



SOHAR
ALUMINIUM

SUSTAINABILITY
REPORT
2017

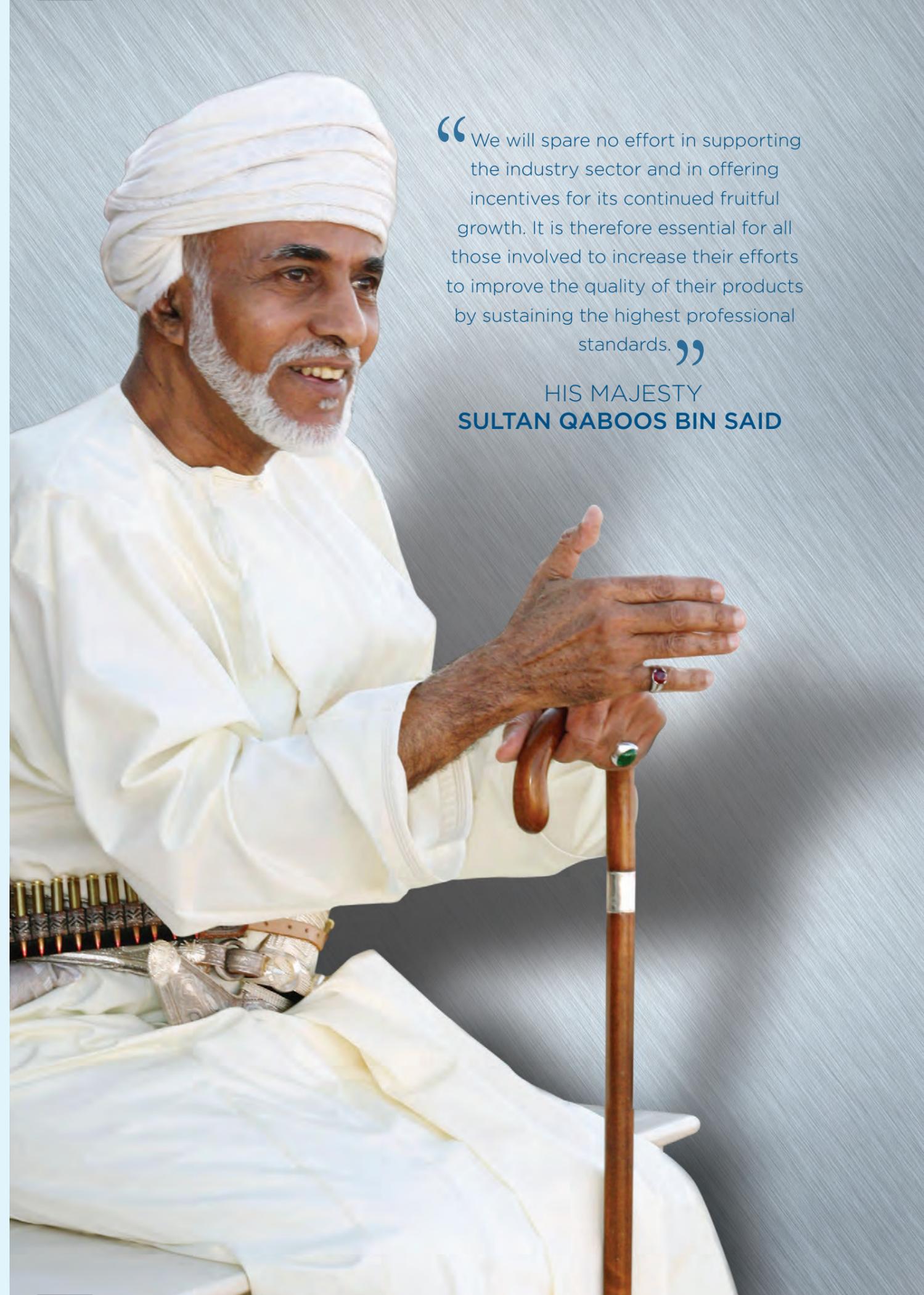
MILESTONES



| | |
|----------------|--|
| September 2004 | Formation of Sohar Aluminium |
| February 2005 | Shareholders Agreement to found Sohar Aluminium |
| December 2005 | Financial close-out |
| January 2006 | Commencement of construction of the smelter and associated facilities |
| June 2008 | Start of first pot operating at 350 kA |
| July 2008 | First export shipment |
| August 2008 | First downstream hot metal delivery |
| February 2009 | Achieved full capacity for phase 1 |
| April 2009 | Official inauguration of Sohar Aluminium |
| June 2009 | Technical completion certification |
| December 2009 | ISO 9001 Certification for manufacturing of Primary Aluminium |
| March 2010 | Production of large anodes |
| December 2010 | Ramp-up to 375kA was achieved |
| August 2011 | Cumulative 1 million tonne of aluminium produced |
| December 2011 | Formation of the social responsibility Foundation, Jusoor by Sohar Aluminium, Orpic and Vale |
| November 2012 | ISO 9001 Certification for Power Plant |
| February 2014 | Commencement of Amperage Creep Project |
| June 2014 | Cumulative 2 million tonnes of aluminium produced |
| August 2014 | Key stakeholders' engagements commenced with community members |
| November 2014 | First Pot Changeout Program completed |
| December 2014 | Completion of the GCC's first Automation Infrastructure Virtualization Project |
| September 2015 | Graduation of 55 Omani Multi-functional Technicians from SA Training Institute |
| February 2016 | Received ISO 14001 and OHSAS 18001 Certification |
| July 2016 | Sohar Industrial Training Institute certified by Ministry of Manpower |
| October 2016 | SA Launched its bilingual Technical Dictionary |
| March 2017 | Operating at 396 kA |
| January 2018 | Completion of world's best potline recovery |
| April 2018 | Capability Test Signoff |

“We will spare no effort in supporting the industry sector and in offering incentives for its continued fruitful growth. It is therefore essential for all those involved to increase their efforts to improve the quality of their products by sustaining the highest professional standards.”

HIS MAJESTY
SULTAN QABOOS BIN SAID



SOHAR ALUMINIUM BUSINESS STRATEGY MAP

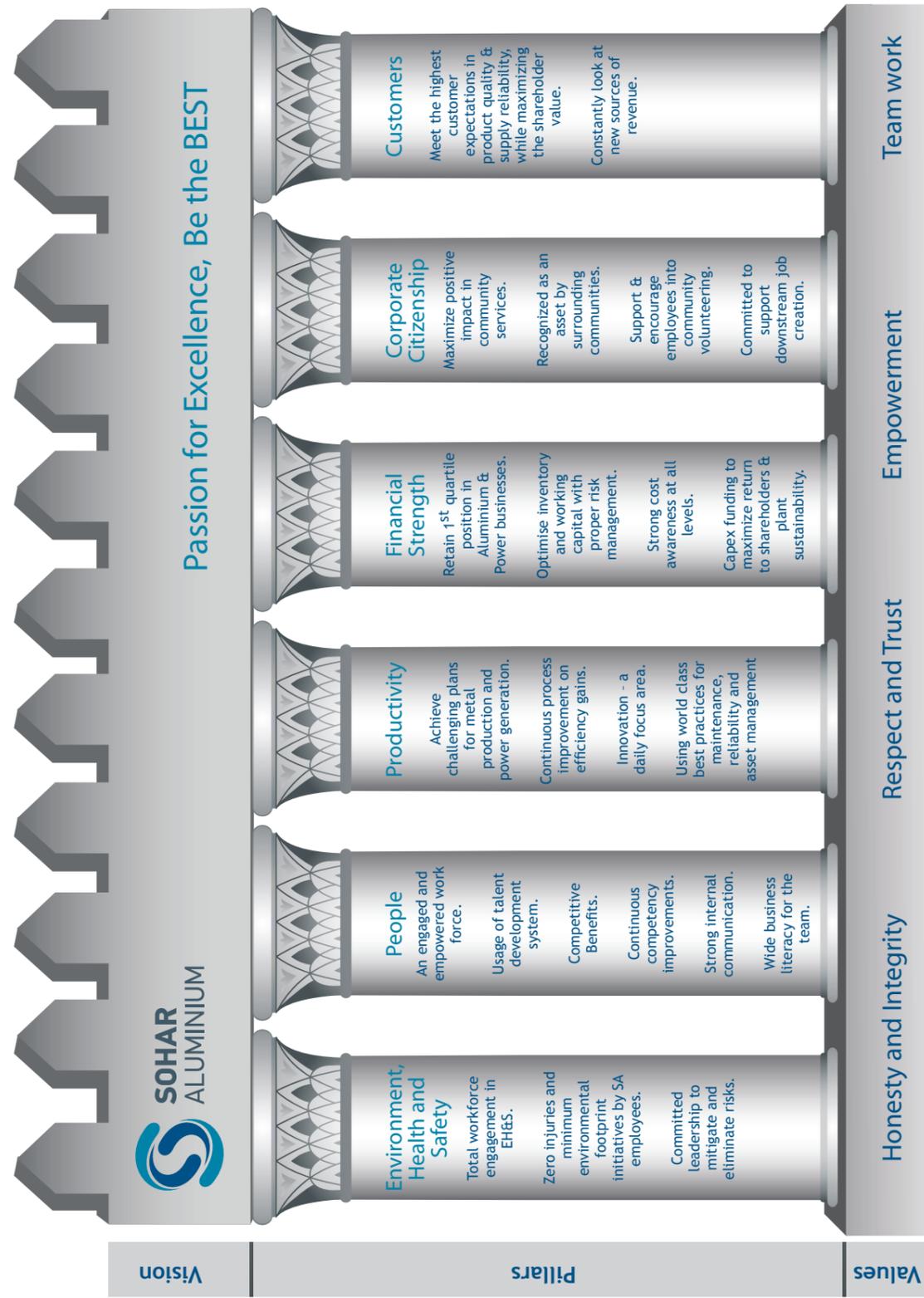


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ABOUT THIS REPORT

This is Sohar Aluminium's ninth sustainability report highlighting the company's performance and activities on sustainability issues of material importance to the company and its stakeholders across economic, environmental and social dimensions. The report covers the period 1 January to 31 December 2017. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Transparency and Community Reach

Sohar Aluminium believes in transparency, accuracy and the availability of reliable self-reported information on various issues related to its operations.

Sohar Aluminium Sustainability Report

For the the Sohar Aluminium Sustainability Report 2016, we underwent a GRI Materiality Disclosures service. GRI is an internationally recognized independent organization that has pioneered sustainability reporting and offers a transparent review that documents the

company's progressive approach in applying best practices in its operational model.

The report provides a detailed overview of the company's economic, environmental and social contributions and performance. The highlights of the report have been published on recycled FSC certified paper using soy-based ink to minimize SA's footprint on the environment while the full report can be accessed publicly on the company's website

www.sohar-aluminium.com.

We welcome your feedback on this report and our performance through the following channels:

Email: hotline@sohar-aluminium.com

@SoharAluminium

@SoharAluminium

Sohar Aluminium



MESSAGE FROM CHAIRMAN

On behalf of the Board of Directors, it is my privilege to present to you Sohar Aluminium's 2017 Sustainability Report.

Since Sohar Aluminium began operations in 2008, the company has maintained a demonstrable and deep-rooted commitment to its environmental and social responsibility. Our dynamism is underpinned by this commitment to sustainability, and through our cutting-edge technology, environmental stewardship and rigorous standards, we have become a benchmark smelter worldwide.

2017 has been an unprecedented year for Sohar Aluminium. As a company, we displayed our resiliency in the face of challenging circumstances, following an operational incident and subsequent plant shutdown. Our culture of productivity effectiveness helped lead us to a remarkably efficient recovery. Our team

accomplished this while upholding our core values of empowerment, teamwork, honesty and integrity, respect and trust. Through our collective action and the individual dedication of our employees, we have once again raised the bar for smelters worldwide.

Stakeholder inclusion and engagement form another important component of our business strategy and an essential element of our approach to managing sustainability effectively. We are truly grateful for the support we have received from our stakeholder groups and the Gulf Aluminium Council (GAC) during 2017. Regular stakeholder engagement and dialogue was a key success factor in mitigating the potential negative impacts of the plant shutdown, and we are confident that the transparency we displayed this past year has helped to only strengthen ties with our stakeholders.

Through this annual sustainability report, Sohar Aluminium opens an important channel through which we continue to engage our stakeholders. It is an essential component of our company's continued success, as it helps us to assess our performance and identify areas for improvement.

As an industrial leader both in Oman and abroad, Sohar Aluminium has taken a lead role in realising Vision 2020 through its contribution to employment, economic diversification, community development and environmental management, and we are proud that we have become a key contributor to Oman's sustainable development goals.

Once again, I would like to thank the leadership team at Sohar Aluminium, board members, shareholders, all our employees, business partners, contractors,

suppliers, neighbouring industries and community at large for their commitment, efforts, and contributions to our business in 2017.

On behalf of the Company and its shareholders, I would like to extend our sincere gratitude to His Majesty Sultan Qaboos bin Said for his exceptional leadership. His vision for Oman has allowed our country to rise through the ranks globally, laying the foundation for Oman's journey toward a prosperous and sustainable future while ensuring the preservation of our traditional values.

We also remain sincerely grateful to His Majesty's wise government, Ministry of Oil and Gas, Ministry of Commerce and Industry, Ministry of Manpower, Ministry of Finance, Ministry of Environment and Climate Affairs, and the Ministry of Health for their support, cooperation and positive interaction.

We look forward to continuing to exceed your expectations and deliver on our commitments in 2018 and beyond.

Mulham Al Jarf

Chairman of the Board, Sohar Aluminium

As a company, we displayed our resiliency in the face of challenging circumstances, following an operational incident and subsequent plant shutdown. Our culture of productivity and effectiveness helped lead us to a remarkably efficient recovery.





MESSAGE FROM CEO

Welcome to Sohar Aluminium's ninth annual sustainability report. It is my pleasure and honour to communicate our achievements, challenges and opportunities in 2017, a year that has undoubtedly been among the most difficult yet empowering for Sohar Aluminium.

As a leader in the global aluminium industry, Sohar Aluminium recognises the importance of sustainability. Our ambitions for improving sustainability company-wide is highlighted in our sustainability framework, and the role each of our pillars plays in structuring our business strategy and guiding our day-to-day operations. Through our commitment to local socio-economic development, investments in comprehensive management systems and emphasis on lean production, we are able to ensure we maintain environmentally-friendly smelting operations while taking a lead role in contributing to Oman Vision 2020.

As an Omani company, it is our mission to support sustainable development in Oman, and particularly in the Al Batinah region. Sohar Aluminium was therefore honoured to be recognised by Tanfeedh for our

ongoing contribution to Oman's development agenda. We are also proud to report that in 2017, our Omanisation rate stood at 76%, our highest national employment rate thus far. Through the direct supply of metals to local manufacturers and our efforts to procure goods and services locally, we have significantly contributed to Oman's burgeoning downstream metals industry. In 2017, we more than doubled our spending on local suppliers, reaching USD 66 million.

Our well-established Corporate Social Responsibility (CSR) framework continues to be instrumental in guiding our community engagement initiatives, enabling us to reach major milestones, building pride in the organisation and good will with all stakeholders. In 2017, over USD 1 million was invested in community services by Sohar Aluminium. We were delighted that as a result of our focus on CSR excellence, we were awarded the GAC "Community Service Award" this past year.

In 2017, we also had the honour to host the Arab International Aluminium Conference (ARABAL). In line with our commitment to local economic development, all our vendors were local, the majority of which were Small or Medium Enterprises (SMEs). The conference was a huge success; in a survey disseminated after the conference, 100% of participants were satisfied with the organisation of the conference, and many acclaimed it to have been the best edition of the conference to date. Despite our "out of norm operations" at the time, we invited 200 delegates to visit the plant – a testimony to our commitment to transparency and best-practice sharing.

Despite these achievements, 2017 was a challenging year. After a major incident in our plant's reduction area, we made the tough decision to cease production operations for the remainder of the year. This decision was made with the health and safety of our employees as the foremost priority. The incident itself resulted in no injuries or impact to the environment, and for a fourth consecutive year, we have had no recordable heat stress illnesses. Moreover, we introduced new safety procedures, such as the Take 5 Pre-Start Task Analysis (PSTA), to ensure worker safety during the plant recovery period.

I strongly believe that despite the difficulties we faced during the shutdown, we emerged as a stronger company. Our safe, quick and cost-efficient recovery process demonstrated our remarkable resilience and the in-depth technical expertise and commitment of our workforce. We are proud that our unique recovery process has become a global benchmark.

This would not have been possible without the incredible employees at Sohar Aluminium. Every employee took responsibility to ensure we continued to operate with excellence throughout the shutdown period. As an employer of choice in the Al Batinah region, we invest in developing a dedicated and highly competent workforce who shares Sohar Aluminium's commitment to efficiency, excellence and community service. We believe the actions of our employees during the shutdown clearly illustrate this. As testament to our belief in employee development, we continued our key employee engagement initiatives and capacity building programmes, such as the Muntaz Club and the Fresh Graduates

Programme, despite the shutdown. In the first half of the year, we also completed our third batch of Multi-Function Technicians (MFT) trainees. We prioritise these initiatives as we believe they not only lead to employee retention, but they create an empowered, motivated and talented workforce as well.

We are proud of our accomplishments in 2017 and look forward to our continued success. This report is dedicated to everyone who took the lead in developing outstanding response mechanisms and preventative measures and took the collective responsibility to recover our operations as safely and as quickly as possible. I would also like to extend my sincerest appreciation to the entire Sohar Aluminium team and to all our stakeholders for their continuing trust and support.

Eng. Said bin Mohamed Al Masoudi
Chief Executive Officer, Sohar Aluminium

“*At Sohar Aluminium, we have always shown that, with the collaboration of our partners and contractors, we have a trained team that is prepared to deal with challenges no matter how complicated and difficult they are.*”

Eng. Said Al Masoudi,
Chief Executive Officer





CORPORATE PROFILE



Vision

Passion for Excellence, Be the Best.

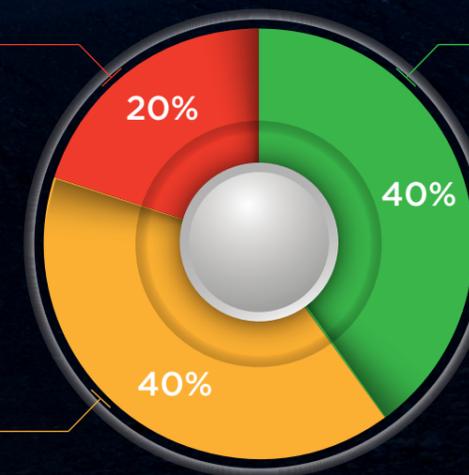
Mission

Bringing Wealth, Prosperity And Growth to the Al Batinah Region through Excellence and Ownership.

OUR SHAREHOLDERS

CORPORATE PROFILE

Founded in 2004 as the Sultanate of Oman's first Greenfield aluminium smelter, Sohar Aluminium Company LLC is a landmark industrial development project and key contributor to Oman's sustainable development ambitions and long-term prosperity. Sohar Aluminium continues to be the only Greenfield Aluminium smelter in the Sultanate.



COMPANY ASSETS

Sohar Aluminium's plant operates under the world-leading "AP39" technology capable of producing 390,000 metric tonnes of primary aluminium per annum.



Sohar Aluminium has its own dedicated Power Plant with a total design capacity of 1,000 MW.

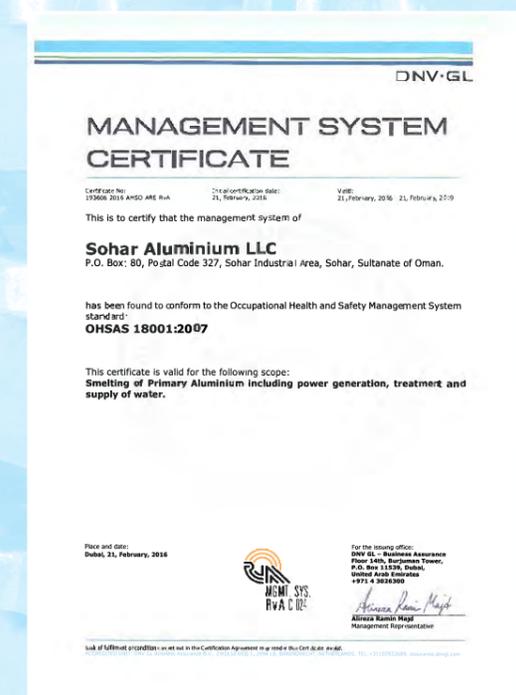
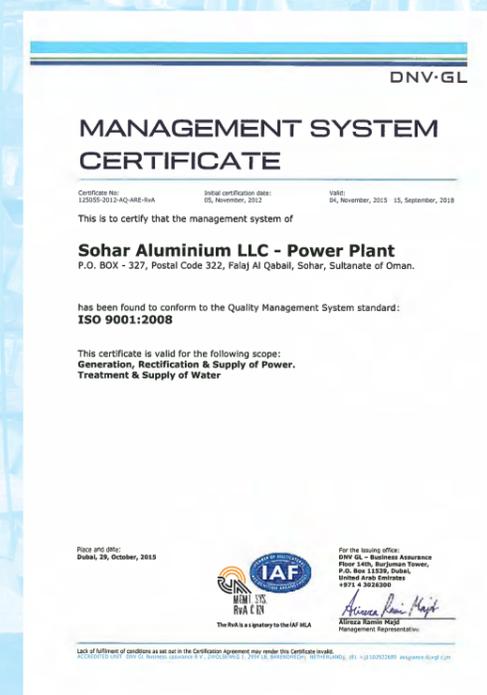
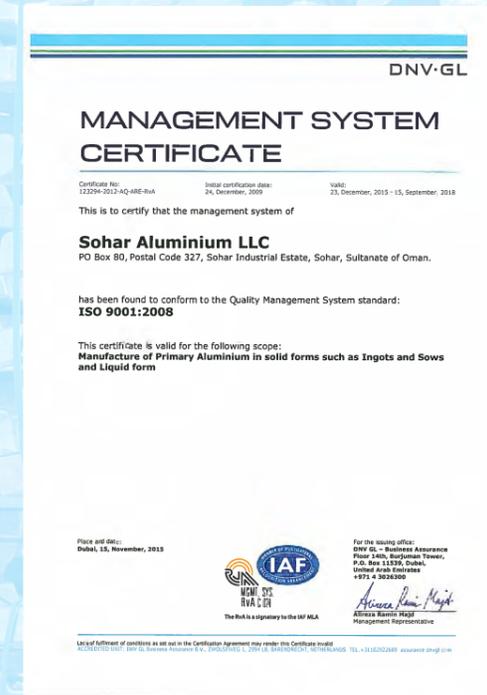


Sohar Aluminium operates a dedicated port facility at the Port of Sohar, supporting vessels with a capacity of up to 75,000 Metric Tonnes for receiving raw materials and exporting primary Aluminium.



