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## ALUMINIUM BAHRAIN B.S.C.

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(FOR PRESENTATION BY BOARD TO SHAREHOLDERS AT AGM ON 7<sup>th</sup> MARCH 2018)  
**Corporate Governance Report for the year ending 31<sup>st</sup> December 2017**

### CONTEXT

The Corporate Governance Code of the Kingdom of Bahrain (the “MOICT Code”) was issued in 2010 by the Ministry of Industry, Commerce and Tourism (the “MOICT”). The Code requires public companies to adopt written corporate governance guidelines covering the matters stated in the Code, report annually to their shareholders on their compliance with those guidelines and the Code as well as explain to the shareholders if it has varied them or believe that any non-compliance was justified.

In July 2011, the Central Bank of Bahrain (the “CBB”) issued the Corporate Governance Module (the “CBB Module”) under the Capital Markets section of the CBB Rulebook. Certain sections of the CBB Module are extracts or expansions of the requirements found in the Code, and apply to all listed companies. Companies are required to report and explain any areas of non-compliance by way of an annual report to Shareholders and to the CBB. The CBB Module has been revised in subsequent years.

This report sets-out Alba’s report as required by both the MOICT Code and the CBB Module.

Corporate Governance Reports for 2017 and for prior years, as well as Alba’s Board approved Corporate Governance Guidelines can be viewed by visiting Alba’s corporate website at [www.albasmelter.com](http://www.albasmelter.com)

### REPORT ON COMPLIANCE

Alba currently complies with all the elements of the MOICT Code and the CBB Module with the exception of certain areas of non-application as explained below:

1. As permitted by 2012 changes to the CBB Module, the Directors’ Remuneration is only provided in aggregate and is not detailed at an individual Director level while Total Fees & Allowances are detailed at an individual Director level in the following pages. Information regarding Executive Management Remuneration [to include salaries, perquisites, bonuses, gratuities, pensions and any other components], which is now only requested in aggregate in the CBB Module, is not disclosed in this report but may be available for inspection through the Corporate Secretary of the Company subject to prior approval of the Chairman of the Board. (We report this matter only because the MOICT Code requirements has not been updated to align with the CBB Module requirements).
2. The MOICT Code and the CBB Module state that the majority of the members of the Audit Committee including its Chairman shall be independent. Currently, per the collective definitions in the MOICT Code and the CBB Module, three of the six members (including the Chairman) are classified as independent. The remaining three are classified as non-independent due to the fact that they hold management positions in controlling shareholders. The Alba Board has reviewed this matter and is of the opinion that the specific circumstances that lead to the members’ classification do not present actual conflict of interests with the activities carried by the Audit Committee, and do not impair the members’ abilities to exercise free judgment from conflicts.
3. The MOICT Code and the CBB Module state that all members of the Nomination and Remuneration Committee (NRC) including its Chairman shall be independent. Currently, per the collective definitions in the MOICT Code and the CBB Module, two of the three members (including the Chairman) are classified as independent. One Director is classified as non-independent due to the fact that he holds a management position in a controlling shareholder. The Alba Board has reviewed this matter and is of the opinion that the specific circumstances that lead to the member’s classification do not present actual conflict of interests with the activities of the NRC and do not impair the member’s abilities to exercise free judgment from conflicts.

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### DISCLOSURES REQUIRED BY APPENDIX E OF THE CODE AND THE CBB MODULE

#### 1. OWNERSHIP OF SHARES

On 23<sup>rd</sup> November 2010, the Company converted from a closed shareholding Company to a public shareholding Company.

- 1.1 Distribution of ownership by nationality: Bahrain, Saudi Arabia and Others.
- 1.2 Distribution of ownership by size of shareholders: Bahrain Mumtalakat Holding Company ("Mumtalakat"): **69.38%**; Sabic Industrial Investments Company ("SIIC"): **20.62%**; Public: **10%**
- 1.3 Ownership by Bahrain's government: **69.38%** (through Mumtalakat)
- 1.4 Names of shareholders owning 5% or more and, if they act in concert, a description of the voting, shareholders' or other agreements among them relating in concert, and of any other direct and indirect relationships among them or with the Company or other shareholders.

Mumtalakat; SIIC

A Shareholders' Agreement was signed on 8 November 2010, between Mumtalakat and SIIC pursuant to which Mumtalakat and SIIC intend to exercise the voting rights attached to their shares in a manner that would facilitate the appointment by SIIC of a third nominee to the Company's Board of Directors, provided that, among other things, SIIC owns at least 20% of the Company's issued share capital. If SIIC is able to independently appoint a third nominee to the Board of Directors by virtue of the application of the Company's Articles of Association, then Mumtalakat's responsibility to assist the appointment by SIIC of a third nominee to the Board of Directors would cease to have effect.

#### 2. BOARD, BOARD MEMBERS AND MANAGEMENT

##### 2.1 Board Functions

The functions of the Board are those established by the Corporate Governance Code and the Commercial Companies Law of the Kingdom of Bahrain, and by the Memorandum and Articles of Association of the Company (the "Articles"). In particular they include:

- Setting and monitoring the overall business strategy and business plan for the Company;
- Causing financial statements to be prepared which accurately disclose the Company's financial position;
- Monitoring management performance;
- Convening and preparing the agenda for shareholder meetings;
- Monitoring conflicts of interest and preventing abusive related party transactions;
- Assuring equitable treatment of shareholders, including minority shareholders;
- Exercising all powers and performing all acts necessary for the management of the Company in conformity with its objectives, within the bounds of the Law, the Articles, and resolutions of the General Meetings;
- Establishing key Company policies;
- Setting the Management structure; Appointing or removing key executives and employees, determining their duties, setting their remuneration and incentive programmes, (ensuring that these are aligned with the longer terms interests of the Company and shareholders), and overseeing succession planning;

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- Forming Executive, Audit and other Committees, appointing their members and specifying their powers, and ensuring a formal board nomination and election process;
- Ensuring the integrity of the corporation's accounting and financial reporting systems, and that appropriate systems of control are in place, particularly for risk management, financial and operational control, and compliance with the law and relevant standards;
- Ensuring compliance with the relevant ongoing requirements relating to the issuing of securities, including obligations relating to disclosure, dissemination of price sensitive information, and the prevention of market abuse and insider trading;
- Purchasing, selling and mortgaging assets, withdrawing funds and securities owned by the Company, applying for finance, issuing debentures, securities, giving guarantees to third parties, giving authorization to institute actions and defend the interests of the Company before the judiciary, entering into agreements for conciliation and arbitration, waiving the Company's priority rights, and deciding on the use of Company funds; and
- Approving those matters reserved to the Board in the 'Levels of Authority' document reviewed by the Board from time to time.

### 2.2 Types of Materials Transactions That Require Board Approval

The Levels of Authority (LOA) summarises areas related to strategies, long-term commitments and policies where approval of the Board is necessary. These include:

- Investment and expansion projects above monetary thresholds in accordance with capital expenditure policy approved by the Board and as set out in the LOA;
- Sales and purchase contracts (materials and services) greater than 5 years and, in some instances, above certain monetary thresholds and contract quantities;
- Equity and dividend related recommendations for Shareholders' approval;
- Recommendation of acquisitions, mergers, diversification, divestment, expansions and other business combination related decisions for Shareholders' approval;
- Strategic hedging strategies;
- Cumulative short-term borrowing limits;
- Annual plan and operating plan; and
- Key policies, such as the Levels of Authority, Code of Conduct, Tender policy, Risk Management policy, Capital Expenditure Policy and key HR policies.

The Levels of Authority (LOA) was reviewed and updated by the Board on 14<sup>th</sup> December 2017 to stream-line processes for better clarity and to reflect organizational changes.

### 2.3 Detailed Information About the Directors (including directorships in other Boards, positions, qualifications and experience)

The Board of Directors is the Company's main deliberative body responsible for determining the direction of the Company's business operations, including its long-term strategy.

