and Asia Computers before joining the Health Information Directorate where he attained the post of Director. Prior to founding Gulf Future Business, Mr. Al Hujairy held the role as Acting CEO, Advisor to the Minister of Health on Health Economics at Salmaniya Medical Complex and the role of General Manager at Gateway Gulf B.S.C.</p> <p>Mr. Al Hujairy is Vice Chairman ICT Committee, Bahrain Chamber of Commerce and Industry, Advisor and Founder of Bahrain Internet Society and a member of the Bahrain Society for Training and Development. Furthermore, Mr. Al Hujairy has published a number of papers and written articles on health, ICT and the Internet.</p>
Term of Office	<p>Mr. Rahimi was elected by the shareholders at the AGM in 2014, as a non-executive independent director in the Board.</p> <p>Mr. Arif Rahimi has been serving on the Board since 03/14.</p>	<p>He was elected by the shareholders at the AGM in 2014, as a Non-Executive Independent Director in the Board</p> <p>Mr. Ahmed A. Al Hujairy has been serving on the Board since 03/14.</p>
Business Title & Professional experience in years	<p>Managing Partner of Masar Professional Services</p> <p>Over 23 Years</p>	<p>Founder and CEO of Gulf Future Business</p> <p>Over 30 Years</p>
Committee Membership	Audit Committee	Audit Committee

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	Mrs. Khulood Rashid Al Qattan (Non – Executive Independent)	Mr. Oliver McFall (Non- Executive Independent)
Brief History / Biography	<p>Mrs. Al Qattan is the General Manager of Prime Advisory WLL and Managing Director of Green FX WLL. She holds a Bachelor’s Degree in Accounting from Ayn Shams University, Cairo 1984 and has 22 years of banking experience, mainly in the investment field. She started her career as a trader in the US & European equities and has experience in capital and money market instruments in the local, regional and international markets and also in portfolio management. Mrs. Al Qattan’s career began with Bank of Bahrain & Kuwait where she worked her way to Head of Investment Department before widening her experience with ADDax Investment Bank, Abu Dhabi Investment House and Evolve Capital.</p> <p>Furthermore, Mrs. Al Qattan is a Board Member of Sico Financial Services Company (SFS) and Board Member of Gulf Aviation Academy. She is an active member on the Committee for the Young Women Entrepreneur award issued by HH Princess Sabeeka Bint Ibrahim Al Khalifa and also a speaker in regional and international conferences</p>	<p>Mr. Oliver McFall, has 30 years of experience in international management consulting. His career achievements include 15 years as Vice President in Hamburg and the Middle East with Roland Berger Strategy Consultants, 10 years as Senior Partner with AT Kearney and 5 years as Senior Project Manager with McKinsey & Company. During his career, Mr. McFall’s client base has included large corporations in Europe, North America and the Middle east within telecommunications, electronics and renewable energy. Since 1998 Mr. McFall has worked for various public and private institutions in the GCC.</p> <p>Furthermore, Oliver McFall is a non-executive board member of Dantherm Power (Denmark) and Ringford Holding (Switzerland) .</p>
Term of Office	<p>Mrs. Al Qattan was elected by the shareholders at the AGM in 2014, as a non-executive independent director in the Board</p> <p>Mrs. Khulood Rashid Al Qattan has been serving on the Board since 03/14.</p>	<p>Mr. McFall was appointed at the AGM in 2014 by the shareholders representing Mumtalakat and he will hold the role as a Non-Executive Independent Director</p> <p>Mr. Oliver McFall has been serving on the Board since 03/2014.</p>
Business Title & Professional experience in years	<p>General Manager of Prime Advisory WLL. Over 20 years</p>	<p>Vice President in Hamburg and the Middle East with Roland Berger Strategy Consultants 30 Years</p>
Committee Membership	Audit Committee	Executive Committee

Mandate of the Board

The principle responsibilities of the Board, as set out in its Charter, are as follow:

- Represent the shareholder interests and optimizing long term financial returns.
- Establishing the Company’s policies and strategy and regularly monitoring the performance of executive management against it.
- Oversight, performance evaluation and succession planning of directors and executive management
- Preparation and fair presentation of the financial statements in accordance with the applicable financial reporting standards.
- Risk recognition and assessment to ensure that the Company’s operations, are measured, monitored and controlled by appropriate, effective and prudent risk management systems.
- Approve and monitor the progress of major capital expenditure, capital management, loans, and acquisitions, including the sale of movable and immovable property, granting permission for withdrawal of money and securities owned by Batelco
- Establishing policies to manage potential conflicts of interest including matters such as related party transactions.
- Establishing and disseminating to all employees and appointed representatives of the Company a corporate code of conduct

Board Meetings

As per the Charter of the Board, the directors are required to meet at least 4 times in a given financial year to discharge its responsibilities effectively.

During the year, the Board of Directors met 10 times on the following dates and discussed the below mentioned significant items.

