
ALUMINIUM BAHRAIN B.S.C.

(FOR PRESENTATION BY BOARD TO SHAREHOLDERS AT AGM IN MARCH 2016)

Corporate Governance Report for the year ending 31st December 2015

CONTEXT

The Corporate Governance Code of the Kingdom of Bahrain (the “MOIC Code”) was issued in 2010 by the Ministry of Industry and Commerce (the “MOIC”). The Code requires public companies to adopt written corporate governance guidelines covering the matters stated in the Code, and to report annually to their shareholders on their compliance with those guidelines and the Code, and to explain to the shareholders if it has varied them or believes that any noncompliance 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 MOIC Code and the CBB Module. Corporate Governance Reports for 2015 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

REPORT ON COMPLIANCE

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

1. The MOIC Code and the CBB Module state that *the Nomination and Remuneration Committee (NRC) should include only non-executive directors of whom a majority is independent directors and the chairman is an independent director.* The reason given is so that *members exercise judgment free from personal career conflict of interest.* Currently, per the collective definitions in the MOIC Code and the CBB Module, one of the members is classified as executive due to the fact that he holds a management position in a controlling shareholder. The Alba Board has reviewed this situation and is of the opinion that the specific circumstances that lead to the member’s classification as executive do not present actual conflicts of interest with the activities of the NRC, as they do not impair the member’s abilities to exercise judgment free from personal career conflicts.
2. As permitted by 2012 changes to the CBB Module, directors’ remuneration is only provided in aggregate in the following pages, and is not detailed at an individual director level. Information regarding Executive Management Remuneration divided into 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 MOIC Code requirements have not been updated to align with the CBB Module requirements).

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

1. **Ownership of Shares:** On 23rd 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 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 obligation 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 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;

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- 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 overseeing succession planning;
- 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;
- Approving those matters reserved to the Board in the 'Levels of Authority' document approved by the Board from time to time.

2.2 Types of materials transactions that require Board approval

The Level 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 Level of Authority (LOA) was reviewed by the Board on 10th June 2015 to reflect changes in the Executive Management, and other improvements such as materiality thresholds, to more clearly align the powers of the Shareholders in line with the Company's Memorandum and Articles of Association and the Commercial Law, and to incorporate recommendations of the National Audit Office.

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2.3 Detailed information about the Directors, including directorships of 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 was composed of 9 Directors from 1st January 2015 until 4th May:

Name	Age	Member Since	Directorships of other Boards	Position
Shaikh Daij Bin Salman Bin Daij Al Khalifa	45	2014	Arab Shipbuilding and Repair Yard Co. (ASRY) Asry's Subsidiary in U.K.: ASRY Marketing Services Ltd. (U.K.) (ended in 2015) United Arab Shipping Co. (U.A.E.)-Corporate Headquarters, Dubai (until June 30, 2015) Bahrain Convention & Exhibition Authority, Kingdom of Bahrain (ended in 2015)	Chairman Chairman Vice Chairman Board Member
Yousif A. Taqi	52	2008	Al Salam Bank Manara Development Company North Star Holding Shaikha Hessa Girls School Pan Arabian Gourmet Amar Holding	Director & CEO Chairman Chairman Board Member Owner Chairman
			Tadhamon Islamic Bank Housing Bank	Board Member Board Member
Osama M. Al Arrayedh	51	2006	Gulf Organization for Industrial Consultancy	Board Member
Anthony L. Robinson	56	2014	Falcon Group B.S.C. (c) Golden Wing Nominees Private Ltd.	Director Director
Dr. Mohamed Saleh Kamashki	55	2014	Saleh Abdulla Kamashki & Sons B.S.C. (c)	Board Member/ Deputy Director
			Mawteni Trading Company W.L.L.	Chairman
Fahad Nasser Al Hazzani	62	2014	None	None
Fawaz A. Al Fawaz	54	2015	None	None
Fahad S. Al Sheaibi	58	2014	Arabian Society for HR Management (ASHRM)	Board of Trustees
Abdulaziz S. Al Humaid (Elected Director)	56	2009	Gulf Aluminium Rolling Mills Co. (GARMCO) Eastern Petrochemical Company (Sharq) Royal Commission Colleges & Institutes for Jubail and Yanbu	Board Member Chairman Board Member

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Following the Extraordinary General Meeting of Alba Shareholders that was held on the **10th of June 2015**, the Board of Directors of Alba was composed of ten directors:

