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## ALUMINIUM BAHRAIN B.S.C.

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(FOR PRESENTATION BY BOARD TO SHAREHOLDERS AT AGM ON 21 March 2017)  
**Corporate Governance Report for the year ending 31<sup>st</sup> December 2016**

### CONTEXT

The Corporate Governance Code of the Kingdom of Bahrain (the “MOIC Code”) was issued in 2010 by the Ministry of Industry, Commerce and Tourism (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 2016 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 MOIC 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, 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).

### DISCLOSURES REQUIRED BY APPENDIX E OF THE CODE, AND BY 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 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.

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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 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;
- 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

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- 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 by the Board on 28<sup>th</sup> September 2016 to stream-line processes for better clarity.

### 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.

## ALUMINIUM BAHRAIN B.S.C.

Name	Age	Member Since	Directorships of other Boards	Position
Shaikh Daij Bin Salman Bin Daij Al Khalifa	47	2014	Arab Shipbuilding and Repair Yard Co. (ASRY)	Chairman
Yousif A. Taqi	54	2008	Al Salam Bank	Director & CEO
			Manara Development Company	Chairman
			North Star Holding	Chairman
			Pan Arabian Gourmet	Owner
			Amar Holding	Chairman
			ASB Biodiesel, Hong Kong	Vice-Chairman
Osama M. Al Arrayedh	52	2006	None	None
Suha S. Karzoon	41	2015	ASMA limited	Board Member
			Mumtalakat Sukuk Holding Company	Board Member
Dr. Mohamed Saleh Kameshki	54	2014	Saleh Abdulla Kamashki & Sons B.S.C. (c)	Board Member/Deputy Director
			Mawteni Trading Company W.L.L.	Chairman
Fahad Nasser Al Hazzani	64	2014	None	None
Khalid Ali Al Garni	44	2015	None	None
Fahad S. Al Sheaibi	59	2014	Saudi Paper Company	Board Member
			Tatweer	Board Member
Abdulaziz S. Al Humaid (Elected Director)	56	2009	National Industrial Gases Company (GAS)	Board Member
			Gulf Aluminium Rolling Mills Co. (GARMCO) ended in April 2016	Chairman
			Royal Commission Colleges & Institutes for Jubail and Yanbu	Board Member
Mutlaq H. Al Morished (Elected Independent Director)	59	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 also holds the position of Chairman of Arab Shipbuilding & Repair Yard Co (ASRY), Kingdom of Bahrain. Recent directorship positions held by him include 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 Board Member of Aluminium Bahrain B.S.C. in 2005.

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."

Awards won by Shaikh Daij included: Seatrade Middle East & Indian Subcontinent Awards: "Personality of the Year" (2010) and "Maritime Industry Achievement Award" (2015).

***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 in Eskan Bank. Prior to his appointment as Chief Executive and Director 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 since 2013. 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 Nomination and Remuneration Committee. Mr. Al Arrayedh has been was a Board Member in the Gulf Organization for Industrial Consultancy from 2008 to 2012. 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.

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**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 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 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.” Over the past decade, Dr. Kameshki has been serving on several boards including boards of regulated and listed companies where he managed to enhance his knowledge and practice of corporate governance. In 2014, he attended the Mumtalakat-INSEAD Directors Programme.

**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 10<sup>th</sup> 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 30<sup>th</sup> September 2015.

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. Yanbu National Petrochemical Company (YANSAB) A joint stock company listed in Tadawul (Saudi Arabian Stock Exchange)

Member - Board Audit Committee;

2. Arabian Industrial Fibers Company (IBN RUSHD)

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An affiliate of SABIC located in Yanbu, Kingdom of Saudi Arabia  
Member - Board of Directors and Board Audit Committee;  
3. Gulf Petrochemical Industries Company (GPIC)  
A subsidiary of SABIC located in Sitra, Kingdom of Bahrain  
Shareholder Representative

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 Sheaibi.** Mr. Al Sheaibi 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.

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 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.** At the Extraordinary General Meeting of Alba Shareholders that was held on the 10<sup>th</sup> 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 30<sup>th</sup> September 2015.

Mr. Mutlaq H. Al-Morished is the Chief Executive Officer (CEO) of TASNEE, one of the largest Saudi diversified industrial companies having investments in several fields. Prior to his present post, he was Executive Vice President of Corporate Finance, (CFO) at SABIC, Vice President of Metals SBU, EVP Shared Services, President of SADAF and HADEED, consecutively. He was also Chairman of the Board of YANSAB, SABIC Capital, SAUDI KAYAN, SABIC Captive Insurance Limited. He was board member of Gulf Bank in Bahrain & the Advisory Board for Economic Affairs of the Supreme Economic Council. In addition, Mr. Al-Morished is board member of General Organization of Saudi Arabian airlines, Alinma Tokio Marine (ATMC), Chairman of the board of National Metal Manufacturing & Casting Co. (Maadaniyah) and Alinma Investment Co. Mr. Al-Morished holds an MBA degree from Stanford University, a Master of Science degree in Nuclear Engineering from Princeton University, and a Bachelor of Science degree in Nuclear Physics & Mathematics from the University of Denver.

