
ALUMINIUM BAHRAIN B.S.C.

Corporate Governance Report for the year ending 31st December 2012 (PRESENTATION BY BOARD TO SHAREHOLDERS AT AGM 7th MARCH 2013)

CONTEXT

The Corporate Governance Code of the Kingdom of Bahrain (the "Code") was issued in March 2010 by the Ministry of Industry and Commerce (the 'MOIC'). Full compliance was required for Bahrain public companies by the end of 2011. The Code requires 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 with the Code, and to explain to the shareholders if it has varied them or believes that any non compliance was justified.

On 27th July 2011, the Central Bank of Bahrain (the 'CBB') issued the Corporate Governance Module ('the Module') under the Capital Markets section of the CBB Rulebook, which became effective 1 September 2011. 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 Module was revised during 2012.

This report sets out Alba's report as required by both the MOIC Code and the CBB Module. Corporate Governance Reports for this 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 Code and the Module state that *the Nomination and Remuneration Committees 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 restrictions in the Code and the Module, the Chairman of the HR Committee is classified as non executive and independent. The 2nd member is classified as executive and non-independent due to the fact that he holds a management position in a controlling shareholder and is on the board of a major customer of the Company. The 3rd member is classified as non-executive and non-independent, due to the fact that he holds more than 5% of shares in a company that received from the Company payments of more than 31,000 BD annually. The Alba Board has reviewed these situations and is of the opinion that the specific circumstances that lead to the members classification do not present actual conflicts of interests with the activities of the HR Committee, as they do not impair the members' abilities to exercise judgment free from personal career conflicts.
2. The Code and the Module state that *the majority of members of the Board Audit Committee should be independent*. Currently in Alba, three of the 5 members of the Board Audit Committee are classified as non independent, per the restrictions in classification set out in the Code and the Module. In the case of two of these, this is purely due to their positions as managers in controlling shareholders. The Alba Board has reviewed these situations and is of the opinion that the specific circumstances that lead to the classification of these 2 Directors do not present conflicts of interests with the activities of the Board Audit Committee. The 2 remaining members, including the Chairman of the Board Audit Committee, are independent.

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3. 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, pension 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 General Counsel and Corporate Secretary of the Company subject to prior approval of the Chairman of the Board.

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 (the "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;

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- 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 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), last updated and approved by the Board on 5th December 2012, 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 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 2012 update reflected changes in the Executive Management, the documentation of authority levels applicable to Regional Offices, and other improvements.

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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 Company's Board of Directors is currently composed of nine members. Article 23 of the Company's Articles of Association outlines the general qualifications of its Board of Directors.

Name		Year First Appointed	Directorships of other Boards	Position
Mahmood Hashim Al Kooheji	53	2006	Bahrain Mumtalakat Holding Company B.S.C. (c) Atbahrain B.S.C. (c) Gulf Aviation Academy B.S.C. (c) Falcon Group Holding B.S.C. (c) Durrat Khaleej Al Bahrain B.S.C. (c) Arab Petroleum Investment Corporation Hawar Holding Company Amber Holdings Limited Gulf Air Holdings SPC	Board Director Chairman Chairman Chairman Director Director Director Director Chairman
Fawzi A. Kanoo		2005	Bahrain Hotels BSC Bahrain Ship Repairing & Eng. Co. BSC 14 Bahrain Private Limited Companies 1 Foreign (non-Bahrain) Company	Director Executive Director Chairman and Board Director
Yousif A. Taqi		2008	Al Salam Bank Manara Development Company North Star Holding Shaikha Hessa Girls School Pan Arabian Gourmet Amar Holding Tadhanmon Islamic Bank	Director & CEO Chairman Chairman Board Member Owner Chairman Board Member
Sheikh Mohamed Bin Khalifa Al Khalifa		2005	Central Bank of Bahrain BAPCO NOGA and its affiliates Oil and Gas Holding Company	Director Director Director CEO
Osama M. Al Arrayedh		2006	None	

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David E. Meen		2005	Kandilli Associates (Turkey)	Chairman
Mutlaq H. Al Morished		2003	Bank Gulf One Saudi Kayan Saudi Yansab Alinma Tokio Marine Alinma Investment	Board Member Chairman Chairman Board Member Chairman
Homood A. Al Tuwajiri		2008	Resigned from Alba Board on 31 May 2012	
Dr. Talaat Dafer Al Qahtani		13 June 2012	None	
Abdulaziz S. Al Humaid		2009	Gulf Aluminium Rolling Mills Co. (GARMCO) National Industrial Gases Company (GAS) Royal Commission Colleges and Institutes for Jubail and Yanbu	Board Member Chairman Board Member

The appointments of the first 6 Directors were affirmed by Royal Decree on April 28th 2008, with no stipulated expiry date. All underwent a rigorous re-assessment of their independence during 2012. Mr. Morished's current term expires in 2015, Mr. Al Humaid's in December 2013, and Dr. Talaat Dafer Al Qahtani's in March 2014.