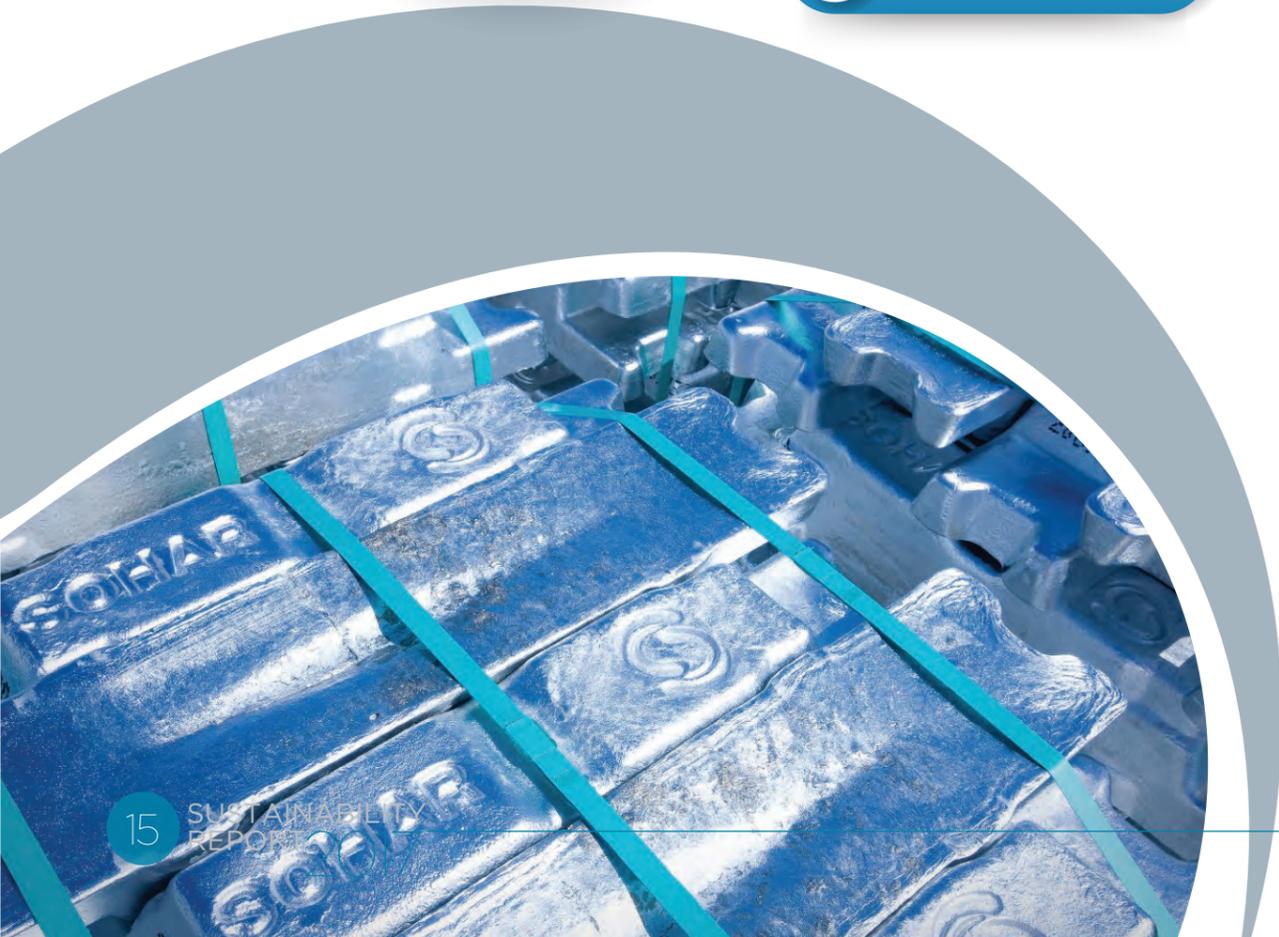
SOHAR ALUMINIUM CERTIFICATIONS

- ISO 9001:2008 certified Quality Management Systems for Sohar Aluminium's Casthouse and Power Plant.
- ISO 14001: 2004 and OHSAS 18001:2007 certified for Sohar Aluminium's EHS Management System.



GOOD CORPORATE GOVERNANCE

Strong Governance and commitment to accountability and transparency are central to how Sohar Aluminium operates in line with its mission and core values. Sohar Aluminium has developed and implemented world-class management and oversight systems to improve the efficiency, transparency, and quality of its operations at every level. Operational decisions are guided by the Board of Directors and the Executive, who prioritise and are continuously engaged in sustainability performance management.



BOARD OF DIRECTORS

The Board of Directors consists of five directors representing the shareholding companies. Board members have fixed terms and compensation, as defined in the shareholders' agreement. Sohar Aluminium's Chief Executive Officer, Chief Financial Officer, Operations General Manager (GM) and Maintenance and Services General Manager (GM) attend

quarterly board meetings in order to ensure excellent communication between the governance and executive teams.

Please visit our website to learn more: <https://www.sohar-aluminium.com/en/content/board-directors>

Sohar Aluminium Board of Directors



Mulham Al Jarf
Oman Oil Company
(Chairman)



Ghalib Al Maamary
Oman Oil Company
(Member)



H.E. Abdulaziz Al Hemaiddi
TAQA
(Member)



HE Saeed Hamad Al Dhaheri
TAQA
(Member)



Matt Liddy
Rio Tinto
(Member)

EXECUTIVE COMMITTEE (ExCo)

Sohar Aluminium Executive Committee (ExCo) is responsible for the daily management of the company's operations. The Committee is composed of four members: The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Operations General Manager (GM) and Maintenance and Services General Manager (GM). The ExCo meets on a regular basis to

discuss the company's progress, with particular attention paid to Sohar Aluminium's Business Strategy. In this regard, the ExCo has acute engagement with sustainability topics.

Please visit our website to learn more: <https://www.sohar-aluminium.com/en/content/sohar-aluminium-executive-committee>

Sohar Aluminium Executive Committee



Said Mohamed Al Masoudi
Chief Executive Officer



Jerry Van Alphen
Chief Financial Officer



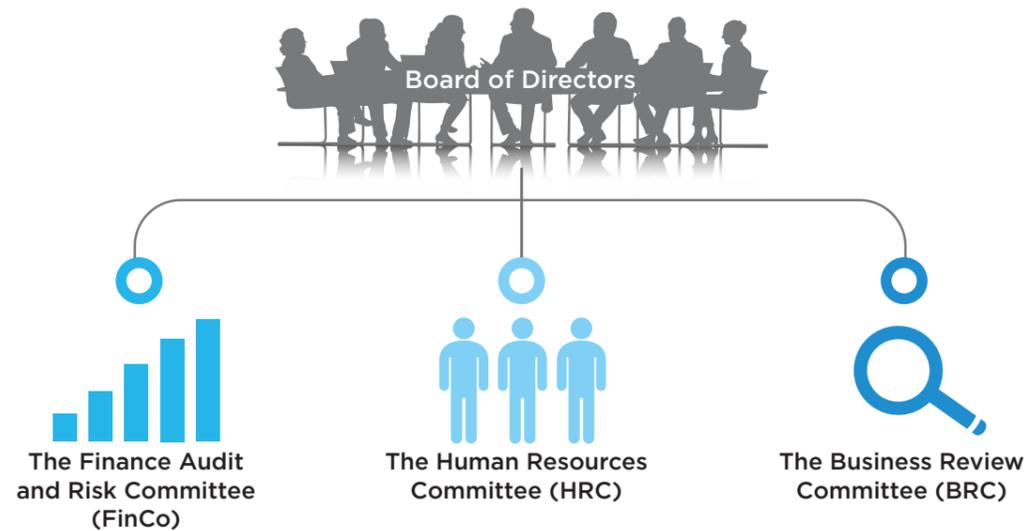
Ali Al Shamsi
Operations
General Manager



Dinesh Sangar
Services and Maintenance
General Manager



COMMITTEES OF THE BOARD



• **The Finance Audit and Risk Committee (FinCo)**, represented by one member from each Shareholder and the Chief Financial Officer of Sohar Aluminium, considers and reviews all finance, risk and audit related matters which are to be presented to the Board for approval and indicates its support or otherwise in regard to such matters. The Committee also acts as the Audit Committee of the company. The FinCo meets every quarter.

• **The Human Resources Committee (HRC)** is represented by one member from each Shareholder and the Chief Executive Officer of Sohar Aluminium. In addition, the Human Resources Administration Manager of Sohar Aluminium serves as the Secretary to the meeting. The Committee supports and advises the Board on all Human Resources related matters. The HRC meets twice a year.

• **The Business Review Committee (BRC)** is represented by a minimum of one member from each Shareholder, together with the Chief Operating Officer, Operations General Manager and Chief Financial Officer of Sohar Aluminium. The Committee meets prior to the scheduled Board meetings, to consider and review significant capital

expenditure, proposed capital planned items, technical review and plant operational performance. As output, the Committee prepares a paper for the Board's consideration indicating its support, or otherwise, in regard to such matters. The BRC meets twice a year.

Corporate Audits

Sohar Aluminium has both structured and periodic audits, supplemented by independent audits, ensuring that its objectives are both met and surpassed. Objectives include product quality and sound operational and financial performance. Audits are conducted on an annual and ad hoc basis, and they ensure that Sohar Aluminium maintains the effectiveness and efficiency of its operations, reliability in financial reporting and compliance with laws, regulations and standards.

Please visit our website to learn more: <https://www.sohar-aluminium.com/en/content/corporate-governance>

Compliance

Our Code of Conduct and Compliance programme is named "Amanah," which translated into English means fulfilling or

upholding trust. Amanah highlights our shared responsibility in protecting the company and its stakeholders from potential harm caused by illegal, dubious, and unethical acts.

Please visit our website to learn more: <https://www.sohar-aluminium.com/en/content/compliance-and-code-conduct>

Whistleblower contact channels:

Tel: +968 2686 3317

Email: Hotline@sohar-aluminium.com

In 2017, Sohar Aluminium conducted the following 6 internal audits:

1. External Quality, Environmental, Health and Safety audits are held annually to benchmark the company's performance against international standards including ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
2. External Insurance Audits undertaken on behalf of the lenders and re-insurers.

3. External Audits in line with the International Financial Reporting Standards and Omani law.

4. Annual operational audits performed by an external expert on behalf of the lenders.

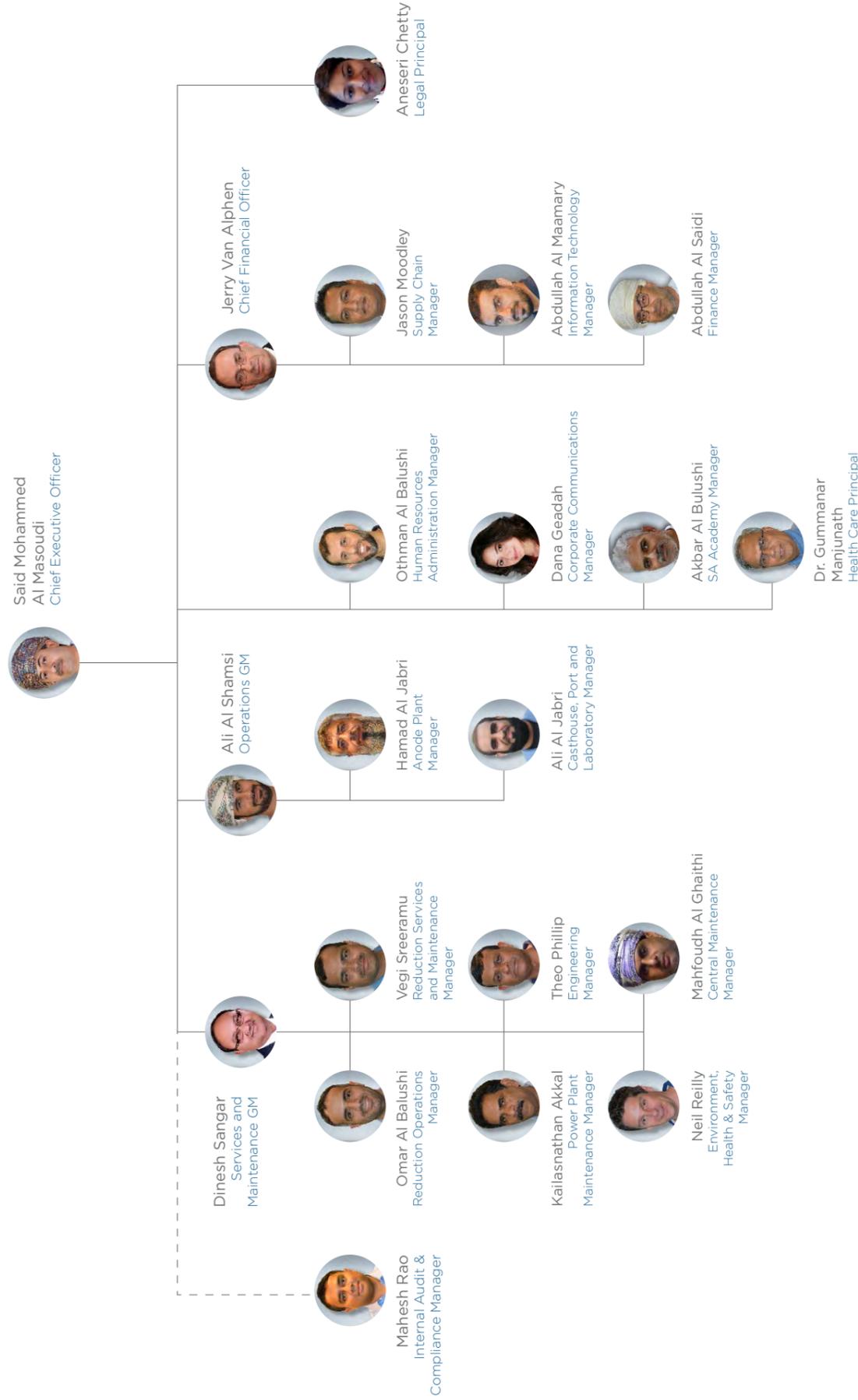
5. Ad hoc Technical Audits with the support of external or Rio Tinto experts.

6. Risk based Internal Audits and reviews performed in line with The International Professional Practices Framework prescribed by the Institute of Internal Auditors.

“Safety is a top priority for SA and the company invests a lot in safeguarding its employees and contractors who are expected to act responsibly and follow the set rules and procedures. I feel very proud of what the company does for the surrounding communities.”

Manoj Kumar,
Chemical Analyst, Power Plant

SOHAR ALUMINIUM'S EXECUTIVE COMMITTEE AND MANAGEMENT TEAM*



*The Organisation structure is due to change in 2018 to meet business requirements

SUSTAINABILITY MANAGEMENT

Sohar Aluminium continues to integrate sustainability into its structure and daily operations through investments in comprehensive management systems, a continued commitment to local economic and social development and promise of transparent and accountable governance.

Our Sustainability approach

The six pillars of Sohar Aluminium's Business Strategy (refer page 3) form the basis for evaluating the company's strength and performance. Sohar Aluminium's

approach to sustainability is embedded and linked to our business strategy. Our leadership team is regularly engaged in sustainability performance assessment through the Executive Committee and the Board of Directors. At every board meeting, the Board of Directors receives updates from the members of the Executive Committee on the performance of the organisation in terms of each of these six pillars, in addition to examining specific topics on an ad hoc basis.

Listening to our Stakeholders

Sohar Aluminium has a number of stakeholders, each forming an integral part of our success and strategy. Understanding and engaging with our stakeholders is crucial to our commitment to sustainability. The relationships and partnerships we build with our stakeholders strengthen our business and create new opportunities to realise shared goals and priorities.

Sohar Aluminium recognises the strategic importance of understanding and engaging with our stakeholders. As a result, we have mapped the priorities for each of our primary stakeholder groups and how Sohar Aluminium is working to address their expectations. A detailed table with our results can be found in Appendix C of this report.



Identifying our Material Issues

Materiality assessments allows us to focus and prioritise the many issues that are relevant to the aluminium industry and our operating context.

Our Materiality Process:

In 2017, we reviewed and updated the materiality process in line with the GRI Standards. We have developed a materiality matrix through the following process:



“ Although we work in a challenging environment in terms of health and safety, we apply several measures that help us stay safe and achieve the ultimate goal of “Zero Harm”.

Rashid Al Jabri, Operator
Paste Plant, Anode Plant



The materiality matrix presented below is a visual representation of the final output of the materiality process. Accordingly, we have identified the most material issues and presented them below:

| Sustainability Pillar | Material Issues | External Boundaries |
|---------------------------------------|--|--|
| Environment, Health and Safety | <ul style="list-style-type: none"> Employee and Contractor Safety Occupational Health Emissions Water Management Waste Management | <ul style="list-style-type: none"> Suppliers and contractors (local) Neighbouring communities (local) |
| People | <ul style="list-style-type: none"> Local Employment and Omanisation Engaged & Empowered Workforce Talent Development System Competitive Benefits | <ul style="list-style-type: none"> Neighbouring communities (local) Suppliers and contractors (local) |
| Productivity | <ul style="list-style-type: none"> Metal Production Energy Management Process Improvement Operational Efficiency & Reliability | <ul style="list-style-type: none"> Suppliers and contractors (international) Shareholders and Lenders (international) |
| Financial Strength | <ul style="list-style-type: none"> Economic Performance Optimise Inventory & Working Capital Cost Awareness Shareholder Value | <ul style="list-style-type: none"> Shareholders (international) Shareholders and Lenders (international) |
| Corporate Citizenship | <ul style="list-style-type: none"> Reputation and Brand Management Corporate Social Responsibility Community Engagement Downstream Industrial Development Al Batinah International School | <ul style="list-style-type: none"> Shareholders and Lenders (international) Social Partners (local) Neighbouring Communities (local) Business Partners (local) Social Partners (local) Media (International) |
| Customers | <ul style="list-style-type: none"> Product Quality Supply Reliability Product Sales & New Sources of Revenue Supply Chain Management | <ul style="list-style-type: none"> Customers (international) Suppliers and contractors (international) Shareholders (international) Suppliers and contractors (international) |

Alignment to the Oman Vision 2020

Oman Vision 2020 is the long-term sustainable development plan that was formulated in 1995. Key priorities of the Oman Vision 2020 include employment, economic diversification, community development, and environmental management. Oman Vision 2020 is at the core of Sohar Aluminium's business strategy, and each subsequent chapter in this report is dedicated to each of the six pillars that form our strategy.



I have learned many things from the multicultural environment at SA which today is one of the biggest companies and contributes significantly to the diversification of economy, job creation and community service.

Khalid Al Essai, Process Technician
Paste Plant, Anode Plant





UNPLANNED SHUTDOWN AND QUICK RECOVERY

We are the
Champions
World's Best Recovery

Our Journey Continues to Be the Best  SOHAR ALUMINIUM

Unplanned Shutdown and QUICK RECOVERY

Unplanned Failure of Sohar Aluminium's Potline and Subsequent Shutdown:

In August 2017, due to the potline open circuit incident, we experienced one of the most complicated and challenging unplanned shutdowns since operations began in 2008. We experienced a tap-out in Pot A101 which interrupted normal operations and resulted in shutting down the potline for 6.5 hours. After careful assessment of the situation, Sohar Aluminium decided not to re-energise the potline and the decision was made to temporarily suspend our operations. With the wellbeing of our employees as the first priority, this decision was made after very careful consideration of potential health and safety repercussions as well as the likelihood of compromising the integrity of the physical assets if operations were to resume.

Safe and Orderly Recovery:

Sohar Aluminium demonstrated extensive resilience and in-depth technical know-how in recovering the potline in one of the fastest, safest and first in the world recovery to be implemented on such a large scale in the aluminium industry. As a result of our people's quick and professional

response to this unfortunate shutdown, we experienced no serious injuries or impact to the environment.