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**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 10<sup>th</sup> 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. There were no new Directors appointed in the year 2016.

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

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 2015:	931,498
Shares purchased from the period of 23 <sup>rd</sup> February – 29 <sup>th</sup> February 2016	16,168
Shares purchased from the period of 1 <sup>st</sup> March – 31 <sup>st</sup> March 2016:	207,334
Shares purchased from the period of 1 <sup>st</sup> December– 31 <sup>st</sup> December 2016	45,000
Shareholding as at 31 <sup>st</sup> December 2016:	1,200,000

**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

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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 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 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.

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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 2016 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 2016 were held on 18 February, 1 June, 28 September and 7 December.

### 2.11 Attendance of Directors at each Board Meeting in 2016

Shaikh Daij Bin Salman Bin Daij Al Khalifa	(4 meetings)
Yousif A. Taqi	(3 meetings)
Osama M. Al Arrayedh	(4 meetings)
Ms. Suha S. Karzoon	(4 meetings)
Dr. Mohamed S. Kameshki	(4 meetings)
Fahad N. Al Hazzani	(4 meetings)
Fahad S. Al Sheaibi	(4 meetings)
Abdulaziz S. Al Humaid	(3 meetings)
Khalid A. Al Garni	(4 meetings)
Mutlaq H. Al Morished	(4 meetings)

### 2.12 Attendance fees of Individual members divided into sitting fees and remuneration for 2016.

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, 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 at 16<sup>th</sup> March 2016, the total sum of BD210,000 was approved for 10 Board of Directors for the year 2015. For year ending 31<sup>st</sup> December 2016, the total sum of BD210, 000 shall be paid to ten Board Directors. The annual remuneration of Board Directors for the year 2016 will be approved by the Shareholders at the Annual General Meeting on 21 March 2017.

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.

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### 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	45	Chief Executive Officer	May 2007	October 2012
Ali Al Baqali	47	Chief Financial Officer	May 1998	June 2013
Isa A. Latif Al Ansari	51	Chief Operations Officer	July 1983	June 2012 until 21 <sup>st</sup> March 2016
Amin Sultan	48	Chief Operations Officer	May 1997	Acting COO February 2016 Appointed as the Chief operations officer in December 2016
Khalid Abdul Latif	44	Chief Marketing Officer	September 1989	September 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.

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:** 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 played an instrumental role in Alba's IPO where the company listed on both the London and Bahrain Stock exchanges in November 2010. Tim has played a key role in the transformation of Alba's Safety Culture through the launch of Alba's ZERO Accident Principals. He has played an instrumental role in the training and development of people at Alba (including the MBA sponsorship program). 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 and a Bachelor of Science in Accounting from Susquehanna University. He is a CPA and member of the American Institute of CPAs. He has also attended various Executive Management Programs at Wharton and University of Chicago Business Schools. Outside of work Tim enjoys spending time with his family, coaching sports, reading and summertime in Cape Cod Massachusetts.

**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

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University of Northumbria, Newcastle (U.K). On the 3<sup>rd</sup> of October 2015, he was conferred the title of Honorary Doctorate by Hindustan University, Chennai, India. He retired from Alba in March 2016.

**Amin Sultan, Acting Chief Operations Officer:** Mr. Amin Sultan holds Acting Chief Operations Officer position of Alba's 960,000 tonnage per annum smelter operations & services, 2265MW Power & Utilities and Potline 6 expansion project for new 1792MW Power Station. Also oversees Alba wide property and business interruption all risks insurance. Mr. Amin Sultan has been with Alba since 1997. Mr. Amin Sultan played instrumental roles in Alba organization restructuring process in 2010, implementation of Lean & Six Sigma tools during STAR project 2011/2012 and finally cost saving Titan project. Currently leading Titan Phase II and energy conservation Tesla projects.

Before joining Alba, Mr. Amin Sultan spent 5 years at 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 M.Sc in Electrical Engineering from University of Bahrain and an MBA from ESSEC Business School. 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. He was appointed as the Chief Operations Officer on 7<sup>th</sup> December 2016.

**Ali Al Baqali, Chief Financial Officer:** Ali Al-Baqali was appointed as Chief Financial Officer of Aluminium Bahrain B.S.C. (Alba) in June 2013. With over 18 years' experience under his belt, he began his Alba career as Purchasing Officer in 1998 and rose through the ranks to become Manager of Procurement & Warehousing in 2010. Prior to his confirmation as CFO, he held the position of Acting Chief Finance and Supply Officer. Responsible for the following departments– Financial Accounting & Controlling, Strategic Supply & Planning, Legal, Procurement & Warehousing, and Calciner & Marine, Mr. Al-Baqali continues to formulate key strategic improvements that positively affect overall business development. Before joining Alba, he worked in the fields of Accounting in YBA Kanoo and of Purchasing in GIIC (Gulf Industrial Investment Company) and Delmon Poultry. Mr. Al-Baqali holds a B.S.C. in Accounting from the University of Bahrain, an MBA from the French Arabian Business School / ESSEC, and is a Professional member of the Chartered Institute of Purchasing & Supply (CIPS), UK. He is a Board member of INJAZ Bahrain and of TENMOU, The first Bahraini Business Angels Company.