(1) Mahmood Hashim Al Kooheji. Mr. Al Kooheji has over 34 years of experience of working across a broad range of industry sectors. In 1976, he began his career with BAPCO as a project engineer before joining the Ministry of Finance and National Economy in 1988 as Senior Industrial Engineer. From 1994 to 2005, he served as the Director of Government Shareholdings Directorate and was responsible for overseeing the operation of the companies which were fully or partially owned by the Government of Bahrain. He was instrumental in executing the expansion programs which covered industrial, commercial and service industries. These included large local industrial companies such as BAPCO, Alba, GPIC, as well as commercial undertakings such as National Bank of Bahrain, GIB and Bahrain Development Bank. He was appointed as the Assistant Undersecretary in 2005 and in this role he was responsible for the preparation of a national strategy for economic growth and diversification as well as managing the Economic Affairs Division. As an Assistant Undersecretary of Economic Affairs, he was actively involved in the Bahrain Economic Development Board's initiative, which led to the establishment of Bahrain Mumtalakat Holding Company B.S.C. (c).

From July 2006 to 23 October 2011, Mr Al Kooheji was the Deputy Chief Executive Officer of Mumtalakat. On 23 October 2011, by virtue of a Royal Decree by King Hamad Bin Isa Al Khalifa, he was appointed as the Chief Executive Officer of Labour Fund (Tamkeen). Currently, Mr. Al Kooheji is the Chief Executive Officer of Bahrain Mumtalakat Holding Company B.S.C. (c). Mr. Al Kooheji was appointed as a member of the Company's Board of Directors in 2006 and was appointed as the Chairman in 2008. Mr. Al Kooheji also chairs the Board Human Resources Committee. Mr. Kooheji received a bachelor's degree in mechanical engineering from Staffordshire University in 1984, and an MBA from Henley College of Management, Brunel University in 1988.

(2) Fawzi Ahmed Kanoo. Mr. Kanoo has over 38 years of experience across various industry sectors including real estate, transportation, travel and tourism and hospitality. He was appointed as a member of the Company's Board of Directors in 2006, and is a member of the Board Human

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Resources Committee. Mr. Kanoo serves as an Executive Director of Bahrain Ship Repairing and Engineering B.S.C. Past directorships included Bahrain Airport Services. He is currently the Group Board Director of Yusuf Bin Ahmed Kanoo, a multi-national organization, with offices throughout the Arabian Gulf. Prior to taking over this position he was the director of the transportation group of Yusuf Bin Ahmed Kanoo, which operates travel, freight services, cargo services and aircraft handling divisions throughout the GCC. Prior to this, he worked as a management executive at the same company. Mr. Kanoo received a bachelor's degree in business administration from South West Texas State University in 1974.

(3) Yousif A. Taqi. Mr. Taqi has more than 25 years of experience in the financial services sector and is a recognized 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 organizations 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 Company's Board of Directors, he is currently the Chairman of the Board Audit Committee, the Chairman of Manara Developments Company B.S.C. (c), Amar Holding Company B.S.C. (c), North Star Holding, and Board Member for Tadhamon Capital, and Pan Arabian Gourmet. Prior to his appointment as Chief Executive of Al Salam Bank Bahrain in 2006, he worked as the Deputy General Manager of Kuwait Finance House from 2003-2006. From 1983 to 2003, he worked with Ernst & Young, Bahrain office, in various capacities and was promoted to a partner in the firm in 1999, a position that he held until 2003. He received a bachelor's degree in Accounting from Husson College in the United States in 1990, and qualified as a Certified Public Accountant in 1991.