Name	Age	Member Since	Directorships of other Boards	Position
Shaikh Daij Bin Salman Bin Daij Al Khalifa	45	2014	Arab Shipbuilding and Repair Yard Co. (ASRY) Asry's Subsidiary in U.K.: ASRY Marketing Services Ltd. (U.K.) (ended in 2015) United Arab Shipping Co. (U.A.E.)-Corporate Headquarters, Dubai (until June 30, 2015) Bahrain Convention & Exhibition Authority, Kingdom of Bahrain (ended in 2015)	Chairman Chairman Vice Chairman Board Member
Yousif A. Taqi	52	2008	Al Salam Bank Manara Development Company North Star Holding Shaikha Hessa Girls School Pan Arabian Gourmet Amar Holding	Director & CEO Chairman Chairman Board Member Owner Chairman
			Tadhamon Islamic Bank Housing Bank	Board Member Board Member
Osama M. Al Arrayedh	51	2006	Gulf Organization for Industrial Consultancy	Board Member
Suha S. Karzoon	40	2015	None	None
Dr. Mohamed Saleh Kamashki	55	2014	Saleh Abdulla Kamashki & Sons B.S.C. (c)	Board Member/ Deputy Director
			Mawteni Trading Company W.L.L.	Chairman
Fahad Nasser Al Hazzani	62	2014	None	None
Khalid Ali Al Garni	42	2015	None	None
Fahad S. Al Sheabi	58	2014	Arabian Society for HR Management (ASHRM)	Board of Trustees
Abdulaziz S. Al Humaid (Elected Director)	56	2009	Eastern Petrochemical Company (Sharq) Gulf Aluminium Rolling Mills Co. (Garmco) Royal Commission Colleges & Institutes for Jubail and Yanbu	Chairman Board Member Board Member
Mutlaq H. Al Morished (Elected Independent Director)	57	2015	National Metal Manufacturing & Casting (Maadaniyah) Alinma Tokio Martine Company (ATMC)	Chairman Board Member

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Short biographies of Alba's Board of Directors (including resignations and new appointments in 2015) 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 holds the following directorship positions: Chairman of Arab Shipbuilding and Repair Yard Company (ASRY Bahrain, 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 Alba's 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, and the Housing Bank. 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 was a member of the Board Audit Committee until February 2014. He is currently a member of the Nomination and Remuneration 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. Currently, Mr. Al Hazzani is 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 Stratchlyde Graduate School of Business, Glasgow, Scotland. In 1977-1980 Mr. Al Hazzani was involved in the

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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 was also appointed as a member of the Executive Committee. Dr. Kameshki is a reputable Bahraini business strategist with more than 25 years of business research and advisory experience. He has conducted a number of applied studies in various business and economic fields related to industry, feasibility studies, tourism, foreign trade, economic reforms, SMEs & labour markets. 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. He helped develop and implement various organisational and operational policies for large corporations apart from offering young entrepreneurs practical advice that has helped transform their ideas into successful businesses. Dr. Kameshki believes in social responsibility and contributing to the community; he has coached and supervised the Bahraini Youth Delegation Programme for more than 7 years during his career with the Bahrain Centre for Research & Studies. His popularity among young talents is overwhelming due to his objective approach in guiding them towards overcoming their issues/obstacles and achieving their goals. Educated in the UK, Dr. Kameshki holds a B.Sc. (Honours) in Engineering from Staffordshire University; a M.Sc. in Management Science & Operational Research from Warwick University Business School; and a Ph.D. Management (New Product Development) from Loughborough University Business School. In addition to Dr. Kameshki's role as the Managing Director of MiniMax Business Consulting, he is currently serving on board of directors of Mawteni Trading Company, and Saleh Abdulla Kameshki & Son B.S.C. (c). He was a Director of Bahrain Food Holding Company until 2013. Dr. Kameshki is also a technical advisor to the Board of Directors of Arabian Taxi, and a Member of the Advisory Committee at the College of Sciences/Mathematics Department at Bahrain University.

Tony Robinson (Anthony Lee Robinson). Mr. Robinson was appointed as a member of the Board of Directors of Aluminium Bahrain B.S.C. on 27 February 2014 and a member of the Board Audit Committee until his retirement from Alba Board on the 4th of June 2015 due to his departure from Mumtalakat. He held the position of Chief Financial Officer of Bahrain Mumtalakat Holding Company B.S.C. (c) ("Mumtalakat"), a sovereign wealth fund owned by the Government of Bahrain, from 2011 up to May 2015. Previously, Mr. Robinson was the Group Financial Controller and Chief Internal Auditor of Investcorp Bank, an internationally active investment bank specialising in alternative assets; Head of Finance Project Team of Systems Implementation-RAC (W.A.) Insurance. He is an Australian Chartered Accountant with international, senior level experience in investment banking, insurance and in the accounting profession. Mr. Robinson holds a Master of Taxation from Curtin University of Technology in Perth, Australia, and obtained a Bachelor of Business (Accounting) from Western Australia Institute of Technology. He is a member of the Institute of Chartered Accounts in Australia and the Institute of Chartered Accountants in England and Wales.