In the weeks that followed, over 2,000 contractors were hired to conduct major activities on a large scale, such as cleaning the pots and removing the metal pads. Training was delivered to more than 2,000 people consisting of our employees and contractors.

Sohar Aluminium's management took extensive measures to ensure these safety precautions were being taken by all employees prior to starting any work, in order to ensure their own safety and that of their colleagues.

The safe, quick and efficient methodology made Sohar Aluminium's recovery a

benchmark in the industry on both regional and international levels. Sohar Aluminium gradually began restarting the pots and production of aluminium. The combined efforts of our workforce and their dedicated ownership, helped restore the plant's full capacity in just a few months, while still maintaining the highest of safety standards.

Our unique recovery process allowed us to recover most of the metal value (only 20% of metal value was lost). Throughout the recovery process we used three different types of restart: dry start, metal re-start and conventional start. This unique recovery technique was economical as Sohar Aluminium did not need to change most pots, and most materials in pots were reused with minimum waste, allowing Sohar Aluminium to minimise metal loss and achieve a faster recovery. We aim to restart at full capacity by February 2018.

Transparency and Accountability

A full team was dedicated to monitor the media diligently, answer press queries, and contain and rectify any misleading information.

News flashes were proactively and publicly sent out directly from the CEO office on a weekly basis sharing updates on the status of the shutdown, including information on the special health and safety measures taken. We also maintained a consistent flow of information regarding the recovery with employees and contractors. Updates were being shared about the progress towards a return to full production levels, while health and safety remained our top priority. The entire plant was involved in recovery efforts, and staff took collective responsibility to remain vigilant and ensure everyone's safety. Staff and contractors put in maximum efforts and carried out all tasks assigned with full diligence.

Consistent cooperation with media continued to ensure the correct messages are being published concerning the freeze and the strong Recovery process. Other good measures have been implemented to ensure that the right messages are circulating. This helped maintain the trust of

“ Proud to be a part of Sohar Aluminium as it is reputed in Oman for its contributions and work done in the community. ”

Girish Savdekar, Technician
PTA Maintenance, Reduction Maintenance



“ Sohar Aluminium stands out in the Industrial sector in Oman and is recognised as a leading aluminium producer in the region. ”

Salah Al Balushi, Mechanical Lead Technician,
Central Maintenance



the local and international media by creating a direct reliable and consistent source of information, which provided them with sufficient details in the most possible transparent way.

Strong Internal Communication

The company maintained a consistent flow of information regarding the recovery with the employees and contractors. Updates were being shared about the progress towards a return to full production levels, while health and safety remained our top priority. A campaign was launched to lift the employees' morale stating: "You are our biggest asset, and no matter how big the challenges are, hand in hand, we will always succeed, for the future of Our People, Our Families, and Our Oman".

Turning Crisis into Opportunity

Crisis is an opening for positive change. During the unplanned shutdown, Sohar Aluminium used that time as an opportunity to perform maintenance, repairs, upgrades and equipment replacements.

Contractors Management

Thousands of contractors were hired in order to fill skill gaps and conduct major activities on a large scale - at one point having over 2,000 contractors on site at once.

Despite the logistical pressures that came with this huge influx of contractors, Sohar Aluminium's team addressed them with excellence. The Sohar Aluminium management team took care of arrangements in a remarkably short amount of time, such as necessary training and development, accommodation, transportation, visas, stickers to authorise entrance into our facilities, just to name a few. All procurement procedures were conducted and followed as normal, such as providing meals and conducting inspections, and all health and safety inductions and procedures were respected.

Prevention Measures

Based on lessons learned from the shutdown, we have made changes to help prevent such failures from happening again. We implemented new measures to remain vigilant on safety - every hour, every single shift.

Some of the preventive measures taken included:

- Organisational restructuring across the company to ensure we have the best person in place for each task;
- Applying a drum beat operations system so all work goes smoothly;
- Implementing quality audits to assess jobs and maintain quality; and
- Reviewing emergency and contingency plans and testing them by running simulations.

"I always focus on Safety and work quality and am thankful to my leadership for their support. I look forward to growing with Sohar Aluminium and contributing further to its success."

Ali Al Yaqoobi,
Operator, Potline B Room



Positive Stakeholder Engagement

Due to Sohar Aluminium's goodwill and reputation, we received positive support from our major stakeholder groups through sharing technical expertise and offering assistance.

Recovery Celebration

Once all 360 pots were back into operation, a major event was held at Sohar Aluminium to celebrate the starting of the last pot in the recovery process. The event was attended by Oman Oil CEO, Mr. Isam Al Zadjali, and Sohar Aluminium Board Director, Mr. Ghalib Al Maamari. We were also very fortunate to have a few of the key players from the Omani national football team join the celebration. The team had just won the GCC Football Championship. They

gave an inspirational speech to the Sohar Aluminium employees, focusing on the role of effort, training preparedness, and most of all, teamwork as being necessary for success.

Considering the achievement of the players and its significance to our nation, our employees viewed the players as their own personal heroes. Their speech and their mere presence uplifted the employees' morale while delivering a strong message to everyone on-site. Trophies in the shape of footballs signed by the players and the company's CEO were given to each department. These trophies will serve as a constant reminder to all our employees that success takes hard work.

| Performance Highlights | | | |
|---------------------------------|--------------------------|--|----------------------------|
| Zero fatalities during incident | 80% metal value recovery | Successful management of 2000 contractors on peak days | Unique and speedy recovery |
| | | | |





ENVIRONMENT, HEALTH AND SAFETY

The success that Sohar Aluminium had in identifying waste recycling routes through industrial symbiosis continued.

ENVIRONMENT, HEALTH AND SAFETY

Strategic Focus

- Total workforce engagement in EHS.
- Zero injuries and minimum environmental footprint initiatives by Sohar Aluminium employees.
- Committed leadership to mitigate and eliminate risks.

2017 Performance Highlights

- Updated Sohar Aluminium's EHS policy.
- Conducted situational awareness training sessions with excellent attendance.
- Improved contractor medical and fitness checks compliance.
- Sohar Aluminium Health Centre recognised by Ministry of Health as the best first medical response healthcare provider.
- Zero heat stress illnesses for the 5th year in a row.
- ISO 14001 recertification.

2018 Commitments

- Approve updated EHS policy.
- Fully implement the Critical Risk Monitoring (CRM) Fatality Prevention Programme.
- Establish a hygiene monitoring manual.

Maintaining a strong integrated Environment, Health and Safety (EHS) Management System is critical to Sohar Aluminium's success. Our customers and other stakeholders expect us to deliver quality products with no harm done to individuals or to the environment. Therefore, we seek to fully integrate EHS into our core business, creating a culture that is recognised throughout the industry.

Environmental Management

To deal with the diverse and complex environmental issues associated with its operations, Sohar Aluminium's comprehensive environmental management system helps facilitate the realisation of important EHS objectives and includes environmental performance standards. Environment Steering Committee chaired by senior management kept contributing to

continual improvement of Environmental performance while forecasting for potential opportunities.

In 2017, Sohar Aluminium achieved the following:

- Successfully passed the ISO 14001 recertification audit
- Revised and updated its EHS policy with input from employees
- Introduced extra sampling as part of our regular environmental monitoring plan, including hydrocarbon-fluoride and pot linings
- Successfully completed the annual lender's audit from financiers to verify that operational standards for EHS metrics were met, and key focus areas for improvement in 2018, such as PAH exposure, hydrocarbon-fluoride emissions and anode effects, were identified
- Created the Sohar Aluminium Carbon



Footprint Committee which is responsible for identifying sustainable projects that generate greenhouse gas emission reductions

Environment, Health & Safety Policy

Our vision is "Passion for Excellence, Be the Best". This is deeply rooted in the way we drive our business strategy through every business pillar.

Sohar Aluminium's Environment, Health and Safety (EHS) Policy is embedded into our business pillars and forms an integral part of our journey towards excellence. Our main EHS goal is to operate our smelting operations and power generation in a manner that minimises environmental footprint, creates a mindset of Zero Harm and ensures the good health of our workforce. We commit to these goals through:

- Engaging our total workforce in EHS.
- Implementing initiatives to eliminate all injuries and occupational illnesses.
- Committed leadership to the protection of the environment, prevention of pollution and responsible use of natural resources.
- Committed leadership to mitigate and eliminate EHS risks.

The principle of Zero Harm means that all employees and contractors return home safe and sound from their daily tasks. The way we work at Sohar Aluminium is an everyday proof of our commitment to EHS:

- We commit to a culture of high safety standards and ensure its sustainability among employees, contractors, visitors and the community.

- We commit to continual improvement in EHS performance through adherence to compliance obligations including legal and other requirements which our company is subject to.
- We aim to retain and continually improve on our world-class standards, through active participation and cooperation of our employees and interested parties, in an integrated management system, with defined objectives and targets.
- We believe in achieving performance excellence through the systematic application of risk management practices

and reinforcement of behavioural based safety.

- We commit to carry out our activities with a commitment to protect the environment, prevent pollution and practice responsible care of natural resources.

Sohar Aluminium's EHS Policy is owned by our employees. Through a constant effort, we will create a successful and sustainable business that meets the aspirations of all interested parties.

Energy Management

Energy is a critical resource for Sohar Aluminium's operations, particularly its energy-intensive refining and smelting processes. Sohar Aluminium recognises it has a responsibility to improve energy efficiency with its operations, to not only reduce its carbon footprint and emissions, but costs as well.

The primary form of energy consumption at Sohar Aluminium is primary fuel, which refers to the natural gas supplied through a long-term contract with Oman Gas Company. In 2017, our total energy consumption decreased by 28%. However, total energy consumption intensity slightly

"I am very proud of working for Sohar Aluminium, a company that contributes to the In-Country Value, adopts the best EHS practices and encourages development, teamwork and respect for one another."

Salim Al Kharousi, Technician
Central Maintenance



increased by 10% to reach 116.5 GJ/tonne production while conservation efficiency increased by 5%. This increase in energy intensity is attributed to the unplanned shutdown which reduced the denominator of the energy without significant change in energy-intensive operations.

Power Plant

Sohar Aluminium operates its own 1,000 MW capacity power plant to ensure reliable electricity supply for the smelting process.

The power plant also supports the Oman National Grid as part of a cooperative electricity sharing agreement whereby electricity is imported in the winter months and exported in the summer months, which enables the grid to keep water producing plants in service during the winter period.

Climate Change and GHG Emissions

Climate change is one of the most pressing challenges that requires collective action from the global community to bring about real change.

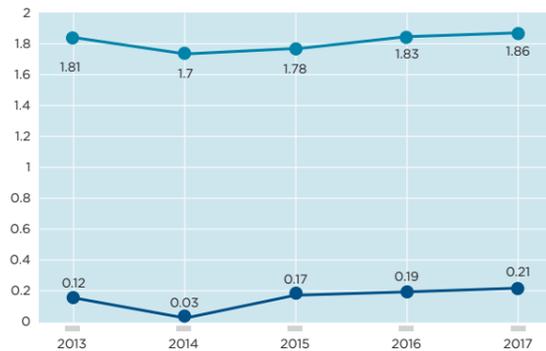
In addition to international political agreements such as the signing of the 2016 Paris Agreement on Climate Change, private sector commitments are necessary to drive change. To that end, Sohar Aluminium seeks to contribute by providing sustainable metal products (aluminium) and assesses possible mitigation measures to manage emissions at all operational levels.

The main sources of Sohar Aluminium's GHG emissions are from fuel burned at the power station and from the electrolytic reaction used to produce aluminium in the smelter.

The main greenhouse gas emitted from Sohar Aluminium's smelter is carbon dioxide (CO₂) from the energy consumed by the anodes used in production. In addition, perfluorocarbons (PFCs) are produced through the process disturbances from the reactions of manufacturing Aluminium. Sohar Aluminium's production also generates other air emissions in the form of gaseous hydrogen fluoride. In 2017, our PFC emissions intensity

increased by 11%, while total CO₂ emissions from smelter activities only slightly increased by 2%.

Due to the unplanned shutdown and operational interruptions, data on hydrogen fluoride-gas treatment and total fluoride emissions from the smelter is only available from January to June 2017. During this period, the Gas Treatment Centre generated 9.56 tonnes of gaseous hydrogen-fluoride, and total fluoride emissions intensity was 0.6 Kg HF/t Al.



● Total CO2 emissions from smelter activities (tCO2 eq/t Al)
● PFC emissions (tCO2 eq/t Al)

Working in the laboratory we are a team that performs together, coaches and trains one another and being an employee of Sohar Aluminium brings us great respect in the community.

Mohammed Al Balushi,
Analyst, Laboratory



Planting Trees Initiative

In 2017, Sohar Aluminium launched the Planting Trees initiative to raise awareness on issues associated with climate change and to spark change. In honour of Oman's 47th National Day, Sohar Aluminium planted 47 trees led by the CEO with the help of 45 employees who actively participated in the planting process.



Air Emissions Monitoring

In alignment with national environmental regulations, we regularly evaluate air quality and report to the Ministry of Environment and Climate Affairs (MECA). In 2017, there were no significant air quality impacts identified since monitoring began.

Waste Management

Sohar Aluminium is committed to minimising the amount of waste generated through its operations through reduction, reuse and recycling before landfill disposal. We seek to use innovative solutions to improve waste management and increase recycling-to-waste ratio. Sohar Aluminium ensures that all waste is disposed of in a responsible manner and in accordance with local laws and industry standards.

Key components of Sohar Aluminium's waste management strategy:



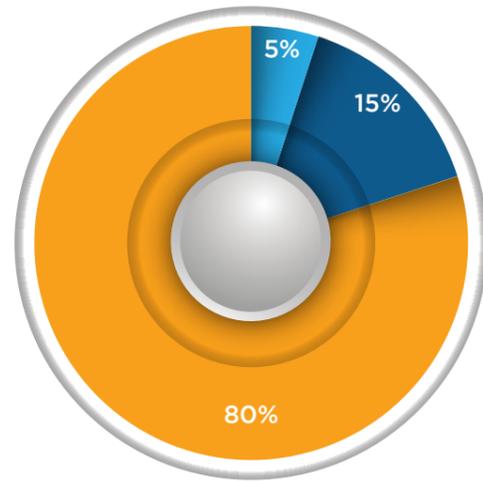
Spent pot lining (SPL) is a waste material generated from the aluminium smelter when pots reach the end of their serviceable life. Our approach to managing SPL starts by utilising technologies to reduce pot failures and extend their lifespan, resulting in fewer pots that need to have their linings replaced. In addition, Sohar Aluminium secured a sustainable solution for one of its main waste streams of SPL by establishing recycling contracts within the Sultanate for existing inventory and forecasted generation rates. The strategy also aims to establish a similar approach for one of Sohar Aluminium's top waste product material of shot blasting through sound industrial techniques. The new strategy involves waste elimination or reduction at the source and monitoring minimal generation rates by inviting continual improvement methodologies.

The highest waste component produced at Sohar Aluminium is Carbon waste (80%). Sohar Aluminium is currently exploring recycler for Carbon waste within Oman and abroad to utilise the Carbon waste in Steel manufacturing. To reduce Carbon waste, Sohar Aluminium initiated the Kaizen project and early results show 12% reduction in Carbon waste.

In 2017, Sohar Aluminium's waste generation intensity increased by 30% while total recycled material decreased by 13%. This is attributed to the additional materials needed during the recovery process.*

*Refer to Pages 29-32

Hazardous Waste in 2017



■ SPL ■ Shot Blaster ■ Other

Water Management

Water management is an increasingly important material issue, especially in countries where water resources are scarce. We realise the great need for water conservation and recycling in our operations, which is why we manage water consumption to the best of our ability and seek opportunities for improvement.

Sohar Aluminium does not use potable water as part of its production process. Well water is extracted and treated by Sohar Aluminium for operational use.

Seawater is used for once-through cooling in the power plant, and is returned to the sea, so net consumption is zero.

Demineralised water is also produced as a by-product of the power plant's steam turbines and sold to a local utilities company for use in the Al Batinah region.

The largest users of process water within our operations are our power plant and smelter. In 2017, well water extraction and seawater used for cooling decreased by 29% and 13%, respectively. The decrease is attributed to the shutdown.

Sohar Aluminium regularly conducts impact assessments to measure and understand the impact of its water withdrawal and

effluent discharge on neighbouring communities. Results concluded that there were no major impacts on the local communities surveyed.

Occupational Safety

Operating in a safe, sustainable and responsible manner is integral to our business strategy. Our aim is always to achieve world-class safety performance and for everyone in the organisation to embrace safety.

To make sure we instil and foster a strong safety culture, we maintain robust safety systems and provide periodic training to employees covering all aspects of health and safety.

Our safety culture is driven by our people. We strongly believe that when employees are invested, better results will follow. That is why we formed the Sohar Aluminium Health and Safety (H&S) Committee, which includes 10 operations staff and an Operations Manager as Chairman. Its main objective is to drive behavioural change on the shop floors, look for unsafe activities, and support a positive and safe workplace across the organisation.

Sohar Aluminium's EHS Department is responsible for developing safety standards, strategies and action plans. EHS team members proactively monitor and report on Sohar Aluminium's performance in EHS areas to build on past excellence and learn from past mistakes.

Sohar Aluminium's safety approach in 2017 focused on five components:

• **Situational Awareness Sessions:** In 2017, Sohar Aluminium launched situational awareness sessions to drive behavioural change whereby employees are armed with the knowledge and skills to identify unsafe conditions and potential risks in each of the tasks they are carrying out.

• **Sohar Aluminium's Safety Champion:** To further encourage a culture of safety, Sohar Aluminium gave recognition on a monthly basis to those employees who

demonstrated exemplary safety behaviour. In 2017, recognition was carried out by individual departments to employees who had raised safety improvements.

• **Critical Risk Monitoring (CRM) Fatality Prevention Programme:** In 2017, we introduced the CRM at our operational site to eliminate fatalities. The CRM ensures each and every individual, before starting a new task with a fatality risk, understands the inherent risks and takes the correct actions to make sure they are protected. The CRM is critical for Sohar Aluminium to maintain its zero fatalities goal. The CRM will be fully launched in 2018.

• **Safety Focus Campaigns:** Sohar Aluminium plans safety focus campaigns coinciding with plant activities to shed light on issues that are most relevant at the time and to maximise reach and impact. During 2017, several safety campaigns were rolled out across the organisation on a monthly basis to educate and motivate employees to make safe and conscious decisions. These included campaigns and trainings focused on heat management, tool inspections, and risk evaluations and a Fire Safety pamphlet.

• **Human Performance Training:** Through this training, Sohar Aluminium provided management and superintendents the methods to organise, plan, monitor, communicate and manage human performance, resulting in priorities that are understood by staff throughout the organisation to minimise and reduce the frequency of human error.

In 2017, Sohar Aluminium's lost time injury rate did not significantly change from 2016. However, our total recordable injury frequency rate was 0.51 per 200,000 man-hours, a 20% increase from the previous year. This increase is related to the influx of contractors reaching 2,000 contractors during peak days on site.

In 2017, the potline incident recorded zero injuries and no fatalities. However, 11 injuries occurred in total; 5 injuries took place in the first half of the year and 6 in the second

half. Although there were a higher number of injuries in the second half of the year, the frequency rate was lower than the first half of the year due to the high number of man-hours worked during the plant recovery period.



Occupational Health and Well-Being

Sohar Aluminium is committed to fostering a healthy working environment for all its employees. We have an Occupational Health (OH) and Hygiene programme in place that contains key components needed to continually improve the implementation and effectiveness of health and well-being protection initiatives and programmes.

Employee medical surveillance is a mandatory requirement at Sohar Aluminium and maintaining and delivering quality medical surveillance is a great challenge. Regular health screenings as well as medical examinations for special tasks are performed across the organisation. The Sohar Aluminium Medical Team provides the requisite health services for staff and contractors. In addition, the Medical Team monitors the impacts of occupational hazards including polycyclic aromatic hydrocarbons (PAH) and fluoride. Health Services at Sohar Aluminium incorporate occupational health services, urgent healthcare requirements (walk-in) and emergency medical response. Occupational health services include medical surveillance, health promotion and health education, occupational health visits and inspections, counselling, and biological monitoring. Sohar Aluminium also implements a

comprehensive industrial hygiene programme, and it is an important part of the company's Occupational Health and Well-Being provisions. A work place monitoring programme is implemented, based on the company's health risks and the legal obligations. The work place monitoring conducted in 2017 included the evaluation noise, beryllium, silica, sulphur dioxide, in addition to polycyclic aromatic hydrocarbons (PAH), and fluoride. The monitoring outcomes are compared against identified occupational exposure limits.

In 2017, despite the presence of huge number of contractors during taking care of recovery of pot line, the Healthcare department ensured delivering components of Occupational Health programme for employees and contractors. Throughout the reporting year, Sohar Aluminium organised several health campaigns for its employees including, but not limited to:
In 2018, Sohar Aluminium plans to establish a hygiene monitoring manual to advance

the hygienic status of its facilities. The manual will help Sohar Aluminium set up a monitoring plan to determine when and where testing should occur and allows immediate corrective actions to be taken.

Contributing to the Health and Wellbeing of Employees and Local Communities
As an active corporate citizen, protecting the health and wellbeing of neighbouring communities is of critical importance to Sohar Aluminium. Therefore, the company is involved in programmes and initiatives to promote personal and public health that are adapted to the local community needs.