(4) Sheikh Mohamed Bin Khalifa Al Khalifa. Sheikh Mohamed started his career in 1999 at the Financial Information Directorate of the Ministry of Finance & National Economy. In 2005, he was appointed as a member of the Company's Board of Directors and a Member of Board Audit Committee. From 2005 to 2007, Sheikh Mohamed was the Director of Government Shareholdings at the Ministry of Finance and National Economy. From April 2007, he also served as the director of privatization and outsourcing at the Ministry of Finance and National Economy. He has also served on the Board of Directors of Bapco, NOGA Holding Companies and its affiliates, Central Bank of Bahrain, Lulu Tourism (as its vice-chairman), Qatar-Bahrain Causeway Authority and the Sheikha Hessa School. In September 2011 he was appointed Chief Executive Officer of the Oil & Gas Holding Company, a subsidiary of NOGA. Sheikh Mohamed received his master's degree in business administration with distinction from DePaul University, Kellstadt Graduate School of Business in 2004. He also received an advanced M.Sc. in Computing from Imperial College of Science, Technology and Medicine in 1999. In 1997, he attended the University of Cambridge and received a Postgraduate Diploma in Computer Science. He received his bachelor's degree in computer engineering (with Honours) in spring 1996, and an International Baccalaureate Diploma, Geneva, in July 1992.

(5) 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 2003, he was appointed the Assistant Undersecretary for Industrial Development at the Ministry of Industry and Commerce. Currently, Mr. Al Arrayedh is the Acting Undersecretary for Industry Affairs. He was appointed as a member of the Company's Board of Directors in 2006 and is a member of the Board Audit Committee. 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 in University of Virginia.

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(6) David E. Meen. Mr. Meen is a native and citizen of Canada. He has extensive experience in brand management and consulting across a wide variety of industries such as transportation, oil, gas and retailing. After several years with Procter and Gamble, he joined the Toronto Office of McKinsey & Company in 1973. He spent his first 18 years with McKinsey in Canada, including the last eight as McKinsey's Managing Director for Canada. In 1991, he moved to Europe where he served as the Managing Director of McKinsey's EuroCenter for four years and then a Director of McKinsey's Scandinavian practice. In 1999, he moved to Turkey and was the Managing Director for McKinsey's Turkish practice until his retirement in mid-2003. He was also the project director and primary author of the McKinsey Global Institute's definitive study of the Turkish economy and the opportunity for productivity-led growth. Upon retirement, Mr. Meen and his wife have made Istanbul their permanent home. He founded Meen Partners, based in Istanbul, and continues to consult both in Turkey and across the Arabian Gulf region. In 2005, Mr. Meen was appointed as a member the Company's Board of Directors. Mr. Meen received his bachelor's degree in commerce from the University of Toronto in 1968.

(7) Mutlaq H. Al Morished. Mr. Al Morished has extensive experience in the field of corporate finance. Before taking up his current position as 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. In 2003, he was appointed as a member of the Company's Board of Directors. Currently, he serves in the Board of Bank Gulf One, Saudi Kayan, and Saudi Yansab. He received a bachelor's degree in Nuclear Physics and Mathematics from the University of Denver. He obtained his master's degree from Stanford University, and MSc in Nuclear Engineering from Princeton University.

(8) Abdulaziz S. Al Humaid. Mr. Al-Humaid has 31 years of experience in the petrochemicals and metals industry. Before taking up his current post as 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 such as 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 Company's Board of Directors and member of both the Audit and Human Resources committees. He also serves as the Board Chairman of National Industrial Gases Company (GAS), a Board Member of the Royal Commission Colleges and Institutes for Jubail and Yanbu and the Gulf Aluminum Rolling Mill Company (GARMCO) in Bahrain. Mr. Al-Humaid has held various positions in Arabian Petrochemical Company (PETROKEMYA) where he started his career in 1981, he served as the Senior Vice President, the 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 BS degree in Chemical Engineering Science in 1981 from the King Fahd University of Petroleum and Minerals (KFUPM), Dhahran, Kingdom of Saudi Arabia.

(9) Dr. Talaat Al-Dafer. Dr. Al-Dafer was appointed as a Board Director of Alba on 12th June 2012. He currently holds the position of Vice President Corporate Strategy & Planning for the Kingdom of Saudi Arabia, Middle East & Africa Region at SABIC. Dr. Al-Dafer received his Doctorate Degree (PhD) in Quality Management from the Arabian Academy for Sciences, Technology & Maritime Transport, Alexandria, Egypt. He received a Master Science Degree in Information Studies from Loughborough University of Technology, United Kingdom in 1987, and a High Diploma in Economics & Working Methods from Davis University California, in 1983. In 1980, he obtained his Bachelor's Degree in Agricultural Sciences major in Food Industries from King Saud University, Riyadh, Kingdom of Saudi Arabia (KSA).