The summary of final decisions taken on significant items discussed during the meetings is also stated below:

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
28/01/2014	<ul style="list-style-type: none"> - Batelco Bahrain Financial Performance – Full year – 2013 - Special Accounts (Previously VIPs) Receivable process improvement - Other Segments receivables and collection process improvement - Batelco Group Financial performance – 2013 results and financial dividend recommendation - Proposed AGM draft - Excess Liquidity options - Project OSCAR- Share Purchase Agreement - Remuneration Committee – Bonus Approval for operating companies and group - Batelco Group Annual budget 2014 	<ul style="list-style-type: none"> - Approved - Approved - Referred to Supervisory Committee - Approved - Referred to Supervisory Committee - Approved - Approved - Approved - Approved
06/02/2014	<ul style="list-style-type: none"> - Appointment of Group CEO 	<ul style="list-style-type: none"> - Referred to Supervisory Committee
04/03/2014	<ul style="list-style-type: none"> - The appointment of the Board Chairman and Deputy Chairman - The appointment of Remuneration and nomination committee members 	<ul style="list-style-type: none"> - Approved - Approved
30/03/2014	<ul style="list-style-type: none"> - The appointment of the Audit Committee - The appointment of the Executive Committee - The appointment of the Remuneration and Nomination Committee - The appointment of the Donations Committee - List of nominations to be appointed in the Group subsidiaries and JV's 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Approved
30/04/2014	<ul style="list-style-type: none"> - YTD March 2014 Results - 3+9 Forecast - Ratification of circulated resolutions - Group financial Performance – March 2014 YTD results - Excess liquidity options - Revised Dividend policy - New group Authority Matrix - New Authorized Bank Signatory list - Batelco Bank Authorized Signatories list - Batelco Middle east bank signatories list - Batelco international finance No.1 limited bank Authorized signatories list - Batelco middle east Jordan bank authorized signatory list - BMIC limited bank signatory list - Banque Saudi Fransi Bank Authorized signatories list - Saudi Hollandi Capital authorized signatories list - STEL Litigation Update - Resolution authorized signatories 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Approved - Approved - Referred to Executive Committee - Approved - Approved - Approved - Approved - Approved - Approved - Approved - Approved - Approved - Approved - Approved

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Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
09/06/2014	<ul style="list-style-type: none"> - Travelling Expenses - Agenda Creation - Mobile Broadband expansion - Fixed service Coverage 2014 - Group Strategy Formulation Timeline - Financial performance April and YTD results - New group Authority matrix 	<ul style="list-style-type: none"> - Needs further discussion - Approved - Approved - Approved - Approved - Approved - Approved
24/07/2014	<ul style="list-style-type: none"> - BCEO Status - GIA Status - Financial Performance – June and YTD results and interim dividends - Group strategy formulation update - Petrarca project - BMIC SIVA case - 6+6 forecast 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Needs further discussion - Approved - Approved - Approved
29/10/2014	<ul style="list-style-type: none"> - Credit collection policy - Accounts receivable - Batelco Bahrain September 2014 YTD Results - Old and fully provisioned retail debts write off approval - Batelco Key person register Update - NBN Project update and way forward - Data roaming policy - Batelco Group Financial performance September YTD Results - Strategic Options for Atheeb - Stel case update - IBGI company Closure - Group Treasury Policy - Annual banking limits review - Petrarca Project 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Needs further discussion - Approved - Approved - Approved - Need further discussion - Need further discussion - Approved - Approved - Approved - Need further discussion
03/12/2014	<ul style="list-style-type: none"> - Appointment of BCEO - Appointment of Quality net CEO 	<ul style="list-style-type: none"> - Approved - Approved
15/12/2014	<ul style="list-style-type: none"> - Batelco Group Strategy - Batelco Bahrain Strategy 	<ul style="list-style-type: none"> - Approved - Needs further discussion

The members of the Board during the year 2014, together with a record of their attendance at meetings which they were eligible to attend, are set out below:

Director Name	Status of Director	28/1	06/2	AGM 04/3	30/3	30/4	09/6	24/7	29/10	03/12	15/12
Shaikh Hamad bin Abdulla Al Khalifa	Non- Executive (Independent)										
Mr. Abdul Razak Abdulla Al Qassim	Non- Executive (Independent)										
Mr. Abdulrahman Yusif Fakhro	Non-Executive (Dependent)										
Brigadier Khalid Mohammed Al Mannaei	Non-Executive (Dependent)										
Mr. Raed Abdulla Fakhri (This member was elected in the AGM 2014)	Non- Executive (Dependent)										
Dr. Ahmed Ebrahim AlBalooshi (This member was elected in the AGM2014)	Non- Executive (Independent)										
Mr. Arif Haider Rahimi (This member was elected in the AGM2014)	Non- Executive (Independent)										
Mr. Ahmed Ateyatalla Al Hujairy (This member was elected in the AGM2014)	Non- Executive (Independent)										
Mrs. Khulood Rashid Al Qattan (This member was elected in the AGM2014)	Non- Executive (Independent)										
Mr. Oliver McFall (This member was elected in the AGM2014)	Non- Executive (Independent)										
*Mr. Murad Ali Murad	Non-Executive										
*Mr. Adel Hussain al Maskati	Non-Executive										
*Mr. Waleed Ahmed AlKhaja	Executive										
*Mr. Ali Yusuf Engineer	Non-Executive										
*Dr. Zakariya Ahmed Hejris	Non-Executive										
*Mr. Nedhal Saleh Al Aujan	Non-Executive										

Note (*): Directorship Term ended on 4th March 2014

Attended Did not attend

Corporate Governance

Elections of Directors

There are formal, rigorous and transparent procedures for the appointment of new directors to the Board.

Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of diversity on the Board, including gender.

The current directors of the Company are appointed by the General Shareholders Meeting from among candidates proposed by the Board on the recommendation of the Nomination and Remuneration Committee (NRC).

Director Appointment Letter

As a member of the Board, each Director has signed a formal written appointment letter which covers among other things, the Director's duties and responsibilities in serving on the Board, the terms and conditions of their directorship, the annual remuneration, and entitlement to reimbursement of expenses and access to independent professional advice when needed.

Induction and Training of Directors

The Chairman in conjunction with the NRC is responsible for ensuring that induction and training programs are provided.

Individual directors are also expected to take responsibility for identifying their training needs and to take steps to ensure that they are adequately informed about the Company and their responsibilities as a Director.

The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director.

On appointment, individual Directors undergo an induction program covering, amongst other things:

- The business of the Company;
 - Their legal and regulatory responsibilities as Directors;
 - Briefings and presentations from relevant executives; and
 - Opportunities to visit business operations.
- Throughout their period in office the Directors are continually updated on the Company's businesses and the regulatory and industry specific environments in which it operates.

These updates are by way of written briefings and meetings with senior executives and, where appropriate, external sources.

Termination of Directors

The membership of the Directors is terminated upon the expiry of the term upon which he/she needs to be subject to re-election.

The termination of directorship can also take effect if any Director is in breach of the applicable governing laws and requirements of the Articles of Association.

Performance Evaluation

Performance evaluation of the Board, Board Committees' individual Directors and executive management takes place on an annual basis and is conducted within the terms of reference of the NRC with the aim of improving the effectiveness of the Board and its Committees, individual contributions and the Company's performance as a whole.

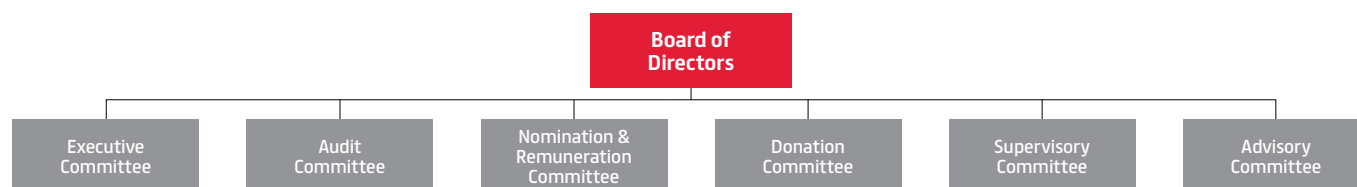
The evaluation is designed to determine whether the Board, its Committees, individual Directors and executive management continues to be capable of providing the high level judgment required and are informed and up to date with the business and its goals and understand the context within which it operates.

The next performance evaluation of the Board, its Committees, individual Directors and executive management is scheduled for 2015.

Board Committees Structure

In order to assist the Board in discharging its duties effectively and efficiently, the Board has established the following sub-committees:

The Board ensured that the Board Committees are provided with all necessary resources to enable them to undertake their duties in an effective manner. Each Board Committee has access to such information and advice, both from within the Company and externally, at the Company's cost as it deems necessary.



Executive Committee

The Executive Committee's primary duties and responsibilities are to:

- Review of Batelco's operational performance, at least once every financial quarter and direct management to develop and implement various initiatives to achieve the Annual Operating Plan
- Obtain reports at least once every financial quarter about the operating performance of joint ventures and associated companies and review the achievement of key financial targets and objectives
- Review of Batelco's 'Available For Sale' investment portfolio at least once every financial quarter
- Approve or recommend to the Board, all requests for the 'write-off' of an investment
- Approve or recommend to the Board any budgeted and unbudgeted capital expenditure
- Monitor the implementation of an effective corporate governance framework, with particular reference to the Corporate Governance Code of Bahrain (the "Code") and the requirements of the Central Bank of Bahrain ("CBB") Rulebook Volume 6
- Assist the Board in the effective discharge of its responsibilities for business, financial, operational, and reputational risk management and for the management of Batelco's compliance obligations

Executive Committee Meetings

As per the Charter of the Executive Committee, the Directors are required to meet at least 4 times in a given financial year to discharge its responsibilities effectively.