The Board of Directors is composed of the following 10 Directors from 1<sup>st</sup> January 2017 to 20<sup>th</sup> March 2017:

## ALUMINIUM BAHRAIN B.S.C.

Name	Age	Member Since	Directorships of other Boards	Position
Shaikh Daij Bin Salman Bin Daij Al Khalifa	48	2014	Arab Shipbuilding and Repair Yard Co. (ASRY)	Chairman
Yousif A. Taqi	55	2008	Al Salam Bank	Director & CEO
			Manara Development Company	Chairman
			North Star Holding	Board Member
			Eskan Bank	Board Member
			Amar Holding	Board Member
			ASB Biodiesel, Hong Kong	Board Member
Osama M. Al Arrayedh	53	2006	None	None
Suha S. Karzoon	42	2015	ASMA limited	Board Member
			Mumtalakat Sukuk Holding Company	Board Member
			Bahrain Institute for Pearls and Gemstones (Danat) B.S.C.(c)	Board Member
			Bahrain National Dredging Company B.S.C.(c)	Board Member
			Mazad B.S.C.(c)	Board Member
			Noor Investment Company Limited	Board Member
			Jewel Holdings Limited	Board Member
			Zeus Holding Limited	Board Member
Dr. Mohamed Saleh Kameshki	58	2014	Saleh Abdulla Kamashki & Sons B.S.C. (c)	Board Member/Vice Chairman
			Mawteni Trading Company W.L.L.	Chairman
			Ibdar Bank	Board Member
Fahad Nasser Al Hazzani	65	2014	None	None
Khalid Ali Al Garni	45	2015	None	None
Fahad S. Al Sheabi	60	2014	Saudi Paper Company	Board Member
			Tatweer	Board Member
Abdulaziz S. Al Humaid (Elected Director)	57	2009	National Industrial Gases Company (GAS)	Board Member
			Royal Commission Colleges & Institutes for Jubail and Yanbu	Board Member
Mutlaq H. Al Morished (Elected Independent Director)	60	2015	National Metal Manufacturing & Casting (Maadaniyah)	Chairman
			Alinma Tokio Martine Company (ATMC)	Board Member
			Alinma Bank	Board Member
			Alinma Investment Company	Chairman
			Saudi Arabian Airlines	Board Member

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Following the Annual General Meeting of Alba Shareholders that was held on 21<sup>st</sup> March 2017, the Board of Directors is composed of the following 10 Directors:

Name	Age	Member Since	Directorships of other Boards	Position
Shaikh Daij Bin Salman Bin Daij Al Khalifa	48	2014	Arab Shipbuilding and Repair Yard Co. (ASRY)	Chairman
Yousif A. Taqi	55	2008	Al Salam Bank	Director & CEO
			Manara Development Company	Chairman
			North Star Holding	Board Member
			Amar Holding	Board Member
			ASB Biodiesel, Hong Kong	Board Member
			Eskan Bank	Board Member
Osama M. Al Arrayedh	53	2006	None	None
Suha S. Karzoon	42	2015	ASMA limited	Board Member
			Mumtalakat Sukuk Holding Company	Board Member
			Bahrain Institute for Pearls and Gemstones (Danat) B.S.C.(c)	Board Member
			Bahrain National Dredging Company B.S.C.(c)	Board Member
			Mazad B.S.C.(c)	Board Member
			Noor Investment Company Limited	Board Member
			Jewel Holdings Limited	Board Member
			Zeus Holding Limited	Board Member
Dr. Mohamed Saleh Kameshki	58	2014	Saleh Abdulla Kamashki & Sons B.S.C. (c)	Board Member/Vice Chairman
			Mawteni Trading Company W.L.L.	Chairman
			Ibdar Bank	Board Member
Yaser E. Humaidan	46	2017	None	None
Ali Al Shamrani	50	2017	None	None
Uwaidh Al Harethi	49	2014	Sinopec Sabic Tianjin Petrochemical Company Limited	Chairman
			Arabian Petrochemical Company (Petrokemya)	Board Member
Ahmed Al Jabr	53	2017	None	None
Mutlaq H. Al Morished (Elected Independent Director)	60	2015	National Metal Manufacturing & Casting (Maadaniyah)	Chairman
			Alinma Tokio Martine Company (ATMC)	Board Member
			Alinma Bank	Board Member
			Alinma Investment Company	Chairman
			Saudi Arabian Airlines	Board Member

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Short biographies of Alba's Board of Directors are as follows:

**Shaikh Daij Bin Salman Bin Daij Al Khalifa:** Shaikh Daij was appointed as Chairman of the Board of Directors of Aluminium Bahrain B.S.C. on 27 February 2014. Shaikh Daij is also the Chairman of the Executive Committee and the Nomination and Remuneration Committee. Currently, Shaikh Daij is also the Chairman of Arab Shipbuilding and Repair Yard Company (ASRY Bahrain). He was also the Chairman of ASRY Marketing Services Ltd. (ASRMAR) U.K. which ended in 2015, Vice Chairman of United Arab Shipping Company, Dubai-U.A.E. until June 30, 2015 and Board Member of Bahrain Convention and Exhibition Authority which ended in 2015. Previous key directorships include chairmanships at the General Organisation of Sea Ports, Bahrain Airport Company, and GCC Patent Office. Shaikh Daij has held various positions in the government of the Kingdom of Bahrain including the Ministry of Finance and the Ministry of Industry & Commerce. He was also a Board Member of Aluminium Bahrain B.S.C. in 2005.

Shaikh Daij was awarded the "Personality of the Year" by the Seatrade Middle East & Indian Subcontinent in 2010. He received a B.S.B.A. International Business at The American University Washington D.C., U.S.A. in 1991 and in 1999 Shaikh Daij completed a leadership management Program (Gulf Executive Program) from the University of Virginia, Darden School, U.S.A.

**Yousif A. Taqi:** Mr. Taqi has more than 25 years of experience in the financial services sector and is a recognised leader in the Islamic finance industry. He played a key role in formulating and implementing new standards and guidelines for the accountancy Boards of various Islamic financial institutions and organisations in the Kingdom of Bahrain and other countries. Mr. Taqi was appointed as a member of the Company's Board of Directors in 2008. In addition to serving on the Board of Directors of Aluminium Bahrain B.S.C., he is currently the Chairman of the Board Audit Committee, the Chairman of Manara Developments Company B.S.C. (c), Amar Holding Company B.S.C. (c), North Star Holding, and Board Member for Tadhamon Capital, and Pan Arabian Gourmet. Prior to his appointment as Chief Executive of Al Salam Bank Bahrain in 2006, he worked as the Deputy General Manager of Kuwait Finance House from 2003-2006. From 1983 to 2003, he worked with Ernst & Young, Bahrain office, in various capacities and was promoted to a partner in the firm in 1999, a position that he held until 2003. He received a bachelor's degree in Accounting from Husson College in the United States in 1990, and qualified as a Certified Public Accountant in 1991.

**Osama M. Al Arrayedh:** Mr. Al Arrayedh started his career in the Kingdom of Bahrain's Ministry of Electricity and Water in 1986 as a Systems Developer. From 1992 to 2002 he was the Chief of Computer Systems Development & Maintenance. In 2003, he joined the Ministry of Industry as the Director Hi-Tech and Informatics. In 2005, he was appointed the Assistant Undersecretary for Industrial Development at the Ministry of Industry and Commerce. Currently, Mr. Al Arrayedh is the Undersecretary for Industry Affairs. He was appointed as a member of the Board of Directors of Aluminium Bahrain B.S.C. in 2006 and is a member of the Board Audit Committee. Mr. Al Arrayedh has been a Board Member in the Gulf Organization for Industrial Consultancy since 2008. He received a bachelor's degree in Computer Science and Mathematics from St. Edward's University, Austin Texas, in 1985. In 1995, he received his Master of Philosophy (Mphil) in Computer Science from the University of Nottingham, and presented his thesis on the Evolution of Synthesized Relational Database Schemas. In 2002, he underwent an Executive Development Programme at University of Virginia."

**Fahad Nasser Al-Hazzani:** Mr. Al Hazzani was appointed as a member of the Board of Directors of Aluminium Bahrain B.S.C. on 27 February 2014. Mr. Al Hazzani was also a member of the Board Audit Committee. Mr. Al Hazzani received his B.S. Nuclear Engineering from Oregon State University, U.S.A. in 1977. In 2004 Mr. Al Hazzani obtained his MBA from Strathclyde Graduate School of Business, Glasgow, Scotland. In 1977-1980 Mr. Al Hazzani was involved in the field of trading in his family business. Mr. Al Hazzani has held several positions in Gulf Petrochemical Industries Co. (GPIC) from 1980-2002. He was a Procurement Specialist at Yokogawa Middle East Bahrain from September 2003-July 2004.