Sohar Aluminium works with local players to conduct campaigns in an effort to inform and educate the community on public health issues and promote good health practices. Some of the main campaigns launched in 2017 include:

-  PAH Bio-monitoring and Individual Counselling
-  Vitamin D Screening Campaign
-  Cervical Cancer Awareness
-  Active Life Style - Walking Club
-  Dental Health Screening Campaign
-  World Heart Day
-  Orthopaedic Assessment Campaign
-  World Diabetes Day
-  Flu Prevention Campaign
-  First Aid Training Sessions
-  Health Advisories
-  Occupational Health Visits

“ Sohar Aluminium is an industry leader in Oman in terms of Safety and Production performance and has helped the community to develop. ”

Ibrahim AL Badwawi,
Operator, Potline B Room



Sohar Aluminium's Ergonomics Initiatives

As part of the organisation's initiatives to improve workplace ergonomics, Sohar Aluminium's the Medical Team organised shift start stretching, micro-breaks and ergonomics awareness campaigns for Carbon, Reduction, HRA and Finance Teams, with special emphasis on operators of Pot Tending Assemblies (PTA).



• Advisory Services on Occupational Health Provided assistance to the Ministry of Manpower (MOMP) in preparing occupational health standards on heat stress management.

• Heat Stress Awareness The Medical Team and Communications Department under SA Heat Stress Committee led a heat stress awareness campaign for employees and the community which reached up to 1 million people across the Sultanate.

• National Measles Vaccination Drive Participated in the National Measles Vaccination Drive organised by the Ministry of Health. 506 persons participated and were vaccinated for measles by Sohar Aluminium Medical Centre personnel.

• Breast Cancer Awareness In conjunction with the Ministry of Health and Life Line Hospital, the CSR Department organised breast cancer screening and an awareness session for the local community at Sohar University.

• Blood Donation Drive Organised a campaign to get people to donate blood to help refill Oman's blood banks. By the end of the campaign, 37 people donated blood.

• GAC Health Committee The Sohar Aluminium Medical Principle continued to serve as Chairman of the GAC Health Committee.

• Occupational Health Forum The Sohar Aluminium Medical Principal continues to serve as the Resource Expert on Occupational Health for Ministry of Manpower.

• OMSB Accreditation for Continuous Professional Education The OMSB (Oman Medical Specialty Board) accredited Sohar Aluminium Medical Centre's continuous professional development sessions for staff with credit points.

Sohar Aluminium Medical Centre has been the recipient of two awards for "Best Medical Response Healthcare Provider in the Private Sector of Oman" in recognition of its continuing efforts to provide healthcare and wellness education for the community - one for the North Batinah region and the other for the entire Sultanate.

“SA stands out as a leading local company in nurturing talents. Internally, the company cares a lot about its employees and adopts the best practices of health and safety in the industry.”

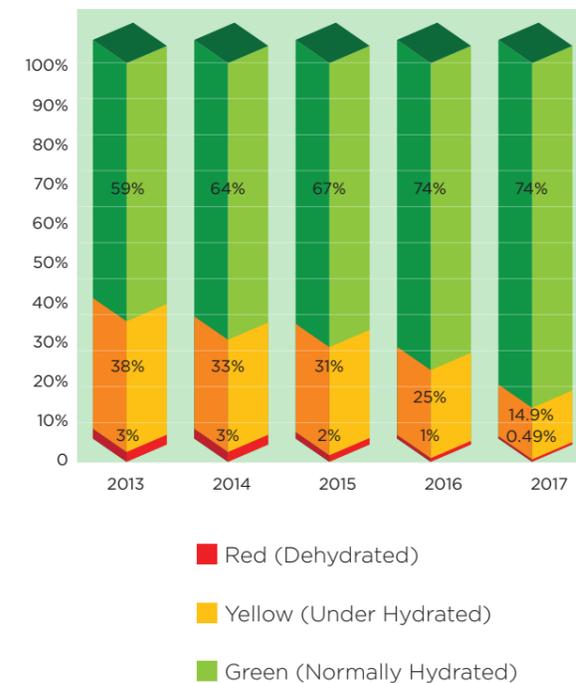
Mohammed Al Hinai, Operator
Rodding Shop, Anode Plant



Heat Stress Heat stress is a major occupational risk for Sohar Aluminium, considering the high process temperatures in production departments near Pots, furnaces etc as well as the high ambient temperature and humidity in Oman, especially during summer months.

Sohar Aluminium's model Heat Stress Management programme has won national, regional and international recognition. The programme is led by the Medical Team under the Heat Stress Management Committee. Heat Stress Management programme includes physiological monitoring (urine specific gravity, heart rate etc), thermal parameters like temperatures, humidity, windspeed, limiting metabolic rate for given location etc, worker awareness, distribution of free fruits, distribution of electrolytes for workers in locations identified with risk of heat illness etc.

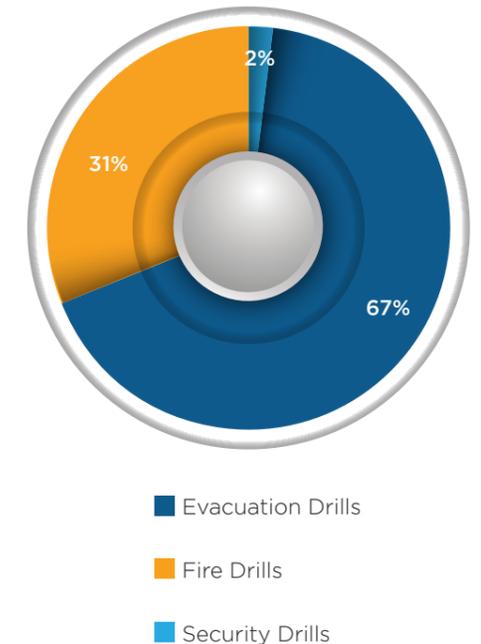
Over the past five years, Sohar Aluminium has maintained a strong performance record. With the support and participation of both employees and contractors, Sohar Aluminium achieved zero recordable heat illnesses for the fifth year in a row.



The Medical Team continued its field physiological monitoring and hydration monitoring during the summer months to improve workforce awareness on heat stress prevention and management. In 2017, the hydration status in the tested population improved significantly and 85% of the total tested population were normally hydrated. A total of 3,255 persons were tested.

Emergency Preparedness To ensure the safety of its employees, plant and the local community in which it operates, Sohar Aluminium reviews and updates its emergency response plans and processes on a regular basis.

In 2017, Sohar Aluminium carried out 41 emergency response drills to ensure that in the event of an accident or an emergency, the organisation is able to address the situation as quickly and safely as possible. Sohar Aluminium also developed 8 Standard Operating Procedures (SOP) for a range of emergencies.





PEOPLE

we are investing in the skills and leadership of our staff to complement capital investments in our facilities.

PEOPLE

Strategic Focus

- An engaged and empowered workforce.
- Usage of talent development system.
- Competitive benefits.
- Strong internal communication.
- Wide business literacy for the team.

2017 Performance Highlights

- 76% Omanisation rate.
- Invested USD 0.8 million in vocational training.
- Complete third batch of Multi-Functional Technicians programme.

2018 Commitments

- 60,000 training hours for the year.
- Conduct employee engagement survey.
- Competency mapping based on Rio Tinto assessment



Sohar Aluminium firmly believes that an engaged and empowered labour force is essential to maintain its focus on excellence and long-term success. We are extremely proud of our workforce and staff community, and we strive to maintain our status as employer of choice through competitive compensation, vocational training and social support. Through our focus on local employment, capacity building, competitive benefits and employee engagement, we have developed a united and engaged community.

Workforce Profile

Sohar Aluminium's pride and most valuable asset is its workforce, a staff community that fully embodies our core values. As our operations have matured, we have developed a dedicated and highly competent workforce who shares Sohar

Aluminium's commitment to efficiency, excellence, and positive impact.

Our workforce currently stands at 955 dedicated employees, with a 76% Omanisation rate. The majority of our employees are between the ages of 30-40, constituting almost 70% of our workforce. As we continue to optimise our operations, we continue to actively recruit new talent for all position levels and invest heavily on the capacity building of our employees to develop strong technical and leadership skills.

Although the shutdown was a challenging time for the team at Sohar Aluminium, nevertheless we managed to succeed as a community and with collective efforts taken by every employee. In addition to having no injuries during the incident, our employees

worked extra hours and were extremely vigilant to take precautionary safety measures for the safety of themselves and their fellow colleagues. Our people set the bar high by taking full effort to ensure that Sohar Aluminium continued to operate with excellence, while it maintained its key engagement initiatives and capacity building programmes.

Sohar Aluminium managed to deploy the necessary manpower during the unplanned shutdown, refocusing on critical tasks related to plant recovery. In addition to filling skill gaps and recruiting thousands of contractors to conduct large-scale activities, all logistical arrangements were in place before and after the on-board of the large influx of people coming to assist in recovery efforts. We also secured and arranged visas, meals, transportation, accommodation, governmental/Royal Oman Police (ROP) approvals for some of the reduction equipment and managed the deployment of volunteers from all departments to the reduction area.

The following chapter highlights the efforts and measures taken by Sohar Aluminium workforce in 2017 to ensure we maintained the strong quality performance and recover as quickly as possible from the shutdown.

Employee Training and Development

We recognise the long-term benefits of investing in the skill development of our employees. At Sohar Aluminium, we focus heavily on increasing the technical and leadership skills of our workforce and providing comprehensive mentorship. We ensure that all employees receive extensive opportunities to build leadership, communications, management and every other skill necessary to succeed and grow within our business.

In 2017, we invested USD 0.8 million in vocational training. We achieved an average of 14 training days per employee, with 944 employees receiving training.

A new training scheme was launched to support the Omanisation strategy of the Sultanate and to optimise the utilisation of

the training facilities in the training and development department. This is through providing training programmes sponsored by National Training Fund for young Omanis as training for employment contract.

Sohar Aluminium plans to rebuild and upgrade its Human Resources Training and Development premises. This change will provide our employees and individuals from other organisations with outstanding facilities and further improve our ability for training and development. Sohar Aluminium will invest USD 1.8 million to rebuild the premises and will be completed by the 3rd quarter of 2019.

Competency Assessments

At Sohar Aluminium, we use a very detailed and thorough competency framework to support the development needs of all our employees. The framework sets objectives to be achieved at all functional levels down to individuals. In 2017, we prepared competency profiles for all identified jobs, and several of these assessments have already been completed. We are in the

“SOPs are one of the key and most important factors that help us to execute our tasks in a safe manner. We are always encouraged to act safely in everything we do, even if it is a routine task.”

Khalid Al Saidi, Acting Process Technician
Potline A Room, Reduction



process of preparing development plans and will release an update on the status of these plans in the second half of 2018.

During shutdown, immediate recovery efforts were put in place in order to return to full production levels as soon as possible. In order to do so, thousands of contractors were hired in the weeks that followed to conduct major activities on a large scale – at one point seeing over 2,000 contractors on-site at once. Sohar Aluminium prepared training and safety induction sessions for more than 1,000 people, consisting of our employees and contractors. Due to the several off-site EHS workshops held throughout the year, Sohar Aluminium employees were prepared for the safety procedures and trained in the Take 5 Pre-Start Task Analysis (PSTA) procedures that ensured safety precautions were taken prior to starting any work.

Developing Smelter Technicians in Oman

In order to promote skill development and opportunities for our Omani employees to grow within the company, we offer a Multi-Function Technicians (MFTs) programme. This two-year programme trains existing employees in both theoretical and practical elements as well as structured on-the-job training elements, equipping them with the necessary skills to become full-fledged maintenance technicians ready to be deployed to our various maintenance units. Our third batch of MFT trainees began in April 2015 and was completed in the first half of 2017.

In addition to the MFT programme, Sohar Aluminium has delivered a wide range of short courses across several technical subjects, including hydraulics, pneumatics and Programmable Logic Control (PLC). We also conducted several training campaigns, including safety inductions, PSTA, situational awareness and mobile equipment training, to name a few.

Performance Management

In order to provide a platform for objective performance appraisal, Sohar Aluminium distributes a Work Performance Plan (WPP) to each employee. The plan is established in January of each year and is reviewed every six months with an interim review. The WPP helps our workforce and leadership develop a structured set of goals, understand the company’s expectations and chart progress.

Employee Recognition

During the unplanned shutdown, Sohar Aluminium’s workforce took collective responsibility to ensure we recover as quickly as possible. This meant that employees were working extra hours, taking extra precautionary measures to ensure the safety of themselves and their colleagues and put in maximum efforts to carry out all tasks with full diligence. In recognition of the Employees’ hard work towards a speedy recovery, all employees were paid one-month salary.

“One of the key factors of Sohar Aluminium’s culture is the shared responsibility of safety and the fact that we all have the authority to stop any unsafe act.”

Aarif Al Shihi, Operator
Bath Team, Reduction



Mumtaz Club Gala

In recognition of the outstanding employees who contributed to the success of Sohar Aluminium’s Business Strategy, Sohar Aluminium held its annual Mumtaz Club Gala at Majan Hall on February 13, 2017. The Gala awards employees for their achievements and contribution to the success of the Mumtaz Club in 2016. A special Mumtaz Club Achievers video was screened during the function featuring testimonials from some of the achievers. Special certificates were presented to employees who were nominated as the best contributors towards the objectives of each of the Business Strategy pillars. One employee was then selected for each pillar to receive the highest achievement award from the pillar’s champions. These awardees were selected through a rigorous process of nomination and selection by the Sohar Aluminium Management Team. The event also held a raffle which prizes included smartphones, tablets, TV screens and a furniture set.



Employees Deal and Offer

Sohar Aluminium employees and their families can benefit from discounts on goods and services for their personal use, as part of the newly launched Employee Deals and Offers. The list of these offers incorporates vendors across Oman and the GCC. Offers include discounts from restaurants, clothing shops, perfume shops, kids' entertainment playgrounds, hotel facilities, travel packages and more. New offers are being continuously added to appeal to all employees' various tastes, needs and lifestyles.

Employee Engagement

Employee engagement is a fundamental material issue of Sohar Aluminium's strategy. We believe that an engaged workforce leads to positivity, higher employee retention rates, better productivity, and a deeper feeling of connection with the company.

Sohar Aluminium has several employee engagement initiatives in place led by Corporate Communications conjointly with HRA, HRD and Employee Recognition Committee. They include the following:

Long Service Awards

Sohar Aluminium awards long service team members in recognition of their achievements, tireless efforts and dedication that they have put forward through their years of service. In 2017, we awarded 16 employees who have completed 10 years of service at Sohar Aluminium.

The Mumtaz Club

The Mumtaz Club, launched in 2015, is an initiative at Sohar Aluminium that aims to increase employee engagement and reward contributions. The programme offers passports to each employee, in which an employee may earn points by fulfilling a variety of action items, ranging from attendance to training to medical check-ups to memorising a safety tenet. If enough points are accumulated, employees can exchange them for cash tokens. Sohar Aluminium organises an annual Mumtaz Club Gala to recognise the employees who excelled in the Mumtaz Club as well as their substantial contributions to the pillars of Sohar Aluminium's Business Strategy.

Although we were facing a difficult situation in 2017, the Mumtaz Club and annual gala were not affected. In 2017, the

total Mumtaz achievers was 737, making up 77% of our total workforce. Roughly 80% of Mumtaz participants were 100-point achievers, of which some were 150-point achievers.

State of the Plant

In line with our commitment to maintain strong internal communication, Sohar Aluminium implements the State of the Plant, an employee engagement initiative where our Executive Committee members present on the state of the company and various aspects relating to the company, including our Business Strategy, safety aspects, value creation and improvement projects. The State of the Plant also serves as a platform for employees who wish to bring up questions, comments or concerns to senior management. Additionally, the Business Strategy and company targets are made available at various locations across Sohar Aluminium to ensure all employees can stay up-to-date with the progress of our various key performance indicators (KPIs).

Employee Engagement Survey

Sohar Aluminium typically launches an annual employee engagement survey which is conducted and assessed by a third-party professional consultant.

Due to the unanticipated need to train thousands of contractors as quickly as possible, the survey was put on hold in 2017. Nevertheless, the department managers, with guidance from HRA, incorporated the 2016 results into the company strategy and continued to implement reforms and initiatives as a response to weaknesses identified in the 2016 survey. A new survey is planned for 2018.

Diversity, Inclusion and Equal Opportunity

Women's Empowerment

Sohar Aluminium recognises the importance of women's economic empowerment and their increased presence in leadership positions. In 2017, Sohar Aluminium's female employment rate stood at 4.3%.

We welcome the opportunity for women to join our workforce and are focused on encouraging their presence at Sohar Aluminium. Additionally, we are committed to ensuring that our current female workforce feels empowered and their voices are heard.

Youth Engagement

In 2017, Sohar Aluminium's youth employment (employees between ages 18-30) rate stood at 12% of our total workforce. Through our youth engagement and capacity-building initiatives, we contribute to their training in the specialised skills required for smelting operations and promote Omani youth to join our team and grow within the company.

“SA employees share a common characteristic which is *“Passion for Excellence”*. This is a unique quality that contributes significantly to the successes that the company has achieved in its history.

Majid Al Salhi, Senior Supervisor
Warehouse, SCM



Components of youth engagement include fresh graduate programme and summer students training. It is not clear right now, and it is not divided from the Labour Awareness Campaign that is not a component of youth engagement

Fresh Graduate Programme

In order to nurture fresh talents and prepare the next generation for our leadership pipeline, Sohar Aluminium conducts a Fresh Graduates Programme in which top graduates in various disciplines participate in an intensive training programme. The intensive training programme is a custom-made development curriculum which prepares each of the hired fresh graduates for future technical and/or leadership roles within the organisation.

Despite the shutdown, the Fresh Graduates Programme continued in 2017 and successfully fulfilled our commitment and target goals. In 2017, we filled all target positions for recent graduates.

Summer Students Training:

Sohar Aluminium has been offering summer work placements to excellent graduate students in the fields of engineering and industrial sciences. This initiative is part of an annual programme that provides career development and work exposure of industrial plant operations through production and support services. Despite the unanticipated shutdown in August, Sohar Aluminium continued its 2017 summer training programme. Sohar Aluminium invited 50 students from various engineering backgrounds, including mechanical, civil, chemical, mechatronics, process engineering, electrical power and computer engineering. Students were also affiliated with a number of different institutions, including Sultan Qaboos University, Shinas College of Technology, Sohar University, the University of Nizwa and Al Musana Technical College.

Labour Union Awareness Campaign

In 2017, Sohar Aluminium's Trade Union organised a course under the patronage of our Management Team and private sector enterprises in the Sultanate. This is the

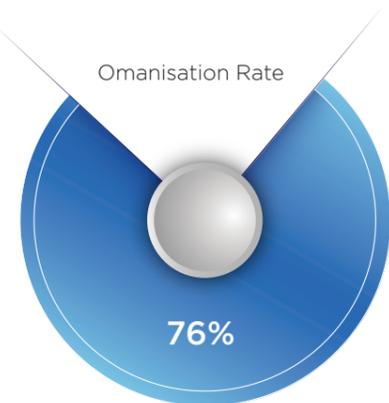
second course of its kind that was held in Sohar Aluminium. 23 employees across different all departments, as well as employees from a number of surrounding companies, participated in this course. At the end of the course, Sohar Aluminium hosted a closing ceremony which was held in the presence of Mohammad Al Khaldi, Board Members of the General Federation of Oman's Trade Unions, Sohar Aluminium's Maintenance and Services General Manager as well as the Human Resources Administration Manager and Human Resources Development Manager.

General Federation of Oman Trade Union Award for Sohar Aluminium and its Trade Union

On International Labour Day, the General Federation of Oman Trade Unions hosted an awards ceremony to recognise outstanding individuals and institutions for their commitment to protecting the rights of their workforce. Sohar Aluminium and its trade union had the honour to receive awards in various categories, including the award for "Best Organisation Supporting its Trade Union," which was awarded to Sohar Aluminium Management, and the "Best Trade Union," awarded to the Sohar Aluminium Trade Union. Additionally, Sohar Aluminium was recognised for its support of the General Federation of Oman Trade Union's event.

Nationalisation

Sohar Aluminium is committed to encouraging economic development in Oman and more specifically in the Al Batinah region. In line with Oman Vision 2020, which forms the foundation of our



Business Strategy, Sohar Aluminium has seen a steady increase over the past few years in its national employment rate. We are extremely proud to have achieved a high-level of Omaniisation in our workforce this year.

With over 700 Omani employees, our Omaniisation rate stands at 76% of our total workforce. In 2017, 100% of our semi-skilled employees and 63% of our skilled workforce were Omani. Furthermore, during the unplanned shutdown, 2,000 contractors were immediately hired in order speed up the recovery process. Out of the 2,000 contractors immediately hired, 80% of them were local.

"I am very proud of working for Sohar Aluminium, a company that contributes to the In-Country Value, adopts the best EHS practices and encourages development, teamwork and respect for one another."

Khalid Al Hamdi,
Multi Function Technician, Casthouse



Employee Attraction and Retention

To ensure we recruit and retain the most talented individuals, we invest heavily in our recruitment, training and development efforts. We also focus on ensuring a balance between the employee turnover and new hires in order to maintain an optimum number of the skilled workforce.

In 2017, we hired 19 new employees, 11 of whom were fresh graduates. Graduates were placed in various departments across Sohar Aluminium, including Power Plant, Central Maintenance and IT. Due to our need to close skill gaps for immediate recovery efforts, Sohar Aluminium recruited new talents. We took extensive preventative measures to strengthen our operations and ensure such an occurrence at Sohar Aluminium never occurs again, which included minor changes to our organisational structure, specifically in the Reduction team.