Dr. Al-Dafer served for eleven years in the Saudi Arabia Standard Organisation (SASO), KSA from 1985 up to 1996 both as the General Manager of the Information Center and also as the Branch

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General Manager of the Eastern & Western Province. Dr. Al-Dafer was selected by the Arab Industrial Development & Mining Organization (AIDMO), an Arab League Organisation, as Director General serving 21 Arab countries from 1996 – 2006. Dr. Al-Dafer also worked at the Ministry of Commerce and Industry, KSA and was an Advisor to His Excellency the Minister of Commerce and Industry in KSA. Before he joined SABIC, Dr. Al-Dafer also worked at the King Abdullah University of Science & Technology (KAUST) at Executive Management level.

During Dr. Al-Dafer's career in KSA, he has met and assisted several Arab leaders.

(10) Homood Al Tuwajiri. Mr. Al Tuwajiri has extensive experience in the area of corporate finance. Since January 2008, Mr. Al Tuwajiri has served as the Executive Vice President of Corporate Control of SABIC, responsible for the SABIC Global Governance Functions of Internal Audit, Environmental, Health, Safety & Security, Legal Affairs, Enterprise Risk Management and Business Process & Data Quality Management. He served as the Vice President of Petrochemicals Coordination in charge of the SABIC Group Supply Chain and Logistics, Middle East & Africa Sales Offices & Petrochemical SBUs Coordination from 2004 to 2007. Mr. Al Tuwajiri's other Vice President positions within SABIC include Corporate Finance from 2002 to 2004 and Administrative Services from 1998 to 2002. As the Vice President of Corporate Finance of SABIC, he spearheaded SABIC's globalization drive and was instrumental in ensuring sustainable growth in profits. He holds current directorships in Al Jubail Petrochemical Co. (KEMYA), Saudi Yanbu Petrochemical (YANPET), SABIC Capital B.V., and Power and Utility Company for Jubail and Yanbu. In March 2008, Mr. Al Tuwajiri was appointed as a member the Company's Board of Directors. Mr. Al Tuwajiri received a master's degree in Industrial Engineering from the Georgia Institute of Technology in 1983. Mr. Al Tuwajiri ended his term as a Board Director of Alba on 31 May 2012.

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.

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 during 2011 to facilitate orientation.

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

Currently, three Directors hold Alba ordinary shares:

- Mahmood H. Al Kooheji - 30,477 ordinary shares (no trading during 2012)
- Mutlaq H. Al Morished - 6,944 ordinary shares (no trading during 2012)
- Homood A. Al Tuwajiri – 15,000 ordinary shares (no trading during 2012)

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2.8 Election system, and process for termination of Directors

- 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 Law. The number of directors may be varied according to paragraph 5 of Article 22 of the Articles subject to the provisions of the Law.
- A shareholder who owns 10% or more of the capital shall appoint his representative on the Board of Directors proportionately to the total number of members of the Board of Directors, so that one member shall be appointed for each 10% shareholding in the share capital, and the shareholder shall forfeit his right of voting to elect the remaining number of Board of Directors to the extent of the percentage or percentages of shares for which an appointment is made. If the shareholder still holds a percentage that is not enough to make him eligible for appointment of another member, he may use such percentage in voting with the other shareholders who have the right to elect members of the Board of Directors (other than the appointed members) in accordance with the provisions of paragraph 3 in Article 22 of the Articles.
- After making the appointments for membership of the Board of Directors by eligible shareholders through the application of the provisions of paragraph 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 paragraph 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 in Article 22 of the Articles, 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 paragraph 2 in Article 22 of the Articles, and those members elected pursuant to paragraph 3 in Article 22 of the Articles as well as the expert members of the Board of Directors who are not shareholders but appointed from time to time by the Ordinary General Meeting.
- 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 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.

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- If he loses any of the qualifying conditions referred to in Article 23 of the Articles or in Articles 173 and 174 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 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 Board Meeting Dates

Meetings of the Company's Board of Directors take place at least quarterly, or more frequently, as necessary. The Board Meetings in 2012 were held on: 16 February; 13 June; 19 September, and 5 December.

2.11 Attendance of Directors at each Board Meeting

(1) Mahmood H. Al Kooheji, Chairman	4 meetings
(2) Fawzi A. Kanoo	4 meetings
(3) Yousif A. Taqi	4 meetings
(4) Sh. Mohamed Bin Khalifa Al Khalifa	4 meetings
(5) Osama M. Al Arrayedh	4 meetings
(6) David E. Meen	4 meetings
(7) Mutlaq H. Al Morished	4 meetings
(8) Dr. Talaat Dafer Al Qahtani	2 meetings (appointed on 13 June 2012)
Homood A. Al Tuwaijri	2 meetings (resigned on 31 May 2012)
(9) Abdulaziz S. Al Humaid	4 meetings

2.12 Attendance fees of Individual members divided into sitting fees and remuneration for 2012.

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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 Commerce and Industry in respect of any year in which the Company was unprofitable. At the Annual Shareholders Meeting on 8 March 2012, it was approved that the total sum of BD190,000 shall be paid to nine Board Directors in respect of the remuneration fees for the year 2011.