**Dr. Mohamed Kameshki:** Dr. Kameshki was appointed as a member of the Board of Directors of Aluminium Bahrain B.S.C. on 27 February 2014. He is a renowned Bahraini consultant and social responsibility advocate. He is a business strategist

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with a strong academic background. Over his 25 years professional career, he has advised numerous local companies in various sectors on their strategy formulation, operational excellence, customer satisfaction and human capital resourcing. This was supported by his sound academic background and quantitative research capabilities, in addition to strong communication skills. In addition, he has published a number of research papers in regional journals and participated in international conferences particularly on issues related to current business & economic situations.

**Suha S. Karzoon:** Ms. Karzoon joined Mumtalakat in September 2014 and currently holds the role of Chief Financial Officer, overseeing the Finance, Treasury and External Portfolio functions. As the Chief Financial Officer, Suha is currently responsible for implementing effective financial policies and controls, financial reporting to relevant stakeholders in addition to developing, implementing and managing an optimal capital structures that effectively meets short-term liquidity needs and long term strategic objectives.

Prior to holding this role, Ms. Karzoon was Chief Operating Officer, with the responsibility of overseeing Mumtalakat's corporate functions including Legal, Risk Management, Human Resources and Administration and Information Technology. She was also responsible for corporate governance practices at Mumtalakat, and ensuring compliance with legal and regulatory requirements where needed.

With over 17 years of experience in finance and accounting, audit, advisory and statutory reporting services, Ms. Karzoon's industry exposure includes Financial Services, Insurance and the Public Sector. Prior to joining Mumtalakat, Ms. Karzoon held the role of Vice President, Finance and Support at Tamkeen (Labour Fund), where she was responsible for Tamkeen's internal operating units, including Finance, Human Resources, Legal and Information Technology. Formerly, Ms. Karzoon held different managerial positions at KPMG International working within the Audit and Advisory Units in Bahrain, Qatar, and the United States.

On the 10th of June 2015, Ms. Karzoon was appointed on the Board of Alba, the appointment makes Ms. Karzoon the first woman on Alba's Board since its establishment.

Ms. Karzoon is a Certified Public Accountant and holds a Bachelor's of Science in Accounting from the University of Bahrain.

**Khalid A. Al Garni:** Mr. Al-Garni is the Vice President-Finance at Saudi Basic Industries Corporation (SABIC). Prior to his present post, he was the GM-Global Corporate Controller. He also held senior managerial positions and was the Audit Partner at Deloitte. Mr. Al-Garni currently holds various positions and appointments as follows:

1. Member - Board Audit Committee at Yanbu National Petrochemical Company (YANSAB) a joint stock company listed in Tadawul (Saudi Arabian Stock Exchange);
2. Member - Board of Directors and Board Audit Committee at Arabian Industrial Fibers Company (IBN RUSHD) an affiliate of SABIC located in Yanbu, Kingdom of Saudi Arabia;
3. Shareholder Representative at Gulf Petrochemical Industries Company (GPIC) a subsidiary of SABIC located in Sitra, Kingdom of Bahrain

Mr. Al-Garni has a Bachelor Degree in Accounting and is a Certified Public Accountant (CPA). He is also a member of the Saudi Organization for Certified Public Accountant (SOCPA). He has a global expertise in his field and was among those selected by Deloitte to work in tri-state region of USA – Northern Region – New York, New Jersey, and Connecticut.

**Fahad S. Al Sheabi.** Mr. Al Sheabi was appointed as a member of the Board of Directors of Aluminium Bahrain B.S.C. on 27 February 2014 and was a member of the Nomination and Remuneration Committee.

Prior to his retirement from Saudi Basic Industries Company (SABIC), he was appointed as the CEO advisor after working in various senior positions at SABIC. He joined SABIC in 1979 as a researcher for the petrochemical industry. During his tenure, he worked on a global assignment and was the Chairman and a Board member of various companies at SABIC affiliates. Currently, he is a Board member of Saudi Paper Company (Listed at Saudi stock market), Chairman of the audit

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committee at SAICO (Listed at Saudi stock market) and Board member of a Saudi government owned company (TATWEER) chaired by Education Minister.

**Abdulaziz S. Al Humaid:** Mr. Abdulaziz S. Al-Humaid has 35 years of experience in the petrochemical and metal industries. Before taking up his current post as SABIC Executive Vice President, Metals in November 2009, Mr. Al-Humaid was the SABIC Vice President, Metals and former Company President of several SABIC affiliates including the Saudi Iron and Steel Company (HADEED), Al-Jubail Petrochemical Company (KEMYA) and National Industrial Gases Company (GAS). In March 2009, he was appointed as a member of the Board of Directors of Aluminium Bahrain B.S.C and has also served as a member on both the Board Audit Committee and the Human Resources Committee. He is currently the Board Chairman of Eastern Petrochemical Company (SHARQ), a Board Member of the Royal Commission Colleges and Institutes for Jubail and Yanbu, and a former Board Member of Gulf Aluminium Rolling Mill Company (GARMCO) in Bahrain.

**Mutlaq H. Al Morished:** Mr. Al Morished has extensive experience in the field of corporate finance. Before taking up his current position as Chief Executive of National Industrialization Company (TASNEE)-Saudi Arabia in January 2015, Mr. Al Morished was the Executive Vice President, Corporate Finance at Saudi Basic Industries Corporation (SABIC), he was successively Vice President of Shared Services, President of the Saudi Petrochemical Company, and also of the Saudi Iron Steel Company. Mr. Al Morished was a member of the Board of Directors of Aluminium Bahrain B.S.C. from 1st May 2003 until 31st December 2014; and was also a member of the Executive Committee.

At the Extraordinary General Meeting of Alba Shareholders that was held on the 10th of June 2015, Mr. Al Morished was elected as an independent Board Director of Alba. Currently, he serves on the Board of National Metal Manufacturing & Casting Co. (Maadaniyah) and Alinma Tokio Marine Company (ATMC).

Mr. Al Morished received a bachelor's degree in Nuclear Physics and Mathematics from the University of Denver. He obtained his MBA from Stanford University, and an MSc in Nuclear Engineering from Princeton University.

**Yaser E Humaidan:** Mr. Yaser E. Humaidan is an Investment Professional with over twenty years banking experience in enterprise finance strategy and asset classes including equities, fixed income, hedge funds, private equity, and structured investments. He is proficient at assisting companies to position themselves in order to achieve stability and growth in fluctuating economies. He also holds an extensive client-centric portfolio oversight and management skills.

His last position was Head of Investment at Gulf International Bank, Bahrain and prior to that he was a member of the Fixed Income/Derivatives Unit at Gulf International Bank, Bahrain. He has previously served on the Board of Bahrain Bourse.

Mr. Humaidan holds a Bachelor of Science degree in Finance from Lehigh University in Pennsylvania, United States of America.

**Ali Al Shamrani:** Ali Al-Shamrani draws on more than a quarter-century of experience in the petrochemicals industry. He currently working in CEO office as CEO Business Support & Executive Affairs reports directly to the SABIC Vice Chairman. Ali joined SABIC as a computer programmer in 1989, earning promotion to analyst and then planner. He later helped implement the Baan Enterprise Resource Planning (ERP) software project.

Since that time, he has undertaken a series of progressively more responsible positions at SABIC, including Manager of SABIC Dubai and General Manager, Asia/Pacific (based in Singapore), prior to joining the CEO's office in 2007. In addition to his work at SABIC, Ali serves as a member of the board of Yanbu National Petrochemical Co. (YANSAB). A graduate of King Saud University-Riyadh's Computer & Information Science College, Ali received an Associate Degree in Programming Technology. He learned English at the English Language Training Institute in Charlotte, North Carolina in the US. Ali went



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on to earn a Bachelor of Science degree in Economics & Administration from King Abdul Aziz University-Jeddah and a Master's in Business Administration from the University of Sharjah.

**Ahmed Al Jabr:** Mr. Al Jabr has more than 30 years of dynamic experience in Saudi Basic Industries Corporation (SABIC) as a top-level Executive in different management, manufacturing, and technical functions and currently holding the post of the President of SAFCO & Ibn Al-Baytar. He has previously also served as a Board member at Ibn Rushd and Ibn Al Baytar.

He encompasses profound technical expertise in manufacturing, operations and projects, work effectively with Government bureaus and with a wide range of clients and suppliers in a diverse community. Mr. Al Jabr also actively participates in social events, and community contributions.

He has graduated from King Fahd University of Petroleum and Minerals securing a Bachelor of Science Degree in Chemical Engineering.