Through our significant investments in the training and development of our employees, we are able to ensure that our employees are engaged effectively from recruitment to exit. Despite the shutdown at Sohar Aluminium, our annualised turnover rate in 2017 was 4.4%. For Omani employees, our turnover rate has remained at around 3% for the past few years. Our absenteeism rate was 4% in 2017.

"The work environment in SA helps us as employees to grow, learn and improve our careers. I started my career at SA as an operator and thanks to the training and development opportunities that the company provided me, today I am a lead technician."

Ahmed Al Ghawi, Lead Technician - Mechanical Maintenance, Anode Plant





PRODUCTIVITY

we maintained a production rate of 2,952 kg Al/pot/day and achieved our best purity level at 915.8 ppm of Iron (Fe).

PRODUCTIVITY

Strategic Focus

- Achieve challenging plans for metal production and power generation.
- Continuous process improvement on efficiency gains.
- Innovation – a daily focus area.
- Using world-class best practices for maintenance, reliability and asset management.

2017 Performance Highlights

- Completed 100% of Safety Critical Periodic Maintenance targets.
- Two batches of 4 attendees completed the Maintenance Automation Training programme.

2018 Commitments

- 4 batches of attendees to complete the Maintenance Automation Training programme.
- Develop the Video Desktop Infrastructure (VDI).

At Sohar Aluminium, we embody a culture of productivity effectiveness while always maintaining a quality-driven mindset. We have become a benchmark smelter through consistently enhancing and optimising our processes to ensure we are producing quality aluminium in the most efficient and environmentally-conscious way possible. The aluminium industry is part of a dynamic and ever-changing market, where new challenges are constantly arising. In order to maintain our quality operations and competitive advantage, we use a systematic approach of lean manufacturing principles and capital improvement projects to significantly improve our productivity through waste reduction efforts, efficiency, cycle time and material costs.

A Sustainable Future Through Aluminium
Aluminium is a vital material that keeps the

modern world moving. At Sohar Aluminium, we take pride in producing one of the most sustainable metals available, and we focus greatly on limiting the environmental impact of producing primary aluminium. As a lightweight, strong, versatile and highly recyclable material, aluminium products are a solution to the world's energy needs and a symbol of a more fuel-efficient future.

Aluminium products are used but rarely consumed during their lifetime, which means these products are infinitely recyclable. Recycling aluminium can not only be done without any loss of its inherent properties, but it requires up to 95% less energy to do than producing the primary metal – which means significantly less emissions.



The lightweight nature of aluminium products reduces energy consumption for various kinds of vehicles, lowering energy costs and carbon emissions in the wide range of its uses. Aluminium is long-lasting and durable under various conditions, such as extreme heat or radiation, as the metal has a thermal conductivity and excellent corrosion resistance.

As one of the most malleable and ductile metals, aluminium can be easily cast, machined and formed.

Finally, its versatile nature means that it has a wide range of uses, from the automotive, aviation and construction sectors to telescope mirrors, packages and toys.

Smelter Productivity

Previous years saw a steady increase in our annual production output, with every subsequent year reaching the highest annual production output in the history of Sohar Aluminium. This is due to the fact that we use cutting-edge technologies and operate at the highest amperage of 393 kA – among the best in the world.

“The culture of “Zero Harm” is embedded in everything we do at Sohar Aluminium.”

Mohammed Al Maamari,
Senior Operator, Anode Plant



Our aluminium production increased from 354,060 tonnes in 2013 to 386,395 tonnes in 2016. This significant increase in only a couple of years attests to our focus on achieving the best current efficiency and operating pots levels. As expected given our 6-month shutdown, our aluminium production figures significantly lowered in 2017 to 221,838 tonnes.

Despite all the challenges we faced in 2017, we maintained a production rate of 2,952 kg Al/pot/day and achieved our best purity level at 915.8 ppm of Iron (Fe).

Ensuring all safety production targets are met is critical for maintaining reliable plant assets and stable operations. We are committed to preventing the need for any future unplanned shutdowns at Sohar Aluminium. In 2017, 100% of the Safety Critical Periodic Maintenance targets were completed.

In order to maintain stable operations, we also need to maintain the reliability of our equipment. A way to ensure our assets are well maintained is to have the Original Equipment Manufacturers (OEM) inspect critical assets site-wide. These inspections are vital as they give a clear indication of the current conditions and future needs of the assets. Obtaining this information ensures we are prepared for the future and able to plan ahead in terms of budgeting and meeting production needs. Following the inspections, in 2017, 96% of OEM's recommendation compliance was completed.

Power Plant Optimisation

Optimising the operation and efficiency of our power plant is an indispensable component of our productivity pillar.

Despite the challenges we faced in 2017 and our need to refocus our efforts on recovery, we maintained the same power plant efficiency level of 49.8% and achieved an AC production efficiency of 14.3 MWhr/tonne of aluminium – a minimal decrease given our shutdown. In the power plant, Steam turbine major

Amperage Creep' Project

The Amperage Creep project was an initiative managed by Sohar Aluminium to optimise production capacity, energy efficiency and add value to our operations. The project will boost output by a significant 28,000 tonnes of primary aluminium annually.

Since the project's beginning, great savings have been realised. In 2017, the Amperage Creep project was completed ahead of time and within budget. This is in part due to our Operations Team, who managed the project and higher operating levels with excellence.

inspections were conducted, resulting in zero injuries. The total man-hours used for these inspections was approximately 60,000 man-hours. The completion of major inspection without any first aid injury and with high capital cost affirms our commitment to our asset management and the safety of our workforce.

Information Technology as a Strategic Partner

With the huge contribution of Information Technology (IT) solutions to the business, the IT became more strategic partner than just a normal service provider. The industrial Automation, internet of things (IoT) is almost everywhere now. In spite of what had happened, the IT Department's operations were neither disrupted nor affected by the shutdown. This attests to the excellent IT infrastructure that was already in place at Sohar Aluminium. In order to make the most of the shutdown, the IT Department focused on trouble shooting, upgrading and improving its infrastructure which was not possible during the normal operation to reduce downtime in the future.

In 2017, our IT Team installed video conferencing technologies to assist in meeting and delivering consistent audio, despite the challenging environments we faced in 2017 given the unplanned shutdown.

Maintenance Technicians Skills Upgrade

The IT Automation Team, in collaboration with Human Resource Development (HRD), launched the Plant Automation Training programme. The objective of the programme is to increase the maintenance skills of Sohar Aluminium technicians by

combining the theoretical foundation with specific on-the-job coaching by Area Automation engineers. The programme covers a ControlLogix refresher, ControlLogix Systems Troubleshooting, Panelview Plus (PV+) Troubleshooting, Variable Frequency Drives, ControlNed/DeviceNet networks and the utilisation of the Factory Talk Asset Centre (FTAC).

"I joined SA as a contractor where I worked for one year then I was hired by the company as a Warehouse Operator. This move demonstrates SA's commitment to create job opportunities for Omanis."

Nader Al Dhuhli, Operator
SCM



The Maintenance Automation Training programme is part of Sohar Aluminium's commitment to its people pillar through providing on-the-job training to its employees in their respective work area. We continue to build the capacity of our maintenance workforce in the fields of electrical, control, and instrumentation in order to ensure they possess an in-depth knowledge on the complexity of automation, adding value to the early resolution of any complex control system problems in their respective areas of the plant.

Two batches of four attendees completed the training during the first quarter of 2017, and the programme will continue with another 3 batches being arranged by HRD based on nominations.

Cyber Security

It is undeniable that as our world has become more digitised, "cyber threats" play in increasingly crucial role not only in the IT landscape, but in virtually all aspects of society, including automation fields, industry, regulatory bodies and governments. At Sohar Aluminium, we consider the prevention of cyber security threats to be a crucial component for the entirety of our business.

At a seminar held in 2014, the Authority for Electricity Regulation in the Sultanate stated that all licensees of critical infrastructure (Power and Water Producers) had to comply with cyber security standards. Sohar Aluminium was quick to act in this regard, putting together a Cyber-security Committee.

Our Security System is aimed at sustaining operations by mitigating internal and external cyber threats.

Milestones achieved internally:

In 2017, the IT Team developed the Sohar Aluminium Metal Yard (SAMY) solution, a system that ensures all metal transportation processes, starting in the Casthouse and ending with our customers, is sent through an internal system as opposed to any vendor system. This eliminates any potential risks during the metal transportation process.

In 2018, the IT Team will develop the VDI, Virtual Desktop Infrastructure to further increase the hardware life cycle and energy efficiency.

"As employees at Sohar Aluminium, we are very proud of what we have achieved. Our safety standards are considered the best in the region. We all share the responsibility of our safety and of our colleagues."

Mohammed Al Shibli,
Process Engineer, Reduction





FINANCIAL STRENGTH

While continue focusing on meeting the expectation of our customers, we care to create more economic values by investing in our current assets and explore any potential growth.

FINANCIAL STRENGTH

Strategic Focus

- Retain 1st quartile position in aluminium and power businesses.
- Optimise inventory and working capital with proper risk management.
- Provide strong cost awareness across all levels.
- Fund Capex to maximise return to shareholders and plant sustainability.

2017 Performance Highlights

- Optimal insurance claim management.
- Doubling of spending on local suppliers.
- Successfully arrange logistics for 3,000+ contractors.
- Settle all obligations on time despite potline outage.

2018 Commitments

- Continue focusing on managing the insurance claim and be a role model.
- Provide all financial support for potline recovery and during transition period while ensuring proper control over controllable cost.
- Increase local procurement spending.
- Support the potential downstream business that will create in-country value and employment.
- Formalize proper standards for supplier inspections.

Sohar Aluminium's diverse stakeholders are at the core of our financial strengths, and in recognising their priorities and expectations, we ensure the business's success. Thus, we are committed to operating in the most financially responsible manner. One of our key priorities is to provide a significant contribution to economic development in the Sultanate, which includes having a positive impact on Oman's gross domestic product (GDP) and job creation, as well as cultivating broader social development.

Supporting Oman's Economic Development

Sohar Aluminium is considered one of the leading successful projects in diversifying the Omani economy. It differs from most other industries in the Sohar Industrial Estate as it is not petrochemical based -

although it relies on natural gas to generate the necessary power in its smelting operations.

Our three major shareholders - Oman Oil Company SOAC, Abu Dhabi National Energy Company PJSC - TAQA and Rio Tinto - not only provide the necessary funding to support company operations and capital development, but they also provide incredible support, technology and key commercial arrangements.

Sohar Aluminium invests heavily in improving the local and national economy and promoting in-country value (ICV) creation. As a result, Sohar Aluminium effectively enhances its positive impact on national GDP. Sohar Aluminium is committed to supporting potential future investment opportunities in aluminium



downstream companies, further contributing to the Sultanate's long-term vision for a diversified Omani economy.

With a consistent increase in national employment, Sohar Aluminium has been a key driver in creating local employment in Oman and the Al Batinah region. During the shutdown, Sohar Aluminium had to immediately mobilise around 2,000 contractors, 80% of which were local. Sohar Aluminium has also had a significant effect on the economic development of the surrounding region by increasing income through its efforts to boost the local suppliers' base and support aluminium downstream factories to supply hot metal required for their processes.

In 2017, over half of our total suppliers were local. Additionally, we have more than doubled the amount spent on local procurement, increasing from USD 31 million in 2016 to USD 77 million in 2017.

“When it comes to self-development and giving opportunities of career growth at Sohar Aluminium, the Sky is the Limit. The company always seeks to create chances for its employees to climb up the ladder and achieve their dreams.”

Khalid Al Siyabi,
Electrical Lead Technician, Power Plant



Relationship with Local Economy

A central aspect of Sohar Aluminium's economic considerations is maximising local economic development and ICV creation. We have always centred our efforts in investing and building human capital in Oman. Wherever possible, Sohar Aluminium procures locally and supports small and medium-sized enterprises (SMEs).

We look not only at downstream but also at backward and forward integration. We have supported the creation of a cluster of companies around the area that can support the aluminium industry.

We are proud that some companies that started from Sohar have started to compete in the GCC for the first time. They have even begun doing services in Qatar and Saudi Arabia, and they compete in the UAE. Apart from the materials we must import from abroad, we spend close to 50-60% on local vendors.

Highlights: Our focus on local procurement was maintained for the Arab International Aluminium Conference (ARABAL) 2017, while ensuring the conference was a world-class event. All the vendors we worked with for ARABAL 2017 were local, and most of them were SMEs. ARABAL 2017 which was hosted in Oman and organised internally by the Communications Team in 2017, is the premium platform for the aluminium industries in the Arab world. Additionally, we have launched several centres, such as the Aluminium Handicrafts Centre in the Al Batinah Region, that have played a role in driving social and economic growth in the Sultanate, while also ensuring the preservation of our cultural heritage. More detailed information on this subject can be found in the Corporate Citizenship chapter of this report.

Responsible Supplier Management - Doing Business the Right Way

Since its inception, Sohar Aluminium has remained compliant with applicable laws, regulations and international conventions. Sohar Aluminium also requires that its partners comply with these laws and

guidelines and respect its Code of Conduct. Sohar Aluminium works closely with local vendors and suppliers to improve their technical skills so they can meet our requirements and, in the process, improve our collaborative efforts. Upon partnering with vendors, we use a Vendor Assessment System in which we conduct inspections of our partners to ensure they fulfil requirements. For those who violate the requirements, Sohar Aluminium gives them a notice and if they do not comply, we terminate our contract. In the future, we are committed to formalising proper standards for supplier inspections in order to ensure suppliers are well-aware of our expectations.

Cost and Productivity Effectiveness Mindset

The aluminium industry is part of a dynamic and ever-changing market, where new challenges are constantly arising. The sales prices of our products are set on international commodity markets, which means we must always maintain a competitive advantage in our industry. In order to remain one of the best aluminium smelters in the world, we are committed to consistently enhancing and improving our processes to strengthen our results and our position in the industry cost curve.

Thus, we have come to develop a culture of productivity effectiveness, while always maintaining our quality-driven mindset. During the shutdown, Sohar Aluminium departments continued to operate with excellence upon resuming full production. Currently, Sohar Aluminium is considered one of the best smelters in the world in term of cost of production.

Our cost management approach focuses on consistently communicating to all Sohar Aluminium employees the importance of cost awareness, the economics of our business, and the impact each individual decision can have on our cost management and the volatility of aluminium prices in the international market. We use a process of value creation in which projects with a positive impact on income and/or cash are implemented and tracked - many of these

ideas come directly from our workforce, and we ensure to give them full credit where it is due.

Central to our mission is minimising waste while maximising the quality of our operations, which leads to lower costs and improved competitiveness. As a result, we apply basic lean manufacturing principles to our operations. This process creates more value for customers while using fewer resources - specifically waste, the non-value-added component - through the use of powerful methodologies and tools. By applying these principles to our manufacturing operations, we have been able to significantly improve our waste reduction efforts, efficiency, cycle time, productivity, and material costs.

“ SA prioritizes the safety of its people. Employees and contractors have to do their part and take ownership of not only their safety, but also the safety of their colleagues. ”

Hassan Al Mammari,
EHS Coordinator, EHS



In 2016, USD 7.70 million in costs were saved due to our productivity gains, and in 2016, the total value creation achieved for the plant was USD 19.8 million.

Unfortunately, our unanticipated shutdown in 2017 had an effect on value creation ability. Nevertheless, many projects have been implemented which led to net savings of \$2.0 million through finding alternate sources and manufacturing processes for spare parts and consumables, enhance scarp recycling, local material fabrications and many other ideas which supported to create positive impact on Sohar Aluminium production cost. As we move forward with our capital improvement programmes, we are confident we will get back on track with significant value creation.

Sohar Aluminium also focuses heavily on working capital - supply chain management implements continuous improvements on our inventory management by reducing the money tied up in the company working capital through better raw materials prices

negotiations, frequent review on consumables and spares inventory balances.

Along with its three major shareholders, Sohar Aluminium has been financed by a consortium of international lending banks, each of which has been serviced as prescribed in agreements. Sohar Aluminium has consistently met the requirements of all lenders, and we continue to provide satisfactory financial returns. While doing so, we ensure that the needs and expectations of our diverse group of stakeholders - economic or otherwise - are respected.

“ Sohar Aluminium has a rich environment that motivates employees to develop themselves and acquire knowledge and skills. I am very proud of working for a company that nurtures talents, encourages employee self-development, contributes to the economic and social development of the country and possesses the best technology in the global aluminium industry. ”

Tariq Al Baloshi,
Graduate Engineer, Power Plant





CORPORATE CITIZENSHIP

Sohar Aluminium Corporate Citizenship is our recognition that our company, has social, cultural and environmental responsibilities to the community where we operate, as well as economic and financial ones to our shareholders.

CORPORATE CITIZENSHIP

Strategic Focus

- Maximise positive impact in community services.
- To be recognised as an asset by surrounding communities.
- Support & encourage employee community volunteering.
- Committed to support downstream job creation.

2017 Performance Highlights

- Hosted the 2017 ARABAL.
- Launched “Because We Care” Community events.
- OMR 412,723 in community investments.

2018 Commitments

- Host the Gulf Aluminium Dinner.
- Dignitaries and Community Appreciation Celebration.
- Complete and Inaugurate the Oman Association for the Disabled Building.



Sohar Aluminium’s corporate citizenship has been creating value for the company by caring for the well-being of all stakeholders, including the environment. Through our efforts to engage with the local community, we have developed strong ties and support networks in Oman and in particular the Al Batinah region. It is our mission to bring wealth, prosperity and growth to the Al Batinah region and to continue to pursue sustainable business operations.

Management Approach

We are proud to have a deep-rooted and applauded commitment to our community. We fulfil our responsibilities as corporate citizens in a variety of ways, ranging from volunteering and sponsorships to awareness campaigns and promoting the growth of SMEs in Oman. In 2017, Sohar Aluminium was awarded the Gulf

Aluminium Council’s (GAC) “Community Service Award” during the opening ceremony of the Arab International Aluminium Conference and Exhibition (ARABAL) to acknowledge the outstanding contribution Sohar Aluminium has made in balancing its good corporate citizen role with successful business development highlighting the “Sohar Aluminium Volunteering Programme”.

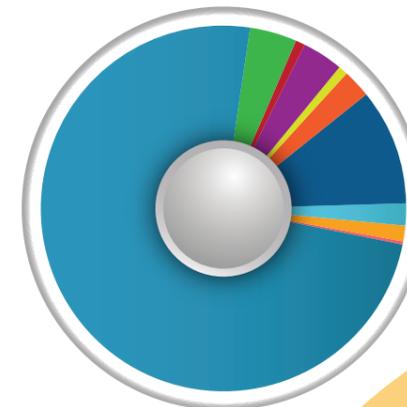
We engage with our key stakeholders on a regular basis, finding ways to identify social issues, addressing essential needs in the best possible way and mitigating risks in the future. We communicate with our stakeholders in a variety of ways and through various channels.

Corporate Citizenship Strategy Focus Areas:

- International & National Initiatives
- Social Contributions & Volunteering
- Environment, Health & Safety
- SMEs & Local Investments
- Education
- Transparency & Public Reach
- Sustainable Projects

Please reference the chart below to view our budget allocation of community investment to our flagship initiatives in 2017*.

| | |
|----------------------|--------|
| Jusoor | 74.22% |
| Sustainable | 4.12% |
| Education | 0.82% |
| Social Contributions | 3.75% |
| SMEs | 0.82% |
| EHS | 2.28% |
| Sponsorships | 10.37% |
| Donations | 2.01% |
| Community Events | 1.45% |
| Student Visits | 0.11% |



* the community investment was calculated to include all the above areas hence the numbers differ for the past years. (Page 99)

“Sohar Aluminium’s people are known for their ambition and determination and over the years we have adopted a variety of skills and work approaches such as working smartly. SA applies the best global safety practices and this is a source of pride for us all.”

Ahmed Al Zeidi, Supervisor
Rodding Shop, Anode Plant



International Initiatives

Through international initiatives, Sohar Aluminium seeks to set Oman as a highly strategic destination for major international investments and events, and a world class tourist and cultural destination with the highest standards of hospitality. These events are the perfect platform to promote the importance of the Gulf region as an emerging hub in the global aluminium industry and mark the progress and development of the Oman Aluminium industries and the recognition of its importance to the world.

2017 Arab International Aluminium Conference (ARABAL)

In 2017, Sohar Aluminium hosted and organised the 21st Arab International Aluminium Conference (ARABAL) at the Shangri-La Barr Al Jissah Resort & Spa, Muscat, from 6 to 9 November 2017. This is one of the most prestigious aluminium events in the world, attended by every aluminium manufacturer in the Arab region. It serves as a platform for industry leaders to gather together to facilitate knowledge-sharing and encourage the sustainable growth of the region’s aluminium industry. The conference is hosted on a rotation basis by the leading drivers of the manufacturing industry in the MENA region.



The ARABAL 2017 organising team was exclusively made up of Sohar Aluminium employees - managed by a team of 7 people, 9 supporting members and over 100 volunteers from across the company. The event was self-funded at large through sponsorships, delegate passes and partnerships. Services and goods were purchased from local vendors and mostly small and medium enterprises (SMEs). Held under the patronage of His Highness Sayyid Harib bin Thuwaini bin Shihab Al Said, the conference focused on "Driving Strategic Growth across the Global Aluminium Industry." ARABAL 2017 broke new ground with a wealth of topics discussed for the first time in the conference's history, such as the potential use of renewable energy sources, the depletion of gas in the Gulf, world aluminium warehousing, and finding the balance between automation, employment and productivity. Key points also included the current global economic climate along with market challenges and opportunities as new supply and demand centres emerge, new trade trends and tariffs, and industry innovations.