Bahrain Mumtalakat Holding Co. B.S.C. (c) appointed Ms. Suha S. Karzoon as the replacement of Mr. Robinson effective 10th June 2015:

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.

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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 to the Board of Alba. The appointment makes Ms. Karzoon the first woman on Alba's Board since its establishment. She was appointed as a member of the Board Audit Committee on 30th September 2015.

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

Fawaz M. Alfawaz. Mr. Alfawaz was appointed to the Board of Alba by a shareholder, Saudi Industrial Investments Co. (SIIC) on the 1st of January 2015 until his resignation on the 4th of May 2015. He was the Vice President for Finance at Saudi Basic Industries Corporation (SABIC). Prior to this present post, he was the General Manager of Shared Services-Accounting. He also held previous positions as Managers of various functions in Finance/Accounting at SABIC Marketing Limited. He held seats in various Boards of SABIC affiliates and a member of the Board of Directors and Audit Committee at YANSAB, a joint stock company.

Mr. Alfawaz holds a Bachelor's Degree from King Saud University and attended various international post-graduate courses, seminars, and conferences on Management, Strategic Finance/Accounting from prestigious institutions. Due to the resignation of Mr. Alfawaz on the 4th of May 2015, SIIC appointed Khalid A. Al Garni as a replacement effective 10th May 2015.

Khalid A. Al Garni. Mr. Al Garni is the General Manager for Finance at Saudi Basic Industries Corporation (SABIC). Prior to his present post, he was the GM-Corporate Controller. He also held senior managerial positions and was a Global Audit Partner at Deloitte & Touche.

Mr. Al Garni is a member of the Board Audit Committee at Yambol National Petrochemical Co. (YANSAB, a joint stock company listed in Tadawul KSA). Moreover, he was appointed a Shareholder representative at Gulf Petrochemical Industries Company (GPIC). He was appointed by Sabic to the Board of Alba on the 10th of May 2015 and appointed as a member the Board Audit Committee of Alba on the 15th of June 2015.

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

Fahad S. Al Sheaihi. Mr. Al Sheaihi was appointed as a member of the Board of Directors of Aluminium Bahrain B.S.C. on 27 February 2014 and a member of the Nomination and Remuneration Committee. He joined Sabic in 1979 as a researcher for the petrochemical industry and has held several positions in sales and marketing at a national and global level during the early stages of the organisation. Mr. Al Sheaihi has also held several senior positions in SABIC in Saudi Arabia and Europe prior to 2006 when he assumed the position of Executive Vice President of the Fertilizer Division of SABIC. He held the position of Executive Vice President Human Resources, and is currently an Advisor to the CEO of Sabic. Mr. Al Sheaihi is also on the Board of Trustees in ASHRM (Arabian Society for HR Management). Mr. Al Sheaihi graduated from King Saud University, Saudi Arabia. He has held speaking engagements at various international congresses, exhibitions and seminars sharing and bridging consensus on common issues in the industry.

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Abdulaziz S. Al Humaid. Mr. Al-Humaid has 32 years of experience in the petrochemical and metal industries. Before taking up his current post as the Executive Vice President of SABIC Metals in November 2009, Mr. Al-Humaid was a Vice President of SABIC Metals and a 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 Nomination and Remuneration Committee of Alba. On 12 February 2014, Mr. Al Humaid was appointed as a member of the Executive Committee of Alba. He is currently the Chairman of Eastern Petrochemical Company (Sharq); a Board Member of Gulf Aluminium Rolling Mill Company (GARMCO) in Bahrain, and Board member of the Royal Commission College & Institutes for Jubail and Yanbu. Mr. Al-Humaid has held various positions in Arabian Petrochemical Company (PETROKEMYA) where he started his career in 1981; he served as Senior Vice President, General Operations Manager Hydrocarbons, and Section/Department Manager (Ethylene/Butene-1/Olefins Complex). He also served as the Board Chairman of HADEED and a Board Member of Power and Water Utility Company for Jubail and Yanbu (MARAFIQ). He acquired his BSc degree in Chemical Engineering Science in 1981 from the King Fahd University of Petroleum and Minerals (KFUPM), Dhahran, Kingdom of Saudi Arabia.