**Uwaidh Al Harethi:** Prior to his present posting, Mr. Al-Harethi was the Executive Vice President of the Chemicals business unit and, before that, the Vice President of Global Procurement Services. He has led sophisticated overseas manufacturing and service organizations with profit and loss responsibility up to \$4.6 billion and more than 2500 employees.

Al-Harethi is skilled at establishing operational excellence within culturally diverse environments, translating conceptual models into specific growth strategies, and planning/executing multi-faceted global business development campaigns designed to improve market share, gross revenue and EBITDA.

Key qualifications include but not limited to: global and cross culture experience of joint ventures and strategic business partnerships; corporate vision and strategic/operational planning; media crises management; projects management; global environment, health and safety, labor law; capital investment planning and financial modeling; acquisitions, divestitures; forecasting and budgeting; energy saving and sustainability studies.

Mr. Al-Harethi is a Chemical Engineer and holds a Masters in Business Administration with a concentration in Management Information Systems from King Fahd University of Petroleum and Minerals.

#### **2.4 Numbers & Names of Independent Directors Can Be Found in Section 3.2**

#### **2.5 Board Terms & Start Date of Each Term Are Set-out in Article 22: 1, 2, 3, 4, & 5**

- See 2.8 for Board terms, and 2.3 for current status of appointment terms.
- Bahrain Mumtalakat Holding Co. with its percentage share of 69.38% is entitled to appoint six directors. Sabic Industrial Investments Company with its percentage share of 20.62% is entitled to appoint two directors.
- In line with the Shareholders' Agreement between Bahrain Mumtalakat Holding Co. (69.38%) and Sabic Industrial Investments Company (20.62%), one director was elected by the Shareholders' using the free shares.
- With the approval of the Shareholders, at the Extraordinary General meeting held on 10<sup>th</sup> June 2015, one director was elected as an independent board director representing the 10% public listed shares. He was re-elected at the Annual General Meeting held on 21<sup>st</sup> March 2017.

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### 2.6 New Directors Orientation

A personal orientation is done by the Chairman with the new Directors. A Director's handbook consisting of key documents and other contexts on the Directors' responsibilities was created in 2011 and was updated in March 2017 for the new members of the Board. In all, there were 4 new Directors appointed by the Board in 2017.

### 2.7 Directors' Ownership & Trading of Company Shares During 2017

Currently, one Board Director holds Alba ordinary shares. Below is the current shareholding status:

(1) Mutlaq H. Al Morished

Shareholding as at 31 <sup>st</sup> December 2016:	1,200,000
Shareholding as at 31 <sup>st</sup> December 2017:	1,200,000

### 2.8 Election System & Process for Termination of Directors [might be subject to changes once the Board recommends the approval of the Memorandum and Articles of Associations to the shareholders and the shareholders approve them in Extraordinary General Meeting]

- The Company shall be administered by a Board of Directors consisting of 10 (ten) Directors to be appointed and/ or elected in accordance with the provisions of the Articles of Association and Article 175 of the Commercial Companies Law of the Kingdom of Bahrain (the "Law"). The number of directors may be varied according to paragraph 5 of Article 22 subject to the provisions of the "Law".
- Any person who owns ten percent (10%) or more of the capital, may appoint members on the Board of Directors for the same percentage of the capital he owns, by rounding the digits of the number to the nearest round figure. If he exercises this right, he shall lose his right to voting for the percentage for which he needs to appoint a proxy. Each person who has not exercised his right to appoint members on the Board of Directors, or who does not own a percentage qualifying him to appoint another member, may use his percentage in voting. His right to appoint members shall be forfeited in case he does not exercise it in an election or to appoint members on the Board of Directors, in each case separately, or unless it is provided otherwise in the company's Memorandum and Articles of Association. After making the appointments for membership of the Board of Directors by eligible shareholders through the application of the provisions of bullet no. 2 above, the Ordinary General Meeting shall elect the remaining number of members of the Board of Directors by secret ballot. The election shall be by simple majority of eligible votes subject to the provisions of bullet no. 2 above with respect to eligibility for voting in the election which shall be based on a list or lists of qualified nominees presented to the Ordinary General Meeting by the Board of Directors before the date of the General Meeting at which elections are scheduled to take place.
- The Ordinary General Meeting may from time to time determine the number of members of the Board of Directors otherwise than specified in paragraph 1 above, provided the number of members shall at no time be less than five. The purpose of determining the number of members in this manner is to include the number of members appointed pursuant to bullet no. 2.
- Members of the Board of Directors shall be elected for a three-year renewable term. A corporate person who has appointed one or more members of the Board of Directors may replace them by others whether during the said period or on its expiry. An elected member of the Board of Directors may be re-elected upon the expiry of his term of office and this shall be considered to be a new nomination which requires

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satisfaction by such member of all the terms and conditions required to be satisfied by a person nominated for membership of the Board of Directors for the first time as set out in Article 23 of the Articles of Association. The term of office of the Board of Directors may be extended by Resolution of the Minister of Industry, Commerce and Tourism for a period not exceeding six months at the request of the Board of Directors.

- No person shall be appointed or elected to membership of the Board of Directors unless he consents in writing thereto.

### 2.9 Termination

A director's membership of the Board of Directors terminates in the following events:

- If he was appointed or elected contrary to the provisions of the Law or the Articles of Association.
- If he loses any of the qualifying conditions referred to in Article 23 above or in Articles 173 of the "Law".
- If he mis-uses his position as director in carrying on business that is competitive to that of the Company or if he causes actual damage to it.
- If he resigns or withdraws from his office, provided the foregoing shall be done in an opportune time, otherwise he shall be liable to pay damages to the Company.
- If the appointing shareholder has notified the Board of Directors of its desire to terminate the membership of the member representing it or to appoint a replacement thereof.
- If the General Meeting terminates his membership in accordance with Article 178 (b) of the "Law" and Article 27 of the Company's Memorandum & Articles of Association. The General Meeting may terminate the membership of all or some of the members of the Board of Directors. Requisition for termination shall be presented to the Board of Directors by shareholders representing at least 10% of the capital. The Board of Directors shall forward such requisition to the General Meeting within a maximum period of one month (in accordance with Article 47- 1.e) from the date of its submission; otherwise the Ministry of Industry and Commerce and Tourism may issue the notice for the Meeting. The General Meeting may not consider this requisition with respect to the said termination unless the said requisition is on the agenda, except when serious developments are revealed during the meeting requiring such termination.

A member who has been terminated may seek compensation from the Company if said termination is without acceptable justification or not at a suitable time.

### 2.10 2017 Board Meeting Dates

Meetings of the Company's Board of Directors take place at least quarterly or more frequently as deemed necessary. The Board Meetings in 2017 were held on 09 February, 25 May, 27 September and 14 December.

### 2.11 Attendance of Directors at Each Board Meeting in 2017

Shaikh Daij Bin Salman Bin Daij Al Khalifa	(4 meetings)
Yousif A. Taqi	(4 meetings)
Osama M. Al Arrayedh	(4 meetings)

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Ms. Suha S. Karzoon	(3 meetings)
Dr. Mohamed S. Kameshki	(4 meetings)
Mutlaq H. Al Morished	(4 meetings)
Fahad N. Al Hazzani	(1 meeting)
Fahad S. Al Sheaibi	(1 meeting)
Abdulaziz S. Al Humaid	(1 meeting)
Khalid A. Al Garni	(1 meeting)
Yaser E. Humaidan	(3 meetings)
Ali Al Shamrani	(3 meetings)
Ahmed Al Jabr	(3 meetings)
Uwaidh Al Harethi	(3 meetings)

### 2.12 Directors' Annual Remuneration Fees for 2017

The annual remuneration fees of the Directors are determined by the shareholders at the Annual Shareholders' Meeting post approving the Company's previous fiscal year's financial statements and are subject to the approval of the Minister of Industry, Commerce and Tourism in respect of any year in which the Company was unprofitable. In regards to the remuneration fees for the Board Directors, at the Annual Shareholders' Meeting held on 21<sup>st</sup> March 2017, a total sum of BD 210,000 was approved for ten Board of Directors for the fiscal year 2016. For year ending 31<sup>st</sup> December 2017, a total sum of BD 210, 000 shall be paid to ten Board Directors. The annual remuneration of Board Directors for the year 2017 will be approved by the Shareholders at the Annual General Meeting on 07<sup>th</sup> March 2018.