During the year, the Executive Committee met on 6 occasions on the following dates and discussed the below mentioned significant items. The summary of final decisions taken on significant items discussed during the meetings is also stated below:

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
23/01/2014	<ul style="list-style-type: none"> - Batelco Bahrain Financial performance YTD December 2013 - Batelco Group Financial performance YTD December 2013 - Excess Liquidity options 	<ul style="list-style-type: none"> - Recommended to the Board - Recommend to the Board - Recommend to the Board
04/05/2014	<ul style="list-style-type: none"> - Mobile Broadband Expansion - Fixed Service Coverage Expansion 	<ul style="list-style-type: none"> - Recommended to the Board - Recommend to the Board
08/06/2014	<ul style="list-style-type: none"> - Mobile Broadband Expansion - Decommissioned asset disposal - Group strategy formulation Timeline - Financial Performance April 2014 and YTD Results. 	<ul style="list-style-type: none"> - Recommend to the Board - Needs further discussion - Recommend to the Board - Recommend to the Board
20/07/2014	<ul style="list-style-type: none"> - Batelco Bahrain Financial and Business Performance (year to date) June 2014 - Batelco Group financial performance June 2014 and YTD results - Petrarca Project - Approval for additional group HR budget 	<ul style="list-style-type: none"> - Approved and will recommend to the Board - Approved and will recommend to the Board - Recommend to the Board - Recommend to the Remuneration and nomination committee

Corporate Governance

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
27/10/2014	<ul style="list-style-type: none"> - Unified BSS Transformation Capex - Batelco Bahrain September 2014 YTD results - Royal Guard Network Capex – way forward - Old and Fully Provisioned Retail Debts Write off Approval - NBN Project Update and way forward - 9+3 Forecast 2014 - Batelco Group September 2014 YTD Results - Strategic Options for Atheeb - Stel case update - Petrarca Project - Group Treasury policy - Annual banking limits review - Group 9 +3 Forecast 	<ul style="list-style-type: none"> - Needs further discussion - Approved and will recommend to the Board - Recommend to the Board - Approval - Recommend to the Board - Approved - Approved and will recommend to the Board - Recommend to the Board - Recommend to the Board - Need further discussion - Recommend to the Board - Recommend to the Board - Approved
27/11/2014	<ul style="list-style-type: none"> - Batelco Bahrain Oct 2014 YTD results - NBN options for Bahrain - Credit limit policy framework - Batelco Group Oct 2014 YTD results - BMIC vs Siva litigation update - Provision for STel Receivable 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Approved - Approved

The members of the Executive Committee during the year 2014, together with a record of their attendance at meetings which they were eligible to attend, are set out below:

Director Name	Status of Director	23/1	04/5	08/6	20/7	27/10	27/11
Mr. Abdul Razak Abdulla Al Qassim	Non- Executive (Independent)						
Mr. Abdulrahman Yusif Fakhro (This member was appointed in March 2014)	Non-Executive (Dependent)						
Mr. Raed Abdulla Fakhri (This member was appointed in March 2014)	Non- Executive (Dependent)						
Mr. Oliver McFall (This member was appointed in March 2014)	Non- Executive (Independent)						
*Dr. Zakaria Ahmed Hejres	Non- Executive						
*Mr. Nedhal Saleh Al-Aujan	Non- Executive						
*Mr. Waleed Ahmed Al Khajah	Executive						

Note (*): Directorship Term ended on 4th March 2014

Attended Did not attend

Audit Committee

The Company's internal audit function reports to the Audit Committee. The Audit Committee's primary duties and responsibilities are:

- The integrity of the Company's financial statements and financial reporting process and the Company's systems of internal accounting and financial controls;
- The annual independent audit of the Company's financial statements, the engagement of the external auditors and the evaluation of the external auditors' qualifications, remuneration, independence and performance;
- The appointment of Head of Internal Audit and the regular review of the activities and performance of internal audit function; and
- Compliance by the Company with legal and regulatory requirements, including the Company's disclosure of controls and procedures.

Audit Committee Meetings

As per the Charter of the Audit Committee, the Directors are required to meet at least 4 times in a given financial year to discharge its responsibilities effectively. During the year, the Audit Committee met on 7 occasions on the following dates and discussed the below mentioned significant items. The summary of final decisions taken on significant items discussed during the meetings is also stated below:

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
27/01/2014	<ul style="list-style-type: none"> - Internal Audit plan 2014-2016 - Internal Audit Activity report – Q4- 2013 - Audit issues follow up Report –Q4 – 2013 - KPMG 2012 management letter update - Compliance report 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Approved
03/03/2014	<ul style="list-style-type: none"> - Post-Acquisition of weber 	<ul style="list-style-type: none"> - Needs further Discussion
29/04/2014	<ul style="list-style-type: none"> - Group Financials – Q1 2014 - Group Internal Audit activity report - Follow up on open issues – Q1 2014 - Bahrain Internal Audit activity report - Bahrain Audit issues follow up – Q1 2014 - KPMG 2013 management letter update 	<ul style="list-style-type: none"> - Recommend to the Board - Needs further Discussion - Needs further Discussion - Needs further Discussion - Needs further Discussion - Approved
26/05/2014	<ul style="list-style-type: none"> - Post-Acquisition of weber - Compliance report 	<ul style="list-style-type: none"> - Approved - Needs further Discussion
23/07/2014	<ul style="list-style-type: none"> - Bahrain Internal Audit activity report - Bahrain Audit issues follow up – Q2 2014 - KPMG 2013 management letter update - Batelco key person register update - Group financials - Q2 2014 - Group internal Audit activity report – Q2-2014 - Follow up on open issues 	<ul style="list-style-type: none"> - Needs further Discussion - Approved - Approved - Recommend to the Board - Approved and will recommend to the Board - Approved - Approved
27/10/2014	<ul style="list-style-type: none"> - Batelco Bahrain Financials – Q3 2014 - Internal Audit Plan 2015-2017 - Internal Audit Activity report – Q3 2014 - Batelco Key person register update - Compliance report - Group Financials – Q3 2014 - Group internal Audit plan 2015-2017 - Group internal Audit Activity report –Q3 2014 - Follow up on open issues 	<ul style="list-style-type: none"> - Recommend to the Board - Approved - Approved - Raise to the Board - Approved - Recommend to the Board - Approved - Approved - Approved
20/11/2014	<ul style="list-style-type: none"> - Overall review of Audit and Executive committee Charters 	<ul style="list-style-type: none"> - Needs further Discussions

Corporate Governance

The members of the Audit Committee during the year 2014, together with a record of their attendance at meetings which they were eligible to attend, are set out below:

Director Name	Status of Director	27/1	03/3	29/4	26/5	23/7	27/10	20/11
Dr. Ahmed Ebrahim Al Balooshi (This member was appointed in 4 th March 2014)	Non- Executive (Independent)							
Mr. Arif Haider Rahimi (This member was appointed in 4 th March 2014)	Non- Executive (Independent)							
Mr. Ahmed Ateyatalla Al Hujairy (This member was appointed in 4 th March 2014)	Non- Executive (Independent)							
Mrs. Khulood Rashid Al Qattan (This member was appointed in 4 th March 2014)	Non- Executive (Independent)							
Mr. Abdulrahman Yusif Fakhro (He was a member from August 2013 till March 2014)	Non-Executive (Dependent)							
Brig. Khalid Mohammed Al Manna'ei (He was a member from June 2013 till March 2014)	Non-Executive (Dependent)							
*Mr. Adel Hussain Al Maskati	Non- Executive							
*Mr. Ali Yousif Engineer	Non- Executive							

Note (*): Directorship Term ended on 4th March 2014

Attended Did not attend

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) primary duties and responsibilities are to:

- Identify persons qualified to become members of the Board and executive management of the Company;
- Make recommendations to the Board regarding candidates for Board membership to be included by the Board of Directors on the agenda for the next AGM;
- Review the Company's remuneration policies for the Board and executive management, and submit for approval to shareholders;
- Remunerate Board members based on their attendance and performance.
- Administer the performance evaluation process for the Board and Board Committees and executive management.

Nomination and Remuneration Committee Meetings

As per the Charter of the NRC, the Directors are required to meet at least 2 times in a given financial year to discharge its responsibilities effectively.

During the year, the NRC met on 9 occasions on the following dates and discussed the below mentioned significant items. The summary of final decisions taken on significant items discussed during the meetings is also stated below:

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
28/01/2014	<ul style="list-style-type: none"> - Proposed incentive for Bahrain operation staff - Umniah Reward and Market position - Dhiraagu Bonus payment scheme - Sure CIIM bonus scheme - Group Bonus - Supervisory committee bonus - CEB Bonus - Umniah CEO Bonus - Dhiraagu and CIIM CEO bonus - Board remuneration - Self - assessment 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Approved and recommended to the Board - Approved - Approved - Approved - Approved - Approved - Approved
01/03/2014	<ul style="list-style-type: none"> - Group CEO employment - New Board members independent candidates 	<ul style="list-style-type: none"> - Needs further discussion - Approved
05/03/2014	<ul style="list-style-type: none"> - Dhiraagu Board representatives 	<ul style="list-style-type: none"> - Needs Further discussion
12/03/2014	<ul style="list-style-type: none"> - Director's Status (independent and non- independent). - Nomination of Audit Committee - Nomination of Executive Committee - Nomination of Remuneration Committee - Nomination of Donation Committee - Nomination of Batelco Group Companies 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Approved - Needs further discussion/ Raise it to the Board
30/03/2014	<ul style="list-style-type: none"> - Nomination of Audit Committee chairman - Nomination of Executive Committee chairman - Nomination of Remuneration Committee chairman - Nomination of Donation Committee chairman - Nomination of Batelco Group Companies 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Approved - Approved
01/07/2014	<ul style="list-style-type: none"> - GCA status 	<ul style="list-style-type: none"> - Approved
13/07/2014	<ul style="list-style-type: none"> - Letter from Mumtalakat - BCEO resignation - Developing succession planning framework 	<ul style="list-style-type: none"> - Needs further discussion - Needs further discussion - Needs Further Discussion
21/07/2014	<ul style="list-style-type: none"> - BCEO Status 	<ul style="list-style-type: none"> - Approved
05/11/2014	<ul style="list-style-type: none"> - Appointment of BCEO - Appointment of Quality net CEO - Atheeb board director nomination - South Atlantic and Diego Garcia combined 	<ul style="list-style-type: none"> - Approved - Approved - Approved - Referred to the Board