Mutlaq H. Al Morished. 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. He was also appointed as a member of the Board Executive Committee of Alba on 30th September 2015. Currently, he serves on the Board of National Metal Manufacturing & Casting Co. (Maadaniyah) and Alinma Tokio Marine Company (ATMC).

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; He also served as a member of the Executive Committee of Alba at the time.

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.

2.4 Numbers and names of independent Directors can be found in section 3.2

2.5 Board Terms and Start Date of Each Term – These 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 10th June 2015, one director was elected as an independent board director representing the 10% public listed shares.

2.6 New Directors Orientation

A personal orientation is done by the Chairman with the new Director. A Director's handbook consisting of key documents and other context on the Directors' responsibilities was created in 2011 and was updated in June 2015 for the incoming new members of the Board.

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2.7 Director's ownership and trading of Company shares during the year

Currently, two Board Directors hold Alba ordinary shares. Below are their current shareholding status

(1) Mutlaq H. Al Morished

Shares held at time of re-appointment to Alba Board on 10 June 2015:	730,845
Shares purchased from the period 20 th August – 31 st August 2015:	56,653
Shares purchased from the period 14 th September – 16 th September 2015:	30,000
Shares purchased from the period 16 th November – 18 th November 2015:	58,000
Shares purchased from the period 07 th December – 20 th December 2015:	56,000
Shareholding at 31 st December 2015:	931,498

(2) Yousif A. Taqi

Shares held at beginning of year:	46,000
Shares sold on 2 nd February 2015:	46,000
Shareholding at 31 st December 2015:	0

2.8 Election system, and process for termination of Directors [may be subjected to changes once the Board recommends the approval of the M&A to the shareholders and the shareholders approve the revised Mem & Arts]

- 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 this 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 appointed 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

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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 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 and Commerce 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 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, save 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 **2015 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 2015 were held on 9 February; 10 June; 30 September, and 9 December:

2.11 **Attendance of Directors at each Board Meeting in 2015**

Shaikh Daij Bin Salman Bin Daij Al Khalifa	(4 meetings)
Yousif A. Taqi	(4 meetings)
Osama M. Al Arrayedh	(4 meetings)
Ms. Suha S. Karzoon	(3 meetings) [appointed on 10 th of June 2015]

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Dr. Mohamed S. Kameshki	(4 meetings)
Fahad N. Al Hazzani	(4 meetings)
Fahad S. Al Sheaibi	(4 meetings)
Abdulaziz S. Al Humaid	(4 meetings)
Khalid A. Al Garni	(3 meetings) [appointed on 10 th May 2015]
Mutlaq H. Al Morished	(2 meetings) [elected on 10 th June 2015]
Anthony L. Robinson	(1 meeting) [resigned on 4 th of June 2015]
Fawaz S. Al Fawaz	(1 meeting) [resigned on 4 th May 2015]

2.12 Attendance fees of Individual members divided into sitting fees and remuneration for 2015.

The annual remuneration fees of the Directors are determined by the shareholders at the same annual shareholders meeting approving the Company's previous fiscal year's financial statements, and are subject to the approval of the Minister of Industry and Commerce 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 at 1st March 2015, the total sum of BD190,000 was approved for 9 Board of Directors for the year 2014. For year ending, 31st December, 2015 the total sum of BD210, 000 shall be paid to ten Board Directors on a pro-rata basis as there were new appointments and resignations amongst the Board Directors. The annual remuneration of Board Directors for the year 2015 will be approved by the Shareholders at the Annual General Meeting on 16 March 2016.

An attendance allowance of BD Five Hundred per meeting was agreed by the Board in the 105th Alba Board Meeting dated 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.

2.13 List of senior managers and profile of each

Name	Age	Position	Date of First Appointment	Date appointed to Current Position
Timothy "Tim" J. Murray	44	Chief Executive Officer	May 2007	October 2012
Ali Al Baqali	46	Chief Financial Officer	May 1998	June 2013
Isa A. Latif Al Ansari	51	Chief Operations Officer	July 1983	June 2012
Jean-Baptiste Lucas	44	Chief Marketing Officer	January 2011	January 2011 until January 31, 2015
Khalid Abdul Latif	44	Chief Marketing Officer	September 1989	Acting CMO February 2015 Confirmation as CMO - September 30, 2015

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.

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Below is a biographical summary of the members of the Executive Management at the end of 2015 including resignation and new appointment:

Timothy “Tim” J. Murray, Chief Executive Officer. Mr. 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 Acting Chief Marketing Officer. Mr. Murray played an instrumental role in Alba’s IPO where the company was listed on both the London and Bahrain Stock Exchanges in November 2010.