### 2.13 Total Fees & Allowances for 2017 (for each director)

An attendance allowance of BD Five Hundred per meeting was agreed by the Board in the 105<sup>th</sup> Alba Board Meeting date 15 April 2007. In September 2009, the Chairman of the Board approved an allowance of BD Three Hundred to each Board Director travelling from Saudi Arabia. On 11 June 2014, the Board approved a new Policy for Board Directors and Board Committee Members' Remuneration, Fees and Per Diem Allowance effective for implementation by 24 September 2014. This policy was revised at the 147<sup>th</sup> Board Meeting held on 25<sup>th</sup> May 2017 and an attendance allowance of BD One thousand per meeting was agreed by the Board at this meeting.

Name of Board Director	Total Fees & Allowances for 2017 (in BHD)	Notes
Shaikh Daij Bin Salman Bin Daij Al Khalifa	31,000	
Yousif A Taqi	17,000	
Osama M. Al Arrayedh	15,000	
Suha Karzoon	14,000	
Dr. Mohamed Kameshki	17,000	
Yaser E. Humaidan	10,500	Joined on 5th April 2017
Fahad N. Al Hazzani	4,500	Retired on 20th March 2017
Ali Al Shamrani	15,000	Joined on 21st March 2017
Uwaidh Al Harethi	15,900	Joined on 21st March 2017
Ahmed Al Jabr	15,900	Joined on 21st March 2017

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Fahad S. Al Sheaibi	7,200	Retired on 20th March 2017
Khalid Al Garni	7,200	Retired on 20th March 2017
Abdulaziz S. Al Humaid	5,300	Retired on 20th March 2017
Mutlaq H. Al Morished	26,300	
Dr. Ahmed Al Balooshi (not a Director)	10,000	
Mr. Ahmed Al Khamis (not a Director)	13,600	
<b>TOTAL</b>		<b>225,400</b>

### 2.14 Profile of Executive Management

Name	Age	Position	Date of First Appointment	Appointment Date to Current Position
Timothy "Tim" J. Murray	46	Chief Executive Officer	May 2007	October 2012
Ali Al Baqali	48	Deputy Chief Executive Officer and Chief Supply Chain Officer (CSCO)	May 1998	Was the Chief Financial Officer from June 2013 until September 2017. Appointed as the Deputy Chief Executive Officer and Chief Supply Chain Officer (CSCO) in September 2017
Amin Sultan	49	Chief Power Officer	May 1997	Appointed as the Chief Operations Officer in December 2016 until May 2017. Appointed as the Chief Power Officer in May 2017
Khalid Abdul Latif	45	Chief Marketing Officer	September 1989	September 2015
Hassan Noor	45	Acting Chief Operations Officer	April 1997	May 2017
Waleed Tamimi	43	Chief Administration Officer	May 2011	September 2017

The Company's Executive Management is primarily responsible for managing its day-to-day operations and implementing the strategy and policies set forth by the Company's Board of Directors. Below is a biographical summary of the members of the Executive Management at the end of 2017 including resignations and new appointments:

**Timothy "Tim" J. Murray, Chief Executive Officer:** Tim Murray has been Chief Executive Officer of Alba since October 2012. He has been with Alba since 2007 when he joined as General Manager of Finance. During his time at Alba he has held the roles of Chief Finance & Supply Officer, Chief Financial Officer, and Chief Marketing Officer. Tim has played an instrumental role in the transformation of Alba's Safety Culture through the implementation of the "ZERO Accident Principals". He has been instrumental in the training and development of people including Alba's MBA sponsorship program. In addition, he launched the "Project Titan" cost improvement program.

In 2017 Tim was recognized as a "CEO Who Gets It" by the US National Safety Council for his contributions on Safety, Health and Environment. Tim led Alba's IPO when the company listed on both the London and Bahrain Stock exchanges in November 2010.

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Before joining Alba, Mr. Murray spent 10 years at ARC Automotive where in his last role he was Vice President and Chief Financial Officer.

Tim holds an MBA from Vanderbilt University where he graduated Beta Gamma Sigma. He also holds a Bachelor of Science in Accounting from Susquehanna University. He is a CPA and member of the American Institute of CPAs. He has attended various Executive Management Programs at Wharton and University of Chicago.

Outside of work, Tim enjoys spending time with his Family, Coaching, Reading and summertime in Cape Cod Massachusetts.

**Ali Al Baqali, Deputy Chief Executive Officer and Chief Supply Chain Officer:** Mr. Ali Al-Baqali was appointed as the Deputy CEO and Chief Supply Chain Officer of Aluminium Bahrain B.S.C. (Alba) in September 2017. Before his current role and since June 2013, Ali was the Chief Financial Officer of Alba, taking care of Financial Accounting & Controlling, Strategic Supply & Planning, Legal, Procurement & Warehousing and Calciner & Marine.

Before he joined Alba's executive management team, Ali was the Company's Manager of Procurement & Warehousing, where he led the Purchasing, Warehouse & Inventory Management functions since April 2010, during which he made significant improvements in the procurement cycle & the supply chain, as well as formulated various sourcing strategies for key material categories.

Ali's experience in procurement is extensive as he was known for being perceptive in handling strategic issues with the company's major vendors. At various stages during his 19 years with Alba, he led many successful projects namely the Bar-coding system in Warehouse, Satellite Stores optimisation, AlbaSmartWay Wave program, etc.

Starting his career in Alba as a purchasing officer, Ali then got certified as QMS & EMS internal auditor and headed various sections in Materials Management. Prior Alba, Ali worked in the fields of Accounting in YBA Kanoo and of Purchasing in GIIC (Gulf Industrial Investment Company) and Delmon Poultry.

Ali, who holds a B.Sc. degree in Accounting from the University of Bahrain and an MBA from the French Arabian Business School / ESSEC, is a professional member of the Chartered Institute of Purchasing & Supply (CIPS), UK. Moreover, He is a Board member of INJAZ and Tenmou, The first Bahraini Business Angels Company.

**Amin Sultan, Chief Power Officer:** Mr. Amin Sultan holds Chief Power Officer position of Alba's 2249 MW ISO Power & Utilities and Potline 6 expansion project for the new 1792MW Power Station. He also oversees the Alba wide property and business interruption including all risks insurances. Mr. Amin Sultan has been with Alba since 1997.

Mr. Amin Sultan played instrumental roles in the Alba organization restructuring process in 2010, implementation of Lean & Six Sigma tools during STAR project 2011/2012 and also the cost saving Titan project. Currently, leading Titan Phase II and energy conservation Tesla projects.

Before joining Alba, Mr. Amin Sultan spent 5 years at the leading Japanese control and instrumentation Yokogawa where in his role covered engineering, maintenance and projects experiences in vast industries such power & utilities, refineries, and petrochemicals.

Mr. Amin Sultan holds an M.Sc. in Electrical Engineering from the University of Bahrain and an MBA from ESSEC Business School. He also attended various Executive Management Programs at University of Chicago Business School and University of Cranfield School of Management.

Outside of work, Mr. Amin Sultan enjoy spending time with his family, playing golf and reading.

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**Mr. Khalid A. Latif, Chief Marketing Officer:** Mr. Khalid A. Latif was appointed as Chief Marketing Officer at Aluminium Bahrain B.S.C. (Alba) on September 30, 2015, in line with Alba's strategy to develop Bahraini nationals from within the Company into key leadership positions. In his current role, Khalid leads the Company's global marketing strategies to drive innovation across its business divisions, depending on the deep knowledge he has in both marketing and operations fields. He continuously simulates Alba's existing business and develops new markets to meet the Company's growth targets.

Khalid joined Alba as an apprentice in 1989 and worked in various operational areas including Power, Reduction Lines and Carbon. He rose through the ranks and was promoted to Supervisor followed by Superintendent. Prior to his current executive role, in 2012, he was promoted to Manager of Engineering and then to Alba's Marketing Manager for Customer Services & Market Operations.

An MBA graduate from the French Arabian Business School/ESSEC (Bahrain), he holds a Bachelor's Degree in Electrical Engineering from Gulf University in Bahrain as well as a Diploma in Mechatronics from Abertay University, Dundee, UK. He also possesses a completion certificate for the Executive Education Programme in Strategic Sales Management from University of Chicago, USA.

**Mr. Hassan Noor, Acting Chief Operations Officer:** Mr. Hassan Noor started his career in Alba in 1997 as a Senior Operator. In this 20 years of service, he has, risen through the ranks to manage high profile positions including his most recent one of Director Carbon & Services where he oversaw Alba's existing Carbon Plants as well as Workshop & Maintenance Services. He was announced in the Executive Position of Act. Chief Operations Officer recently and is now responsible for the Operations and Maintenance of all Pot Lines, Carbon Plants, and Workshop and Maintenance Services.