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. One Board Director based outside Bahrain (Istanbul) was reimbursed at cost.

2.13 List of senior managers and profile of each

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.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of First Appointment</u>	<u>Date appointed to Current Position</u>
Timothy "Tim" J. Murray	41	Chief Executive Officer	May 2007	October 2012
Ali Al Baqali	43	Acting Chief Finance and Supply Officer	May 1998	October 2012
Isa A. Latif Al Ansari	48	Chief Operations Officer	July 1983	June 2012
Jean-Baptiste Lucas	41	Chief Marketing Officer	January 2011	January 2011
Basem Al Sharqi	51	Chief Support Functions Officer	June 2012	June 2012

Below is a biographical summary of the members of the executive management at the end of 2012:

Timothy "Tim" J. Murray, Chief Executive Officer appointed 1 October 2012. Mr. Murray joined the Company in 2007 as General Manager Finance and Legal. In July 2009 as part of Alba's restructuring, he was promoted to Chief Finance Officer. During the re-structuring period he also served as acting Chief Marketing Officer, and following the restructuring of the Executives' responsibilities in May 2012, his responsibilities were expanded to include the Supply Chain. Effective 1 October 2012, Mr. Murray was appointed as CEO of Alba. Prior to joining Alba, Mr. Murray spent ten years with ARC Automotive, a leading manufacturer of Air Bag Systems supplying the global automotive industry, where he served as a Vice President and Chief Financial Officer. Mr. Murray is a Certified Public Accountant (CPA) and a member of AICPA. He has completed various Executive Management Programs at the University Of Chicago Graduate School Of Business. Mr. Murray received his bachelor's degree in accounting from Susquehanna University (USA) in 1993, and he obtained his MBA from Vanderbilt University in 2003 where he graduated Beta Gamma Sigma (top 20% of class). Mr. Murray is also a certified Six Sigma Greenbelt through Sequa Corporation.

Isa A. Latif Al Ansari, Chief Operations Officer. Mr. Al Ansari started his career with the Company in 1983 as an apprentice. In his 29 years of service, he has risen through the ranks and promoted to

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the executive position of Chief Supply Chain Officer in December 2009, where he managed the Company's global supply chain, including strategic and major raw materials, Purchasing, Warehouse as well as its Calciner Plant and Marine terminal, before being appointed as Chief Operations Officer in June 2012. A position he had held in an acting capacity from January 2011. Prior to his appointment to the Executive team, he held several managerial positions covering various areas of Materials Management within the Company. Mr. Al Ansari holds a bachelor's degree with distinction in electrical and electronics engineering from the University of Northumbria, Newcastle (UK). He has extensive experience in logistics, maintenance, planning, engineering, ERP implementation, warehouse management, inventory management, project execution and purchasing. He has made significant contributions to Business Process Re-engineering, SAP PM/MM modules, the implementation of reliability-centered maintenance (RCM), spares optimisation system, and the Company's document management system (DMS). He has also participated in many extensive executives training programmes in management and leadership. One of his significant achievements was in successfully establishing several sources for major raw materials to ensure fair price competition and to secure requirements from diversified locations. In 2011 in his capacity as COO, he led the operation team to successfully record the highest production in Alba's history without incurring any extra capex or any additional resources.

Jean-Baptiste Lucas, Chief Marketing Officer. Mr. 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 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 member of the Executive Management in charge of metal casting operations, metallurgy, and worldwide sales and marketing. Mr. Lucas is a former Chairman of France Aluminium Recyclage (2008-2010), and a former Board member of EcoEmballage (2007-2009).