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

Mr. Murray holds an MBA from Vanderbilt University and a Bachelor of Science in Accounting from Susquehanna University. He is a CPA and member of American Institute of CPAs. He has also attended various Executive Management Programs at Wharton and the University of Chicago Business Schools.

Isa A. Latif Al Ansari, Chief Operations Officer. Mr. Isa Al Ansari joined Alba in 1983. During his 30 years of distinguished and loyal service, he has held various managerial and technical positions in departments such as Operations, HR, Maintenance, ERP implementation and Supply Chain. He was promoted to the executive position of Chief Supply Chain Officer in April 2010. During his tenure he has been instrumental for strategic global sourcing of raw materials. He was a key member of the Line 5 project start up team.

In January 2011, he was given additional charge of Operations holding two key executive positions as Chief Operations Officer and Chief Supply Chain Officer till May 2012. Since June 2012, he has been the Chief Operations Officer.

He has trained and developed many nationals to take senior positions. He is a strong supporter of charity and humanitarian institutions.

Mr. Al Ansari holds a Bachelor’s degree with distinction in Electrical & Electronics Engineering from University of Northumbria, Newcastle (U.K). On the 3rd of October 2015, he was conferred the title of Honorary Doctorate by Hindustan University, Chennai, India.

Ali Al Baqali, Chief Financial Officer. Mr. Ali Al Baqali was appointed as Chief Financial Officer of Alba in June 2013. Mr. Al Baqali’s CFO position still holds the responsibility of Supply Chain as he has extensive knowledge in Supply Chain. Prior to Mr. Al Baqali’s confirmation as CFO, he held the position of Acting Chief Finance and Supply Officer from October 2012 up to June 2013. He started working in Alba in 1998 and rose to the position of a Manager in mid-2012.

Mr. Al Baqali graduated with a B.S.C. in Accounting from the University of Bahrain in June 2005 and holds a Diploma from the Chartered Institute of Purchasing & Supply (CIPS), U.K. in February 1998.

Ali completed his Master’s Degree in 2014 with a reputable French School, ESSEC. He is a member of MCIPS, U.K., and is an ISO 9001 & ISO 14001 “Internal Auditor”.

Jean-Baptiste Lucas, Chief Marketing Officer. Mr. Jean-Baptiste Lucas is a graduate of ESCP, a leading European business school, where he received a Bachelor in economics and management in 1994. He worked for 3 years in a management consulting firm, and then joined Pechiney as a marketing analyst for the primary aluminium

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division based in Paris from 1998 to 2000. After a two-year stint as e-business development project manager for the corporate office, he then served first as Key-Account manager and then as Vice-President Sales and Marketing Rigid Packaging for the French and German operations of Alcan based in Neuf-Brisach, France between 2002 and 2008. From 2008 to 2011, he was General Manager in charge of the operations of the Swiss plants of Alcan Aerospace and Industry division. He joined Alba and relocated to Bahrain in January 2011, as a member of the Executive Management in charge of metal casting operations, metallurgy, and worldwide sales and marketing as well as Operational Excellence. Mr. Lucas is a former Chairman of France Aluminium Recyclage (2008-2010), and a former Board member of EcoEmballage (2007-2009). On 10th February 2015, Mr. Lucas left the employment of Alba and was replaced by Khalid Abdul Latif.

Mr. Khalid A. Latif, Chief Marketing Officer. Mr Khalid A. Latif holds a Bachelor of Electrical Engineering from the Gulf University in Bahrain as well as a Higher National Diploma in Mechatronics from Abertay University, Dundee, UK. He recently completed his Master's in Business Administration (MBA) from the French Arabian Business School/ESSEC located in Bahrain as well as an Executive Education Programme in Strategic Sales Management from the University of Chicago, USA. Having started as an apprentice in Alba in 1989, Mr. A. Latif worked in various operational areas including Power, Potlines and Carbon operations. Swiftly moving up the ranks, he first became Supervisor, then Superintendent and in 2012, he was promoted to Manager of Engineering Department. In addition, Mr. A. Latif managed Alba's Customer Service & Market Operations. On February 10, 2015, Mr. Latif was appointed as the Acting Chief Marketing Officer of Alba, and the Board confirmed the position to Chief Marketing Officer on September 30, 2015.