The conference witnessed a very senior level of participation from a broad spectrum of the industry and a large delegation of dignitaries from the region. More than 500 delegates attended from 40 countries, representing 200 large and international companies. Moreover, ARABAL 2017 gathered a particularly diverse group of leaders and world experts from the global aluminium industry to speak at the conference diverse sessions. One of the highlight sessions featured industry leaders from the largest smelters in the world: China, Iran, Russia, USA, Norway, Australia, and India at the same time on stage to discuss the future demand for aluminium in the global market.

The keynote speech was delivered by His Highness Sayyid Kamil bin Fahad bin Mahmood Al-Said about the diversification of economy from oil and gas, His Majesty's Vision, and the part that Sohar Aluminium plays in it. He also spoke about the potential of investments and growth in the aluminium industry, and the bright future of the Sultanate.

ARABAL Survey Results

Conference Delegates



Met/Exceeded Expectations

Sponsors and Exhibitors



Met/Exceeded Expectations

Workshop Participants



Met/Exceeded Expectations

28% New Visitors to Oman

41% New Participants in ARABAL

88% Intention to Participate Again



Accompanying Spouse Interested to Visit Oman Again



Achieved Objectives from Participation in ARABAL 2017

<https://www.arabal2017.com/content/arabal-2017-testimonials>

"The organisation for the 21st Arabal Conference was perfect and excellent."

Mahmood Al-Daylami, Secretary-General of the GAC

"The organisation, the arrangements, everything is so perfect and flawless."

Bibhu Mishra, President and COO, Hindalco Industries Limited, India

"I was pleased to be in attendance and to participate at Arabal 2017. A great conference! Top notch."

Yasmine Brown, Group Manager, Jacobs Consultancy

"Superior organisation reflected on the distinguished attendance."

Paul Adkins, Founder and Director of AZ China

"The conference is brilliant, stunningly well organised by Sohar Aluminium."

Prof. Paul Stevens, Distinguished Fellow, Chatham House The Royal Institute for International affairs

"This version is unique, and it is a milestone in history of Arabal conferences."

Jocelyn Néron, Government of Quebec, Quebec's Export Agency



Sohar Aluminium also offered a range of tailored tours, workshops and activities designed to introduce visitors to a destination that is rapidly climbing the ranks in touristic appeal globally. These activities included tours to touristic attractions, traditional handicraft workshops, interactive display of Omani arts and handicrafts throughout the days of the conference.

ARABAL 2017 has been an opportunity to realise the strength of Oman's aluminium industry and the potential of its human capital.

As a testament to the company's transparency policy, Sohar Aluminium's Executive Committee and shareholders invited the world to tour the plant. More than 200 delegates were transported via a chartered flight from Muscat airport to the newly opened Sohar airport offering them an opportunity to experience one of the Sultanate's fastest growing cities. Considering the out of norm operations we had at that time demonstrating the excellence and efficiency of our operations, the trust in our people, as well as our commitment to our entire community.



National Initiatives

Through group initiatives at the national level, Sohar Aluminium seeks to fund new ways to achieve greater impact and promote sustainable development.

Tanfeedh National Programme for Enhancing Economic Diversification

Sohar Aluminium participated in Tanfeedh, the national programme for enhancing economic diversification, and it is part of the Five-Year Development Plan (2016-2020) for targeted sectors. With the blessing of His Majesty Sultan Qaboos bin Said, Tanfeedh project brought together ministers, undersecretaries, representatives of the private sector, academia and civil society to take part in full-time workshops for a period of six weeks.

Sohar Aluminium was recognised as a major player in the manufacturing sector

(metals section) and its expansion was on top of the recommended list for potential projects which can be implemented during the current 5-year plan.

Our CEO and one dedicated senior delegate from Sohar Aluminium continue to support and connect with the Tanfeedh process, in which Sohar's potential expansion has been a recommended project on the national list.



Social Contributions & Voluntary Projects

Through its social contributions and voluntary projects, Sohar Aluminium is committed to sharing its values, best practices and fostering strong and close ties with the surrounding communities while maximising its positive impact in community services.

Sohar Aluminium Volunteering Programme

Sohar Aluminium was awarded the Gulf Aluminium Council's (GAC) "Community Service Award" during the opening ceremony of the ARABAL in November 2017 for its "Sohar Aluminium Volunteering Programme". The GAC Community Award was introduced for the first time at ARABAL 2017 and was open to all GAC members. It was initiated to recognise exceptional service to the community and to acknowledge the outstanding contribution recipients have made in balancing corporate social responsibility with successful business development. The Sohar Aluminium Volunteering programme aims to promote the organisation's "Zero Harm" mindset in the local community -- part of its good corporate citizenship role -- and to protect the environment.

Employees who are interested in volunteering are continually influencing and shaping the programme to maximise its benefits and serve the society at large. Launched in 2014, this programme is now recognised as one of the most active and outstanding community service programmes in the region. The success of

“ Your Company's efforts, since its establishment, have truly impacted the citizens of the Wilayat of Sohar, as community activities and initiatives conducted by the Company have become very well known to all.

His Excellency the Wali of Sohar

“ Your efforts in this field of serving the local community are a true translation of His Majesty's emphasis on the importance of the human element as the main pillar and target of development.

His Excellency Dr. Salim Al Kahali, The Shura Member of Saham

this programme is driven by the employees who come up with ideas for causes that they feel strongly about, and support communities through their areas of expertise. This programme is seeing excellent involvement from various departments across the plant, and it continues to grow year on year.

engaged in several activities and brainstorming sessions that were productive and resulted in creating new ideas and initiatives that will be executed through the Sohar Aluminium Volunteering programme in due course.

Basma Campaign

The Basma Campaign, name translates in English to "Smile", is an initiative by Sohar Aluminium to bring a smile on the faces of those admitted to the Sohar Hospital during the Eid al-Fitr period.

In 2017, Sohar Aluminium volunteers distributed gifts to 300 patients, including children and adults, from various units of the Sohar Hospital.

Ramadan Charity Drive

Every year, Sohar Aluminium hosts a Ramadan Charity Campaign that collects donations to assist low-income families in purchasing coupons from local grocery shops. Donation boxes are located in the reception area and in the departments in the smelter, the power plant and the port.

In 2017, our Ramadan Charity Drive supported 270 families, covering remote villages around Shinas, Liwa, Sohar and Saham.

In 2017, several initiatives were executed by the Sohar Aluminium Volunteering programme, such as the installation of fans in government schools, road safety, anti-littering and its annual coral reefs and fishing ports cleaning campaign. In 2017 the landmark programme saw 143 of its employees complete 543 man-hours of community volunteering receiving major acclaim from the community at large. Through these initiatives, Sohar Aluminium volunteers successfully reached out to more than a million people across the Sultanate.

Volunteering Workshop

In 2017, a volunteering workshop was held in collaboration with Tamkeen Company to deliver greater service to the community. The workshop saw some of our most dedicated volunteers come together to learn about new ideas and methods of volunteering. The participants were



In 2017, Sohar Aluminium was awarded the Gulf Aluminium Council's (GAC) "Community Service Award" during the opening ceremony of the Arab International Aluminium Conference and Exhibition (ARABAL) to acknowledge the outstanding contribution Sohar Aluminium has made in balancing corporate social responsibility with successful business development.



**Environment, Health and Safety
Community Awareness**

Through our EHS initiatives, we seek to improve awareness of, and address, environmental, social and economic issues that are of fundamental importance for society.

Contractor Ethical Standing

Sohar Aluminium ensures ethical practices and social responsibility compliance of our contractors and major suppliers. Our EHS and Supply Chain teams visit contractors' accommodation and check their living conditions on a regular basis. SA ceases business with uncompliant contractors.

Community Engagement 'Because We Care'

Sohar Aluminium (SA) unveiled its "Because We Care" initiative as a progressive development of its much-admired initiative "Let's have Fun with Sohar Aluminium". The new brand allows SA to focus on promoting our company's values and sharing our knowledge with members of the surrounding community towards a safer

Sohar Aluminium excels in Safety performance and provides training and growth opportunity to its employees.

Saif Al Maamari, Operator, Bath Plant, Anode Plant



and healthier environment. During these events, representatives from SA various departments are selected to share the company's best practices, and communicate vital messages about environment, health and safety through games and quizzes to spread awareness in a fun and entertaining way. These fun-filled educational family-oriented events communicate socially responsible messages and create awareness on important topics such as heat stress management, hazards at home, safe driving, and environmental stewardship. In 2017, six events were held in high footfall locations in Sohar, seeing the attendance of around 500 families and children during each event.

Fun Run

Sohar Aluminium conducted its annual Fun Run event on February 17, 2017. The event saw around 400 employees, contractors and their families as well as Al Batinah International School's (ABIS) students and staff participate in the running and walking races. The event is meant to give the participants an opportunity to enjoy having fun and spending quality time with family members and colleagues outside working hours while promoting a healthy lifestyle. During the Fun Run, the Medical Team announced the Lifestyle Walking Club where employees can participate in activities with their families throughout the year.

Heat Stress Campaign

Sohar Aluminium broadcasted awareness messages through the local Radio channels both in Arabic and English about heat stress management. This initiative, supported by the Ministry of Health, consisted of giving general heat stress advice to the general public on a daily basis with the intention to contribute to reducing heat illnesses during the summer season across the Sultanate. The campaign reached 1 million listeners throughout the Sultanate.

Going a step further, SA's Communications and Corporate Social Responsibility teams organised visits to local schools in Al



Education

Sohar Aluminium believes that long-term positive change begins with quality education. With this in mind, we are committed to contributing to the promotion of knowledge and education in our community to ensure that each and every child can grow confident about their success in life and has the potential to change the world for the better.

Al Batinah International School (ABIS)

ABIS is a very special place to learn. Through the guidance of our world-class teachers, we strive to meet the needs of each and every student in our care and support them in becoming independent and lifelong learners.

By providing quality International Baccalaureate (IB) education as well as an interdisciplinary, authentic and interactive learning environment, we have fostered a culture of independence, enlightenment and motivation. Through our academically rigorous and balanced curriculum, we ensure our students are equipped with the necessary skills to not only succeed in college, but to also become open-minded, confident and accepting individuals who

Batinah to share their knowledge about Heat Management with the young students. A number of SA employees volunteered for this activity and presented to the students the dangers of heat stress and ways to prevent it in a fun and entertaining way. SA believes that educating young children will help influence the wider community to stay safe and enhance the culture of healthy behaviour and attitudes.

Through these initiatives, the company focuses on engaging its employees in various activities that aim at enriching a culture of a safe and healthy lifestyle and spreading its knowledge and good practices among the local community.



SMEs and Local Investments

Given the vital role that SMEs play in the Omani economy by reducing unemployment rates, contributing to Oman's annual growth and alleviating poverty in the community, we continue to contract SMEs, where reasonable.

Supporting SMEs

Sohar Aluminium seeks to contract local suppliers to increase ICV through social projects implementation to contribute to the national vision of diversifying Oman's economy and creating opportunities for Omani nationals.

In 2017, Sohar Aluminium contracted 5 local suppliers and contractors to complete the work for the development of the Liwa Public Park, and all vendors involved in the preparation of ARABAL were local companies of which the majority of them were SMEs.

I am proud to be a part of Sohar Aluminium and to have grown in my career here.

Maryam Al Jabri, Clerk, Accounts Payable, Finance



are prepared to apply their knowledge in different situations.

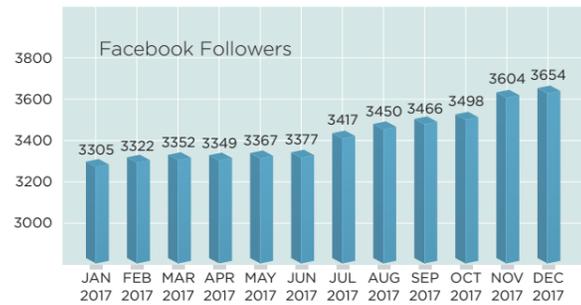
This year marked the 10-year anniversary of the Al Batinah International School, which we celebrated with incredible developments both physically, in the form of our new campus, and academically, with the expansion of our programmes. Our newly completed campus now includes four state-of-the-art educational buildings, an aquatic centre with three swimming pools, an IAAF standard 400m running track, a full-size football/rugby/cricket pitch, two gyms, a theatre, a farm, and a selection of wonderful outdoor play and learning areas.

ABIS also embodies Sohar Aluminium's strong commitment to the community. In 2017, nearly 40 students attended ABIS on scholarship. Furthermore, over 50 teachers took part in our expanding local teacher outreach programme, which aims to provide teachers in local schools with a deeper understanding of the teaching methodologies and techniques used in IB Schools.

Al Batinah International School (ABIS) was set up in 2007 by Sohar Aluminium and is now co-funded by Sohar Aluminium and ORPIC. For more information about the school, visit: www.abisoman.com

Sohar Aluminium Social Media Platforms

The success of our efforts to communicate with our stakeholders is reflected in our rising social media presence. Our Social Media followers consistently increased throughout the year 2017: Facebook (11.7%), Twitter (69.3%) and LinkedIn (32.5%)



Sustainable Projects

Sohar Aluminium is determined to help lead Oman and the Al Batinah region to a better future through its focus on long-term sustainable projects that will continue to have a positive impact in decades to come.

Corporate Social Responsibility Policy

We have a well-established corporate social responsibility (CSR) framework. Our CSR strategy is guided by the CSR Committee, which offers strategic guidance in identifying vulnerable populations, budgeting for and organising target activities as well as mobilising community engagement. The Committee reports to the Chairman of the Board, and includes the Chief Executive Officer, Chief Financial Officer, Communications Manager and CSR Superintendent.

The Board of Directors endeavours to allocate appropriate community investments and make a commitment to set an independent budget for CSR activities. This commitment is one of the key drivers for the high investment in Sohar Aluminium's CSR programmes. The annual budget allocated directly by the Board of Directors is equal to 1.5% of shareholders' distributions (no less than USD 1 million and not exceeding USD 3 million annually). In 2017, our total community investment was USD 1.1 million.

Prosthetic and Orthotic Services Centre at Khoula Hospital

Reinforcing its commitment to the community and extending its support for impactful projects and good causes, Sohar Aluminium partnered with Salah Methanol Company (SMC) and Oman India Fertiliser Company (OMIFCO) to sign a Memorandum of Understanding with Khoula Hospital for the funding of a Prosthetic and Orthotic Services Centre. Costing more than OMR 150,000, the advanced new facility will provide a variety of valuable services, including the assessment, prescription, design, manufacture and fitting of artificial limbs for patients of the Ministry of Health.

This state-of-the-art centre aims to meet the needs of people across the Sultanate who have lost limbs and those who require posture and mobility support. The services provided will be dedicated to improving the ability of the patients to function normally and enable them to actively contribute to society.

"Malak" Channel

In 2017, Sohar Aluminium signed an agreement with Sultan Qaboos University Hospital (SQUH) to fund the development of the internally-broadcasted channel "Malak".

“ Since its inception, Sohar Aluminium has provided numerous employment opportunities for Omanis in the Al Batinah region and executed several projects in Sohar that benefit the community which makes me feel proud. ”

Zakiya Al Farsi, Officer, Training Support, HRD



This health educational channel aims to provide educational health programmes to the patients and visitors of the hospital as well as broadcast the different activities that are held at the hospital. It also highlights health awareness information for the community and the services that SQUH provides.

Sohar Aluminium inaugurated Oman's First Aluminium Handicrafts Centre

In 2017, Sohar Aluminium opened the doors to the Sultanate's first aluminium handicrafts centre situated on our premises. The launch of this centre is part of Sohar Aluminium's longstanding commitment to supporting sustainable development in the local communities it serves.

The centre facilitates training programmes designed to empower traditional artisans with the skills required to create authentic Omani handicrafts out of aluminium and establish their own business enterprises.

The graduation of 9 craftswomen from the three-year Aluminium Craft Industries Programme was also celebrated at the inauguration event. The certified programme, which is funded by Sohar Aluminium, encompasses several capacity building and professional courses, including aluminium manufacturing, health and safety regulations, English-language proficiency, business writing, product marketing, business and financial management, and quality control.

Investment Buildings for Local Sports Clubs

Sohar Aluminium and Orpic partnered with the Ministry of Sports Affairs and local clubs to finance investment buildings with a value of OR 700,000 for Sohar, Al Salaam and Majis Clubs.

"Sohar Aluminium is a place to achieve my ambitions and I look forward to more successes and growth."

Salim Al Shibli, Lead Technician Maintenance, Port

The project aims to enable these clubs to obtain additional sustainable income to support their roles in serving the community. The execution of this project will also help these clubs expand their activities and sports cultural programmes to develop the capabilities and talents of young people and push them to production, excellence and positive participation in various fields.

Sohar Aluminium contributed to 29% of the investment. The project is 90% complete and expected to be completed in 2018. The investment returns will be allocated to sport, cultural and social activities of the clubs.



Jusoor is a collaborative CSR organisation established jointly by Sohar Aluminium, Vale and Orpic to touch the needs of the people and address common social development opportunities in Oman, particularly in the Al Batinah region.

Official Opening of Liwa Public Park

In 2017, Jusoor Foundation celebrated the 47th National Day with the official inauguration of the Liwa Public Park project. In cooperation with Orpic, Sohar Aluminium is dedicated to promoting social

responsibility and environment care concepts in Liwa through financing the establishment of this project in partnership with the Ministry of Regional Municipalities and Water Resources. The project provides a recreational area for the Liwa community and its nearby Wilayats. The project encompasses a total area of 66,000 square meters and cost about RO 400,000.

Al Wafa Centre for Handicapped Children

The Al Wafa Centre for Handicapped Children in Liwa is a specialised centre that will provide educational and rehabilitation support services to handicapped individuals in Liwa. The centre will be managed by the Directorate-General of Social Development in the Al Batinah North Governate and will provide care and social rehabilitation programmes to children with disabilities between the ages of 4 to 16 years old. These services include social care, psychiatric rehabilitation, and vital daily skills. Furthermore, the centre will provide educational and enlightenment programmes to the families on how to help their disabled family member(s).

The centre will be operated by the Ministry of Social Affairs after handover.

Drugs Rehabilitation Centre

In 2017, Sohar Aluminium officially opened the Drugs Rehabilitation Centre aimed to bridge the gap between services provided by the Ministry of Health and the support given by the private sector for treating victims of drug addiction and re-integrating them in society.

The project aims to achieve this through:

- providing treatment, aftercare and rehabilitation services; and
- reducing the risk of setbacks by focusing on developing individual skills to change their lifestyle and support the role played by civil society organisations in helping those recovering from addiction to participate in society.

Autism Centre

The Autism centre, the first of its kind in the Sultanate, will provide support to children with autism professionally, educationally, culturally, mentally, and socially.

Additionally, the Autism Centre will provide medical and remedial equipment, support, means of education, tools and instruments that can foster further development of persons with special needs. The centre will be supporting the community in North Al Batinah and will be operated by the Ministry of Social Affairs after handover. The project is 75% complete and is expected to be completed in 2018.

"Sohar Aluminium is one of the largest companies in Oman and takes its community commitments very seriously through various campaigns providing us opportunities to volunteer."

Fahim Al Balushi, Emergency Response Representative, Plant Protection, EHS





CUSTOMERS

Strong relationship development is at the core of fulfilling our customers' needs in a successful and sustainable way.

CUSTOMERS

Strategic Focus

- Meet the highest customer expectations in product quality & supply reliability, while maximising shareholder value.
- Constantly look at new sources of revenue.

2017 Performance Highlights

- Good customer satisfaction survey results in 2017 despite shutdown.

2018 Commitments

- Launch Short-Term Incentive programme for employees to ensure targeted delivery to customers.
- Secure one new customer.



Sohar Aluminium firmly believes that building strong and long-lasting relationships is essential to providing an excellent customer experience and fulfilling the needs of each customer in a successful and sustainable way. As we have continued to grow and become a leader in the global aluminium industry, we are coming to fully realise the extent to which our business is contributing to economic development – locally, regionally and internationally – through revenue generation, shareholder returns and the provision of aluminium. We have significantly contributed to Oman’s burgeoning downstream metals industry, both through the direct supply of metals to local manufacturers and strong participation in local markets for the procurement of goods and services.

We have a passion for excellence, and we strive to continue to meet customer expectations while maximising shareholder value. Our demonstrated ability to provide reliable delivery of quality products as well as our responsible and effective supply chain management have made us a partner of choice. Our supply chain and customer relationships maximise the value of our products and put our business in a better position to continue to be the partner of choice, a leader in our markets and a creator of significant value for our customers and business partners.

Our Customers

We believe in building long-term supply relationships with our customers, and for that reason, we strive to ensure our lasting arrangements are based on quality and

reliability. Looking forward, maintaining and building strong relationships with our customers will continue to create value for Sohar Aluminium.

Customer Satisfaction

In order to ensure we are meeting the expectations of our customers and continue to deliver excellent customer experience, we disseminate an annual satisfaction survey to our customers. This survey, conducted two times a year, serves as one of the many direct communication channels for our customers to address any concerns or inquiries with us.