Basem Rashed Al Sharqi, Chief Support Functions Officer. Mr. Sharqi joined the Company in November 20th, 2011 as Advisor, Strategic Projects Consultant. On 1 June 2012, Mr. Al Sharqi was appointed as Chief Support Functions Officer. Prior to joining Alba, Mr. Al Sharqi was the Business Development Advisor of Amar Holding Company BSC (c) and the Acting Executive Director, Sales and Marketing of Manara Development BSC (c) from April 2009 to August 2010. From August 2006 to March 2009, he was the Executive Advisor of Prudent Solutions WLL in Saudi Arabia, and Executive Advisor in Yokogawa Middle East BSC (c). Mr. Al Sharqi started working in Yokogawa Middle East in June 1991 as the Assistant Manager of Technical Support Department and rose through the years to the rank of Senior Executive Vice President in 2006. Between 1985 and 1987, Mr. Al Sharqi worked as Computer System Engineer in Arabian Petrochemical Company (Petrokemya). Between 1987 and 1991, Mr. Al Sharqi was connected with Arab Engineered Systems and Controls Co. (ARESCON) from Senior Systems Engineer to Project Manager of the Engineering Department of ARESCON. Mr. Al Sharqi was a recipient of the Yokogawa Global Award during the commemoration of Yokogawa's 90th Anniversary in October 2005, in recognition of his outstanding efforts to expand Yokogawa's global business. Mr. Al Sharqi received with distinction his Masters in Business and Administration from the University of Glamorgan in 2003. In 1984, he graduated with honors in BSE Computer Engineering from the University of Petroleum and Minerals in Saudi Arabia.

Ali Al-Baqali, Acting Chief Finance & Supply Officer. Mr. Al Baqali was appointed as Acting CFO in October 2012. Prior to this position, he was the Manager of Procurement & Warehousing,

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where he led the Purchasing, Warehouse & Inventory Management functions since April 2010, during which he made significant improvements in the procurement cycle & the supply chain, as well as formulated various sourcing strategies for key material categories. Ali's experience in procurement is extensive as he was known for being perceptive in handling the strategic issues with the company's major vendors. At various stages during his 15 years with Alba, he led many successful projects namely the Bar-coding system in Warehouse, AlbaSmartWay Wave program, etc. Ali started his career in Alba as a certified QMS and EMS internal auditor where he headed various sections in Materials Management. Prior Alba, Ali worked in the fields of Accounting in YBA Kanoo and of Purchasing in GIIC (Gulf Industrial Investment Company) and Delmon Poultry. Ali holds a B.Sc. degree in Accounting from the University of Bahrain and is a Professional member of the Chartered Institute of Purchasing & Supply (CIPS), UK. He is currently doing an MBA with the French Arabian Business School / ESSEC.

2.14 Shareholding by executive management: Currently, three of the Chief Officers hold Alba shares:

- | | |
|---|------------------------|
| (1) Laurent Schmitt, previous Chief Executive Officer (left Alba) | 13,888 ordinary shares |
| (2) Tim Murray, current Chief Executive Officer | 2,777 ordinary shares |
| (3) Isa Al Ansari, Chief Supply Chain Officer | 2,000 ordinary shares |

None of the above traded in their shares during 2012.

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 General Counsel and Corporate Secretary of the Company subject to prior approval of the Chairman of the Board.

2.16 Details of stock options and performance linked incentives to Executives

The Company bought 3,000,000 ordinary shares at the concluded IPO in November 30, 2010 for all employees as part of stock incentive plan. The Company intends to distribute 1,000 shares to each employee following a 3-year vesting period. There are currently no additional stock incentives specific to Executives. Details of performance linked incentives will be available for inspection through the General Counsel and Corporate Secretary of the Company subject to prior approval of the Chairman of the Board.

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

The Corporate Governance Code of the Kingdom of Bahrain (the "Code") has been adopted by the Board. The Board members ensure compliance by the Company with the Code to the extent applicable. In November 2010, the Board Audit Committee endorsed to the Board a set of Corporate Governance Guidelines aligned with the Code. Compliance with the Code is monitored by the Board Audit Committee, utilizing reports prepared by the Company Secretary, and corporate governance audits by Internal Audit.

In December 2010, the Board approved a revised Code of Conduct of the Company, setting out required ethical conduct for all employees of the Company. The new Code of Conduct was launched

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across the Company in June and July 2011. 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 and reporting system.

3. Board Committees

A. Human Resources Committee (HRC)

The Company's HRC charter was approved by its Board of Directors in March 2009. The purpose of the HRC is to generate a proposal on the Company's compensation structure for its Board of Directors' consideration and to recommend and approve decisions related to human resources matters. The Company's Board of Directors appoints members of the HRC. The three current members of the HRC are Mahmood Hashim Al Kooheji (Chairman), Fawzi Ahmed Kanoo, and A. Aziz Sulaiman Al Humaid.

In December 2010, the HRC Charter was revised to cover all the Nominating and Remuneration functions as recommended by the Corporate Governance Code of the Kingdom of Bahrain.