Corporate Governance

The members of the NRC during the year 2014, together with a record of their attendance at meetings which they were eligible to attend, are set out below:

Director Name	Status of Director	28/1	01/3	05/3	12/3	30/3	01/7	13/7	21/7	05/11
Shaikh Hamad bin Abdulla Al-Khalifa	Non- Executive									
Mr. Abdul Razak Abdulla Al Qassim	Non- Executive									
Brigadier Khalid Mohammed Al Mannaei (This member was appointed 12 th March 2014)	Non-Executive (Dependent)									
Mr. Raed Abdulla Fakhri (This member was appointed 12 th March 2014)	Non- Executive (Dependent)									
Mr. Abdulrahman Yusif Fakhro (He was a member from April 2012-March 2014)	Non-Executive (Dependent)									
*Mr. Murad Ali Murad	Non- Executive									
*Mr. Ali Yousif Engineer	Non- Executive									

Note (*): Directorship Term ended on 4th March 2014

Attended Did not attend

Donations Committee

The Donations Committee's primary duties and responsibilities covers, examining donation requests made to Batelco from time to time; determining whether to approve the donation requests; assess the quantum of the approved donation requests and overseeing the administration of the funding allocated by the Board for such donations;

Donations Committee Meetings

As per the Charter of the Donations Committee, the Directors are required to meet at least 2 times in a given financial year to discharge its responsibilities effectively.

During the year, the Donations Committee met on 2 occasions on the following dates and discussed the below mentioned significant items. The summary of final decisions taken on significant items discussed during the meetings is also stated below:

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
09/12/2014	- Review of donation requests	- Approved by circulation and minuted
15/12/2014	- Ratification of circulated resolutions - Review of donation requests	- Approved - Approved as per the donation policy

Donations Committee Meetings (continued)

The members of the Donations Committee during the year 2014, together with a record of their attendance at meetings which they were eligible to attend, are set out below:

Director Name	Status of Director	09/12	15/12
Shaikh Hamad bin Abdulla Al Khalifa	Non- Executive		
Mr. Abdulrahman Yusif Fakhro	Non- Executive		
Brig. Khalid Al Mannaei	Non- Executive		

Supervisory Committee

The primary role of the committee is to Direct and supervise the overall management of Batelco's Group functions. Its primary duty is to closely coordinate with the incumbent Group Chief Executive Officer (GCEO) or in his absence directly with his direct reports (as specified in the approved Group organization structure) all strategic directional and tactical matters as well as managerial affairs of the Group functions in order to ensure efficient and uninterrupted operation for the Group and all its subsidiaries and affiliates and in companies where Batelco has ownership with board representative

Supervisory Committee Meetings

As per the Terms of Reference of the committee, the members are required to meet twice a week to carry out discussions and daily decisions that affect the daily operations of the company.

During the year the Supervisory committee met 14 times.

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
From 05/01/2014 to 26/02/2014	- A Committee consisting of three members of the Board of Directors assumed the role of the Group Chief Executive Officer on a temporary basis until a new GCEO is appointed.	- Daily operations discussion and decisions

The members of the Supervisory Committee met 14 times during the year 2014. A record of their attendance at meetings which they were eligible to attend, is set out below:

Director Name	Status of Director	Meetings Eligible to Attend	Meetings Attended
Mr. Abdul Razak Abdulla Al Qassim	Executive <i>(From 12/05/2013 to 26/02/2014)</i>	14	12/14
*Mr. Murad Ali Murad	Executive <i>(From 12/05/2013 to 26/02/2014)</i>	14	13/14
*Mr. Waleed Ahmed Al Khajah	Executive <i>(From 12/05/2013 to 26/02/2014)</i>	14	12/14

Note (*): Directorship Term ended on 4th March 2014

Advisory Committee

Its primary duty is to advise the newly appointed Group Chief Executive Officer (GCEO) or in his absence directly with his direct reports (as specified in the approved Group organization structure) all strategic directional and tactical matters as well as managerial affairs of the Group functions in order to ensure efficient and uninterrupted operation for the Group and all its subsidiaries and affiliates and in companies where Batelco has ownership with board representative

Corporate Governance

Advisory Committee Meetings

As per the Terms of Reference of the committee, the members are required to meet twice a week to carry out discussions or when its crucial and provide advice in able to assist the new GCEO with his role is accomplishing daily decisions that affect the daily operations of the company.

During the year the Supervisory committee met 16 times.