For the first half of 2017, there were no disruptions in production or customer sales. Although our shutdown in 2017 significantly impacted our customers and reduced our operation capacity, Sohar Aluminium was committed to maintaining its partnership-driven mindset by ensuring it continued to deliver aluminium products to its customers in accordance with our capacity. The shutdown has a corresponding negative impact on customer satisfaction, which we were able to mitigate in part as a result of the long-standing, strong relationships we hold with our valued customers. As we began to recover our production capacity, we began supplying customers with products, and increasing quantities were delivered as we increased our production capacity – always ensuring we maintained our quality. Our expectation was that indexed customer satisfaction results from our 2017 survey would drop significantly; however, after analysing the results, this was not the case. As an example, two of our customers’ indexed satisfaction scores increased from the first to second survey in 2017. Where scores lowered, we still received encouraging responses on our communication and engagement during the shutdown.

These results clearly attest to our excellent partnership-driven mindset, which can be seen even from the very start of our partnership. The results from our surveys

confirm the confidence our partners have in our efforts and continued success, as well as our ability to immediately address areas of weakness.

Quality and Reliability

Sohar Aluminium is committed to delivering comprehensive, quality-based management for successful customer relationships and product sales. In order to maintain product quality and reliability, Sohar Aluminium has a quality policy which designates specifications for technical aspects of our products. Sohar Aluminium Casthouse and Power Plant are certified under ISO 9001:2008 Quality Management Systems. In 2017, Sohar Aluminium updated its Quality policy to be in line with the ISO 9001:2015 version.

Unfortunately, 2017 was a difficult time for us, as the unanticipated shutdown affected our ability to fulfil our metal supply agreements on schedule and as required in

I feel valued working at Sohar Aluminium as great emphasis is placed on everyone’s Safety. I have developed my skills across the departments I have worked at and am happy to be recognised for my work.

Salim Al Muqbali, Process Technician, Laboratory



some cases. As a result of the unplanned interruption, Sohar Aluminium issued notice of force majeure to its customers and actively worked to mitigate the impact of reduced supply on its customers' operations.

Quality Policy

Our vision at Sohar Aluminium is "Passion for Excellence, Be the Best". This is deeply rooted in the way we drive our business strategy through every business pillar.

Sohar Aluminium's Quality Management System (QMS) is embedded into our core values and business pillars, and forms an integral part of our journey towards excellence. One of the core business pillars of Sohar Aluminium's business strategy is customers as without them we cannot sustain our business. In our QMS, a measure of excellence is to consistently "meet the highest customer expectations in product quality and supply reliability, whilst maximising the shareholder value". ISO 9001:2015 specifies requirements for a QMS when an organisation:

- Needs to demonstrate its ability to consistently provide products and services

Competing with major local companies and winning His Majesty's Cups for the Best Factories in 2010 and 2011 is a great achievement and a big source of pride for a company that is as young as Sohar Aluminium.

Abdul Rahman Al Balushi,
Mechanical Technician, Power Plant



that meet customer and applicable statutory and regulatory requirements, and

- Aims to enhance customer satisfaction through the effective application of the QMS, including processes for improvement of the QMS and the assurance of conformity to customer and applicable statutory and regulatory requirements.

At Sohar Aluminium we are proud to commit to these standards and to meet the highest customer expectations by:

- Creating a "high definition" picture of the customer and their needs.
- Delivering products that consistently meet our customer's quality specifications.
- Ensuring supply reliability and quick response to customer inquiries.
- Creating a unique customer experience and maintaining the highest level in customer service.
- Continuously improve business synergies to add value to our customer's experience thereby contributing to our mutual success.

Sustainable Supply Chain Management

Sustainable supply chain management focuses on minimising risks, optimising price and eliminating production disruptions through timely and reliable delivery and critical item contingency planning. It presents an opportunity for Sohar Aluminium to reduce costs through warehouse and stock management as well as sound supplier negotiation and contingency planning.

Local Procurement

Sohar Aluminium is committed to developing partnerships with local Omani suppliers as a means of improving our supply chain and contributing to local economic development. Although a number of products, such as machinery, primary raw material and alumina, is sourced internationally, Sohar Aluminium continues to grow its partnerships with local manufacturing companies as it focuses on identifying items and services that can be procured locally. Through our continued efforts to build our local supply chain, we have developed a strong network of

nationally-based suppliers who provide a variety of goods and services, from administrative items to specialised manpower.

Local suppliers represent a significant opportunity to enhance the Omani metals and manufacturing sector while reducing costs and product delivery time.

Contractor Management

Contractors continue to be a key stakeholder at Sohar Aluminium as they provide the technical and maintenance services we need to meet the requirements of our plant assets and manpower demand. They comply with Sohar Aluminium's requirements to work on-site, which include operational and EHS requirements. Sohar Aluminium's Contractor Management Roadmap, which outlines objectives for contractor performance and oversight, is entrenched in the way we manage our contractors and is continuously reviewed and improved. All contractors are assessed during the evaluation process on the basis of EHS performance and mandated to abide by Sohar Aluminium's rigorous safety standards.

Contractor Working Conditions

Sohar Aluminium is committed to respecting and protecting human rights in all its operations and throughout its supply chain. We seek to ensure our contractors respect human rights principles by carrying out contractor visits to inspect working conditions and make sure they align with Sohar Aluminium's standards. In 2017, a total of 13 contractor visits were conducted.

Contractor Safety

Safety induction trainings are provided for all contractors and service providers as part of Sohar Aluminium's uncompromising commitment to safety. While on-site, the contractor workforce is considered a part of Sohar Aluminium's resources, and as such, their successful engagement is measured as one of its key performance indicators.

Despite the logistical pressures that came with this huge influx of contractors, our team addressed them with excellence. The Sohar Aluminium Management Team took care of arrangements in a remarkably short amount of time, such as necessary training and development, accommodation, transportation, visas, and stickers to authorise entrance to the pot line, to name a few. All procurement measures and EHS procedures were followed and respected as normal.

Immediately after the shutdown, Sohar Aluminium was focused on returning to full production levels as soon as possible, while ensuring the health and safety of all its employees were prioritised. Thousands of contractors were hired in order to fill skill gaps and conduct major activities on a large scale, such as cleaning the pots and removing the metal pads - at one point having over 2,000 contractors on-site at once.

The work culture and environment at Sohar Aluminium motivates excellence and high performance. I aspire to be part of the leading teams in the company in the future and contribute to its successes and achievements.

Sultan Al Handasi,
Lead Engineer Operation, Power Plant





APPENDICES

This report highlights the Sohar Aluminium's sustainability performance that is of particular interest to a broader set of stakeholders.

APPENDICES

Appendix A – Acronyms

| | |
|-----------------|---|
| ABIS | Al Batinah International School |
| AI | Aluminium |
| ARABAL | Arab International Aluminium Conference |
| BRC | Business Review Committee |
| CEO | Chief Executive Officer |
| CFO | Chief Finance Officer |
| CO ₂ | Carbon Dioxide |
| COO | Chief Operations (or Operating) Officer |
| CRM | Critical Risk Management |
| CSR | Corporate Social Responsibility |
| EHS | Environment, Health and Safety |
| ExCo | Executive Committee |
| FinCo | Finance Audit and Risk Committee |
| FTAC | Factory Talk Asset Centre |
| GAC | Gulf Aluminium Council |
| GDP | Gross Domestic Product |
| GJ | Giga Joules |
| GRI | Global Reporting Initiative |
| HB | Hydrocarbon-Fluoride |
| HRA | Human Resources Administration |

| | |
|--------|---|
| HRC | Human Resources Committee |
| HRD | Human Resource Development |
| ICV | In-Country Value |
| IB | International Baccalaureate |
| IT | Information Technology |
| Kg | Kilograms |
| KPI | Key Performance Indicator |
| MECA | Ministry of Environment and Climate Affairs |
| MENA | Middle East and North Africa |
| MFT | Multi-Function Technicians |
| MOMP | Ministry of Manpower |
| MT | Metric Tonnes |
| MW | Megawatt |
| OEM | Original Equipment Manufacturers |
| OH | Occupational Health |
| OMIFCO | Oman India Fertiliser Company |
| OMR | Omani Rials |
| OOC | Oman Oil Company |
| OMSB | Oman Medical Specialty Board |
| PAH | Polycyclic Aromatic Hydrocarbons |
| PFC | Perfluorocarbons |
| PLC | Programmable Logic Control |
| PSTA | Pre-Start Task Analysis |
| PTA | Pot Tending Assembly |
| PV+ | Panelview Plus |
| RTA | Rio Tinto Aluminium |
| ROP | Royal Oman Police |
| SA | Sohar Aluminium |
| SAMY | Sohar Aluminium Metal Yard |
| SAPP | Sohar Aluminium Power Plant |
| SMC | Salalah Methanol Company |
| SME | Small and Medium-Sized Enterprise |
| SOP | Standard Operating Procedures |
| SPL | Spent Pot Lining |
| SQUH | Sultan Qaboos University Hospital |
| t | Tonnes |
| TAQA | Abu Dhabi National Energy Company |
| USD | United States Dollars |
| VDI | Video Desktop Infrastructure |
| WPP | Work Performance Plan |
| WPR | Work Performance Review |

“Although we work in different departments and sections in the company, we all have something in common which is the quality of teamwork. It is an important quality that needs to be preserved.”

Moza Al Sabai, Officer Compensation and Benefits, HRA



Appendix B – Report Scope and Boundaries

Aspect Boundaries

This report covers Sohar Aluminium’s operations in 2017 as an independent entity operating only in the Sultanate of Oman with headquarters in Sohar, located in the Al Batinah region. Sohar Aluminium does not control or have significant influence over the financial or operational policies of other entities, nor does Sohar Aluminium own any subsidiaries or is engaged in joint ventures. This report was prepared in accordance with the GRI Standards (Core) principles : Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

Materiality Process

Our Materiality Process required the following four steps: 1). Identification of material issues; 2). Categorising the issues specific to the 6 pillars of Sohar Aluminium’s Business Strategy; 3). Prioritising issues to create a matrix; 4). Executive Committee review and approval.

Reporting Cycle

This report covers the year 2017.

Stakeholder Inclusiveness

At Sohar Aluminium, stakeholder engagement is a crucial component of our operations and development plans. Therefore, ensuring we maintain consistent and systematic dialogues with our stakeholders is a crucial component of our company assessments and strategies for future development. “Our operations affect many different stakeholders, ranging from our employees, social partners, investors and suppliers” to the government, media and neighbouring communities in the Al Batinah region.

Balance

The content of report is presented in a way that allows a balanced view of the company’s economic, social, and environmental performance.

Comparability

Comparisons are made throughout the report against 2016 report.

Completeness

To ensure the completeness of this report, we took into consideration issues that are relevant to Sohar Aluminium’s upstream and downstream entities. By engaging our stakeholders and identifying relevant material topics, we ensured that this report covered all significant information, maintaining the utmost transparency of our operations.

Data Measurement Techniques

To the best of Sohar Aluminium’s knowledge, all the information within this report is accurate and represents the best data available to the organisation and its stakeholders.

Significant Changes

No significant change to scope, boundary or measurement methods.

Assurance

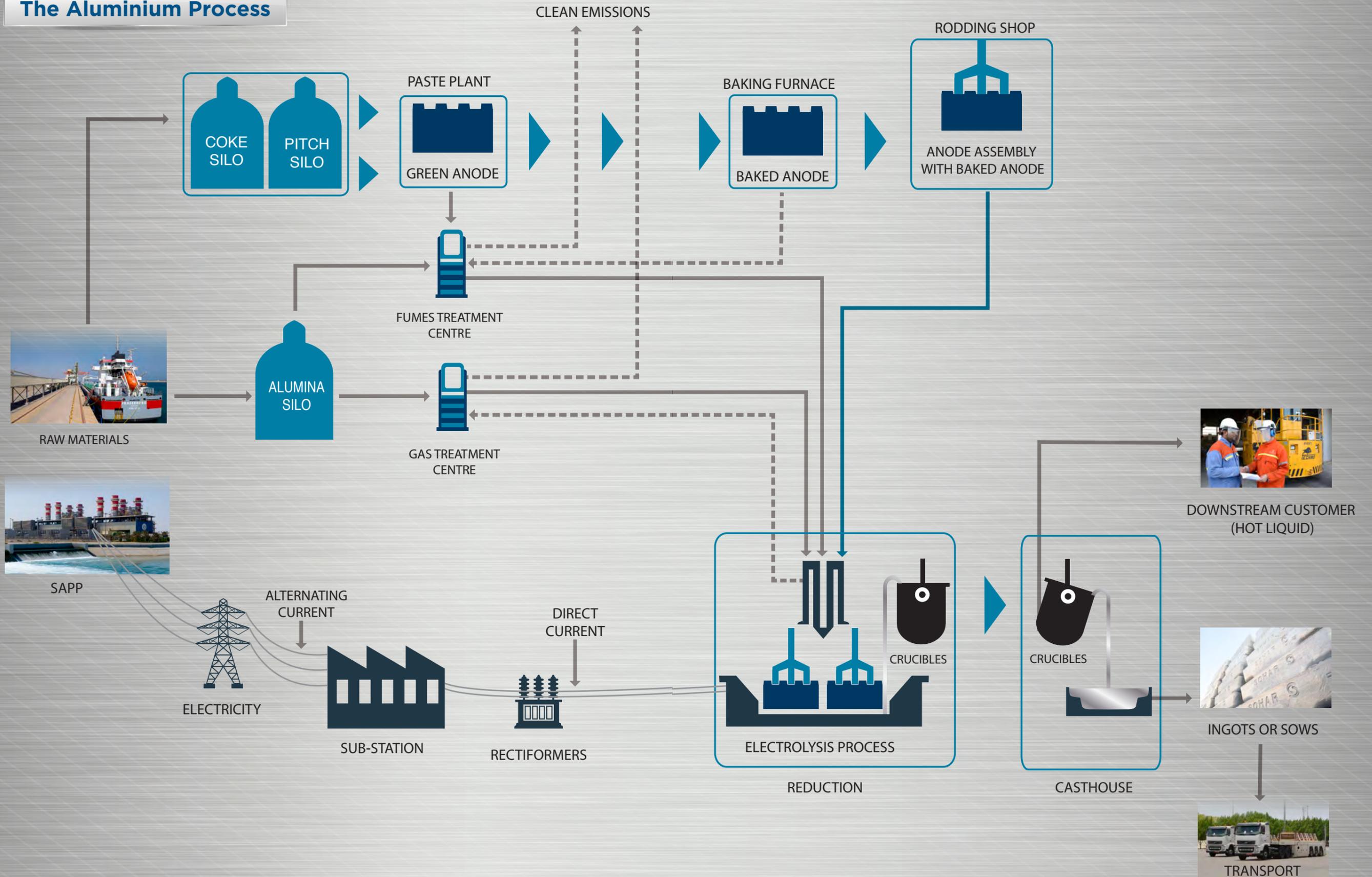
The report has not been externally audited or assured.

“It is very satisfying to work in such a safe plant and I am thankful that I can provide a secure future for my family.”

Christian Leslie Abanilla, Electrical Instrument Technician, Maintenance, Port



The Aluminium Process



Appendix C – Stakeholder Engagement

| Stakeholder Group | Stakeholder Priorities | Sohar Aluminium Priorities | How Sohar Aluminium Addresses Stakeholder Priorities |
|--|--|---|---|
| Internal Stakeholders | | | |
| All employees and their families (full-time and equivalents), the Sohar Aluminium Trade Union and Contractors | <ul style="list-style-type: none"> • Remuneration and benefits • Working conditions and personal safety • Personal development and professional advancement • Company workplace and culture • Contribution to community | <ul style="list-style-type: none"> • Safe and productive workplace • Remaining an employer of choice in Oman • Developing talent and long-term employment • Healthy and happy workforce • Engaged workforce | <ul style="list-style-type: none"> • Competitive benefits • Workforce performance plans • Leadership and training programmes • Medical clinic and health promotion events • Employee and community engagement programmes |
| Shareholders and Lenders | | | |
| Oman Oil Company, Abu Dhabi National Energy Company PJSC - TAQA and Rio Tinto; consortium of international lending banks | <ul style="list-style-type: none"> • Reliable and safe operation • Financial performance • Security of investment and debt repayments • Cost control and lean production | <ul style="list-style-type: none"> • Transparency, integrity and accountability • Effective cost management • Operational efficiency and reliability | <ul style="list-style-type: none"> • Company mission, vision and Business Strategy • Code of Conduct and governance practices outlined in shareholders' agreement |
| External Stakeholders | | | |
| Oman Oil Company, Abu Dhabi National Energy Company PJSC - TAQA and Rio Tinto; consortium of international lending banks | <ul style="list-style-type: none"> • Corporate governance • Contribution to regional and national development objectives | <ul style="list-style-type: none"> • Leadership in downstream industrial development of aluminium sector • Anti-corruption and strong governance • Effective risk management | <ul style="list-style-type: none"> • Internal and external audits of performance and practices • Annual sustainability and shareholders' reporting |
| Government | | | |
| The Governor's Office of North Al Batinah, Wali Offices of Sohar, Liwa, Shinas and Saham, Shura Council, the Ministries of Manpower, Health, Oil and Gas, Commerce & Industry, Finance, Environment and Climate Affairs, Social Development, Municipalities of Sohar and Liwa, Royal Oman Police, Telecom Regulatory Authority and the General Federation of Oman Trade Unions | <ul style="list-style-type: none"> • Contribution to the national economy • Downstream industrial development • National employment and talent development • Corporate governance • Regulatory compliance | <ul style="list-style-type: none"> • Leadership in aluminium sector development • Omanisation and leadership training programmes • Governance and Code of Conduct • ISO and national audits of performance and compliance | <ul style="list-style-type: none"> • Regular communication with ministries and regulatory bodies • Annual performance and sustainability reporting • Training institute certification under Ministry of Manpower • Aluminium production and sales performance |

Appendix C – Stakeholder Engagement

| Stakeholder Group | Stakeholder Priorities | Sohar Aluminium Priorities | How Sohar Aluminium Addresses Stakeholder Priorities |
|--|---|---|--|
| Media | | | |
| Local, national and international media in the form of electronic, print, radio and television | <ul style="list-style-type: none"> • Local and national community engagement • Accountability and transparency | <ul style="list-style-type: none"> • Recognised as an asset by local community • Exposure and reach for community services • Cooperative Media Relations | <ul style="list-style-type: none"> • Community engagement events • Regular Communications with Media Agencies • Whistleblowing Policy • Annual Sustainability Report • 24x7 Availability for fact-checking material |
| Business Partners | | | |
| Customers, suppliers, service providers and Small & Medium Enterprises | <ul style="list-style-type: none"> • Transparent and fair tender and contracting process • On-time payments • Product quality and reliability of delivery • Communication and relationship building | <ul style="list-style-type: none"> • Customer satisfaction • Production quotas and on-time product delivery • Customer retention and identifying new customers • National economic impact through local procurement | <ul style="list-style-type: none"> • Supplier screening and assessment • Tenders and public announcements • Customer service and logistics • Supporting national initiatives for SMEs and local business opportunities |
| Social Partners | | | |
| Neighbouring communities, education institutions, Al-Batinah International School, Jusoor, Vale, Orpic, Hospitals and Polyclinics, non-government organisations and non-profit organisations | <ul style="list-style-type: none"> • Training and research opportunities • Partnerships and sponsorships • Investment in the community | <ul style="list-style-type: none"> • Community and employee engagement • Recognised as an asset by community • Maximise positive impact in the community | <ul style="list-style-type: none"> • Key stakeholder engagement events • Infrastructure investment • CSR Programmes • Sohar Aluminium Volunteering Programme • Support downstream job creation |
| Influential Groups | | | |
| International Aluminium Institute, Gulf Aluminium Council, Sohar Links, Oman Chamber of Commerce, other GCC Smelters, Auditors | <ul style="list-style-type: none"> • Production and operational integrity • Product sales and reliability • Corporate engagement • Knowledge sharing | <ul style="list-style-type: none"> • Operational reality • Revenue creation and profitability • Reputation and leadership • Knowledge sharing | <ul style="list-style-type: none"> • Participation in major events in the Aluminium industry • International certification for operations (ISO, OHSAS, etc.) |