Mr. Noor holds a Bachelor's Degree in Electrical Engineering from University of Bahrain and an MBA from the French Arabian Business School / ESSEC MBA. He also holds a Postgraduate Certificate in Light Metals from University of Auckland.

Among his significant achievements are the successful enhancement of developing Standard Operating Procedures at Carbon Department; practical adherence to Alba's ZERO Accident Principals by translating Alba's Safety-Based Culture into implementable plans; and enhancing the training and development of Carbon Department's Staff at Alba through all the ranks he has held.

Prior to his career in Alba, he was a Planning Engineer at Midal Cables & Aluwheel. Outside of work, Mr. Noor enjoys spending time with family, working on car accessories projects and reading.

**Mr. Waleed Tamimi, Chief Administration Officer:** Since September 2017, Waleed Tamimi is the Chief Administration Officer at Aluminium Bahrain B.S.C. (Alba), where he is spearheading the company's Administration departments consisting of Human Resources, Training, Operational Excellence, Information Technology and Alba Health Care Centre.

Prior to his current designation, Waleed was the Director of Administration, and before that he was the Senior Manager of Strategic Supply & Planning, charged with overseeing the company's procurement requirement of all major raw material and corresponding logistics. Moreover, Waleed was responsible for the management and development of Alba's raw material and freight suppliers' network in addition to managing all trading & selling initiatives for access procured Alumina and access production capacity of Calcined Petroleum Coke.

In 2013, Waleed served as Operational Excellence Manager at Aluminium Bahrain (ALBA) where he led the operational excellence initiative at Alba alongside with the continuous improvement strategy and roadmap. Moreover, Waleed was

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responsible for the development, establishment and initiation of an Enterprise Continuous Improvement and Cost Cutting Programme (Titan Program), based on the Lean-Six Sigma methodology. The developed Programme is a company-wide philosophy aimed at improving quality, reducing lead time and bringing in sizable cost reduction levels.

Prior to his roles with Alba, he held the position of General Manager of Business Improvement Group at Rezayat Group of Companies in Khobar, Saudi Arabia where he spearheaded a strategy building initiative at Rezayat Group resulting ultimately in the establishment and direct utilization of Balance Score Cards. He also led the development, establishment and initiation of an Enterprise Excellence Program. The developed system is called Rezayat Achieving Competitive Excellence (RACE) and is a mix of the Six Sigma philosophy, the Lean Manufacturing methodology and Continuous Improvement principles.

Waleed holds an Executive MBA from the French Arabian Business School / ESSEC in addition to a BS and MS degrees in Industrial Engineering from Wichita State University in the USA. He is also a Certified Six Sigma and Lean Manufacturing Master Black Belt. Waleed has served for 20 years in different capacities for a number of companies in the USA and in the Middle East ranging from an Implementation Consultant in a software start-up company in San Jose, California to a Six Sigma Black Belt in a world-class Aircraft Manufacturers (Lear-Jet, Bombardier).

In his free time, Waleed enjoys reading and spending time with family and friends.

### **2.15 Shareholding by Executive Management**

The current shareholding of the CEO and CXOs are as follows. There were no transactions made in 2017:

(1) Tim Murray, Chief Executive Officer	3,777 ordinary shares
(2) Ali Al Baqali, Deputy CEO and Chief Supply Chain Officer	1,000 ordinary shares
(3) Khalid Abdul Latif, Chief Marketing Officer	1,000 ordinary shares
(4) Amin Sultan, Chief Power Officer	3,000 ordinary shares
(5) Hassan Noor, acting Chief Operations Officer	-
(6) Waleed Tamimi, Chief Administration Officer	-

### **2.16 Remuneration Paid to the Executive Management (divided into salaries, perquisites, bonuses, gratuities, pension and any other components)**

Documents will be available for inspection through the Corporate Secretary of the Company subject to prior approval of the Chairman of the Board of Directors.

### **2.17 Details of Stock Options and Performance Linked Incentives to Executives**

There are currently no stock incentives specific to Executives. Details of performance-linked incentives will be available for inspection through the Corporate Secretary of the Company and subject to prior approval of the Chairman of the Board.



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### 2.18 Adoption of a Code & How the Board Monitors Compliance

Alba has adopted, and is committed to implementing both the Corporate Governance Code of the Kingdom of Bahrain (the “MOICT Code”) issued in March 2010 by the Ministry of Industry, Commerce and Tourism, and the Corporate Governance Module (the “CBB Module”) of the Central Bank of Bahrain (issued in July 2011). The Company seeks, where applicable, to exceed the minimum requirements of the MOICT Code and the CBB Module and to implement the additional recommendations and guidance of the MOICT Code as well as other international best practices in Corporate Governance. The Company operates in line with a set of Board approved ‘Corporate Governance Guidelines’. This document is fully aligned with the MOICT Code and is published on Alba’s website. Compliance with the Code is monitored by the Board Audit Committee, utilizing reports prepared by the Corporate Secretary and corporate governance audits by Internal Audit.

A Board approved ‘Code of Conduct’ for Alba - on par with leading international codes of ethics, and setting out required ethical conduct for all employees and representatives of the Company - has been launched across the Company by the Executive team through a comprehensive communication and training program. Compliance with the Code of Conduct is monitored by Alba’s Integrity Task Force, which reports directly to the Board Audit Committee through the Chief Internal Auditor, who acts as Chairman of the task force. Monitoring tools include an independently operated confidential hotline along with a reporting system in multiple languages by phone and internet 24 hours a day and every day.

## 3. BOARD COMMITTEES

### 3.1

#### A. Nomination and Remuneration Committee (NRC)

Following the CBB Module on Corporate Governance, the Nomination Committee and Remuneration Committee could be combined for the purpose of:

Nominating Functions:

- (a) Identify persons qualified to become members of the Board of Directors or Chief Executive Officer, Chief Financial Officer, Corporate Secretary and any other officers considered appropriate by the board with the exception of the appointment of the internal auditor which shall be the responsibility of the Board Audit Committee in accordance with CBB rule HC-3.2.1 above;
- (b) Make recommendations to the whole Board of Directors, including recommendations of candidates for board membership (including renewals or reappointment) to be included by the Board of Directors on the agenda for the next annual shareholders meeting; and
- (c) Must review and make recommendations on board candidates proposed by those substantial shareholders eligible to propose a director to represent such shareholder on the board.

Remunerating Functions:

- (a) Review remuneration policies for the Board of Directors, which must be approved by the shareholders;
- (b) Make recommendations regarding remuneration policies and amounts for specific persons to the whole board, taking account of total remuneration including salaries, fees, expenses and employee benefits; and
- (c) Remunerate board members based on their attendance and performance.

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The Nomination and Remuneration Committee is composed of three Directors: the Chairman of the Board Shaikh Daij Bin Salman Bin Daij Al Khalifa (who chairs the Committee) and two other Board Directors Mr. Osama M. Arrayedh and Mr. Ahmed Al Jabr. The Board approved the revised Charter of the Nomination and Remuneration Committee on 8 December 2014 and it is reviewed annually by the Committee.

### B. Board Audit Committee (BAC)

The purpose of the Board Audit Committee is to assist the Company's Board of Directors in fulfilling its oversight responsibility with respect to (i) the integrity of the Company's financial statements, financial reporting process and its systems of internal accounting and financial controls, (ii) the annual independent audit of the Company's financial statements, the engagement of external auditors and the evaluation of the external auditors' qualifications, independence and performance, (iii) the appointment of an internal auditor and regular review of the internal audit function, (iv) the Company's compliance with legal and regulatory requirements, including its disclosure controls and procedures, and (v) the Company's compliance with its corporate governance processes. The Board approved a revised Charter of the Board Audit Committee on 11 June 2014 and it is reviewed annually by the Committee. The Board Audit Committee consists of six members, the majority of whom are independent and non-executive directors. The members of the Board Audit Committee during 2017 were: Mr. Yousif A. Taqi, Ms. Suha Karzoon, Mr. Yaser E. Humaidan, Mr. Ali Al Shamrani., Mr. Ahmed M. Al Khamis (who is not a Board Director, but a representative of the shareholder, Sabic Industrial Investments Company) and Dr. Ahmed Al Balooshi (who is not a Board Director and was appointed to the Board Audit Committee on 11 June 2014).