Meeting Date	Key Matters Discussed	Final Decision (Approved / Rejected / Put on Hold / Needs further Discussions / Other comments)
From 04/03/2014 to 13/07/2014	- A Committee consisting of two members of the Board of Directors undertook the role of advising the new GCEO and assisting him to achieve daily operations on a temporary basis.	- Daily operations discussion and decisions

The members of the Advisory Committee met 16 times during the year 2014. A record of their attendance at meetings which they were eligible to attend is set out below:

Director Name	Status of Director	Meetings Eligible to Attend	Meetings Attended
Shaikh Hamad bin Abdulla Al Khalifa	Non- Executive	16	13/16
Mr. Abdul Razak Abdulla Al Qassim	Non- Executive	16	16/16

Code of Conduct and Whistle Blowing Policy

The Board has adopted a formal code of conduct and whistle blowing policies that apply to the Directors and all employees of the Company to guide them in their conduct and promote ethical behavior, honesty and integrity in their normal daily activities in order to safeguard and uphold the reputation of the Company at all times. The code of conduct and whistle blowing policies developed and implemented are in accordance with the applicable regulations and leading industry practice.

Conflict of Interest

At all times, the Directors have a duty to avoid circumstances which may result in interests that conflict with those of the Company, unless that conflict is duly approved by the Board.

It is the obligation of the Board to assess, determine and authorize any such potential conflicts, taking into account all the circumstances.

This includes potential conflicts that may arise when a Director takes up a position with another company or when the Company enters into transactions or agreements in respect of which a Director or executive officer has a material interest.

Where the existing Director wishes to take up an external appointment, they are under an obligation to inform and obtain prior approval from the Board before doing so.

Each external appointment of the Director is considered by the Board individually, taking into account the expected time commitment and any relationships.

During the year, no issues of conflict of interest were experienced or authorized by the Board and no Director of the Board abstained from voting due to this reason.

Related Party Transactions and Directors Trading of Company Shares

It is the policy and practice of the Company that all related party and intra-group transactions are done on an arm's length basis in the ordinary course of business and are approved by the Executive Management of the Company.

By reason of being a listed Company, the Directors, executive management and the employees are eligible to trade in the shares of the Company and are monitored by relevant authority in the Company to ensure that no trade is made with the material information still not made public.

Please refer the note 29 (Transactions with Related Parties) of the financial statements for the details of related party transactions Directors trading of the Company shares during the year.

Internal Controls

The Board has overall responsibility for ensuring that management maintains an effective system of internal control and for reviewing its effectiveness. A sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are clear processes for monitoring the system of internal control and reporting any significant control failings or weaknesses together with details of corrective action.

Management is required to apply judgment in evaluating the risks in achieving the objectives, in determining the risks that are considered acceptable to bear, in assessing the likelihood of the risks materializing, in identifying the ability to reduce the incidence and impact on the business of risks that do materialize and in ensuring that the costs of operating particular controls are proportionate to the benefit.

Throughout the year ended 31 December 2014, and to date, the Company has operated a system of internal control which provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations.

Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

The Board regularly reviews these processes through its principal Board Committees. The effectiveness of controls is periodically reviewed within the business areas and regular reports are made to the Audit Committee by the Internal Audit Department.

Remuneration Policy for Directors

The Company follows a transparent process with regards to the remuneration policy pertaining to the Directors in the Board.

The remuneration for the services rendered in the capacity of Director of the Company is based on the amount approved in last AGM recommended by the Board.

Any subsequent revisions to the remuneration will be based on the approval obtained from the shareholders in the next AGM.

The remuneration for Directors is principally based on the attendance in Board meetings, and are reduced on a pro-rata basis depending on actual attendance of Board meetings in the previous calendar year.

In addition to the above, the Company reimburses the Directors for all direct and indirect expenses, accommodation and travelling expenses, reasonably incurred during the term of their appointment.

Please refer the note 29 (Directors' Remunerations) of the financial statements for the details of Directors' Remuneration and Committees setting fees.

Remuneration Policy for Management

The remuneration principles of the Company are based on the following principles:

- Attract and retain human resources with ability, talent, skill and knowledge to deliver quality
- Aligning the reward of employees with the returns of the shareholders
- Implement incentive framework which challenges employees to deliver sustained, high quality consistent performance at all times

The NRC is responsible for devising the remuneration policy for the executive management of the Company with an objective to achieve a balance between offering market competitive remuneration to retain talent, and optimizing current and future shareholder returns.

The NRC utilizes the analytical tools, qualitative and quantitative measures and comparative studies by experts to formulate remuneration and compensation packages for the management of the Company.

In addition to this, the Company has also a framework in place to monitor and evaluate the performance of the executive management and employees of the Company.

An equitable and transparent system of limits and performance metrics is in place which is used to reward the employees of the Company for their accomplishments during the year.

The executive management under the guidance of the Supervisory Committee is responsible for administering the employee performance process.

Please refer the note 29 (Key Management Personnel Compensation) of the financial statements for the details of Executives Remunerations.

Corporate Governance

Stock Options and Performance linked incentives for executives

(Not Applicable to Batelco)

Auditors

The Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Company, including monitoring the Company's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors.

Details with regards to the audit and non-audit fees for the Parent Company Bahrain Telecommunications Company BSC as a legal entity are stated here below:

Audit Fees for 2014 BHD 69,594

Non-Audit Services Fees for 2014 BHD 5,950

KPMG Fakhro have been the Company's auditors since 1993. Having reviewed the independence and effectiveness of the external auditors, the Audit Committee has not considered it necessary to change the external auditors.