2.14 Shareholding by Executive Management: The current shareholding of the CEO and Chief Officers are as follows. There were no transactions made in 2015

(1) Tim Murray, Chief Executive Officer	3,777 ordinary shares
(2) Isa Al Ansari, Chief Operations Officer	3,000 ordinary shares
(3) Ali Al Baqali, Chief Financial Officer	1,000 ordinary shares
(4) Khalid Abdul Latif, Chief Marketing Officer	1,000 ordinary shares

2.15 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.

2.16 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.

2.17 Adoption of a Code - and how the Board monitors compliance

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Alba has adopted, and is committed to implementing both the Corporate Governance Code of the Kingdom of Bahrain (the “MOIC Code”) issued in March 2010 by the Ministry of Industry and Commerce, 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 MOIC Code and the CBB Module, and to implement the additional recommendations and guidance of the MOIC 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 above MOIC 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 intranet 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.

The Chairman of the NRC is Shaikh Daij Bin Salman Bin Daij Al Khalifa who is also the Chairman of the Board of Directors of Alba; and two other Board Directors: Mr. Osama M. Arrayedh, and Mr. Fahad S. Al Sheabi. The Board approved the revised Charter of the Nomination and Remuneration Committee on 8 December 2014, and it is reviewed annually by the Committee.

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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 the year were: Mr. Yousif A. Taqi, Mr. Anthony L. Robinson, who resigned from the Board on the 4th of June 2015, and was replaced by Ms. Suha Karzoon; Mr. Fahad N. Al Hazzani, , 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, but was appointed to the Board Audit Committee on 11 June 2014). On 1 January 2015, Mr. Fawaz M. Alfawaz was appointed as a Board Director by the shareholder, Sabic Industrial Investments Co. to replace Mr. Mutlaq H. Al Morished. Mr. Alfawaz was appointed as a member of the Board Audit Committee on 12 February 2015; however, Mr. Alfawaz resigned from the Board on the 10th of May 2015 and did not attend any of the BAC meetings. He was replaced by a Sabic Board Director, Mr. Khalid A. Al Garni, with effect from 10 June 2015.

C. Executive Committee

The purpose of the Executive Committee is to assist the Board in fulfilling its oversight responsibility with respect to developing 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. Abdulaziz S. Al Humaid, and Mr. Mutlaq H. Al Morished who was elected as a Board Director, representing 10% free-float, on June 10th 2015 and was appointed as a member of the Executive Committee on September 30, 2015. 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.

- 2 **Members of the Board and its Committees divided into independent and not-independent; executive and non-executive categories, based on their disclosures, as at 4th May 2015 were as follows:**

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	Board Members	Board	Board Audit Committee	NRC Committee	Executive Committee	Categories of Directors	Reasons
1.	Shaikh Daij Bin Salman Bin Daij Al Khalifa	✓ Chairman		✓ Chairman	✓ Chairman	Independent Non-executive	
2.	Yousif A. Taqi	✓	Chairman			Independent Non-executive	
3.	Osama M. Al Arrayedh	✓		✓		Independent, Non-executive	
4.	Dr. Mohamed S. Kameshki	✓			✓	Independent, Non-executive	
5.	Anthony L. Robinson (Retired in May 2015)	✓	✓			Independent, Non-executive	Executive in sovereign Shareholder (Mumtalakat). CBB Module provides an exception whereby directors would not be classified as Executives in cases where they are Executives of a controlling sovereign company or government ministry.
6.	Fahad N. Al Hazzani	✓	✓			Independent, Non-executive	
7.	Fawaz M. Alfawaz (Resigned in May 2015)	✓	✓			Not independent, Executive	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 that set out in the Corporate Governance Code, i.e. a deemed Executive can never be classed as independent.
8.	Abdulaziz S. Al Humaid (Elected Director)	✓			✓	Not independent, Executive	As above in row 7 and a Director of GARMCO, a customer of Alba.
9.	Fahad S. Al Sheabi	✓		✓		Not independent, Executive	As above in row 7.
10.	Ahmed M. Al Khamis, (Member of the Board Audit Committee but <u>not</u> the Board)		✓			Not Independent, Executive	As above in row 7.
11.	Dr. Ahmed Mohammed Al Balooshi (Member of the Board Audit Committee, but <u>not</u> the Board)		✓			Independent Non-executive	Newly-appointed member of the Board Audit Committee on 12 June 2014.