Appendix D – Company Performance 2014-2017

Health, Safety and Environment

| Waste Management | | | | |
|---|-------|-------|-------|-------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Waste Disposal (tonne) | 7,677 | 6,252 | 5,554 | 6,662 |
| Waste Disposal (Kg/T Al) | 21.1 | 16.6 | 14.4 | 16.4 |
| Waste Generation Intensity (kg non-recycled waste/t AL) | 24.94 | 16.6 | 20.3 | 26.4 |

| Waste Recycled | | | | |
|--|-------|-------|-------|-------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Recyclable Steel (m ³) | 738 | 576 | 1,118 | 1,422 |
| Recyclable Wood (m ³) | 5,826 | 1,614 | 2,136 | 8,820 |
| Paper and Cardboard (m ³) | 1,596 | 1,074 | 1,128 | 2,184 |
| Recycled Plastic (m ³) | 783 | 522 | 366 | 986 |
| Hazardous Waste Non-Recyclable (m ³) | 2,442 | 2,376 | 2,244 | 2,926 |
| Total Recycled (m ³) | 9,066 | 5,817 | 4,748 | 4,152 |

| Energy Management | | | | |
|---|------------|------------|------------|------------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Natural Gas Consumption (MMBTU) | 37,151,064 | 38,265,529 | 38,873,353 | 27,904,148 |
| Fuel Oil / Diesel Usage (Litres) | 274,076 | 134,036 | 40,471 | 21,498 |
| Total Power Generated (MWh) | 5,446,811 | 5,586,481 | 5,706,811 | 4,072,941 |
| Power Used by Smelter and Port Operations (MWh) | 5,344,877 | 5,467,238 | 5,579,039 | 3,826,323 |
| Energy Consumed (GJ) | 39,206,207 | 40,377,046 | 41,015,005 | 29,429,039 |
| Energy Consumption Intensity (GJ/Tonne) | 107.8 | 107.0 | 106.1 | 116 |
| Generation Efficiency (%) | 50.2 | 49.8 | 50.09 | 49.8 |
| Conversion Efficiency (A.C.MWh/t Al) | 14.77 | 14.49 | 14.44 | 15.14 |

| Water Management | | | | |
|--|-------------|-------------|-------------|-------------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Seawater Used for Cooling (m ³) | 365,209,405 | 372,250,419 | 390,469,778 | 338,743,094 |
| Seawater Consumption in the Reverse Osmosis Plant (m ³) | 0 | 0 | 0 | 0 |
| Brackish Well Water Extraction (m ³) | 2,645,864 | 2,928,257 | 2,965,676 | 2,116,604 |
| Well Water Intensity (m ³ /tonne Al) | 7.27 | 7.76 | 7.68 | 8.38 |
| Process Water Produced (m ³) | 972,952 | 1,120,327 | 1,153,851 | 791,071 |
| Brine Discharged to the Sea | 1,486,714 | 1,604,753 | 1,622,590 | 1,195,324 |
| Deminerilised Water Used for Heat Capture in the Heat Recovery Steam (m ³) | 144,490 | 175,145 | 175,818 | 126,054 |

Appendix D – Company Performance 2014-2017

Health, Safety and Environment

| Water Management | | | | |
|---|---------|---------|---------|---------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Process Water (Non-Potable) Exported to Majis Industrial Services Company (m ³) | 499,643 | 599,231 | 617,571 | 352,332 |
| Sewage Water Imported from Neighbouring Communities for Irrigation (m ³) | 111,577 | 109,141 | 105,288 | 107,049 |
| Treated Sewage Water Used for Irrigation (m ³) | 127,805 | 133,329 | 136,910 | 146,106 |
| Percentage of Treated Sewage Water Re-Used for Irrigation (%) | 100 | 100 | 100 | 100 |

| Emissions Management | | | | |
|--|-------|-------|------|--------------------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Total CO ₂ Emissions Generated (tonnes CO ₂ / MWh) | 0.5 | 0.5 | 0.51 | 0.55 |
| PFC Emissions (t CO ₂ eq/t Al) | 0.03 | 0.17 | 0.19 | 0.21 |
| Total CO ₂ Emissions from Smelter Activities (t CO ₂ eq/t Al) | 1.7 | 1.78 | 1.83 | 1.86 |
| Total CO ₂ Emissions from Sohar Aluminium Facilities (Smelter, Power Plant and Port) per Tonne of Aluminium Product (t CO ₂ eq/t Al) | 7.47 | 7.51 | 7.58 | 8.52 |
| Hydrogen Fluoride-Gas Treatment Centre (GTC) (Tonne Gaseous HF) | 16.18 | 15.39 | 27.2 | 9.56 (till Jun'17) |
| Total Fluoride Emissions-Smelter (kg HF/t Al) | 0.47 | 0.5 | 0.61 | 0.60 (till Jun'17) |
| Fluoride Emissions Intensity (kg/t of Al) | 0.47 | 0.5 | 0.61 | 0.54 (till Jun'17) |

| Occupational Health / Medical Clinic | | | | |
|--|-------|-------|-------|-------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Medical Centre Visits for Health Check-ups and treatments | 7,169 | 7,349 | 6,709 | 7,206 |
| Total Number of clients served | 7,169 | 7,349 | 6,709 | 7,206 |
| Walk- in Clients | 6,876 | 6,353 | 5,957 | 6,399 |
| Number of PAH Bio Monitoring | 20 | 20 | 20 | 57 |
| Urine Fluoride Monitoring | 548 | 122 | 109 | 560 |
| Number of Heat Stress Monitoring Instances | 2,353 | 2,544 | 2,012 | 3,255 |
| Recordable Heat Induced Illness | 0 | 0 | 0 | 0 |
| Medical Treatment Frequency Rate (200,000 man-hours) | 0.17 | 0.2 | 0 | 0.14 |
| Recordable Injury/Illness Frequency Rate (200,000 man-hours) | 0.5 | 0.54 | 0.31 | 0.51 |
| Lost Time Injury Rate (20 0,000 man-hours) | 0.33 | 0.3 | 0.31 | 0.33 |

Appendix D – Company Performance 2014-2017

People

| Workforce profile | | | | |
|---------------------------------------|------|------|------|--------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Total Workforce | 979 | 982 | 978 | 955 |
| Omanisation Rate | 72% | 74% | 75% | 0.76 |
| Female Employment (%) | 4 | 4 | 4 | 0.043 |
| Turnover Rate (%) | 6.43 | 4.86 | 2.97 | 0.0436 |
| Employee training (Days Per Employee) | 12 | 12 | 15 | 14 |
| New Employee Hires | 46 | 51 | 25 | 19 |

| Employee breakdown by designation | | | | | | | | | | | | |
|-----------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Years | 2014 | | | 2015 | | | 2016 | | | 2017 | | |
| | Nationality | Omani | Expat | Total | Omani | Expat | Total | Omani | Expat | Total | Omani | Expat |
| Semi-Skilled | 329 | 0 | 329 | 340 | 0 | 340 | 343 | 0 | 343 | 319 | 0 | 319 |
| Skilled | 219 | 136 | 355 | 219 | 125 | 344 | 219 | 118 | 337 | 240 | 117 | 357 |
| Professional | 74 | 48 | 122 | 82 | 44 | 126 | 81 | 43 | 124 | 77 | 39 | 116 |
| Management | 82 | 91 | 173 | 84 | 88 | 172 | 90 | 84 | 174 | 91 | 72 | 163 |
| Total | 704 | 275 | 979 | 725 | 257 | 982 | 733 | 245 | 978 | 727 | 228 | 955 |

| Employee Age | | | | |
|--------------|------|------|------|------|
| Years | 2014 | 2015 | 2016 | 2017 |
| 20-30 | 305 | 236 | 111 | 119 |
| 30-40 | 497 | 564 | 633 | 621 |
| 40+ | 177 | 182 | 234 | 215 |

| Training | | | | |
|---|--------|--------|---------|--------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Investment in Vocational Training (USD Million) | 0.9 | 1.2 | 1.1 | 0.783 |
| Average Training Day Per Employee | 12 | 12 | 15 | 14 |
| Number of Employees Received Training | 990 | 982 | 978 | 944 |
| 3-Year Maintenance Technician Programme - Omani Employees | 30 | 22 | 18 | 0 |
| Total Number of Training Hours | 90,000 | 94,609 | 119,769 | 83,665 |
| Training Hours Per Employee | 91 | 96 | 122 | 89 |

Appendix D – Company Performance 2014-2017

Productivity

| Productivity | | | | |
|--|---------|---------|---------|---------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Hot Metal Production (Tonnes) | 363,528 | 377,186 | 386,395 | 252,714 |
| Power Plant Generation Efficiency (%) | 48.6 | 50.2 | 49.8 | 49.8 |
| AC Production Efficiency (MWh / tonne of Aluminium) | 14.76 | 14.77 | 14.49 | 14.33 |
| Finished Good Production (Tonnes) | 361,763 | 376,994 | 386,623 | 252,054 |
| Production Rate (kg Al/Pot/Day) | 2,820 | 2,877 | 2,962 | 2,952 |
| Money saved / Additional Revenue earned through Value Creation programme (USD Million) | 20 | 34 | 19.77 | 2 |
| Specific Energy Efficiency Levels (kWhrs/kg) | 13.853 | 13.687 | 13.531 | 13.64 |
| Operating Amperage (kA) | 373.7 | 382.1 | 394 | 392.517 |
| Purity Levels (ppm of Iron (Fe)) | 1,231 | 1,066 | 902 | 915.8 |
| Percentage of scheduled maintenance work (%) | 90.35 | 88.04 | 87.5 | 85.6 |
| Generation Efficiency (%) | 50.2 | 49.8 | 50.09 | 49.8 |

Financial Strength

| Value Creation | | | | |
|--|------|------|------|------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Total Value Creation (USD Million) | 20 | 34 | 19.8 | 2 |
| Cost savings due to productivity gains (USD Million) | | | 7.7 | 0.6 |

| Percentage of Local and Foreign Suppliers (Local Procurement) | | | | |
|---|------------|------------|------------|------------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Foreign Suppliers (%) | 32.9 | 52.7 | 47 | 45 |
| Local Suppliers (%) | 67.1 | 47.3 | 53 | 55 |
| Total Local Suppliers (% of total suppliers utilised designated as local) | 64.1 | 58 | 53 | 55 |
| Amount Spent on Local Suppliers (USD) | 42,058,555 | 33,344,116 | 30,750,972 | 65,708,384 |

Appendix D - Company Performance 2014-2017

Corporate Citizenship

| Corporate Citizenship | | | | |
|--|-----------|--|--|--|
| Years | 2014 | 2015 | 2016 | 2017 |
| Total Community Investment (USD*) | 1,367,307 | 2,220,700 | 2,191,355 | 1,321,239 |
| Community Public Engagement Events (#) | 0 | 5 | 6 | 6 |
| Volunteering Manhours | 530.5 | 174 | 884 | 543 |
| Number of Volunteers | 127 | 36 | 175 | 143 |
| Contractor Ethical Standing <small>Ensure ethical practices and social responsibility compliance of our contractors and major suppliers. SA visits contractor's accommodation and check their living conditions. SA ceases business with uncompliant contractors.</small> | N/A | N/A | 1 Visit/Quarter | 6-7 Visits per Quarter |
| Social Media Management (Followers on Social Media Channels) | 2,650 | 3,383 | 4,362 | 5,503 |
| Community and Student Visits to the Smelter | - | 119 | 126 | 156 |
| Sustainability Reporting | Published | Published and prepared using the GRI Guidelines and Launched in a public event | Published and prepared using the GRI Standards | Published and prepared using the GRI Standards |

| Percentage of CSR Budget Breakdown | | | | |
|---|------|------|------|------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Jusoor Projects | 55 | 60 | 70 | 90 |
| Sustainable Projects | 26 | 22 | 5 | 5 |
| Education | 3 | 5 | 6 | 1 |
| Social Contributions & Voluntary Projects | 10 | 10 | 10 | 2 |
| SMEs | 3 | 0 | 0 | 1 |
| EHS | 3 | 3 | 8 | 1 |
| Group Initiatives | 0 | 1 | 1 | 0 |

Customers

| Customers | | | | |
|--|---------|---------|---------|---------|
| Years | 2014 | 2015 | 2016 | 2017 |
| Direct Customers Sales (OAPIL and OARC) (Tonnes per annum hot metal) | 73,008 | 82,700 | 64,261 | 64,742 |
| Water Export to Majis Industrial Services Company (m3) | 499,643 | 599,231 | 617,680 | 352,332 |
| Total liquid metal sold to existing downstream customers (tonnes) | 73,008 | 82,701 | 64,339 | 64,743 |
| Customer insights resolved (%) | 100 | 100 | 100 | 100 |

* Restated to include community investment across all areas.

GRI Content Index



| GRI Standard | Disclosure | Page number(s) and/or URL(s) |
|---|--|---|
| GRI 101: Foundation 2016 | | |
| General Disclosures | | |
| GRI 102: General Disclosures 2016 | General Disclosures | |
| | 102-1 Name of the organization | Sohar Aluminium |
| | 102-2 Activities, brands, products, and services | 10-15, 57-58 |
| | 102-3 Location of headquarters | Sohar, Al Batinah North Governate, Oman |
| | 102-4 Location of operations | Al Batinah Region of Oman |
| | 102-5 Ownership and legal form | 12 |
| | 102-6 Markets served | 83-86 |
| | 102-7 Scale of the organization | 13, 47, 65, 97, 58, 83-86 |
| | 102-8 Information on employees and other workers | 52, 97, 86 |
| | 102-9 Supply chain | 85 |
| | 102-10 Significant changes to the organization and its supply chain | 85, 86 |
| | 102-11 Precautionary Principle or approach | 5-8, 19, 20, 35 |
| | 102-12 External initiatives | 20, 25 |
| 102-13 Membership of associations | Sohar Aluminium is part of the following associations: <ul style="list-style-type: none"> • Oman Chamber of Commerce and Industry • Gulf Aluminium Council • International Aluminium Institute • AP 30 Club | |
| Strategy | | |
| 102-14 Statement from senior decision-maker | 5-8 | |
| Ethics and integrity | | |
| 102-16 Values, principles, standards, and norms of behavior | 11-12 | |
| Governance | | |
| 102-18 Governance structure | 15-21 | |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | |
|--|-------------------------------|--|--|
| GRI 101: Foundation 2016 | | | |
| General Disclosures | | | |
| GRI 102: General Disclosures 2016 | Stakeholder engagement | | |
| | 102-40 | List of stakeholder groups | 23 |
| | 102-41 | Collective bargaining agreements | 30% of Sohar Aluminium employees are members of the Trade Union |
| | 102-42 | Identifying and selecting stakeholders | 23 |
| | 102-43 | Approach to stakeholder engagement | 23, 93-94 |
| | 102-44 | Key topics and concerns raised | 25, 93-94 |
| | Reporting practice | | |
| | 102-45 | Entities included in the consolidated financial statements | 92 |
| | 102-46 | Defining report content and topic Boundaries | 24, 25 |
| | 102-47 | List of material topics | 25 |
| | 102-48 | Restatements of information | 96, 99 |
| | 102-49 | Changes in reporting | No significant changes |
| | 102-50 | Reporting period | January 1 –December 31, 2017 |
| | 102-51 | Date of most recent report | Sohar Aluminium 2016 Sustainability Report was published in 2017 |
| | 102-52 | Reporting cycle | Annual |
| | 102-53 | Contact point for questions regarding the report | 5 |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | 5 |
| | 102-55 | GRI content index | 100-108 |
| | 102-56 | External assurance | This report was not checked by third-party. |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | |
|---|--|--|---|
| Material Topics | | | |
| GRI 200 Economic Standard Series | | | |
| GRI 103: Management Approach 2016 | Economic Performance | | |
| | 103-1 | Explanation of the material topic and its Boundary | 25, 63-66 |
| | 103-2 | The management approach and its components | 63-66 |
| | 103-3 | Evaluation of the management approach | 63-66 |
| GRI 201: Economic Performance 2016 | Economic Performance | | |
| | 201-1 | Direct economic value generated and distributed | 63-66 |
| GRI 103: Management Approach 2016 | Market Presence | | |
| | 103-1 | Explanation of the material topic and its Boundary | 25, 47 |
| | 103-2 | The management approach and its components | 47, 53 |
| | 103-3 | Evaluation of the management approach | 47, 53 |
| | 202-2 | Proportion of senior management hired from the local community | 97 |
| | Indirect Economic Impacts | | |
| | 103-1 | Explanation of the material topic and its Boundary | 25, 63, 69-70 |
| | 103-2 | The management approach and its components | 63, 69-70 |
| | 103-3 | Evaluation of the management approach | 63, 69-70 |
| | GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported |
| 203-2 | | Significant indirect economic impacts | 69-80 |
| GRI 103: Management Approach 2016 | Procurement Practices | | |
| | 103-1 | Explanation of the material topic and its Boundary | 25, 63-66 |
| | 103-2 | The management approach and its components | 63-66 |
| | 103-3 | Evaluation of the management approach | 63-66 |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) |
|---|--|------------------------------|
| Material Topics | | |
| GRI 200 Economic Standard Series | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 63-66 |
| GRI 103: Management Approach 2016 | Anti-corruption | |
| | 103-1 Explanation of the material topic and its Boundary | 25, 19-20 |
| | 103-2 The management approach and its components | 19-20 |
| | 103-3 Evaluation of the management approach | 19-20 |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 100% |
| | 205-2 Communication and training about anti-corruption policies and procedures | 100% |
| GRI 300 Environmental Standards Series | | |
| GRI 103: Management Approach 2016 | Energy | |
| | 103-1 Explanation of the material topic and its Boundary | 25, 36-37 |
| | 103-2 The management approach and its components | 36-37 |
| | 103-3 Evaluation of the management approach | 36-37 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 36-37, 95 |
| | 302-3 Energy intensity | 36-37, 95 |
| GRI 103: Management Approach 2016 | Water | |
| | 103-1 Explanation of the material topic and its Boundary | 25, 39 |
| | 103-2 The management approach and its components | 39 |
| | 103-3 Evaluation of the management approach | 39 |
| GRI 303: Water 2016 | 303-1 Water withdrawal by source | 39, 95-96 |
| | 303-2 Water sources significantly affected by withdrawal of water | 39, 95-96 |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) |
|---|--|------------------------------|
| Material Topics | | |
| GRI 200 Economic Standard Series | | |
| GRI 103: Management Approach 2016 | Emissions | |
| | 103-1 Explanation of the material topic and its Boundary | 25, 37-38 |
| | 103-2 The management approach and its components | 37-38 |
| | 103-3 Evaluation of the management approach | 37-38 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 37-38, 96 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 37-38, 96 |
| | 305-4 GHG emissions intensity | 37-38, 96 |
| | 305-5 Reduction of GHG emissions | 37-38, 96 |
| | Effluents and Waste | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 38 |
| | 103-2 The management approach and its components | 38-39 |
| | 103-3 Evaluation of the management approach | 38-39 |
| GRI 306: Effluents and Waste 2016 | 306-1 Water discharge by quality and destination | 95 |
| | 306-2 Waste by type and disposal method | 38-39, 95 |
| GRI 103: Management Approach 2016 | Environmental Compliance | |
| | 103-1 Explanation of the material topic and its Boundary | 25 |
| | 103-2 The management approach and its components | 38 |
| | 103-3 Evaluation of the management approach | 38 |
| GRI 307: Environmental Compliance 2016 | 307-1 Non-compliance with environmental laws and regulations | 38 |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) |
|--|---|------------------------------|
| Material Topics | | |
| GRI 400 Social Standards Series | | |
| | Employment | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 47 |
| | 103-2 The management approach and its components | 47, 53 |
| | 103-3 Evaluation of the management approach | 47, 53 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 54 |
| | Occupational Health and Safety | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 39-44 |
| | 103-2 The management approach and its components | 39-44 |
| | 103-3 Evaluation of the management approach | 39-44 |
| GRI 403: Occupational Health and Safety | 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 39-44, 96 |
| | Training and Education | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 40, 47, 48, 97 |
| | 103-2 The management approach and its components | 40, 47, 48, 97 |
| | 103-3 Evaluation of the management approach | 40, 47, 48, 97 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 40, 47, 48, 97 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 40, 47, 48, 97 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 49 |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) |
|---|--|------------------------------|
| Material Topics | | |
| GRI 400 Social Standards Series | | |
| | Diversity and Equal Opportunity | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25 |
| | 103-2 The management approach and its components | 52 |
| | 103-3 Evaluation of the management approach | 52 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 52 |
| | Non-discrimination | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 19-20 |
| | 103-2 The management approach and its components | 19-20 |
| | 103-3 Evaluation of the management approach | 19-20 |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | zero |
| | Freedom of Association and Collective Bargaining | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 52-53 |
| | 103-2 The management approach and its components | 52-53 |
| | 103-3 Evaluation of the management approach | 52-53 |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 52-53 |
| | Child Labor | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 19-20 |
| | 103-2 The management approach and its components | 19-20 |
| | 103-3 Evaluation of the management approach | 19-20 |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) |
|--|--|------------------------------|
| Material Topics | | |
| GRI 400 Social Standards Series | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | Zero |
| Forced or Compulsory Labor | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 19-20 |
| | 103-2 The management approach and its components | 19-20 |
| | 103-3 Evaluation of the management approach | 19-20 |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Zero |
| Human Rights Assessment | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 64-65, 75 |
| | 103-2 The management approach and its components | 25, 64-65, 75 |
| | 103-3 Evaluation of the management approach | 25, 64-65, 75 |
| GRI 412: Human Rights Assessment 2016 | 412-1 Operations that have been subject to human rights reviews or impact assessments | 25, 64-65, 75 |
| Local Communities | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 25, 69-80 |
| | 103-2 The management approach and its components | 69-80 |
| | 103-3 Evaluation of the management approach | 69-80 |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 69-80 |

GRI Content Index

| GRI Standard | Disclosure | Page number(s) and/or URL(s) |
|--|--|--|
| Material Topics | | |
| GRI 400 Social Standards Series | | |
| GRI 103: Management Approach 2016 | Supplier Social Assessment | |
| | 103-1 Explanation of the material topic and its Boundary | 25, 63-66 |
| | 103-2 The management approach and its components | 63-66 |
| GRI 103: Management Approach 2016 | 103-3 Evaluation of the management approach | 63-66 |
| | GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria |
| GRI 103: Management Approach 2016 | Customer Health and Safety | |
| | 103-1 Explanation of the material topic and its Boundary | 25, 83-85 |
| | 103-2 The management approach and its components | 83-85 |
| GRI 103: Management Approach 2016 | 103-3 Evaluation of the management approach | 83-85 |
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Cautionary Message

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