There are no contractual obligations restricting the Company's choice of external auditor. The Audit Committee has recommended to the Board that the existing auditors, KPMG Fakhro, be reappointed.

KPMG Fakhro have signified their willingness to continue in office and ordinary resolutions reappointing them as auditors and authorizing the Directors to set their remuneration will be proposed in next AGM.

Key Management Personnel

Alan Francis Whelan Group Chief Executive Officer	2014
Joined Batelco	2014
Previous roles/Experience	President – Reliance Globacom Executive Director - The DX Group Managing Director – C&W Vice President – AT&T BT Plc – Business Manager
Qualifications/Achievements	Master Degree – Management – McGill University, Canada BA Honors, Psychology – University Manchester
Faisal Qamhiyah Group Chief Financial Officer	2013
Joined Batelco	2012
Previous roles/Experience	Chief Financial Officer Umniah and Batelco Bahrain Chief Operating Officer – Zain Jordan Investments Director – Ern Capital Finance Director / CFO – Zain Jordan Group Internal Auditor – EDGO Group
Qualifications/Achievements	BA in Economics, CPA , EDP from Kellogg School of Management, USA.

Key Management Personnel (continued)

Rashid Abdulla Chief Executive Batelco Bahrain	2011 - August 2014
Joined Batelco	1974 (Cable & Wireless)
Previous roles/Experience	Qualitynet, Managing Director 2000 – 2010 General Manager Major Accounts General Manager New Business Development
Qualifications/Achievements	Thames Polytechnic, UK – BSc (hons) Electrical & Electronics Engineering
Muna Alhashemi A/Chief Executive Bahrain	Dec 2014
Joined Batelco	1990
Previous roles/Experience	A/Chief Executive Bahrain – Batelco Board Member Umniah General Manager Consumer Division- Batelco Senior Manager, Mobile Product Marketing and Development- Batelco Senior Manager, Marketing & Branding and Segmentation- Batelco Manager Product Marketing- Batelco Account Manager- Batelco Senior Officer – Customer Care- Batelco Senior Officer – Mobile Maintenance- Batelco Technician in Mobile Workshop- Batelco
Qualifications/Achievements	Msc. (Eng.) in Electronics & Communication BSc. (Honours) in Electrical & Electronic Engineering Associated Diploma in Electrical & Electronic Engineering
Sameer Altaf Chief Financial Officer Bahrain	2013
Joined Batelco	2008
Previous roles/Experience	Group Financial Controller, Batelco Group Interim Chief Financial Officer – Batelco Bahrain Head of Budgeting, Planning & Reporting- Mobilink Group Internal Auditor- Kinnevik AB
Qualifications/Achievements	FCA, FCCA

Corporate Governance

Ihab Hinnawi Umniah Chief Executive Officer	2009
Joined Batelco	2007
Previous roles/Experience	Batelco Bahrain Enterprise Division General Manager Batelco Jordan CEO Umniah Operations Director (2004-2007)
Qualifications/Achievements	BA Business Administration
Abdullah Kh. Tahboub Umniah Chief Financial Officer	2014
Joined Batelco	2009
Previous roles/Experience	Financial Controller at Umniah Mobile Company, Jordan (2009 – 2014) Finance Manager at Syriatel Mobile Telecom, Syria (2004 – 2009) Senior Auditor at Deloitte, Jordan (2001 – 2004)
Qualifications/Achievements	Graduate from Business Faculty / Accounting - University of Jordan – 2001 Certified Public Accountant (CPA) from USA – 2005
Ahmed Al Janahi GM Corporate Affairs & Batelco Group Board Secretary	2004
Joined Batelco	2003
Previous roles/Experience	Gulf Air Public Relations Manager World Travel Service – Asst. General Manager Arab Exchange – General Manager
Qualifications/Achievements	American College, Atlanta, US – BA Business Administration
Shaikh Ahmed bin Khalifa Al Khalifa Group GM HR & Development	2008
Joined Batelco	1997
Previous roles/Experience	Batelco Bahrain General Manager HR Bahrain Batelco Bahrain Senior Manager Employee Retention
Qualifications/Achievements	University of Virginia, US, Darden School of Business – Executive Development Program University of Glamorgan, Wales, UK – Masters of Business Administration information and Business Systems Technology – Diploma KLM Aviation College, Netherlands – Aviation Engineering Certificate

Key Management Personnel (continued)

Bernadette Baynie Batelco Group General Counsel	2008
Joined Batelco	2007
Previous roles/Experience	Batelco Bahrain Senior Commercial Legal Counsel National Australia Bank Limited – Head of Legal and Compliance National Australia Bank Limited – Principal Counsel
Qualifications/Achievements	Bachelor of Laws – Sydney University
Ali Sharif Group Chief Internal Auditor	2010
Joined Batelco	1989
Previous roles/Experience	Chief Internal Auditor Internal Audit Manager
Qualifications/Achievements	CIA (USA) CISA (USA) St. Edwards University, Austin, Texas, US- BA Finance (Hons)