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Following changes made at the Extraordinary General Assembly of Shareholders held on the 10th of June 2015, and other subsequent changes, the updated classifications of Board Directors as at 31 December 2015 are as follows:

	Board Members	Board	Board Audit Committee	NRC* Committee	Executive Committee	Categories of Directors	Reasons
1	Shaikh Daij Bin Salman Bin Daij Al Khalifa	✓ Chairman		✓ Chairman	✓ Chairman	Independent Non-executive	
2	Yousif A. Taqi	✓	✓ Chairman			Independent Non-executive	
3	Osama M. Al Arrayedh	✓		✓		Independent, Non-executive	
4	Dr. Mohamed S. Kameshki	✓			✓	Independent, Non-executive	
5	Suha S. Karzoon	✓	✓			Independent, Non-executive	
6	Fahad N. Al Hazzani	✓	✓			Independent, Non-executive	
7	Abdulaziz S. Al Humaid (Elected Director)	✓			✓	Not independent, Executive	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 that set out in the Corporate Governance Code, i.e. a deemed Executive can never be classed as independent. ii) a Director of GARMCO, a customer of Alba.
8	Khalid Ali Al Garni	✓	✓			Not independent, Executive	As above in row 7 i).
9	Fahad S. Al Sheibbi	✓		✓		Not independent, Executive	As above in row 7i).
10	Mutlaq H. Al Morished (Elected Director)	✓			✓	Independent Non-executive	
11	Ahmed M. Al Khamis, (Member of the Board Audit Committee but <u>not</u> the Board)		✓			Not Independent, Executive	As above in row 7i).
12	Dr. Ahmed Mohammed Al Balooshi		✓			Independent Non-executive	

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(Member of the Board Audit Committee, but <u>not</u> the Board)									
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The Board and its Committtess are summarised as follows as at 31 December 2015:

	Members	Independent	Non-Executive	Not Independent	Executive
Board	10	7	7	3	3
Executive Committee	4	3	3	1	1
Audit Committee	6	4	4	2	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 2015, the NRC held four meetings. The BAC is required to meet at least four times a year and held four meetings in 2015. The ExCom is required to meet at least four times a years; in 2015, the ExCom held four meetings.

3.4 Work of committees and any significant issues: The NRC, ExCom and the BAC report their activities to the Board during the quarterly Board Meetings.

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’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 fiscal year ended 2015 are Ernst & Young and the agreed audit fees for that year are BD72,600. E&Y provided the following non-audit services to Alba in 2015:(1) BD 750 – Reporting to Mumtalakat; (2) BD2,500 – Reporting to Deloitte for the audit of Mumtalakat; (3) BD1,800 – Confirmation on the value of spares and consumables for duty exemption; and (4) BD500 – Confirmation of royalty fees for the Ministry of Finance. In 2015, following a competitive tendering process, E&Y was appointed as a consultant to assist in formalizing a Business Continuity Plan, with a completion date in 2016 at an expected cost of BD125,000.
- The reappointment of Ernst & Young for the audit year ended 2015 was endorsed by the Shareholders at the Annual General Meeting on 1st of March 2015 based upon the recommendation of Management and the Board Audit Committee.

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6. Related party Transactions

As of the audit year ended 2015, the Company had the following transactions with related parties:

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 aluminium 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 and Borrowings from the National Bank of Bahrain B.S.C.

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. Effective 1st April 2015, NOGA applied a unified gas price system across the industries in the Kingdom of Bahrain from US\$2.25 per MMBTU to US\$2.50 per MMBTU (25 cents increase effective 1st April of each year until the gas price reaches US\$4 per MMBTU on 1 April 2021).

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.

GARMCO is the Company's second largest customer, accounting for around 13% of annual sales in recent years. As of the date hereof, Mumtalakat and SIIC respectively own 37.36% and 30.28% of the shares in GARMCO. In 2007, the Company extended a long-term loan of BD 27.5 million to GARMCO for a period of ten years, which is ending in 2016.

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 *fls* 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 handles queries from shareholders and investors as well as financial and material press releases.
- 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.

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- 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, FIS.
- The Manager Investor Relations and Corporate Secretary is the point of contact with MOIC, 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, including a review of the financial performance, any changes to disclosure, a subsequent events review, important accounting matters and other internal control matters;
- 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.

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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, the Ministry of Industry and Commerce (MOIC), 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

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 and 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 MOIC Code and the CBB Corporate Governance Module, abstentions are minuted.

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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
- 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 2015, 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 along with areas of improvement. The results of the assessments by the Committees were reported to the Board.

14. Documents Available for Viewing

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 P.M. 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.