B. Board Audit Committee (BAC)

The Company's Board Audit Committee charter was approved by its Board of Directors in March 2009. 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 and 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 Audit Committee consists of between 3 and 5 members, appointed by the Company's Board of Directors. A majority of these are to be non-executive Directors, and all must be financially literate, including at least one qualified and appropriately experienced accountant. The Chairman of the Company's Board of Directors shall not be a member of the Board Audit Committee. The current members of the Board Audit Committee are Yousif Taqi (Chairman), Sheikh Mohamed Bin Khalifa Al Khalifa, Osama M. Al Arrayedh, A. Aziz Sulaiman Al Humaid and Ahmed M. Al-Khamis.

C. Board Strategic Committee.

On 6 February 2012, the Board approved formation of the Alba Vision Line 6 Strategic Committee of the Board of Directors (BSC), composed of three Directors; the Chairman of the Board, Mr. Mahmood H. Al Kooheji, (who chairs the committee) and two other Board Directors, David E. Meen, and Mutlaq H. Al Morished. On 19 September 2012, the Board Strategic Committee (BSC) recommended the formation of a Project Steering Committee (PSC) composed also of the same three Directors. The Board will authorise the PSC to undertake Line 6 Project-related decisions within an authority level to be assigned to the PSC.

Members of each Board and Committees divided into independent and not-independent; executive and non-executive categories

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	Board Members	Board	Board Audit Committee	Board HR Committee	Categories of Directors	Reason
1.	Mahmood H. Al Kooheji, Chairman	Chairman		Chairman	Independent, Non-executive	Executive in sovereign Shareholder (Mumtalakat). CBB Module provides an exception whereby directors would not be classed as Executives in cases where they are Executives of a controlling sovereign company or government ministry.
2.	Fawzi A. Kanoo, Member	✓		✓	Not independent, Non-executive	Kanoo Travel (travel services provided by Kanoo Travel to Alba).
3.	Yousif A. Taqi, Member	✓	Chairman		Independent, Non-executive	
4.	Sh. Mohamed Bin Khalifa Al Khalifa, Member	✓	✓		Not independent, Non-executive	Director of BAPCO, which is a supplier to Alba). Appointed CEO of The Oil and Gas Holding Company effective 11 September. 2011. Although the CBB advised Alba that the director could be classified as independent under the exclusion available for executives of "sovereign" entities, the Board has decided to classify him as 'not independent' in consideration of international norms of classification.
5.	Osama M. Al Arrayedh, Member	✓	✓		Independent, Non-executive	
6.	David E. Meen, Member	✓			Independent, Non-executive	
7.	Mutlaq H. Al Morished, Member	✓			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, Member	✓	✓	✓	Not independent, Executive	As above in row 7 and Director GARMCO, a customer of Alba.
.	Homood A. Al Tuwajiri, (Term ended on 31 May 2012)	✓			Not independent, Executive	As above in row 7.
9	Dr. Talaat Dafer Al Qahtani (Term started on 12 June 2012)	✓			Not independent, Executive	As above in row 7.
10	Vacant					
11	Ahmed M. Al Khamis, (Member of the Board Audit Committee but <u>not</u> the Board)		✓		Not Independent, Executive	As above in row 7.

At the Board meeting held on 19th September 2012, the Board determined the independence of Directors based on the classifications set out by the MOIC Code and the CBB Module for the period 1 January 2012 to 31 December 2012. As at the end of 2012, the classification of Directors as per the table above are summarised as follows:

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Board: 9 members: 4 Independent, 6 Non-executive; 5 Not independent, 3 Executive
HR Committee: 3 members: 1 Independent; 2 Non-executive; 2 Not Independent, 1 Executive
Audit Committee: 5 members: 2 Independent; 3 Non-executive; 3 Not Independent; 2 Executive
Strategic Committee: 3 members: 2 Independent; 2 Non-executive; 1 Not Independent; 1 Executive

Number of meetings per year: The HRC is required to meet at least twice a year or as needed. It held three meetings in 2012. The BAC is required to meet at least four times a year. It held four meetings in 2012. The BSC held four meetings in 2012.

Work of committees and any significant issues : The HRC, BSC 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.

In addition to improvements outlined elsewhere in this document, the following changes in Corporate Governance took place during the year:

- Succession Planning – An annual review of succession plans for Executives is now built into the HRC and Board agendas, and the process is ongoing.