### C. Executive Committee (ExCom)

The purpose of the Executive Committee is to assist the Board in fulfilling its oversight responsibility with respect to develop long-term and mid-term strategy for the Company including any strategic initiatives. The Board Executive Committee is composed of four Directors: the Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa (who chairs the Committee) and three other Board Directors, Dr. Mohamed S. Kameshki, Mr. Uwaidh Al Harethi, and Mr. Mutlaq H. Al Morished. The Board approved the Charter of the Executive Committee on 11 June 2014 and it is reviewed annually by the Committee.

Copies of the Charters of the Board, the BAC, ExCom and the NRC may be inspected at the Company's offices.

### 3.2 Members of the Current Board and its Committees (divided into independent and non-independent; executive and non-executive categories based on their disclosures were as follows):

	Board Members					Categories of Directors	Reasons
		Board	Board Audit Committee	NRC Committee	Executive Committee		
1.	Shaikh Daij Bin Salman Bin Daij Al Khalifa	✓ Chairman		✓ Chairman	✓ Chairman	Independent Non-executive	
2.	Yousif A. Taqi	✓	✓ Chairman			Independent Non-executive	

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3.	Osama M. Al Arrayedh	✓		✓		Independent, Non-executive	
4.	Dr. Mohamed S. Kameshki	✓			✓	Independent, Non-executive	
5.	Suha S. Karzoon	✓	✓			Non-Independent, Non-executive	<p>HC – B.3.9 defines Executive Director as: "Executive Director" Means a director who is an officer or employee, or is otherwise involved in the day-to-day management of either:</p> <p>(a) The company;</p> <p>(b) Another company which is a controlling shareholder of the company;</p> <p>(c) Another company of which the company is a controlling shareholder; or</p> <p>(d) Another company which is controlled by a controlling shareholder.</p> <p>In this definition, the word "Company" excludes sovereigns such as government owned entities. Mrs. Suha Karzoon is the CFO of Bahrain Mumtalakat Holding Co. – Alba’s major shareholder and a sovereign Company. Hence Ms. Karzoon is classified as a non-executive Director. However, based on HC-B.3.10, Mrs. Suha Karzoon is a non-independent Member due to her position at a controlling shareholder (according to the CBB, the sovereign exception does not apply to the independence classification).</p>
6.	Yaser E Humaidan	✓	✓			Independent, Non-executive	
7.	Uwaidh Al Harethi (Elected Director)	✓			✓	Non-Independent, Executive	<p>i) Executive in a listed Shareholder. CBB responded in August 2011 that since SABIC is a listed company in Saudi Arabia, they are not a sovereign, and Directors of Alba that are officers or employees of this ‘controlling shareholder’ company are, therefore, deemed to be ‘executives’ of Alba. (under section HC-B.3) The CBB also confirmed that the CBB position is the same as set-out in the Corporate Governance Code, i.e. a deemed Executive can never be classified as independent.</p>
8.	Ahmed Al Jabr	✓		✓		Non-Independent, Executive	As above in row 7
9.	Ali Al Shamrani	✓	✓			Non-Independent, Executive	As above in row 7
10.	Mutlaq H. Al Morished (Elected Director)	✓			✓	Independent Non-executive	

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11.	Ahmed M. Al Khamis, (Member of the Board Audit Committee only)		✓			Non-Independent, Executive	As above in row 7
12.	Dr. Ahmed Mohammed Al Balooshi (Member of the Board Audit Committee only)		✓			Independent Non-executive	

### Following is the updated classifications of Board Directors as at 31 December 2017

The Board and its Committees are summarised as follows as at 31 December 2017:

	Members	Independent	Non-Executive	Not Independent	Executive
Board	10	6	7	4	3
Executive Committee	4	3	3	1	1
Audit Committee	6	3	4	3	2
Nomination and Remuneration Committee	3	2	2	1	1

### 3.3 Number of Meetings per Year

The NRC is required to meet at least twice a year or as needed; in 2017, the NRC held four meetings. The BAC is required to meet at least four times a year and held four meetings in 2017. The ExCom is required to meet at least four times a year; in 2017, the ExCom held four meetings.

### 3.4 Work of Committees

The NRC, ExCom and the BAC report their activities to the Board during the quarterly Board Meetings.

### 3.5 Attendance of Committee Meetings

Board Members	Committee	Total No. of Meetings Held	No. of Meetings Attended
Shaikh Daij Bin Salman Bin Daij Al Khalifa	NRC	4	4
Shaikh Daij Bin Salman Bin Daij Al Khalifa	ExCom	4	4
Yousif A. Taqi	BAC	4	4
Osama M. Al Arrayedh	NRC	4	4
Ms. Suha S. Karzoon	BAC	4	4
Dr. Mohamed S. Kameshki	ExCom	4	4
Fahad N. Al Hazzani	BAC	4	1

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Fahad S. Al Sheaibi	NRC	4	1
Abdulaziz S. Al Humaid	ExCom	4	1
Khalid A. Al Garni	BAC	4	1
Mutlaq H. Al Morished	ExCom	4	4
Yaser Humaidan	BAC	4	3
Ali Al Shamrani	BAC	4	3
Uwaidh Al Harethi	ExCom	4	3
Ahmed Al Jabr	NRC	4	3

#### 4. CORPORATE GOVERNANCE

The Company began including a Statement on Corporate Governance in the printed annual report from the year ending December 2010. Reference is made to the Company's compliance with the Ministry of Industry, Commerce and Tourism's Corporate Governance Code and the Central Bank of Bahrain's Corporate Governance Module.

#### 5. AUDITORS

The Internal Audit Department is headed by the Chief Internal Auditor and Risk Officer.

- The External Auditors of the Company for the audit year ended 2017 are Ernst & Young and the agreed audit fees for that year are BD 64,700.
- E&Y provided the below non-audit services in 2017:
  - Review and verification of the awarding of packages/contracts under Line 6 - BD 8,500.
  - Consulting services for the Seoul Office of a total contract of BD 39,600 - BD 5,010 paid so far in 2017.
  - Reimbursement of Financial Reporting Council (FRC) audit of EY on 2016 Alba audit - BD 10,330
  - Filing of 2016 Financial Statements to the Ministry of Finance (MoF) website - BD 250.
  - Confirmation of 2016 Production figures for the verification of Royalty for MoF - BD 300.
- The reappointment of Ernst & Young for the audit year ended 2017 was endorsed by the Shareholders at the Annual General Meeting on 21<sup>st</sup> March 2017 based upon the recommendation of Management and the Board Audit Committee.

#### 6. RELATED PARTY TRANSACTIONS

The Company is able to operate its production facilities in the Kingdom of Bahrain pursuant to the terms of the Concession Agreement with the Government of Bahrain dated October 1, 1968 which grants the Company the non-exclusive right to construct and operate an aluminum smelter for a period of 50 years. Pursuant to the terms of the Concession Agreement, the Company makes royalty payments to the Ministry of Finance. The company also has an open facility with the National Bank of Bahrain B.S.C. to avail any short term Borrowings.

BAPCO is the sole supplier of all the natural gas used as fuel in the Company's power stations. BAPCO is wholly owned by The Oil and Gas Holding Company B.S.C. (c), which is owned by the Government of Bahrain, which in turn directly owns and controls Mumtalakat - the Company's single largest shareholder.

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Approximately 50% of the land housing the Company's various facilities is licensed or leased to the Company by the Government of Bahrain or entities like BAPCO, which are wholly owned and controlled by it.

Potable water is a by-product of the Company's in-house calciner. Under the terms of a water supply agreement dated August 5, 2002, the Company sells approximately half of the water produced to the Government of Bahrain, acting through its Electricity and Water Authority. This contract is for a period of 25 years. The water is sold at the rate of 225 fils per cubic meter. The electricity required by the Company's calciner is supplied by the national grid operated by the Bahrain Electricity and Water Authority.

### **Approval Process for Related Party Transactions**

The Level of Authority (LoA) defines the limits of authority designated to specified positions of responsibility within the Company, including the authority to enter into binding commitments with third parties including related parties.

### **7. MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS**

- Investor Relations team handles queries from shareholders and investors as well as financial and material press releases and collaterals.
- Relevant communications are posted on the Investor Relations section of the Company's website.
- The Company has appointed the Bahrain Bourse to act as its Share Registrar.
- The Company has appointed Karvy Computershare W.L.L. to provide share registrar support services.
- Required notifications are made to the Bahrain Bourse and London Stock Exchange for publishing on their websites.
- Notices to Shareholders are provided through publications in Arabic and English newspapers.
- Notices to Global Depository Receipt (GDR) Shareholders are provided through the regulatory information services of the UK Financial Services Authority, RIS.
- The Manager Investor Relations and Corporate Secretary is the point of contact with MOICT, Bahrain Bourse, CBB and other regulatory bodies in Bahrain and in the UK.