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15. Key Decisions by Directors during 2015 including any abstentions or objections

- At the Board Meeting that was held on the 9th of February 2015, the Board of Directors of Aluminium Bahrain B.S.C. approved the recommendation of the Nomination and Remuneration Committee to give a general bonus of two months Accounting Period (AP) salaries for the year 2014 to all Alba employees.
- At the recommendation of the Board, the Shareholders of Alba convened an Extraordinary General Meeting on the 10th of June 2015. The resolutions, dissent and abstention to the EGM are as follows:
 - The Shareholders' approved the recommendation of the Board of Directors of Aluminium Bahrain B.S.C. (Alba) for the commencement, construction and completion of the proposed Line 6 Expansion Project. The Line 6 Expansion Project involves (a) the expansion of the aluminium smelter plant located at 150 King Hamad Highway 951, Kingdom of Bahrain, by constructing a sixth pot line consisting of a predetermined number of cells production capacity, and (b) the construction and operation of a fifth Power Station, capable of generating a predetermined electrical current output, and associated facilities. The Line 6 Expansion Project is expected to require the Company to enter into financing arrangements for an amount as may be agreed with finance providers.
 - The Proxy for the Shareholder, Sabic Industrial Investments Company, Abdullah H. Al Sheikh, abstained from this agenda item.

On 10th June 2015, the board representatives of a shareholder, Sabic Industrial Investments Company, tabled an abstention as follows:

"Mr. Abdulaziz S. Al Humaid stated that the Line 6 project was presented to the Investment Committee and Board of Sabic. He further explained that the final decision taken by Sabic was to abstain from the approval of the Line 6 project during the upcoming EGM. Below are the main reasons on why the Sabic Board chose to abstain from the approval of the Line 6 project:

- No Guarantee or other satisfactory assurance of at least seven years of gas supply is enough to run the design capacity estimated at 153 MMSCFD at a fixed price as from the date of start-up of the expansion facilities; the current gas allocation will be at government prices in Bahrain.
- Sabic would like to receive the detailed financial model to demonstrate to the satisfaction of the shareholders that the expansion will generate an unleveraged IRR of not less than 15%.

Sabic would like a confirmation that no additional capital contributions, shareholder loans or other funding from the shareholders will be required to fund the expansion; nor will any shareholder guarantee be required (or any other form of recourse by the external funders to the shareholders)."

- The Shareholders' approved the designation and authorization of the Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, a Bahraini, holding CPR no. 690703104, to in his sole and absolute discretion, in particular with regard to the number of cells and production capacity, Power Station output and financing arrangement amount (however not restricted thereto), represent Alba, for all intents and purposes (inclusive of but not restricted to signatory powers of any and all documentation) to undertake all actions deemed necessary (inclusive of but not restricted to delegation of authority with full power (s), to the extent deemed appropriate and fit by him, to officers and/or advisors of Alba) to enter into and sign loan agreements/financing, borrowings,

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debts, and other documents that are required to give effect to the approval/resolution as referred to under paragraph no.1 above.

The Proxy for the Shareholder, Sabic Industrial Investments Company, Abdullah H. Alsheikh, recorded their dissent for this agenda item.

- The Shareholders approved the election of Mr. Mutlaq H. Al Morished as an independent Board Director representing the 10% public listed shares.
- The Shareholders approved the request to review and amend the Memorandum of Association and Articles of Association in accordance with the provisions of Law No. (50) of 2014 with respect to the amendment of some provisions of the Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001. The Proxy for the Shareholder, Sabic Industrial Investments Company, Abdullah H. Alsheikh, stated that the approval of Sabic is on the condition that there would be a resolution circulated to the Board of Directors to review and amend the Memorandum of Association and Articles of Association and the recommendation of the Board would be presented for Shareholders' approval at the next Annual General Meeting/Extraordinary General Meeting.
- At the recommendation of the Nomination and Remuneration Committee on 26 May 2015 in a closed door session, the Board approved the following resolutions:
 - Continuation of the payment of BD20 as an equalization allowance to all Alba employees for the period June 2015 up to May 2016 in the condition that the Management of Alba will initiate negotiations with both Alba Labour Unions within the coming six months with the aim to reduce the impact of the overall cost on the company. This matter will be further discussed in the upcoming NRC on 22 November 2015.
 - In line with the recommendation of the Nomination and Remuneration Committee, the Board approved the recommendation to extend the employment contract of Mr. Tim Murray, Chief Executive Officer, until February 28, 2017.
- The Board of Directors of Aluminium Bahrain approved by round robin on 29 July 2015 the half-yearly (31st July 2015) financial statements of Aluminium Bahrain B.S.C. The Board also approved the distribution of 5.5 Fils per share as an interim dividend for eligible shareholders who are listed in the share register as at August 9, 2015.