**Mr. Khalid A. Latif, Chief Marketing Officer:** Mr. Latif was appointed as Chief Marketing Officer of Alba in September 2015. In his position, he leads the Company's global marketing strategies to drive innovation across Alba's business divisions. The following departments report to him: Casthouse, Customer Technical Support, Sales (Europe, Asia, US and MENA), and Customer Services & Marketing Operations. He joined Alba as an apprentice in 1989 and worked in various operational areas including Power, Potlines and Carbon. He was promoted to Supervisor, and then swiftly to Superintendent. In 2012, he was promoted to Manager of Engineering and then made Alba's Marketing Manager for Customer Service & Market Operations. In February 2015, Mr. A. Latif was appointed as the Acting Chief Marketing Officer. Mr. A. Latif has an MBA from the French Arabian Business School/ESSEC in Bahrain as well as an Executive Education Programme in Strategic Sales Management from the University of Chicago, USA. Additionally, he holds a Bachelor of Electrical Engineering from Gulf University in Bahrain as well as a Higher National Diploma in Mechatronics from Abertay University, Dundee, UK.

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**2.14 Shareholding by Executive Management:** The current shareholding of the CEO and Chief Officers are as follows. There were no transactions made in 2016:

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

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, 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 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.

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### 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.

#### 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, 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), Dr. Ahmed Al Balooshi (who is not a Board Director, but was appointed to the Board Audit Committee on 11 June 2014) and Mr. Khalid A. Al Garni.

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### **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. 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.

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### 3.2 Members of the Board and its Committees divided into independent and not-independent; executive and non-executive categories, based on their disclosures were 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 until April 2016, a customer of Alba.
8	Khalid Ali Al Garni	✓	✓			Not independent, Executive	As above in row 7 i).
9	Fahad S. Al Sheabi	✓		✓		Independent Non-executive	
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 Ebrahim Al Balooshi (Member of the Board Audit Committee, but <u>not</u> the Board)		✓			Independent Non-executive	

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Following changes made at the Extraordinary General Assembly of Shareholders held on the 10<sup>th</sup> of June 2015, and other subsequent changes, the updated classifications of Board Directors as at 31 December 2016 are as follows:

The Board and its Committees are summarised as follows as at 31 December 2016:

	Members	Independent	Non-Executive	Not Independent	Executive
Board	10	8	8	2	2
Executive Committee	4	3	3	1	1
Audit Committee	6	4	4	2	2
Nomination and Remuneration Committee	3	3	3	0	0

**3.3 Number of meetings per year:** The NRC is required to meet at least twice a year or as needed. In 2016, the NRC held four meetings. The BAC is required to meet at least four times a year and held four meetings in 2016. The ExCom is required to meet at least four times a year; in 2016, 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.

### 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
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	4
Fahad S. Al Sheaibi	NRC	4	4
Abdulaziz S. Al Humaid	ExCom	4	4
Khalid A. Al Garni	BAC	4	4
Mutlaq H. Al Morished	ExCom	4	4

## 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.

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### 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 2016 are Ernst & Young and the agreed audit fees for that year are BD78,100. E&Y provided the following non-audit services to Alba in 2016 (1) BD1,800 – Confirmation on the value of spares and consumables for duty exemption; and (4) BD1,000 – Attending of IFRS course by Finance employee.
- The reappointment of Ernst & Young for the audit year ended 2016 was endorsed by the Shareholders at the Annual General Meeting on 16th of March 2016 based upon the recommendation of Management and the Board Audit Committee.

### 6. Related party Transactions

As of the audit year ended 2016, 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.

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 ended 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 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.

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### 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.
- 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;

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- 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, the Ministry of Industry Commerce and Tourism (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.

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### 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.

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 2016, 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:

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- 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 2016 including any abstentions or objections

- At the Board Meeting that was held on the 18<sup>th</sup> of February 2016, 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 one month Accounting Period (AP) salary for the year 2015 to all Alba employees.
- Line 6 and Power Station 5 Resolutions: After a thorough and comprehensive evaluation, the Board of Directors approved the below resolutions pertaining to the construction of Line 6 and Power Station 5:
  - The Board of Directors approved the awarding of the Line 6 smelter EPCM to International Bechtel Co. LTD. (Bahrain Branch) – CR 9222-1.
  - The Board of Directors approved the awarding of the Power Station 5 EPC Contract to GE-GAMA Consortium.
  - The Board of Directors approved the awarding of the Power Distribution System (PDS) to Siemens L.L.C.
  - A new commercial loan was approved by the Board of Directors of US\$750,000,000 for a term of 7 years on 19th May 2016. This loan tranche was upsized post the approval of the Board of Directors from US\$750,000,000 to US\$1.5 billion. The term for the loan tranche is anticipated to be for 7 years.