### **8. MANAGEMENT OF PRINCIPLE RISKS AND UNCERTAINTIES FACED BY THE BUSINESS**

These are set-out in detail in the printed Annual Report.

### **9. REVIEW OF INTERNAL CONTROL PROCESSES AND PROCEDURES**

The Board through the Board Audit Committee (BAC) is responsible for ensuring a sound and effective control environment. Monitoring of internal controls is provided through a number of internal and external assurance providers including:

- Statutory Audit conducted by our External Auditors and discussion by the Board Audit Committee of the results of the statutory audit to include a review of the financial performance, any changes to disclosure, a subsequent events review, important accounting matters and other internal control matters;

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- Review and formal approval of the financial results by the Chief Executive Officer, Chief Financial Officer, Board Audit Committee and Board;
- Monitoring of progress against agreed actions for financial and other risks identified through the application of Alba's Board approved Enterprise Risk Management Framework, and with regard to the Risk Appetite set by the Board. The Board Audit Committee reviews changes to the risk profile, together with progress on actions for key risks on a quarterly basis;
- Internal Audit Function, working from a risk-based annual internal audit plan covering key controls, and reporting directly to the Board Audit Committee. The audit plan, budget, and methodologies are approved and monitored by the Board Audit Committee. On a quarterly basis, the Board Audit Committee reviews and discusses the internal audit findings, recommendations and agreed management actions, as well as progress made against prior audit findings. Additional private meetings are held between the Board Audit Committee Chairman and the Chief Internal Auditor and Risk officer.
- Audits carried-out by the National Audit Office and by Shareholder Audit teams;
- Board and sub-committee approvals and monitoring of Operating, Financial, Manpower and other Plans;
- Executive and Management monitoring activities (including the monitoring of Key Performance Indicators).
- Assurance is also provided through application of the Levels of Authority document for financial transactions, which are also enacted through financial reporting policies and procedures, and through IT controls in the financial reporting system. The revised Code of Conduct also sets out clear and specific expectations for accurate financial reporting.

### 10. ANNOUNCEMENTS OF FINANCIAL RESULTS

- Announcements of financial results in the press include at least the following: Balance Sheet, Income Statement, Cash Flow Statement, Statement of Comprehensive Income and changes in Shareholders' Equity, Auditors Report, Auditor's signature date and Board Approval date.
- As a public joint stock company, Alba is subject to ongoing reporting requirements established by the Bahrain Commercial Companies Law (CCL), the Ministry of Industry Commerce and Tourism (MOICT), the Central Bank of Bahrain (CBB) via ESRAD and the Bahrain Bourse.
- Results of annual financial review for the year ended should be released within sixty (60) days of the related year end.
- Results of quarterly financial review should be released within forty five (45) days of the related quarter.
- Annual General Shareholders Meeting should be within 90 days after the year-end.
- Notice of Annual General Shareholders Meeting (AGM) should be published in the Arabic and English newspapers 15 calendar days prior to the AGM.
- Alba has continuing obligations for a non-EU company with a listing of Global Depository Receipts (GDRs) on the Main Market of the London Stock Exchange. Under UK regulations, Alba is required to publish its annual report as soon as possible after it has been approved and no later than four months after the end of its financial year (i.e. by 30 April) through the regulatory information service of the UK Financial Services Authority (RIS). The annual report must include a management report and a responsibility statement, in addition to the audited consolidated financial statements which are submitted online via RNS, the reporting arm of the London Stock Exchange.

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### 11. DIRECTORS RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors has established and appointed a Board Audit Committee to assist the Board in fulfilling its oversight responsibility with respect to:

- The integrity of the Company's financial statements, 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 auditor's qualifications, independence as well as performance; and
- Compliance by the Company with the legal and regulatory requirements, including the Company's disclosure controls and procedures.

### 12. CONFLICT OF INTEREST REPORTING

A member of the Board of Directors is prohibited from voting in any meeting, or participating in any business operation or activity, in which the member has a conflict of interest with the Company. In accordance with the MOICT Code and the CBB Corporate Governance Module, abstentions are minuted.

The Directors were requested to sign a memorandum (Interested Director Transactions) that (according to Bahrain Commercial Companies Law), a director may not:

- Perform any gratuitous act using corporate assets to the Company's detriment, except for reasonable gratuitous acts that benefit its employees or the community in which the Company is involved as part of its social responsibilities, or which might be authorized by the Board of Directors from time to time;
- Receive, by virtue of his or her position, any direct or indirect personal benefit from third parties without express authorization in the Company's Memorandum and Articles of Association, or permission granted during a shareholders' meeting;
- Take part in a corporate transaction in which he or she has an interest that conflicts with the Company's interests or in the deliberations undertaken by its Directors on the matter;
- Borrow money or property from the Company or use the Company's property, services or credit for his or her own benefit or for the benefit of a company or third party in which he or she has an interest, without prior approval granted in the Company's shareholders meetings or by its Board of Directors;
- Take advantage of any commercial opportunity for his or her own benefit or for the benefit of a third party at the Company's expense when he or she learned of such opportunity through his or her position as a director;
- Neglect the protection of the Company's rights by failing to disclose a beneficial business opportunity with a view to exploiting the opportunity for personal gain, or for the benefit of a third party; and



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- Acquire in order to resell for profit, goods or rights that are essential to the Company's business operations, or that the Company intends to acquire.

### 13. EVALUATION AND ASSESSMENT OF THE BOARD AND COMMITTEES OF THE BOARD

For the year ended 2017, the Board and its three Committees, the Board Audit Committee, Executive Committee, and the Nomination and Remuneration Committee conducted an annual self-evaluation and assessment using a set of questionnaires and a discussion of gaps to identify areas of improvement. The results of the assessments by the Committees were reported to the Board.

### 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's offices at King Hamad Highway, Askar Industrial Area, P.O. Box 570, Manama, Kingdom of Bahrain, during usual business hours from Sunday to Thursday, 6:30 AM-3:00 PM. Point of Contact – Corporate Secretary & Investor Relations Department, subject to prior approval of the Chairman of the Board:

- the Company's Memorandum and Articles of Association;
- the combined remuneration paid to the Executive Management divided in each case in salaries, perquisites, bonuses, gratuities, pension and any other components, as well as performance related incentives;
- the Board, Board Audit Committee (BAC), Executive Committee (ExCom) and Nomination and Remuneration Committee (NRC) Charters.

### 15. KEY DECISIONS BY DIRECTORS DURING 2017 INCLUDING ANY ABSTENTIONS OR OBJECTIONS

- At the Board Meeting that was held on the 09<sup>th</sup> of February 2017, the Board of Directors of Aluminium Bahrain B.S.C. approved the payment of 2 Accounting Period (AP) salary as bonus for the fiscal year 2016. As part of the agreement with the Unions from 2015, the Company had accrued 1 AP salary bonus that was not paid in 2016. For 2016 bonus, the recommendation as endorsed by the Nomination and Remuneration Committee was to pay 1AP basic salary for the US\$ 129 million Net Profit along with exceptional performance on Safety and Project Titan.
- Line 6 and Power Station 5 Resolutions: After a thorough and comprehension evaluation, the Board of Directors approved the below resolutions pertaining to the construction of Line 6 and Power Station 5:
  - The Board approved the terms for the Power ECA financing for Euro 365 Million and US\$ 310 Million along with the proposed allocations for the respective banks.
  - The Board approved the finalization of the COFACE Covered Facility for approximately EUR 250 Million for a tenor of up to 13 years with an upfront fee of 50 bps.
  - The Board approved the finalization of the Hermes Covered Facility for approximately EUR 50 million for a tenor of up to 15 years with an upfront fee of 40 bps.

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- The Board approved awarding BNP Paribas, being the lowest bidder to finance NEXI/JBIC Covered Facility of US\$ 110 Million with a margin of 80 bps over a tenor of up to 12 years with an upfront fee of 50 bps.
- The Board approved the resolutions associated to BPIAE covered unsecured term-loan facilities totaling EUR 156,876,868 (the “BPIAE Covered Facilities”), (the “Line 6 Financing”) in respect of GAP Contract, GTC Contract and PTM Contract.