5. Auditors

- The Internal Audit Department is headed by the Chief Internal Auditor and Risk Officer.
- The External Auditors of the Company for the audit year ended 2012 are Ernst & Young and the agreed audit fees for that year are BD 72,600.
- E&Y did not provide any Non-audit services in 2012, other than an assessment of certain policies at the request of the Board Audit Committee.
- The reappointment of Ernst & Young for the audit year ended 2012 was endorsed by the Shareholders at the Annual General Meeting on 8 March 2012, based upon the recommendation of Management and the Board Audit Committee.
- Copies of the Charters of the Board, the BAC and the HRC may be inspected at the Company's offices.

6. Related party Transactions

As of the audit year ended 2012 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.

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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 also directly owns and controls Mumtalakat, which is the Company's single largest shareholder. In September 2011, Alba announced that it had been informed by Bapco that NOGA had issued a directive to increase the price of natural gas supplied to Alba from US\$1.50 per MMBTU to US\$2.25 per MMBTU effective 1 January 2012. This still remains below internationally traded gas prices.

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 15% 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.

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 *fl/s* 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

- Investors Relations handles queries from shareholders and investors as well as press releases.
- Relevant communications are posted on the Investors Relations section of the Company's website.
- The Company has appointed the Bahrain Bourse (formerly, the Bahrain Stock Exchange) to act as its Share Registrar.
- The Company has appointed KPMG now called Karvy Fakhro to provide share registrar support services.
- Required notifications are made to the Bahrain Bourse and London Stock Exchange for publishing on their web sites.
- Notices to Shareholders are provided through publications in Arabic and English newspapers.

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- Notices to GDR Shareholders are provided through the regulatory information services of the UK Financial Services Authority, FIS.
- The General Counsel and Corporate Secretary (Legal and Corporate Affairs) 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 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 by our External Auditors, and discussion by the BAC 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 Finance and Supply Officer, Chief Executive Officer, Board Audit Committee and Board;
- Monitoring by the Risk Management team, 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 Court, and by Shareholder Audit teams;
- Board and sub-committee approvals and monitoring of Operating, Financial, Manpower and other Plans;
- Executive and Management monitoring activities (including the monitoring of Key Performance Indicators).
- Assurance is also provided through application of the Levels of Authority document for financial transactions, which are also enacted through financial reporting policies and procedures, and through IT controls in the financial reporting system. The revised Code of Conduct also sets out clear and specific expectations for accurate financial reporting.

10. Announcements of Results:

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- Announcements of 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), 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 working 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.

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 and financial reporting process and the Company's systems of internal accounting and financial controls;
- The annual independent audit of the Company's financial statements, the engagement of the external auditors and the evaluation of the external auditor's qualifications, independence and performance; and
- Compliance by the Company with 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 Module, abstentions are minuted. No such abstentions were made during 2012.

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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 2012, the Board and its two standing committees, the BAC and the HRC, conducted an annual self-evaluation and assessment using a set of questionnaires and a discussion of gaps and areas of improvement. The results of the assessments by the Committees were reported to the Board. The Board has planned its next Directors' training event for September 2013.

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 – the General Counsel and Corporate Secretary, Legal and Corporate Affairs Department subject to prior approval of the Chairman of the Board:

- the Company's Memorandum and Articles of Association;

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- 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, and Human Resources Committee Charters

15. Key Decisions by Directors during 2012, including any abstentions or objections

- Recommendation to pay dividend payments to shareholders in April 2012 for the financial year ended 31 December 2011, and in August 2012 for the financial half year ended 30 June 2012.
- Approval of new Management Structure, and appointment of new Executive Basem Rashed Al Sharqi to the position of Chief Support Functions Officer effective 1st June 2012.
- Approval of the appointment of Mr. Tim Murray (the Chief Finance and Supply Officer up to that point), as the new Chief Executive Officer of Alba effective 1 October 2012.
- Appointment of BNP Paribas (BNPP) as financial and rating advisor for Line 6 Project. At the 127th Board Meeting held on 19 September 2012 the General Counsel and Corporate Secretary requested the Board to ratify the round robin approval circulated on 18 July 2012 appointing BNPP as Financial Advisor for Line 6. The resolution was adopted by a simple majority of six out of nine Board Directors who were present in person at the meeting. It was minuted that two Board Directors representing a shareholder, Sabic Industrial Investments Company, Mr. Mutlaq H. Al Morished and Dr. Talaat Dafer Al Qahtani, and one elected Board Director, Mr. Abdulaziz S. Al Humaid abstained from ratifying the resolution. Having the required simple majority, the Board authorised the Chairman of the Board to sign the engagement letter and any future amendments thereto.
- Approval of the formation of Alba Vision Line 6 Strategic Committee of the Board of Directors composed of three Directors; chaired by the Chairman of the Board.